THE TRANS-PACIFIC PARTNERSHIP

Leveling the playing field for American farmers and American businesses

A key contributor to the success of Minnesota's agriculture economy is the ability to access and develop new export markets. According to USDA, over 60,000 jobs in Minnesota are supported by agricultural exports. Minnesota ranks 3rd among states in total agriculture exports (behind only California and Iowa), and the ability to access consumers in growing economies can provide additional economic opportunities for Minnesota farmers, agribusinesses, and food companies.

The Trans-Pacific Partnership (TPP) is a trade deal negotiated by the Obama Administration, that if implemented, will help level the playing field for U.S. exports and create new opportunities for trade in the highly competitive Asia-Pacific region. The TPP will make it easier for American farmers to sell food products abroad by eliminating taxes and other trade barriers currently imposed on American products in the 11 other countries in the TPP. In addition to removing barriers to trade for U.S. farmers and business owners, the TPP will serve to promote U.S. values in the region—values including protecting workers, preserving the environment and ensuring food safety.

Minnesota farmers, and food businesses, including many AgriGrowth members, will benefit from the TPP.

"For U.S. wheat growers, TPP's impacts should be very positive," said David Torgerson, Executive Director of the Minnesota Association of Wheat Growers. He explains, "There are only two TPP markets where we face tariff barriers today – Vietnam and Japan – but TPP will improve our position in both...If we want to continue our pace of increasing sales in Vietnam, passing TPP is a must."

The U.S. Meat Export Federation (USMEF) agrees that the TPP will open doors in the region. "The TPP, from USMEF’s standpoint, represents a very important opportunity to make significant market access gains in Japan and Vietnam," said Claremont, Minnesota farmer Bruce Schmoll, board member with the Minnesota Soybean Growers Association and chair-elect of the USMEF. "Although there are 12 countries involved in this trade agreement, these are the two that provide the main focus for our pork and beef industries to see major growth in volume and value."

Not all sectors agree that the TPP would be beneficial; the mining industry, for example, has expressed opposition. However, leaders in the ag industry continue to champion the deal. "The positives for the entire ag industry can’t be underscored enough, though, with the potential to compete on a level playing field with our leading red meat exporting competition," said Schmoll.

Critics have accused the Obama Administration of negotiating the trade agreement in secret, and have complained about a lack of transparency. Schmoll points out, "In the case of TPP, the full text has been publicly available for over six months, providing those with
concerns about the agreement plenty of opportunity to review it and pose questions to the negotiators."

For the Minnesota Association of Wheat Growers, too, the benefits far outweigh concerns: "Reducing barriers to trade holds tremendous benefits for consumers in the form of lower prices-tariffs are a tax that is passed onto consumers, and expands markets for U.S. wheat producers. Each year we export about half of our annual production, without expanded market access, we would be stuck with a lot more wheat, corn and other grains than we could ever consume domestically," said Torgerson.

Trade has become a hot-button issue on the presidential campaign trail, with the presumptive nominees from both major parties stating their opposition to the TPP. There is still time to ratify the agreement before President Obama leaves office. USMEF describes ratification as “critical” and while supporters are hopeful that the TPP will be ratified soon, it is increasingly more likely that Congress will not vote to ratify until after the November elections.

“I am optimistic that the deal will pass this year,” said Torgerson. “Though it does face some pretty major headwinds. The rhetoric about trade in the presidential campaigns has been brutal, but at the end of the day, when many of the agreements critics have had a chance to work with USTR to resolve key concerns, members of Congress will see that the benefits to the U.S. are too big to not enact it.”

AgriGrowth is doing its part in communicating with our elected representatives in Washington, DC regarding the importance of Congress passing TPP in 2016. This past April, AgriGrowth, along with over 200 other food and agriculture organizations, sent a letter urging Congress to approve the TPP agreement this year.
SPOTLIGHT: BAYER SEEDGROWTH

AgriGrowth member Bayer Crop Science designed the SeedGrowth Equipment Innovation Center in Shakopee, Minnesota, to play a starring role in supporting sustainable agriculture initiatives and global product stewardship for its global SeedGrowth business. The $12 million, 135,000-square-foot facility, focusing on the equipment design and manufacturing business, promotes advanced research and development on seed treatment products, seed coatings, equipment and services to provide holistic agricultural solutions to customers around the world. Careful planning and attention to details helped to make this a first-class training and technology center.

