

**USDA 2015 Agricultural Outlook Forum
Smart Agriculture in the 21st Century
Roundtable Discussion on Agriculture**

**Secretary of Agriculture Tom Vilsack
European Commissioner of Agriculture & Rural Development Phil Hogan**

**Thursday, February 19, 2015
Crystal Gateway Marriott Hotel
Arlington, Virginia**

Secretary Tom Vilsack

Before I introduce my good friend Commissioner Hogan and spend a few minutes engaging in a dialogue, let me just real briefly extend my thanks to the Deputy Secretary and to Rob and their teams for giving this opportunity to continue this great tradition. Certainly, I would be remiss if I didn't also acknowledge Joe and Jerry who basically directed me in this effort for the last several years. We certainly wish them well and appreciate their service. Please give those folks a round of applause. (Applause)

This is an extraordinarily important year for American agriculture and for The United States Department of Agriculture. Last year we focused on Farm Bill implementation and as Rob's slide indicated, we were successful in implementing the major portions of that Farm Bill. We've now made over 560 thousand payments to producers who've suffered livestock losses as a result of disaster, close to 5 billion dollars of assistance and help. We have put in place the Safety Net Programs that are critically important and obviously ones that may very well be impacted and impact farm income and opportunities this year. The Dairy Margin Protection Program, ARC, and PLC – I would remind everybody that we are coming up with a sign-up deadline of March 31st. If folks have made a decision about which one of those programs is best for their operation or their individual farms they should be letting their local Farm Service Agency know. We don't really want a crash of folks coming in at the last minute if we can avoid it.

I'm excited about the reaction of the Regional Conservation Partnership. Now we have a record number of acres enrolled in conservation. Our farmers and producers are the best stewards of land and water, and the new foundation has been established to expand research opportunities. Crop insurance has been expanded with new programs and new crops being protected. Trade promotion is back in business and certainly expanding local and regional food

systems. So 2014 was really about implementing this important Farm Bill. In my view, 2015 is about the year of market expansion and product expansion. It's a year for us to talk about the importance of agricultural trade. I mean the reality is agricultural trade is responsible for 30 percent of all gross Ag sales, 30 percent, that's roughly equivalent to Net Cash Farm Income from year to year. So if you take exports out of the equation it would be very difficult for many producers to stay in business.

Richard suggested it was also about jobs, and, indeed it is. Agricultural exports helped to support in this economy 1.1 million jobs; and it's not just the job, it's the quality of jobs. Export related jobs pay somewhere between 13 to 18 percent more in wages. We're at record levels in agricultural exports and if you looked at that chart, the best 5 we've ever had have been the last 5 years. We're going to have a solid year this year, and we're now engaged in a conversation and negotiation on two major regional trade agreements. We'll have more conversation about T-TIP, I'm sure, with Commissioner Hogan; but let me focus the attention for my remaining minutes on the Trans Pacific Partnership because, candidly, that negotiation is probably a bit more mature.

The countries within TPP represent 40 percent of global GDP. A third of all global trade is impacted and affected by the TPP nations, and this is a place, as Richard indicated, Asia, which is seeing not just an expansion in population, but as importantly for American producers, an expanding middle class. Asia today is home to 525 million middle class consumers. In just 15 years that number could increase by as much as 2.2 billion additional consumers. That is a tremendous market opportunity for the high value added products that American producers can produce. It is also an opportunity for us to provide a balance in the sector to Chinese influence.

The reality is, if we cannot get the TPP through the process and include a successful negotiation with expanded market access and breaking down barriers and high standards for labor and environment enforcement, we can't get that done. It's not as if nothing happens. The status quo remains, we continue to do business with these countries, China comes in and fills the void, China negotiates an Asian trade agreement that doesn't focus on high standards, doesn't focus on market access opportunities for American products. So this is a challenge for us to make sure that we are in this market in a very aggressive way.

This trade agreement could solve an additional 123 billion dollars overall of export throughout the entire American economy that obviously will support jobs; it obviously will expand opportunities for a product that we can produce in this country in great abundance. In order for us to get TPP, it's going to be essential that we also have trade promotion authority. Every President since Franklin Roosevelt has had this ability to have an up or down vote on a trade agreement. With due respect to our friends in Congress, the last thing we want is an additional

535 negotiators coming in at the end of the negotiation to modify or change the agreement. It does require an up or down vote. Frankly, it's very difficult. I think Commissioner Hogan would probably acknowledge this, it's very difficult for us to make concessions and agreements in either the T-TIP negotiations or TPP and have the folks on the other side of the table believe that we are actually making a deal if in fact Congress can modify our end.

So trade promotion authorities are essential to completing the negotiations in a solid way, and getting this trade agreement through the process will build momentum for continued conversations in what could be the largest trade agreement of its kind in the history of mankind, the trade agreement between the EU and the United States. Again, there are tremendous opportunities. We'll talk about some of the challenges to that agreement in just a few minutes.

When you look at the trade opportunities, and the expanded opportunities that these trade discussions create, you combine that with the expansion of local and regional food systems, which we've been focusing on to allow our small entrepreneurial operators an opportunity to have direct consumer relationships, and you combine that with the expanded opportunities in the bio economy, not just bio fuel and bio energy, but bio materials and chemicals, and what you see is that the future of agriculture in this country as an economic driver, as a national security imperative, is bright. That's why having this job is such an amazing job. It's why there is just an extraordinary opportunity for American agriculture to inject itself into and to be better understood.

