

“The Value Is Created Here in the United States”

An Interview with Jerry Hingle of SUSTA



JERRY HINGLE

Title	Executive Director and Chief Executive Officer
Organization	Southern United States Trade Association
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Other	Hingle directs SUSTA's efforts to develop export markets for high-value food and agricultural products from the southern United States. As an appointee to the U.S. Department of Agriculture's Technical Advisory Committee for Trade, he advises the federal government's trade negotiators on issues affecting the industry. He also serves on the Louisiana District Export Council. Prior to joining SUSTA, Hingle held management positions with the Southern Forest Products Association and the American Forest & Paper Association.

Jerry Hingle is executive director and chief executive officer of the Southern United States Trade Association (SUSTA), a nonprofit association that works to boost the region's exports of high-value food and agricultural products.

EconSouth: *To start out, can you describe the two categories of products your organization helps promote? What makes a “high-value” food product different from an agricultural product?*

Jerry Hingle: “High-value” food and agricultural products are value-added or finished products that are usually prepared and packaged for consumer retail or the food service industry. Think of the types of products you'd see on grocery store shelves. What's important about exports of these types of products is that the value is created here in the United States. Exports of raw commodities, such as feed grains, go through little handling and processing here in the United States. They are usually shipped bulk to markets around the world for further processing there. High-value foods go through all the stages of production and packaging here.

ES: *Agriculture for many years was the backbone of the Southeast economy. What is its role in today's economy?*

Hingle: It still is the backbone of our economy. In fact, agriculture is one of the leading economic sectors in many U.S. states. American agriculture supports one in 12 jobs in the United States and provides American consumers with 83

percent of the food we consume. Food security has become a hot issue around the world, but here in the United States we're fortunate to have the resources and infrastructure to be highly self-sufficient in food and agriculture and to be competitive worldwide.

ES: *What is the economic impact of exports of agricultural and high-value products on the region's economy?*

Hingle: Exports have always been important to the southeastern United States, as far back as our early colonial days when tobacco and cotton formed the fabric—pun intended!—of our economies. Today, for some commodities, such as grains, over half of our production is exported.

According to the USDA [U.S. Department of Agriculture], for every \$1 billion in exports, 8,400 jobs are created here in the United States. Agricultural exports out of the southern United States eclipsed \$58 billion last year, making this a much-needed engine for economic growth and employment. Keep in mind that agricultural exports don't benefit only farmers and ranchers—all those working in transportation, banking, insurance, and other related industries benefit from exports as well. [Editor's note: See this issue's article on the trucking industry.]

ES: *What are the region's most important export markets? How has that ranking changed over time?*

Hingle: Canada has traditionally been our largest export market, followed by

Mexico and Japan. But China has become a formidable market, thanks to its strong economic growth and insatiable appetite for Western goods. Our exports to China have more than doubled in the past five years and may soon eclipse all other markets.

Asian markets account for 40 percent of our total food and agriculture exports, while our European partners only account for about 8 percent.

ES: *Poultry products have been a key export for many southeastern states—where is all that poultry headed?*

Hingle: Most U.S. poultry production is centered in the southern United States—led by Georgia, Alabama, and Arkansas—so an uptick in exports has been a boon for producers in this region.

Countries with a growing need for inexpensive proteins are increasingly turning to the United States for supply. Our top markets include Mexico, Hong Kong, Russia, and China. Total U.S. poultry exports reached a record \$4.91 billion last year, a 17 percent increase from 2010.

The poultry industry expects more export growth as it becomes more price competitive and as economies around the world—particularly in emerging markets—continue to grow.

ES: *Agricultural exports have grown strongly in recent years. What's driving the expansion?*

Hingle: Exports certainly have been growing strongly. In fact, 2011 was the strongest year ever on record for U.S. agriculture exports, reaching over \$136 billion. America's agriculture sector is highly productive and efficient, making us cost-effective in global markets—as long as the playing field is level. A relatively weak U.S. dollar and low interest rates have also helped our competitiveness.

But equally important is the fact that U.S. food and agriculture is highly recognized around the world for its safety and quality. Toward that end, many organiza-

tions such as ours are busily promoting the qualities and availability of U.S. products through international trade shows, buyer missions, and a host of promotional tactics. We've put thousands of U.S. exporters in contact with overseas buyers, resulting in millions in export sales that otherwise would not have happened. This promotion is undoubtedly driving some of this export growth.

ES: *The United States has signed a number of high-profile free trade agreements [FTAs] in recent years. How have those affected the region's agricultural and food product exports?*

Hingle: Each time we sign a free trade agreement with another company or region, we see an immediate and tangible increase in exports to that market.

The recent FTAs with Korea, Panama, and Colombia are real winners for U.S. agriculture, particularly for farmers and ranchers in the southeastern United States. Passage of these agreements means over \$2.3 billion in additional agriculture exports, supporting nearly 20,000 jobs in the United States, according to the USDA. With Gulf Coast ports being able to readily service Central and South American markets, we're expecting a real uptick in exports from our region.

ES: *What are some of the barriers to exporting encountered by some of the companies you help?*

Hingle: When it comes to high-value foods, high tariffs and technical and scientific trade barriers are undoubtedly our biggest issues. Foreign countries typically charge very low import tariffs on bulk commodities, but tariffs escalate quickly on products that have been further processed or packaged. American sauces and spices, for example, can face tariffs of over 50 percent in some markets, making them uncompetitive on grocery shelves. Kentucky distilled spirits can get hit with tariffs in excess of 400 percent.

When a country enters a regional or bilateral free trade agreement, it usually

agrees to keep import tariffs below a certain level. So without the ability to use tariffs as a tool to protect local industries, countries are increasingly turning to technical barriers. One example is banning imports of an ingredient for the sake of "consumer safety" despite its being widely used for decades without health concerns. The importing nation then requires the exporter to go through expensive testing and certification of the product to ensure that a food item doesn't contain a banned ingredient.

ES: *What's your outlook for the region's agricultural exports?*

Hingle: We're very bullish on the long-term outlook for agriculture exports. The math is simple: according to the United Nations, the world's population will reach 9.1 billion by the year 2050—that's a 32 percent increase in mouths to feed. And in countries with growing incomes like China and India, people are demanding more proteins, which has a multiplier effect on agriculture consumption as a result of the feed grains needed to produce things like poultry.

Meanwhile, with water supply becoming an issue worldwide and a relatively static availability of arable land, we don't see any big gains in the global food supply. That's why the United States—and certainly the southeastern United States—is poised to see strong export demand over the coming decades. ■

This interview was conducted by Lela Somoza, a staff writer on EconSouth.