Shakopee is home to the global headquarters of the Bayer equipment design and manufacturing business, and has been since 2005. The new facility officially opened in July 2015. The facility is situated on 11 acres of land. Construction on the site began in August 2014.

Besides the 100,000 square foot manufacturing and warehouse area, the facility houses technical services and training facilities for both external customers and Bayer employees and hosts 500-600 visitors annually for training and communication events.

Products originating from the center are used to apply seed treatments and ensure application rates are in compliance with all government regulatory requirements. Modern equipment is designed to minimize worker exposure and enhance environmental stewardship by automating the mixing, delivery and application of treatment products to the seed in a closed loop system.

The innovation center has partnered with the University of Minnesota Ag Extension office to provide hands-on training at the site to certify farmers in the region on the use and application of agricultural chemicals. The training is required by the state to ensure worker and environmental protection practices are in place.

The SeedGrowth Equipment Innovation Center will enable Bayer to deliver integrated crop solutions more rapidly by intensifying the research links between equipment, coatings and seed treatment products. In support of its global SeedGrowth strategy Bayer is investing in SeedGrowth Service Centers of Excellence currently located in 14 countries around the globe.

Each Service Center has equipment and products on hand to provide training specific to the needs of the region. Technical support and services are also provided by the centers to ensure local, rapid response to customer’s needs.

This level of investment globally, differentiates Bayer from its competitors as the only company to have all four seed competencies under one roof: Products, Coatings, Equipment and Services. Allowing the customer to access holistic solutions from a single knowledgeable source and be confident that all four elements of the treatment process are designed for maximum effectiveness when used together.

Bayer supports environmentally compatible practices company-wide, including recycling and green landscaping practices in all locations. As part of the SeedGrowth Equipment Innovation Center construction, planners worked with county conservationists to develop a native seed mix to plant in the no-mow areas that make up 85 percent of the outdoor area, and contractors installed drip irrigation in place of standard lawn sprinklers to save water. In addition, Bayer planted a pollinator seed mix around the facility to assist local beekeepers whose bees forage throughout the Shakopee area.

Bayer’s singular purpose is to shape the future of farming, harnessing cutting-edge agricultural and environmental innovations to deliver on Bayer’s mission: Science For A Better Life.
STATE POLICY PRIORITIES

In our newsletter published in March, we presented the numerous opportunities, and some of the challenges, that would come before Governor Dayton and legislators as the 2016 Legislative Session convened. The session ended on May 23, and Minnesotans came to see just how challenging a 10-week session can be for all parties at the Capitol.

For agriculture and agribusiness, there were some positive outcomes. The supplemental appropriations budget bill included a number of provisions that will benefit the ag sector, including: funding for veterinary diagnostic software and veterinary lab equipment for the University of Minnesota, increased funding for the Agriculture Emergency Fund, creating a new grant program for Agricultural Educators and additional funding for the MN Teacher Shortage Loan Repayment Program. The legislature also included a $35 million investment in border-to-border broadband development, which will increase access to high-speed internet in Greater Minnesota.

The passage of the Buffer Law Revisions bill provides more clarification of last year’s buffer strip statute, which was badly needed. All summer and fall we at AgriGrowth heard from our members who were greatly concerned with the buffer law changes. Agriculture groups, including AgriGrowth, pushed hard of the legislature to take action and clarify last year’s buffer law. We were glad to see lawmakers act quickly in a broad bipartisan manner on legislation that exempts private ditches and compensates local water authorities who decide to administer the state’s buffer laws.

We are pleased with these successes from the session, however, three areas of concern for many Minnesotans were left unresolved: transportation, taxes and bonding.

The governor and legislative leaders continue to discuss the possibility of a special session to address bonding, taxes and transportation, but as of the time of writing this, they have not reached a consensus.

Transportation

For the second year in a row, House and Senate leaders failed to reach a compromise on a sustainable long range transportation funding plan. Each of the individual caucuses highlighted transportation was a priority last session as well this session.

Legislative leaders spent weeks struggling with how to fund the state’s transportation needs, with items like a gas tax, license tab fees, bonding, and surplus money or a combination of those items. But in the end Democrats and Republicans in the House and Senate could not get beyond the impasses over the gas tax and transit projects, in particular, the Southwest Rail Line.