I'll finish with this. I recognize the challenges that our producers face. I recognize the concerns that they have about a variety of issues, and it is important and vital that we continue to have a conversation with the rest of the country about different production methods, about encouraging diversity in agricultural producers, about continuing our pace in innovation. It's important for us to have the conversation we're going to have in this Outlook Forum about the 21st Century agriculture. It's important for us to have this conversation not with ourselves and not among ourselves, but with the entire country. America has to understand and appreciate what it has in agriculture. It's reflected in the fact that food prices are now roughly 10 percent of income. That means that in this country as opposed to any other developed country, American consumers walk out of the grocery store with still more money in their pocket and their paychecks and their incomes than virtually anybody else in the world. That creates great flexibility in our economy directly connected to American agriculture. It also provides the opportunity for every single one of us who are not farmers to be able to choose alternative opportunities for ourselves and our families. This is all too often forgotten that we have dedicated and we have transferred the responsibility of feeding our families, the most important responsibility, of taking care of our families to a relatively small percentage of our

population called the American farmer. Because of their great productivity, because of their embracing innovation, because of their willingness to work hard and to sacrifice and to put their financial future on the line every single year when they plant a crop or raise livestock, because of their willingness to do that, we are free to approach life and to look at the various options that many of us have, to be a lawyer, an engineer, a doctor, to be a lobbyist, to be a politician, to be a teacher, to be whatever we want to be because we don't have to worry about having to feed our family, because we transferred that responsibility to someone who is extraordinarily capable. We have the most productive and best farmers in the world and we should always, always understand that the strength of America starts with a great and strong American agriculture. (Applause)

I can't wait to go back to the White house and explain to the President that I should be in the National Security Council. (Laughter) That's a really good idea. (Laughter continues) Well it's now my honor to bring up for a few minutes of remarks before we begin our dialogue, Commissioner Phil Hogan. I'm not going to do a long introduction, but I will tell you that the Commissioner began his responsibilities as the European Commissioner for Agriculture and Rural Development in November of 2014. Prior to that he served with distinction as the Irish Minister for the Environment Community and local government. I think in the titles that Commissioner Hogan has had reflects the significance and importance of this man who comes to us today to speak about the importance of the relationship between the EU and the United States. He is a friend of the United States, he is a friend to farmers in the EU. He is, I think, a friend of farmers here in this country. I'm looking forward to his remarks and to the opportunity to have further dialogue, so with that, Commissioner Phil Hogan. (Applause)

European Commissioner Phil Hogan

Good morning ladies and gentlemen, obviously, I'm very happy to join Secretary Vilsack and you, ladies and gentlemen, and distinguished guests, and to be here this morning. I didn't realize until I accepted the invitation that after the 91 years, I'm the first European Commissioner in Agriculture and Rural Development to be here at this conference, so I'm glad that I broke that particular record, but for those of you who don't know me, and I don't expect too many of you do, my name is Phil Hogan I am the European Commissioner for Agricultural Rural Development.

As you know, the main decisions on farm matters are taken in Brussels. In Europe we have a common agricultural policy that covers 28 member states in the EU and its 500 million citizens; so you can imagine that I'm a very busy person, and I have to listen to a lot of views. Mr. Secretary, I want to thank you kindly for the invitation to speak here today, indeed, it's a great honor. And I welcome the theme of this conference, and I admire your deep commitment to maximizing the contribution that agriculture can have and can make to economic growth, to

jobs in rural communities, which has been outlined very eloquently by Dr. Haass. I admire that you place a certain emphasis on innovation, and generation, and renewal, and I look forward to the discussion in these matters later. I want to tell you that I have the same commitment. I feel that on this basis, all of us in the room can understand each other better. We stand for the value of agriculture, and we passionately care about its future.

You may also notice my accent. I'm a European politician, of course, but I'm an Irish man from the rural county of Kilkenny, which is in the southeast Ireland. The last Irish man to occupy this particular position of responsibility in Europe was Ray MacSharry, back in the 90's. He entered office at a time when he knew agriculture was badly in need of reform. We have famous milk-lakes and butter mountains, all and all sorts of symbols of a broken system that you shouldn't have in the market divorced from market symbols, so the Europeans decided that they wanted to export more rather than drink the wine or make the milk themselves. So we had a few hard decisions to make. Commissioner MacSharry had the political instinct and the political will to make those hard decisions and drive European agriculture decisively towards a market orientation.

So I'm coming from across the pond on a slightly different mission compared to the Irishmen who came before me, many of whom blazed a trail westward to the new farmlands and the vast, rich American continental land mass.

I'm here today to tell you a story of a competitive, vibrant, and market orientated European agri-food model, a model that produces high-quality products for consumers the world over. A model that stands shoulder to shoulder and has a complementary and harmonious relationship with American agriculture. I believe America and Europe are different yet comparable players on world of modern markets. It is evident that we can complement each other and there is plenty of room to maneuver ample room for both of us. That is why I passionately believe that it is in all of our best interests for both sides of the Atlantic to agree on what fundamentally unites us rather than divides us via the Trans-Atlantic Trade and Investment Partnership. You know, it's a bit like American football and soccer, they are different games, different rules, different skill sets, but we all fill the stadium because people who love sports, love watching them.

On many occasions, I'm sure you in the United States might have a different approach on agriculture, that doesn't mean we don't love our rural communities and our farmers, so let me come back to the reformed and dynamic market-orientated EU agricultural model. The EU agri-food sector is faced with two divergent demand trends. In the EU, both population and income

dynamics point to a stagnant even defining food demand, while at world level the water levels steady food demand growth is expected especially in Asia and Africa. With all these extra mouths to feed, 760 million more in the next decade, the EU has some key assets that could permit us to benefit from an increasing and more diversified world food demand.;

We have generally good climatic conditions, a resilient and conditioned competitive primary sector, a highly innovative agri-food sector, and a skilled labour force. The reason for recent positive trends in the EU agri-food trade are because there was an increase together with increased market orientation, these are factors that should lead to a strong and competitive agri-food chain based on the richness and diversity of high-quality EU food products.

The figures speak for themselves. The EU agri-food sector now enjoys a healthy trade surface surplus with the rest of the world exporting over 120-billion Euros in 2013, or about 135 billion dollars. In the same year, the United States had agri-food exports amounts amounting to 140 billion dollars, so we are really shoulder to shoulder in the global marketplace.

The European successful European success on global markets might seem a paradox, in light of the higher production costs that we have in the EU due to more stringent environmental conditions, animal welfare, social, health and labor standards, however, we're turning this into a value for consumers the world over, and they are beginning to respond. It is the rich diversity of EU products coupled with the increased market orientation of the EU agriculture that would help the EU to find further opportunities on global markets. Part of this quality approach is EU geographical indications or GIs. GIs are a key driver in supporting jobs in rural areas where they come from for farmers and for SMEs and the food and tourism industries; they are about rural intellectual property. GIs are both rewarding quality in rural areas and represent 30 percent of the EU agri-food exports; the United States worked three times four billion Euro. worth €3.4 billion.

