

**Statement of  
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**Testimony before the Senate Committee on Agriculture, Nutrition and Forestry**

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Chairman Lincoln, Ranking Member Chambliss, and Members of the Committee, thank you for the opportunity today to discuss the importance of international trade and exports to the U.S. agricultural economy, and specifically to farmer-owned cooperatives. I am Brent Roggie, the General Manager of the National Grape Cooperative, an agricultural cooperative owned by its 1,150 members who farm 46,000 acres of Concord and Niagara grapes. I also serve on the Executive Council of the National Council of Farmer Cooperatives.

On behalf of National Grape's grower members and the more than two million farmers and ranchers who belong to farmer cooperatives, I appreciate this opportunity to submit testimony regarding international trade programs and issues facing our industry, and respectfully request that this statement be made part of the official hearing record.

National Grape Cooperative's members grow Concord and Niagara grapes in New York, Pennsylvania, Ohio, Michigan, and Washington State. National Grape also wholly owns Welch's, which processes and markets our members' grapes in the United States and 51 other countries. While Welch's is a well known American brand with a rich history, its

owners are entirely family farmers – the average farm size of a National Grape grower-owner is just 40 acres.

To that point, farmer cooperatives across the country offer farmers an opportunity to market their products and compete in a global marketplace. Cooperatives give these individual farmers, who do not have the resources or production volume on their own, access to foreign markets. The earnings from these overseas sales then flow back to the farmer-owners in increased patronage dividends, boosting farmers' income from beyond the farm gate.

The grower-owners of National Grape depend on their Welch's brand to expand market demand, which improves profitability. The economic viability of our cooperative's grower-owners is tied directly to Welch's ability to increase sales, and foreign markets represent the greatest potential for robust sales increases. In fact, 70 percent of the world's juice is consumed outside the United States, and foreign juice consumption is expected to increase at four times the rate of U.S. consumption over the next five years. In addition, while foreign markets account for 15 percent of Welch's sales, they represent as much as 26 percent of our growers' income due to pricing and cost structure in those markets.

Therefore, we commend the Administration for the goal of the National Export Initiative (NEI) of doubling U.S. exports of goods and services over five years to facilitate the

creation of jobs in the United States. We look forward to working with the Administration and the Congress to achieve that goal.

As part of that initiative, we believe U.S. Department of Agriculture (USDA) market promotion programs such as the Market Access Program (MAP) and the Foreign Market Development (FMD) Program play a vital role. Both programs have been tremendously successful and extremely cost-effective in helping maintain and expand U.S. agricultural exports.

MAP funding has been essential in growing our markets overseas. For example, MAP has significantly contributed to the increased consumption of Concord grape juice in Japan through advertizing and sales promotions. Now, over 92 percent of retailers, or nearly 12,000 outlets, carry Welch's brand of Concord grape juice. Since 2007, Welch's has seen exports to Japan grow by 46 percent, with our volume increasing from 857,000 cases in 2007 to 1,251,000 cases in 2009. MAP was a vital part of our success in the Japanese market.

Producers of other commodities also have done what National Grape's members have done – form cooperatives and build brands to help market their products both in the U.S. and overseas. This branding differentiates the product in the global marketplace and builds customer loyalty and confidence in quality. As such, the MAP branded promotion program has been instrumental in leveraging farmers' investment in their own products to grow those foreign markets.

National Grape plans to increase foreign market sales by at least 10 percent per year over the next five years and will be investing heavily to make this possible. However, access to matching funds through MAP is critical to our ability to attain these sales goals and provide the proceeds necessary to enable our co-ops' grower-owners to remain profitable. Without access to MAP, the effectiveness of our overseas promotion programs would be greatly diminished.

Exports account for about one-third of all farm cash receipts, making U.S. agriculture about twice as reliant on overseas markets when compared to the general economy where exports comprised about 13 percent of U.S. GDP in 2008. Given the economic activity generated by agricultural exports, we urge continued funding for MAP and FMD at the \$200 million and \$34.5 million annually levels, respectively, as authorized under the 2008 Farm Bill. I also would like to submit for the record the July 26, 2010, comments from the Coalition to Promote U.S. Agricultural Exports to the U.S. Department of Commerce concerning these programs and their importance to the NEI.

Another area that would assist the Administration in reaching the goals of the NEI includes passing the Free Trade Agreements (FTA) with South Korea, Colombia, and Panama. An example of where an FTA would help our grape growers tremendously is the agreement with South Korea. Currently, our grape juice concentrate is subjected to a 45.5 percent duty, while Chile's competing red grape juice tariff is minimal, and will be zero starting January 1, 2011. That puts us at a distinct competitive disadvantage.

However, under the terms of the U.S.-South Korea FTA, the tariff on our product would be eliminated immediately, which would allow us to grow the market by making our product more affordable while also competing on a more level basis with our competitors.

Other issues which would contribute to expanding U.S. agricultural exports include resolving outstanding sanitary and phytosanitary and technical barriers to trade, resolving disputes such as the one with Mexico over trucking, and a successful World Trade Organization Doha Round – one that makes for commercially meaningful advances in market access.

In conclusion, thank you again for the opportunity to testify today before the Committee. And thank you for your leadership in supporting American farmers and ranchers by supporting important export programs and policies. We appreciate your attention to these issues that will help maintain the United States as the leader in providing for the world's food needs.