AgriGrowth continues to advocate for long-term investments that provide targeted and sustained transportation funding without raising taxes, but instead relies on more efficient use of existing Minnesota Department of Transportation resources, general fund spending, bonding, and dedication of existing transportation-related revenues.

Taxes

On a bipartisan basis, the legislature passed a compromised tax bill with $260 million in tax cuts and credits in 2017 and $500 million in the next fiscal biennium. The package was a mix of property tax relief, buffer aids to counties, tax credit for college graduates with loan debt and increases state aid to local governments.

We hope that Congress will approve the [Trans-Pacific Partnership] before the end of the year, in order to remove barriers to trade and promote U.S. values in the Asia-Pacific region—it is critical for Minnesota farmers and agribusinesses.
The bill included an agricultural property tax credit for school building bonds and tax cuts for businesses that were both of particular interest to AgriGrowth and our members.

After session ended Governor Mark Dayton said a drafting error in the bill, that would cost the State of Minnesota over $100 million in lost revenue, would prevent him from signing the bill. AgriGrowth was disappointed the tax bill was vetoed by Governor Dayton. Whether a tax bill could be revived as part of a special session is unknown at this time.

**Bonding**

Both the House and Senate were able to pass a Capitol Investment bill in their respective chambers, however, a last minute disagreement about the content of the final bill kept it from being passed and sent to Governor Dayton for a possible signature.

**FEDERAL PRIORITIES FOR AGRIGROWTH**

There are two key initiatives on the table in Washington, DC that we hope Congress will act on soon. The first is the Trans-Pacific Partnership (TPP). The TPP is explained on the front page of this newsletter; I want to thank AgriGrowth members Dave Torgerson from the Minnesota Association of Wheat Growers and Bruce Schmoll with the Minnesota Soybean Growers Association for sharing their insights on the TPP. We hope that Congress will approve the measure before the end of the year, in order to remove barriers to trade and promote U.S. values in the Asia-Pacific region—it is critical for Minnesota farmers and agribusinesses.

Secondly, we are watching closely to see if Congress will approve a GMO labeling bill in the next couple of weeks. Earlier this year, the U.S. Senate voted to block a GMO labeling bill—a bill which would establish national, voluntary standards for foods made with GMOs. AgriGrowth strongly supports a voluntary, uniform federal standard for GMO food labeling. We need Congress to approve legislation creating a federal standard for GMO labeling, to protect consumers, family farms and food manufacturers from the confusion and increased costs that would result from a patchwork system that allows 50 different standards in 50 different states.

A new GMO labeling law will go into effect in Vermont on July 1 unless Congress acts now to create a federal standard. The Vermont law will cause confusion for consumers and food manufacturers if it is allowed to go into effect—we urge Congress to act now to create a voluntary, uniform, federal standard for food labeling.

**CONSUMER TRUST**

Building trust and engaging interested consumers in a conversation regarding today’s food systems is an ongoing but increasingly important role for those involved in the business of food and agriculture today.

For all its advantages to the individual consumer, the advent of social media and the democratization of today’s media, along with a growing distrust of traditional institutions and a public more and more removed from modern agriculture can present some real challenges.

I recently had an opportunity to attend The Center for Food Integrity’s (CFI) North American Strategy Conference on Animal Agriculture, which was held at McDonald’s Hamburger University just outside of Chicago. A key concern expressed by several of the speakers and panelists was the growing distrust of today’s food production systems, including the use of best available science and technology in raising crops and livestock. Emotion increasingly trumps science in many of the conversations consumers are having regarding their food.

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preferences and choices. A real concern going forward by those in academia and business who are conducting research in these areas is whether emerging genetic advancements in both livestock and crop production that show promise in addressing sustainability, animal welfare, and disease prevention will be allowed to proceed given current trends.

A highlight at the end of the conference was hearing from a panel of consumers from the Chicago area talking about their perceptions of modern agriculture practices and how it influences their buying decisions. Two takeaway points from the panel: first, as people become more disconnected from where their food comes from, it's easy to buy into misperceptions that come through social media and other sources that distort and question the production methods used by farmers today. Second, as the audience had an opportunity to engage with the panelists in a Q and A session, it confirmed that once an initial relationship and trust level is established, a lot of the myths and misunderstanding quickly fade away; often consumers just want to ask questions and know farmers share their same values in ensuring safe, affordable food for them and their families. Demonstrating shared values and providing transparency to today’s consumers will be increasingly important to ensure continued and future support for today's agriculture and food systems.