So for rural people, it's my view that let's not have leave the intellectual property and sophisticated design techniques to the folks at the Silicon Valley or the fashion houses of Paris, it's about rural folks being sophisticated themselves. American producers can and already do benefit from such a system from NAPA Valley to the potato growers of Idaho. Of course, it helps that the American and European consumers love the high quality of GI products according to the numbers enjoying Irish or Scotch Whiskey, Italian wine, or Spanish oil. Contrary to what people might think, we didn't drink all the whiskey in Ireland.... (Laughter)

Our long-term strategy for the market orientation of the Farm Common Agricultural Policy can be seen in the approach that we have taken to providing a safety net for farmers. The EU provides this insurance mainly through a market safety net married to de-couple direct payments. We moved away from coupled payments based on production, this is an important

and welcome change that allows the market to give clear signals to farmers while providing a safety net in times of high-market volatility.

Just a few words about T-TIP, as I said already, it offers the EU a historic opportunity to deepen our bilateral relations including the agricultural sector at a time of unprecedented international tensions in our north Atlantic neighborhood. Allow me to be frank and speak directly to American farmers here today --- with the lowering of EU tariffs, which would form a central part of any T-TIP deal, you guys stand to benefit enormously. The generous offer of a 96% tariff table that the European Union has already tabled in 2014 is a clear signal of that intent and are born (Indistinct) our bona fides in the European Union. It's a clear signal to American farmers that Europe is open for business. The moment, in my view, is now ripe to create a superhighway across the Atlantic built also upon the experience of existing free trade agreements with other partners.

The EU/US trade relationship is already the biggest in the world and counting every day for more than 2 billion Euro trade in goods and services. A future T-TIP agreement between the world's two most important economic powers will give a strong boost to our economies and create jobs on both sides of the Atlantic. However, for T-TIP to be successful, we need to address a series of issues going beyond tariffs, since most of the benefits of T-TIP result from increased regulatory convergence. Our objective should be to work towards ensuring the compatibility of our respective approaches and regulatory standards.

In a pragmatic way, the two sides should work in particular in preventing future obstacles.

Regulatory compatibilities, streamlining our procedures, and cutting red tape that will facilitate not only the access of processors with respect to markets to our respective markets, but also eliminate unnecessary administrative costs and procedures for farmers and food businesses. We already know how these costs and bureaucratic burdens represent a dissuasive element for exporters, especially for small and medium-size enterprises. Therefore trade facilitation should inspire our work on both sides of the Atlantic for jobs, growth, and mutual benefits that trade can bring. Success will then balance T-TIP and a successful well balanced TTIP will facilitate the work of our business operators without undermining our standards of health and environmental protection.

Secretary Vilsack, ladies and gentlemen, I want to thank you again for the opportunity to speak briefly to you today and to engage in your dialogue at the your outlook conference. The EU/US relationship is not just about cloning chicken, GMOs, or PSE, we are Transatlantic partners,

friends, and allies. We have a common moral, commercial, and geo-political interest in working together to tackle the global challenge of food security in an environmentally sustainable way for a growing world population which will reach 9 billion people by 2050. If we don't do it, who else is going to do it? We have much to talk about in terms of how we do it, we have much to talk about in terms of innovation, biotech, and big data; these are bound together by the challenges that I have mentioned such as climate change and food security at the global level.

We also both need to encourage young people to take up farming and drive innovation on the farm. As partners, we have a common history, a common culture, and common interest, which we have again been reminded of in the context of the Russia/Ukraine crisis as outlined by Dr. Haass today. We need to stand strong and united together in solidarity across the Atlantic. I believe we can make great progress in advancing our common interest through T-TIP, which will see jobs, growth, and prosperity flow through to our rural areas and beyond. Thank you very much. (Applause)

Secretary Tom Vilsack

At the briefing that I received at the end of each day for the next day, I was impressed with the fact that they said the podium would be removed quietly... (Laughter) ...while we were talking; there are a lot of wires there. (Laughter continues). So especially for the young people who are here today with FFA, and can actually see us, it's important that I let you know that I've got the pin on.

Commissioner, thank you very much. This is an opportunity for us to have a bit of a dialogue, but I think it might be helpful for the folks here to have just a brief explanation from you about this EU Commission that you are a part of. How does it work? How does it operate? What kind of a process would you have to go through in order to get a trade agreement approved once we negotiate it?

Commissioner Phil Hogan

It's a very bad time for you to ask me that question because it's very complex. (Chuckles) One of the things that I'm asked to do by the people in the European Union this year is to bring about simplification. Well, I've discovered that simplification is not simple. (Secretary Vilsack and the audience chuckles.) When you have the European council, which is 28 member states, they have to have an input; and they have to have approve any agreement. You have the European Parliament, who are 760 members, elected directed by the people of Europe every 5 years, and they have to agree. Then the Commission is the executive with one member from each member state with specific responsibilities that drives the policy implementation for the co-legislators, the European Council, and the European Parliament. So it's quite a cumbersome

bureaucratic system, which I suppose is the price you pay for democracy and the price you pay for asking the people's views, as I'm sure you have here as well.

Secretary Tom Vilsack

Absolutely. Well that's helpful to know as you look at the future for producers in Europe, what do you see are the biggest opportunities and the biggest challenges for your farmers? You mentioned the need for young people to be engaged in farming, certainly that is an issue and a challenge for us. It's great that we have young people here today, hopefully, we will have more and more interest, but tell us a little bit about generally what are the big opportunities and the big challenges you see for producers in Europe?

