

Statement of John Hoeven, Governor of North Dakota

Testimony to Senate Consumer Affairs, Foreign Commerce, and Tourism Subcommittee

RE: S.532 PESTICIDE HARMONIZATION ACT

July 26, 2001

Chairman Dorgan, thank you for the opportunity to submit a written statement in support of Senate Bill 532.

The facts of North Dakota's agricultural economy and the variety of crops produced in the state will be well established by others testifying before you today. It is also acknowledged by witnesses appearing before you that our North Dakota farmers grow many of the same crops as producers directly across the border in Canada, thereby putting them in direct competition with their Canadian counterparts.

North Dakota farmers have been challenged by low-priced commodities, higher input costs, and adverse long-term weather conditions leading to increased disease, weed, and insect pressure. These factors contribute to a the poor profit outlook for producers. Costs are at a level where farmers simply cannot make a profit.

Because of increased pest problems coupled with high pesticide costs, I support legislation which can help make more crop protection products available to farmers at costs that are comparable to those paid by their Canadian neighbors.

It is simply unfair that farmers, especially in a border state like North Dakota, are placed at a competitive disadvantage to Canadian farmers, both in terms of availability and price of pesticide products. Pesticide companies are able to charge higher prices in the United States because farmers are prohibited from purchasing similar products in Canada and importing those products to the United States. This bill seeks to provide for joint labeling, to effectively accomplish

harmonization of pesticide products and their prices.

The Environmental Protection Agency here in the United States and its counterpart in Canada, the Pesticide Management Regulatory Agency (PMRA), have tried to address the issue of product availability in their respective countries. While I am encouraged by the EPA and PMRA's progress regarding harmonization of new product registrations, the heart of the issue lies with existing product availability and pricing.

While the pesticide companies often blame the regulatory agencies, it is often the manufacturers themselves who make registration timing decisions. The decision is impacted by expected return on investment and anticipated competition. This bill will effectively give the states the ability to register those products for the company, thereby bringing those products to market more quickly, to the benefit of the farmers and the companies.

North Dakota's legislature has worked to expedite the chemical harmonization process, including providing the agriculture commissioner with the authority to seek special emergency exemptions on products registered in both countries. With my support, the legislature recently created the Crop Protection Product Harmonization and Registration Board. The bi-partisan board consists of elected state officials and farmers who have a common mission of working with regulators and pesticide manufacturers to make effective products available at fair prices.

American and Canadian growers produce virtually identical crops and are forced to compete with one another in the global market. Therefore it is imperative that product availability and price stand on equal footing across borders. Senate Bill 532 will be an important step in amending the crop protection trade disparities between our two countries. Free trade policies must be applied consistently. The legislation may prove to be a tremendous asset in the effort to standardize the prices paid for substantially equal pesticides on either side of our shared border.