

Good morning. My name is Jon DeVaney, and I am the Executive Director of the Yakima Valley Growers-Shippers Association, located in Yakima. Our association represents the grower-packer-shippers of tree fruit in Southeast Washington. I would like to thank you for this opportunity to share the concerns of our members and the rest of the state's apple, pear and cherry growers regarding the potential impacts of the proposed SODO Arena on agricultural exports.

While apples are one of the iconic images of our state, few residents really understand the value of the tree fruit industry and its role in our economy. An economic impact study of the state's apple industry released this past August and based on 2010 data found that the apple crop generated a total statewide economic impact of over \$7 billion and approximately 60,000 direct and indirect jobs. Apples alone account for 20 percent of the value of the state's agricultural production, and the other tree fruits a further 8 percent. Furthermore, WSDA reported last week that the value of apples in 2011 was 18.8 percent higher than it was in 2010 and on which these figures were based. Prices are already higher again for the 2012 crop that is still being harvested.

In short, crop sizes and total returns generated by the tree fruit industry have grown over the past several years despite the economic downturn, providing an important source of stability and growth for our state's economy. A critical component of this success has been the effort to increase export sales. Approximately one-third of the apple, pear and cherry crops are exported each year, making them an important component of the state's \$13 billion total food and agriculture exports in 2010. Much of this volume moves through the Port of Seattle

To illustrate this point, let me highlight the apple export figures for the 2011-12 crop. Of the 108 million twenty-pound boxes of apples produced in the state last year, over 36.6 million, or 34 percent, were exported. Mexico and Canada are the largest export destinations, taking 28 and 13 percent of these exports respectively. Only one percent of Washington apple exports last year were to Europe. The remaining 58 percent, or 21 million boxes, were shipped to Asia and Latin America and almost entirely through the ports of Seattle and Tacoma. Moreover, the importance of Asian and Latin American markets to Washington state fruit exporters is continuing to increase. For example, India has rapidly risen to become our third largest export market behind Mexico and Canada at over four million boxes, having increased 21.5 percent over the previous year.

Pear exports generally follow the same pattern as apple exports, but cherries are a special case. As they are much more perishable, the vast majority of cherry exports are by land or air. Even so, growth of Asian markets has led to increased cherry exports by sea. In 2012, 706,487 boxes of cherries or over 400 container loads were shipped by sea through Seattle and Tacoma, 70 percent of which were to greater China.

If Washington's farmers and ranchers cannot continue to increase their exports, or even lose ground, the consequences to producers and the state's economy would be severe. The economic impact study I mentioned earlier quantified this effect for apples and found that for every 1,000 container loads shifted from export to domestic consumption, the resulting decrease in prices would cost growers \$11 million in lost income and a decrease in state and local tax revenue of \$1.5 million.

It is for these reasons that fruit growers, and agricultural exporters in general, view the proposed arena with concern. Even what appear to be small changes in traffic patterns to these intensively used ports can have significant and costly consequences. For example, within the last year several freight lines shifted their operations centers from Seattle to Tacoma. While it was assumed that this would have little effect, several of our members have in fact reported delays dropping loads and retrieving containers at Tacoma due to the additional traffic. While traffic delays may sound innocuous, they in fact reduce the number of trips that trucks and their drivers can make, stretching the available transportation capacity. And since drivers are on the clock while waiting to access the ports, such delays cause a net increase in the cost of our products to our customers, affecting our competitiveness.

Finally, while local transportation impacts and potential mitigation can be identified through a full and thorough review of the arena proposal, such mitigation will still be dependent on the availability of resources. Given the immense pressure on transportation budgets at all levels of government, we are concerned that such mitigation will be significantly delayed if it is completed at all. Any interval between the construction of an arena in the SODO area and the mitigation of its effects on traffic and Port operations will increase costs for agricultural producers, and could result in the long-term loss of market share.

Again, on behalf of Washington's fruit producers I commend the Committee's attention to this issue of statewide concern and appreciate the opportunity to appear today.