Commissioner Phil Hogan

Well, I think the big opportunities are trade. I come from a country, Ireland, which has gone through a lot of financial difficulties as you know. One of the big success stories of the last 3 years in getting out of the mess that we were in financially and that we were able to use was the indigenous sector, the agriculture sector; in particular, to generate economic activity, jobs, and opportunities, particularly in value-added food, food processing, and exporting. Those particular products are all over the world, so Europe has to do the same. We're in a more competitive situation than we were, but, we also are proactively looking for opportunities for having an export debt recovery from the European Union to drive in economic growth and more jobs, particularly, in the rural areas. Always the challenge is --- how do you maintain when you're making a drive for innovation? How do you help to maintain folks in rural areas? That's always a challenge, so, we have supports, like you have, in order to help people first of all to remain in place. But we want to help them through generational change, like you mentioned, for the young people to be able to have greater innovation and greater technology implementation in order to drive the enhanced productivity that is needed with the additional production that is needed to feed the future populations of the world. That's going to require a lot of programs, which we are engaging in at the moment to assist the new farmers of the future to be able to give us that extra scope for extra production, all be it with the same amount of land. We have to do so with environmental sustainable practices as well. I think that our young people are well up for it, and, we're going to carry some supports to help them.

Secretary Tom Vilsack

That's a big deal, let's talk for just a few minutes about the attitude that EU has about American Ag policy. Obviously we're going to have a conversation here today about some of the specific issues that are involved in a T-TIP negotiation, but what are the concerns that you might have and that European Commissioners and European producers might have about the American system?

Commissioner Phil Hogan

Yes, well, I think that both systems suffer from the fact that we may be slightly bureaucratic about resolving some issues. I'm thinking in particular that I understand that there's some frustration in the system on the European side with American farmers and the food industry, but equally there are some on the other side in terms of SPS issues. I want to thank you very much for looking after the country and our Ireland. And in recent times, you've given us a little bit of beef opportunities in the United States. We have over the past, since BSC, come to a huge revolutionary change in terms of farm to fork and the traceability in relation to production to the supermarket, and to the kitchen table in terms of people wanting to know as consumers what exactly is in the product. They want to know about the traceability and assurance on food safety. With the systems that we have in place, we should look at how we can speed up the process, make it less bureaucratic, and reduce the administrative burden for all of our producers and exporters on both sides of the Atlantic.

Secretary Tom Vilsack

Since we're among friends, let's have a little negotiation about T-TIP and some of the issues. (Laughter) Let's talk about biotechnology and genetically modified crops. Obviously, a significant amount of crops that are grown or raised in this country are using that technology. You've seen the charts that Rob [Acting Chief Economist Robert Johansson] shared with us today in terms of the increased productivity. A lot of that has to do with better seed and our capacity to deal with adverse weather conditions. Tell us a little bit about the concerns that the EU has; that you all have about GMOs; and what you think American producers and American negotiators need to be aware of, and how we might be able to get over this particular hurdle?

Commissioner Phil Hogan

Yes, this is a big political challenge, even though the science might give validation to the applications that are made for various licenses. There's a big political issue and civil society has major problems in relation to GM crops and GM technology in the European Union and that has developed over a period of time. As you know, in politics, it's never easy to change mindsets over nations, even though the science might be OK and validated. There's a political dimension, so what the President of the European Commission decided to do on the first of November was to say, we're going to try and clarify our policy in relation to GM within 6 months. We're going to try and deal with the applications that are already in the system, particularly in relation to feed because we have a vested interest in making sure we can resolve this because otherwise imports to the European Union and all of the various ingredients for animal feed are going to go substantially higher in price and going to make farmers less competitive. So we are very conscious of the importance of resolving these issues.

I expect in the coming weeks that there will be a very detailed discussion at the European Commission about how we can resolve those issues. I'll just remind you as well that we have made progress since Christmas in relation to cultivation. We now have a situation where within the EU itself that its member states who up to now would need immunity in order to read these issues about approvals for cultivation, now can opt in or opt out of the process. So countries now have more flexibility in terms of cultivation through GMO and GM technology. I understand it's a little bit tricky from the European point of view but we have to keep within the rules, and the WGO. My colleague, Commissioner Andreas Kaiser, who is a Lithuanian in charge of health and food safety, and I, have been working closely together to try and get these outstanding issues dealt with and get the review of the policy completed within the mandate. The President gave us up to 6 months.

Secretary Tom Vilsack

Would you expect that there are some countries in the EU that would be more open to that technology from a cultivation standpoint or is there fairly unanimity in terms of opposition?

Commissioner Phil Hogan

No, Spain is a country where 130 thousand hectars of production is generated through GM technology at the moment, and there is some GM technology used in Israel and Romania, but it will be interesting to see how the other member states, now that they have got a little bit more flexibility and cultivation, will respond. I'm sure that there will be a mixed response, but I would say that it would be more countries interested in developing GM technologies in other member states now that they have the legal process clarified in relation to the cultivation of GMs within the European Union itself.

Secretary Tom Vilsack

One of the issues that we have been talking about, and you mentioned it in your remarks, involves the issue of geographic indicators. Some folks here may be fully aware of what this issue actually is, but it might be helpful for people to understand it from the European perspective. What is a geographic indicator? What is the system that currently exists in the EU?

Commissioner Phil Hogan

Well I'm glad you asked me to explain it because I got this job on the first of November, and, I didn't know much about it myself... (Chuckles). I always thought it was a trademark service, but it's intellectual property for rural areas and particularly for the agrarian food business. I understand that in the United States, and I fully respect the fact it's a quite an emotional issue in certain states, and it's quite an emotional issue in member states in the European Union, as

well, you just try and stamp out a dispute between member states. I'm thinking of one particular issue at the moment in relation to the name of a wine between two Balkan countries. You just don't want to start a third World War; one War was enough, so GIs are an emotional issue with a lot of local resonance. But what it really sets out to do is to allow producers in particular local regions to be able to produce products and have it protected in the same way as we have in any particular property rights associated and to be able to trade that particular product at particular locations. There can be some misunderstandings in relation to this issue, but I think that the GI issue is not going to be as big an issue between the United States and the European Union, and these heated negotiations people think, because 95 percent of the names are non-controversial between us, there will be a handful of names of course, which we won't name, but the mere handful of names that I'm sure will generate a little bit of excitement at least. But that's the nature of a pragmatic negotiation --- to sit down to resolve those handful of negotiations. I think the dairy farmers in Wisconsin don't have to worry about Gouda because you can already export that to the European Union. It's not registered. Well, I'm still waiting for you to point out on the map where Feta is in Greece. I know, I know. (Laughter) We talked about that. I think I saw it in the supermarket in Washington as well.

