

Statement of

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**On behalf of the
North American Millers' Association**

**Before the
Senate Committee on Commerce, Science and Transportation
Subcommittee on Consumer Affairs, Foreign Commerce and Tourism**

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My name is John Miller. I am president of Miller Milling Company with mills in Fresno, California, Winchester, Virginia and Sonora, Mexico. Those three mills grind about 62,000 bushels of durum and hard red spring wheat each day. Miller Milling is also a minority owner of New World Pasta Company, the largest branded pasta company in the United States.

I am here today to testify on behalf of the 42 member companies of the North American Millers' Association (NAMA) of whose Board of Directors I am a member. Those companies operate 165 wheat, corn, oat and rye mills in 38 states. Their collective production capacity of more than 160 million pounds each day represents 90 percent of the industry capacity. About 80 percent of that production is wheat flour.

U.S. millers buy Canadian durum primarily because the United States does not produce enough durum wheat of the quality our customers, U.S. pasta makers, require. This has been the case since we built our first durum mill in 1986 and it remains the case today. Competitive access to Canadian durum allows us to fulfill our obligation to supply U.S. pasta makers with the quality and quantity of semolina they require to satisfy U.S. consumers and compete with imports. Canadian durum is a necessary supplement to U.S. production of high quality durum, especially in years where adverse weather or farmer crop choices further reduce production of high quality durum.

If we did not have access to Canadian durum to supplement U.S. production the following would occur in the short term. The limited supply of U.S. high quality durum would need to be blended with lower quality durum or non-durum flours to satisfy quantity demand. This would result in pasta quality that would be noticeably lower than current consumer expectations and less than the quality readily available in imported pasta. Imported pasta as well as competing foods such as rice and potatoes would take market share and volume away from U.S. pasta producers.

Also, pasta companies who tried to maintain high quality raw materials would be at a significant price disadvantage to imported pasta or competing foods. Demand for U.S. produced durum wheat would decline.

In the longer term, production of both semolina and pasta would move offshore where adequate supplies of high quality durum wheat are available at competitive prices. The mill we recently completed in Sonora, Mexico is an example of the kind of adaptation that would increasingly occur in response to limitations on our ability to source enough high quality durum in the United States. Once again, demand for high quality durum in the U.S. would decline and the owners and employees of Miller Milling Company would be damaged.

In the twenty years or so that I have been a durum miller, the attempt to prevent U.S. durum millers and pasta companies from having competitive access to Canadian durum production has become a nearly annual event. I have testified before about durum wheat and I have filled out lots of detailed questionnaires. In every case my testimony and the data I have provided confirms that Canadian durum is offered to us at prices reflecting the price of durum in the U.S. market. We attempt to make U.S. and Canadian sources compete for our business in terms of price, quality, service and terms.

On many occasions the only offer we have for durum in a particular delivery period is from Canadian sources. On other days the Canadians are unwilling to lower their prices to be competitive with U.S. offers. I don't perceive any continuing differences in buying from Canadian or U.S. sources. They are all tough negotiators trying to sell their durum for as much as they can. My experience has been confirmed by the studies and investigations that have taken place over these many years, including the recent investigation by the U.S. International Trade Commission. If the Canadians are selling durum at less than market prices or better than market terms, I'm not getting any of it.

In closing, let me say the North American Millers' Association applauded the announcement by the United States Trade Representative in February that it will not impose restrictions on wheat entering the United States from Canada.

At the same time, NAMA encourages the Trade Representative to seek more access to the Canadian market for U.S. growers. Free trade in both directions was the admirable goal of NAFTA and the realization of that goal should be a priority.

Thank you for your time, and for the opportunity to testify today.