AgriGrowth, in partnership with CFI, wants to help our member companies, associations, and farmers involved in producing and providing food to consumers better understand the consumer decision-making process and consumer expectations on transparency.

On September 27, CFI and AgriGrowth will be hosting “Communicating Transparency to Consumers: How would your organization rank?” at the Ecolab Schuman Campus in Eagan, Minnesota. This workshop will be designed to provide participants with a hands-on and interactive experience for evaluating their organization’s existing public-facing communication materials. Participants will leave the session with a better understanding of the important role transparency plays in earning and maintaining consumer trust in today’s food system and with the knowledge to improve their organization’s transparency.

Please check www.agrigrowth.org for updates on this event and others coming up—including the 2016 Annual Meeting and Conference to be held November 10. I look forward to seeing you there!

**WELCOME GLENN STOLT**

Glenn Stolt joins the AgriGrowth Board of Directors

At the Second Quarter Board of Directors meeting in April, the AgriGrowth Board voted to appoint Glenn Stolt to fill a vacant position on the board.

Glenn is the President and Chief Executive Officer of Christensen Family Farms, a leading producer and processor of quality pork products. He has held the position since 2012 and in his role, Glenn is responsible for all strategic, operational and financial aspects of the company.

Before his current position, Glenn served as Vice President and Chief Financial Officer of Christensen Farms, and prior to that, he worked for more than 20 years with large, publicly-held businesses. He earned a BS in Finance and Accounting from Minnesota State University, Mankato and an MBA from the University of Saint Thomas.

**AGRIGROWTH WELCOMES NEW MEMBERS**

Not yet a member? Get started today!

Contact: Mary Kay Delvo, Director of Membership & Development, mkdelvo@agrigrowth.org

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In November of each year, AgriGrowth holds its Annual Meeting and Conference, drawing nearly 500 attendees, including leaders from across the spectrum of Minnesota’s diverse food and agricultural sector, state and federal government officials, and academia.

The 2016 conference keynote speaker will be Dr. Vikram Mansharamani, a global equity investor and lecturer at Yale University. Dr. Mansharamani is a nationally renowned speaker, and will apply a multi-lens approach to help understand the rapidly-changing global economy and the implications it has on Minnesota’s agriculture and food sectors.

The luncheon keynote speaker will be Carl Casale, president and CEO of CHS, a leading global agribusiness, diversified in energy, grains and foods, owned by farmers, ranchers and cooperatives across the United States.

Dr. Robert Johanssen, Chief Economist at the Department of Agriculture (USDA), will deliver remarks on the US agriculture economic outlook. Additional speakers will be announced in the coming months.

The AgriGrowth Annual Meeting is described by many as the premier event for Minnesota's food systems and ag industry—not to be missed!

Save the date—additional information, including registration, will be available soon.

2016 AgriGrowth Annual Meeting and Conference
Thursday, November 10, 2016
Saint Paul RiverCentre

Visit agrigrowth.org for the latest conference information and to learn about sponsorship and exhibiting opportunities.

6th Annual
AG & ANIMAL SCIENCE CONFERENCE

Please join us on September 20 at the MinnWest Technology Campus, the heart of the Midwest's agriculture and animal science business community, to learn more about today’s critical trends and topics. AgriGrowth is pleased to again be a sponsor of this informative daylong conference, which will feature expert speakers and panels covering the latest industry trends and encourage networking. If you’re an agriculture or animal science entrepreneur, investor, producer, researcher or service provider to this sector, you are encouraged to attend this unique, one-day event designed with your questions and concerns in mind.

Topics covered include: animal welfare, GMO labeling, perception overall of industry (including consumer perception), and policy and regulatory issues and sustainability/feeding the world (what responsibility does our industry have).

There is no cost to attend for qualified ag industry professionals.

For more information and to register, visit: www.mnwesttechnology.com/asc
Minnesota AgriGrowth Council is a non-partisan, non-profit member organization representing the agriculture and food systems industry. Our strategic approach to policy development, issues management, collaboration and awareness fosters long-term sustainability, competitiveness and business growth. AgriGrowth’s diverse membership provides an informed and respected perspective for key influencers and consumers. AgriGrowth’s industry-wide perspective is essential in a state where agriculture and food is the second largest economic driver.