Secretary Tom Vilsack

I think you probably did. (Laughter continues) You mentioned also animal welfare, that's an issue that when people hear, that I think there are different interpretations and different understandings. Talk to me a little bit about the European attitude towards animal welfare and why you perceive this to be a value added opportunity?

Commissioner Phil Hogan

Well, I think the consumers have a demand that we have particular strong environmental standards in relation to production and in relation to processing of our food products. Over the last decade, we have made major changes in animal welfare and environmental conditions to respond to that and the market opportunities are demanding that we have some different environmental standards than we used to have. I think that the European citizen is [concerned] because they are paying so much of course through their taxes and supporting rural areas through direct payments and rural development programs that they demand a particular response to the monies being spent in terms of environment. We have certainly more stringent standards, and we have to have a balance as well, so that you don't become uncompetitive with all of these new burdens that you put on producers and on the food industry. Member states have a lot of discretion themselves through rural development programs, if they wish to have enhanced standards of production or processing or the rearing of their animals and they all. Germany for example spends 750 million Euros on their rural development programs and animal welfare alone, so it's a big issue obviously for the citizens, and the politicians have to

respond to it. It would be less, obviously, proportionately in other member states so depending on the country, depending on the attitude of the citizens, this will determine the programs. There is certainly animal welfare recognition with the citizens that has to be responded to politically.

Secretary Tom Vilsack

And is this something that is marketed? In other words, are products labeled, is there a classification system? How is it that I know if I'm a consumer in the EU that the eggs I'm producing or purchasing or the chicken or whatever I might be purchasing has been, is meeting those standards?

Commissioner Phil Hogan

Yes, we have control bodies in place and each of the member states are able to satisfy the conditions attached to their animal standards and animal welfare, but also other environmental conditions. It's part of the selling points. The worldwide consumer knows that these are the products that are being used in a particular way, and, it does get resonance, particularly, in the higher middle class populations now in the Far East.

Secretary Tom Vilsack

Do you anticipate or expect at some point in time that there would be sort of an international understanding of a basic level of standard and then others could potentially go higher than that or is the expectation in any trade agreement that everyone has got to meet the existing European standards?

Commissioner Phil Hogan

Well this is a matter for negotiation I would say... That's what we're doing right now.

Secretary Tom Vilsack

Yes, I know that... (Laughter) ...but you don't want to make all the decisions today. I'm sure a little longer maybe, not today, those decisions are important decisions for the European Union, Animal Welfare Standards, and SPS Standards are all important. I think there is a balance to be struck in terms of the systems that we use, in terms of the criteria we use, and the factors that we take into account. So I think that is the harmonization of the rules that will certainly have a minimum set of standards. I think that is what the people will expect.

You know we have conversations in this country often about food safety. Sometimes, I don't think we really put this in the proper context. If you do the math with me, if there are 317 million Americans and you assume on average they consume three meals a day and in each

meal there is a fruit or a vegetable or there's a carbohydrate, there's a protein, there's a dairy product, you're talking about literally hundreds of billions, if not over a trillion, opportunities for there to be a problem with food safety. So we have created a series of mechanisms for trying to reduce the risk of foodborne illness. Part of it has to do with the way we treat poultry products, and, I think this is an issue you are well familiar with. We've identified a number of what we refer to as pathogen reduction treatments, which are not acceptable to folks in the EU. Talk to me about the difference between what science tells us and what is acceptable to the market, and how that gets discussed in the context of a trade agreement.

Commissioner Phil Hogan

Well, I suppose there again the new Commission President has said that societal concerns and member state concerns are going to be of equal validity to the science. We understand each other's science is the critical part of it, but people in the European Union have cultural differences and different approaches to the interpretation of the science and the political implementation of what they see in terms of the science, but it's good that the science we can agree on is the most important fundamental, but it's up to the political process then to interpret what is necessary to drive the science towards policy implementation. I know that there has been a little explosion in the NGO community in the European Union in terms of chlorinated chicken, and all sorts of stuff like that. But at the end of the day, it's up to the commissioners and the member states to push back and say, hold on here, these are the standards that we are demanding in the negotiations, this is what's happening in the United States in a truthful way at the moment and at the European Union; let's work together to aid the concerns of consumers to ensure that we get good quality products. That the consumer can get properly labeled and proper food safety. We're behind the curve a little bit in the European Union on this issue in the last year possibly because we're coming to the end of the commission and the start of a new one. We have published a lot of material at the trade commission at the moment in order to show that in a more transparent way that the fears that are sometimes expressed in this manner, those certain SPS issues are not actually valid.

Secretary Tom Vilsack

We've got a couple of minutes left before we open it up for questions from the audience. I'd love to be able to talk to you for a few minutes about sustainability and some of the environmental challenges but let me make sure that we touch on an issue that you touched on at the end of your remarks, which is the moral dilemma that we face as human kind, and what I think you think is a unique responsibility that Europeans and Americans have in terms of global food security. Do this for me, if you would, in speaking directly to the young people that are here. How do you see global food security, and how do you see this as a way of encouraging young people to engage in a career and a lifetime of agriculture?

Commissioner Phil Hogan

Well, I'm very pleased that food security is now becoming more and more politically center stage in the United States, as well as in the European Union. We see the affects that the Russian, Ukraine situation has on many member states in Europe where two thirds of their agricultural production is actually damaged by the band that has been imposed, particularly, in the Baltic States, Latvia, Lithuania, and Estonia. These are people who are heavily dependent on agriculture for their economic development, for their jobs, and for their economic wellbeing. Because of the difficult situation politically in their neighborhood, they are not able to do what they were always able to do. The challenge is to find alternative markets --- but you never get the same premium price so food security for them to manage is not just the geo-political issues, but, equally, food security is usually important for the growing populations of the world. We have to plan together in my view, the United States and Europe, about how we're going to have that moral obligation with the commercial opportunity, obviously, as well feeding the populations, not just of our own particular continents, but also the world.

I am certainly driving to coordination and cooperation with the other Commissioners to ensure that this is recognized as a central issue. This should be in my view, drive the overall objective of any deal of agriculture that you and I can do with Mr. Froman in relation to agriculture. I think we have an obligation to ensure that we do a deal for the sake of mankind and make sure they are properly fed. In relation to that and in the context, young people can look to the future with great confidence provided that we implement the necessary innovation and technological change to ensure that they have the wherewithal to do the type of implementation, the type of production, and the processing technologies that are going to meet that particular overall global objective.

The generation of change requires tireless measures, which we're doing in Europe and you're doing in the United States, to make sure it happens, because I'm getting older, and with all due respects, Tom, you're getting older... (Secretary Vilsack chuckles) ...we are moving on, and we have an obligation where the average age of our farmers are in their late 50's, to say, how can we get young people involved? We offer them education and knowledge transfer and the new ideas to drive this moral obligation that we have to feed the populations of the world. We are certainly at one in terms of learning from each other about what's best practice to make sure that happens and with partnership agreements or with direct financial support. We have a new program on research and innovation and science, which we put to our agricultural advisor services in our colleges to ensure that they are up to date in processes and technologies that are imparted to the young people as quickly as possible at an early stage.

Secretary Tom Vilsack

I think we've got microphones located in a couple of key areas here, and would encourage folks to line up, and while they're doing it, one last comment. How concerned are you and how concerned is the EU about the impact of climate on the ability of these young people to have a future in agriculture?

Commissioner Phil Hogan

Well, we have particular programs in the European Union in that respect that have to be implemented in relation to the agri-environment and climate change. Whether some people have been skeptical about climate change over the years, I think that all of the various weather patterns and practices that we've seen over the [recent] past should reassure people that this is an issue, and there is no getting away from the fact that we have to do something about it. We are targeting programs so that we have a basic income for farmers, but we have an environmental program, as well, otherwise you won't get some (*Indistinct*). There's nothing like checking the Post or the financial incentives to concentrate the minds, and farmers do that better than anybody else. If we want to have the soil fertility, if we want to have the natural resources like water in abundance, we have to target certain measures like that and invest now, otherwise, in 20 years, 30 years' time, the young people of the future that we're trying to impact won't have that future to the extent that they should have.

Secretary Tom Vilsack

Very good. All right, sir.

Audience Member Question

I'm Tom Harding, Price Institute. Commissioner Hogan and Secretary Vilsack, in Europe we have GMO labeling provisions in place, and it's been in place for years. Yet, here in America, we are at odds forever about labeling and about co-existence. How do we resolve that to T-TIP, and for that matter for the consumer, to fully recognize what this food is and what it is not?

Commissioner Phil Hogan

You know, I think that's a good example of where the technology that's associated with GM is, actually. You were up front with the consumers, and you're telling people, well, this is GM technology or it's not. I think, and I'm sure the labeling process, which has been quite successful in that respect, I think it does open up maybe an opportunity for discussion about how we can harmonize the rules with each other in relation to being explicit to the consumer. I think that we have to ensure that we have the best, the most possible transparency in relation to what we do on GM that would help to re-assure people over a period of time that you know all is not lost in relation to this technology. We need new technologies in order to feed the populations

of the world in the future so we have to look at all options, but Europe has a particular sensitivity on relation to GM at the moment politically and through our NGOs and we need to re-assure them through the labeling process that we put in place in Ireland to ensure that they continue to understand that people may not die as quickly as...(Indistinct)...for particular technologies.

Secretary Tom Vilsack

I think this is a very important question and a very complex one, and I think that the conversation must start from the basis that we have in the U.S., which is that there is no indication, no scientific study, no indication whatsoever that there is a food safety hazard associated with consuming GM products. We've been doing it for years and they're just is not any indication or direct link to any illness or disease so we believe that these products are safe. The labeling philosophy in the U.S. has been primarily to do one of two things, to tell the consumer this is the nutritional value of a particular product, this is the number of calories, this is the sodium, this is the sugar, it's whatever, and also to warn people of specific known hazards so if you have a peanut allergy, you may want to know that a product contains peanuts or may contain peanuts. My problem with this discussion in the U.S. is it seems to be stuck in the 20th Century when we're in the 21st Century, and since this is a conference in part about innovation, let me suggest an alternative approach. I agree with the Commissioner that consumers have the right to know, I agree that they have the right to know what they're purchasing, but I also believe that when they have the right to know, they have the right to know in a way that conveys the proper conclusion about the product. In other words it doesn't convey a misperception about the safety of a product.

So if you were to label in this country, essentially, you might be conveying that there may be a risk associated with that product when in fact there is no risk. So what's the answer? We have on every single product in this country bar codes and those bar codes can provide an opportunity especially with young people who are consumers of technology and smartphones, the ability for a consumer that is truly interested in knowing precisely what is in a product to be able to use technology in their Smartphone for something at the grocery store, to be able to look at that bar code, and be able to determine at a very quick glance everything they need to know, and want to know about a product, but doing it that way does not necessarily within the context of the philosophy of labeling in this country convey the improper notion that there is unsafety connected or a safety issue connected with a product. It seems to me that what we ought to be looking at is some kind of mechanism to use this technology that younger people and the next generation are so familiar with as a way of bridging the gap between the need to know in a way that doesn't convey an improper conclusion about a product that to me seems

to be a way of fostering co-existence supporting the right to know but also conveying that these products in our view are safe and maybe that's an area for future conversation sir.

Audience Member Response

Thank you.

Audience Member Question

My name is Ben Hancock. I'm a journalist with *Inside U.S Trade*. Secretary Vilsack, you spoke about the importance of trade to rural jobs and growth in the rural economy. Dr. Haass spoke a little bit earlier about how TPA and trade motion authority is essential to really completing the President's trade agenda and, you've spoken about your role in drumming up support for TPA. I'm wondering if you could elaborate on what you're doing to build support within the Congress and whether you expect that effort to really ramp up once TPP is concluded or whether the TPA bill is actually there on the floor that people can look at. Thank you.

Secretary Tom Vilsack

Good question. First of all, I think it is important for me to challenge everyone who is here today who believes as I do that trade is a net positive for agriculture, a net positive for the country to make sure that we do a better job of marketing the benefits of trade. I mean the reality is that it is very easy for folks who are opposed to trade to suggest that a plant closing or a plant transfer is directly connected to trade. What we don't do a particularly good job of is pointing out where six jobs are created in this small business, three jobs over here, 12 jobs over here because of trade. The aggregate impact of trade has obviously, in my view, been a net benefit. We don't convey that in the market. So part of it is challenging folks to make sure that this message gets out. Secondly, to make sure that folks understand that we're talking about high quality jobs here --- we're not talking about minimum wage jobs --- we're talking about jobs that pay better than many jobs in the economy. So that's also an important consideration and for folks in agriculture to understand how critically important it is, particularly for production agriculture, to have those export market opportunities. If 30 percent of our gross sales are connected to exports, and that's roughly equivalent to net cash income, you see the correlation.

So we've had a series of trade round tables where we go into communities. I was in New Jersey at the Manishevitz facility recently. I was in Kansas City this week with Senator Robertson and Congressman Yoder talking to the media and talking to folks about the importance of trade, the importance of TPA and the Trans Pacific partnership, and the significance of these agreements. Also I'm making calls to members of Congress that are Ag committee members to make sure that they understand the direct correlation between these Ag trade agreements and farm

income and farm opportunity in rural development and also making sure that they understand that they have the right. This is interesting to me that many members of Congress were not aware of the fact that they have the right to look at the negotiating text of the TPP as it's being processed. They obviously have to do it in a confidential way because it's a classified document, but they have the right to actually see the text. There are certain committee members that also have staff members who have the right to see it. So encouraging folks if you have a concern or if you have an issue, and you want to know more about enforcement provisions or labor provisions or environment provisions, you have the right to read it, and you have the right to look at it and make sure that they also understand that in TPA, the Trade Promotion Authority, Congress does set the framework for the negotiation. Congress does have plenty of time to consider the agreement once it's finalized, and they need to understand that in a negotiation it is very difficult to finalize a deal if the other side is not convinced that that deal is not going to be tweaked or modified or changed by members of Congress. So it's an education process, it's not only members of Congress but also of people impacted and affected by trade and also the general public.

We also do a series of radio calls and calls to newspapers around the country. The Deputy Secretary herself has been involved in these roundtables as well as a number of our Deputy Secretaries and Undersecretaries who have been engaged in all of this; our Administrators are involved, too. So it's an all hands on deck effort to make sure that people understand that it's about market expansion. Now why is this important? It's important if we're going to convince these young people to get involved in agriculture --- they need to know that there are many entry points and many ways in which they can profit. These can be large-scale commercial, production-sized operators, if they are fortunate enough to have that in their family, and that's an export market opportunity. They don't necessarily have to do that; they can also be a small entrepreneur who decides that they want a direct relationship with a farmer's market or a school or some other institutional purchaser in a local or regional food system. They can get started small. We've got programs to help them as well, so there are multiple avenues, so it doesn't look impossible to get into this incredible opportunity, and it is an incredible opportunity. When you look at the market opportunities that an EU agreement could have or a Trans Pacific Partnership Agreement could have, it's an amazing moral call for these young people who are desperately interested in making a difference with their lives. There's no better way of suggesting that they can help their country and help the world by engaging in agriculture.

Continuation of Question

One follow, up if I may? Dr. Haass mentioned that he thought it wasn't a done deal or necessarily an assurity that the TPA could pass in this congress. I wondered if at this point you feel like that is an accurate statement?

Secretary Tom Vilsack

I think there is work to do. Mary Kay Thatcher is here from the Farm Bureau. She's involved in the Congressional relation of the Farm Bill; she may have a different take on this, but I think it's a very close call right now about TPA, and I think there's still work that need to be done to make sure that people are comfortable in knowing there is adequate transparency and understanding and appreciating that they're not. Congress is not surrendering its power to the Executive Branch that they have the right to set the framework of what an agreement needs to be that. There's plenty of time, I think it's 90 legislative days, which is just being calendar days is a lot for them to look at an agreement and for them to understand that there is an opportunity to elevate labor environment enforcement standards that have been negotiated in other agreements to elevate them to create a higher standard that will allow us to bring other countries along on these issues that are important. There is a terrific opportunity here for a very historic agreement, and I think it would create a serious momentum to them to negotiate an EU agreement, which can have an equally profound effect on agriculture. There's a man over there. Okay, yes sir. How you doing?

Audience Member Question

My name is Evan Lutz. I'm one of those young people in agriculture and my organization, called Hungry Harvest, we try to deal with the solution. We try to solve food waste and hunger from the business side when we take surplus and excess produce from farms around the MidAtlantic and deliver to customers, and in addition for every bag we sell, we also donate one to a hungry family in need. That's how we're combating food waste and hunger from the business side, right?

So I want to talk to you guys about, I want to start the conversation from the policy side. How can we combat food waste and hunger, because it's huge issue, and we produce enough food to feed everybody multiple times over, especially in the United States. I'm not sure I'm too familiar with policies in Europe, but from the policy side, what can we do to help combat this issue, and really reduce food waste, and feed the hungry families that should be a huge priority from the government side?

Secretary Tom Vilsack

I'll talk to it from the domestic and one suggestion from the foreign policy side. This is a very interesting question and one that's not fully appreciated by a lot of folks. It's 133 billion pounds

of food that's wasted in this country, it's roughly 30 percent of everything we produce. If you're pinching pennies back home, you're asking yourself how can it be in a country like this that we would waste that much? If you're worried about climate change, [the] single largest aspect of solid waste in our landfills is food waste, huge producer of methane. So this is an issue that has got ramifications in a variety of ways. Stretching tight budgets at home, making sure you fully use food, making sure that we take full advantage of this great productivity, and also reducing our impact to climate change.

So policy, well first of all it's putting people in the spot light on this issue and making people aware of it so we partner with the EPA and over a thousand organizations that actually may even be more than a thousand organizations to begin the process of trying to figure out how we might be able to reduce the amount of waste to begin with. How we might be able to reuse food that's available and safe to reuse and how we can recycle, so those are the three directives.

From a standpoint of reduction of food waste, it's really about working with restaurants and working with providers of food to look at portion sizes and control so that we don't put something on a plate that's just not going to be consumed. I use the example of myself and my wife Christy, she's about a third of my size, but when we go out to eat she gets the same portion I get, and at the end of the day I end up eating mine and hers, which is not good. (Laughter) So reducing portion sizes, on the reuse side, it's making sure that people want to understand fully and completely what the "Best By" date means.

You know I love my two boys, but they are, they look at what's inside the refrigerator, and if that date on the eggs says "Best By" February 21st, on the 22nd they're ready to toss those eggs. Well you know those eggs are perfectly good on the 22nd of February, so they don't need to be tossing them. So they need to understand that.

And I think there's an opportunity with the tax policy recent discussions with Congress about a tax increasing a charitable reduction for companies that basically are doing what you're doing, which is to convey to the food banks and community kitchens an opportunity to increase that tax deduction, which obviously would be encouraging, but better publication of what these all mean and a better understanding by consumers [would be good]. And then finally, on the recycle side, we at USDA drink a lot of coffee because we stay up late at night thinking of all these ideas... (Chuckles) ... we weren't recycling, we're now recycling the coffee grounds, and we're putting them in part on our people's garden that is now creating food for community banks, so there is a variety of ways domestically.

We're going to have a couple of conferences this year where we're going to attract and encourage entrepreneurs like yourself to come and talk about how we might be able to use

technology to better link what food is available for transfer to a community kitchen and where those community kitchens and operations might be, so be looking for announcements of those two conferences later in the year.

Audience Member Continues

Just quickly on the foreign side look, food waste is a completely different issue especially in Africa. It's about storage, and it's about not having storage facilities, so part of our Feed the Future initiative is to focus on that issue and make sure that we encourage and educate folks about creating storage operations and facilities that will prevent spoilage, because roughly 50 percent of the food that is produced in many of those countries never gets to market because it gets spoiled.

Commissioner Phil Hogan

Just briefly to add to that, you can imagine the portion that I get... (Chuckles) ...you know I'm 6 foot 5... (Laughter continues) ...but the trouble is I eat it. But I was former Minister of the Environment in the Irish government and this was a huge issue. We had to introduce food waste prevention programs, also segregation of waste in order to ensure that we had resource efficiency [which] I suppose is a theme of what we're discussing here now. So it's not just about food, it's about all the other aspects of our waste profile that we can use to a greater effect and minimize the damage to the environment; but also turn around some of the problems that we're having utilizing waste to food to a certain extent for so many of our folks. So certainly it [is] from that experience, I certainly see this as a huge issue in relation to the context of food production in the future.

We are just about at the same amount of land, we're not going to have many more, we're going to have to use better technologies in an order to extract more in an environmentally sustainable way from the same amount of land, but we have 22 percent of all our food in the European Union being wasted at the moment. So we're nearly as bad as the United States, but it's a huge amount of food. So we have to think outside the box in terms of what we have to do to use the food that we have in order to feed the populations of the world because of the big challenges that we've outlined already in terms of all the additional mouths we must feed.

Secretary Tom Vilsack

You know this is an issue that's very similar to the litter issue when I was a kid. We raised the profile of the issue with ads and public service announcements and so forth and we got to the point where people were not tossing stuff out of the car on their way to and from places and [a] significant reduction in litter [occurred] because of that, and I think this is potentially that type of opportunity.

I think we've got time for one or two more.

Audience Member Question

Hello, Nathan Carson from the University of Florida. Citrus greening is one of the biggest issues that the State of Florida has ever faced in its agricultural sector. It is estimated that greening is going to wipe out all the orange trees by the end of the decade. One of the proposed solutions is to genetically modify citrus trees so they are now resistant to greening. My question to both of you is this, how receptive do you think consumers will be to consuming orange juice that is produced by a genetically modified tree?

Secretary Tom Vilsack

Well that's a great question, and if I can take your question and amplify on it a bit, we are very focused on the citrus greening issue. We're looking at a variety ... this is a disease that basically the oranges drop [from the tree] prematurely, and they just don't have the quality or the value that they had before. The question is how do you deal with it? We are currently engaged, we just announced roughly 30 million dollars of additional support and help on research; [we are] researching heat treatment. If you heat the top of the tree, it has a tendency to reduce the disease; there's phosphorous that could be put around the base of a tree that might be a potential solution; there's a tiny little wasp that can potentially deal with the vector, so there are a variety of different ways of dealing with this. We're trying to figure out how to solve it, but long term, it may very well be the need for creating a greater resistance within the tree itself.

I think we're going to find the answer to your question, potentially, in what we recently announced with reference to apples, a genetically modified apple --- it doesn't brown when it's exposed to air. Somebody asked me well, you know, is that really going to make a difference? Well a lot of people look at an apple, they look at the browning, and they go, I'm not sure I want to eat that so it gets tossed. That's a part of the food waste issue. I saw this the other day with my grandkids. I think people are going to be interested in that especially from a commercial perspective, and I think the more we get people comfortable with the knowledge that there's an issue with science in this country --- there's kind of a war on science on both ends of the political spectrum. On the one end, you've got folks that are anti GMO without scientific basis in my view for that feeling, on the other end you've got folks that just don't believe climate is changing or that there's anything you can do about it or should do about it. We have to address and respect science because at the end of the day if we're going to meet the global food challenge, we not only have to do a better job of food waste, we not only have to do a better job of using the land we have, but we have got to figure out ways in which we can continue to produce more with less because the climate is changing, weather patterns are

more intense, there will be greater challenges to where things are grown and how things are grown and unless we have a better respect for and understanding of science we're going to continue to confront questions like the one you just raised, which is will consumers buy this? I believe they will, but it will take education, it will take some kind of creative solution to the labeling discussion and debate that we had earlier. I think the bar code is one way to deal with that but I think that underlying it and fundamental to it is a better appreciation and respect for science and an elevation of that in our society. There's a lot of talk about STEM, an elevation of that in our society I think is long overdue. I don't know how you feel about that.

Commissioner Phil Hogan

Yes, I've explained the context of our GMO debates in the European Union and the political sensitivities around it, but I learned a lesson some time ago in politics that never talk about something that is raised in a particular area that I know very little about because it is the sting of that particular wasp politically that Tom spoke about... so I pass on that. (Laughter)

Secretary Tom Vilsack

Okay, thank you so much. And that's why it's hard to negotiate with him. (Laughter continues)
Any other questions? Okay. Well folks are probably after the presentation ready for a break, so we will take a half an hour and reconvene in here, and then we're going to have a very interesting panel discussion. Thank you. (Applause)