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Agriculture for Fast Track

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Statements of Agricultural Organizations Supporting Renewal of Fast Track Negotiating Authority

**American Crop Protection Association
American Meat Institute
American Soybean Association
Blue Diamond Growers
Farmland Industries, Inc.
Fertilizer Institute
International Dairy Foods Association
Louis Dreyfus Corporation
National Cattlemen's Beef Association
National Corn Growers Association
National Dry Bean Council
National Food Processors Association
National Grain and Feed Association
National Grain Sorghum Producers
National Grange
National Oilseed Processors Association
National Pork Producers Council
National Sunflower Association
North American Export Grain Association, Inc.
U.S. Apple Association
U.S. Dairy Export Council
U.S. Feed Grains Council
U.S. Meat Export Federation
USA Poultry and Egg Export Council**

September 16, 1997

AGRICULTURE FOR FAST TRACK

The U.S. agricultural organizations whose statements follow support renewal of clean fast-track negotiating authority without restrictive labor or environmental provisions. The basis for agriculture's support is simple; it provides the United States the only vehicle for maintaining its leadership position in the world by meeting our responsibilities in trade.

Without traditional fast track authority, the United States, especially the agricultural sector, will suffer from increasingly limited access to current and future markets, as the world progresses more slowly toward liberalization and trade agreements are concluded without U.S. participation.

With traditional fast track authority, the U.S. agricultural community can maintain its status as the leader in world agricultural trade through new trade agreements which improve access to foreign markets.

U.S. agriculture is highly dependent on foreign markets with one-third of all commodities produced in the United States exported. The United States benefits from agriculture as the largest contributor to the U.S. balance of trade, with agricultural exports of over \$60.3 billion last year and a trade surplus of \$28.5 billion projected for this year. Moreover, each dollar generated by agricultural exports stimulates another \$1.39 in supporting economic activity.

The world depends on the United States' commitment to providing a reliable food supply, with 21 percent of the world's exports in agricultural products coming from the United States. The reliance of the United States and the world on U.S. agricultural trade must not be overlooked as we engage in this debate of historic significance.

Although the march towards worldwide trade liberalization may be slow, the reality is that trade agreements will continue to take place with or without the United States' participation. The United States must now decide between two distinctly different and mutually exclusive directions: Will the United States lead the world into a more prosperous future, or will we slow progress and ultimately be left out all together?

Congress, by passing clean fast track negotiating authority, will have provided the essential tool for the United States to make the leadership choice. Failing to do so will ultimately relegate the United States to observer status as our competitors and customers around the world negotiate and develop agreements without our participation. Such a result would not only leave U.S. industries disadvantaged, but more generally forfeit the United States' role as a world leader for the foreseeable future.

The Uruguay Round and the NAFTA were important steps in liberalizing agricultural trade. Both agreements resulted in important new market access opportunities for U.S. exports. The Department of Agriculture estimates that NAFTA alone will lead to \$2 billion to \$2.5 billion in additional agricultural exports. However, further progress needs to be made. High tariffs and other barriers continue to restrict our access in potentially large markets such as China and India. In addition, a number of countries are using market-distorting export practices that were not effectively disciplined by the Uruguay Round export subsidy commitments. These practices need to be brought under the rules and disciplines of effective international trade agreements.

U.S. agriculture must have a level playing field on which to compete without trade-distorting import barriers and export practices. Fast track trade negotiating authority is needed to successfully engage in broad-based, multilateral negotiations that will lead to greater liberalization for all of agriculture. The United States is in danger of being left behind as regional and bilateral free-trade agreements are being negotiated throughout the Western hemisphere. U.S. exports of agricultural products are disadvantaged by Western Hemisphere free-trade agreements that give some of our largest competitors preferential access to markets in which we could be very competitive.

With the 1999 review and continuation process that is part of the WTO's built-in agenda from the Uruguay Round, The Free Trade Area of the Americas, and Asia Pacific Economic Cooperation forum, U.S. agriculture faces an ambitious trade policy agenda. The United States not only has to actually be engaged in these trade negotiations, we have to *take the lead* in setting an agenda that will remove the remaining distortions to trade in agriculture.

In order to do so , traditional fast track trade negotiating authority must be renewed.



Fast Track Negotiating Authority

ACPA supported the Uruguay Round Agreement and NAFTA, and urges the renewal of fast track negotiating authority. With fast track authority, the U.S. will be able to capitalize on international commercial opportunities by gaining the ability to participate in numerous important trade negotiations presently underway. Currently, the U.S. is excluded from these negotiations because of lack of fast track authority.

Fast track negotiating authority is essential for the U.S. to maintain its leadership position in world trade. The U.S. would be unable to participate in scheduled negotiations in the WTO. Additionally, U.S. negotiators could not take advantage of opportunities for sectoral negotiations – for example, the recent Information Technology Agreement which will eliminate tariffs in 39 countries on information technology products and increase opportunities in a sector currently supporting 1.8 million U.S. jobs.

Negotiations should be continued for bilateral and regional trade agreements. Our foreign competitors are making significant progress in this area at U.S. expense. The Japanese government is already negotiating trade agreements with key countries in South America.

The removal of trade barriers and non-tariff trade barriers is essential for the overall growth of world trade, and for the U.S. to expand its share of the world market.

While improving working conditions and environmental protection around the world are important goals, agriculture trade sanctions should not be used to force changes in labor or environmental laws.

In summary, ACPA strongly supports renewal of fast track negotiating authority by Congress.

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ACPA's mission is to foster the interests of the general public and ACPA member companies by promoting innovation and the environmentally sound use of crop protection products for the economical production of safe, high quality, abundant food, fiber and other crops. ACPA is the not-for-profit trade organization of U.S. manufacturers, formulators, and distributors of agricultural crop protection and pest control products. Organized in 1933, ACPA's membership is composed of the companies that produce, sell and distribute virtually all the active compounds used in crop protection chemicals registered for use in the United States.

L.FASTTRAC
August 15, 1997



Serving The Industry Since 1906.

**STATEMENT IN SUPPORT OF RENEWAL
OF TRADITIONAL TRADE NEGOTIATING AUTHORITY
SEPTEMBER 16, 1997**

The American Meat Institute (AMI) -- a national trade association representing the packers and processors of 70% of the nation's beef, pork, lamb, veal and turkey production, and their suppliers across America -- strongly supports renewal of traditional trade negotiating authority.

Continued growth in exports of U.S. livestock and poultry products is critical to maintaining the economic viability of the industry. While our exporters are grateful for the success they have experienced in boosting overseas sales and excited about future growth opportunities, they remain frustrated by persistent difficulties encountered in gaining and maintaining access. The most effective means of resolving these difficulties is through further bilateral, plurilateral, and multilateral negotiations. Unless the Congress agrees to renew the administration's trade negotiating authority, the United States will be unable to meaningfully participate in any such negotiations.

The U.S. meat and poultry industry is committed to aggressively pursuing overseas markets, but in needs the unbridled support of the U.S. government. More than ever, the welfare of the American farmer and his/her family depends upon our ability to compete in the global economy. This nation is blessed with a combination of natural, technological, and human resources that make the United States the largest and most competitive agricultural producing country in the world. Only through concessions obtained in trade agreements can we exploit those advantages.

Exports of U.S. red meats have grown rapidly over the past decade--reflecting global economic expansion, cultural changes, and the success of public and private U.S. efforts to open foreign markets to meat imports. In 1996, U.S. packers and processors sold \$3 billion worth of beef and beef variety meats to the world and a record \$1.1 billion worth of pork and pork variety meats. This compares with only \$1.1 billion in beef and beef variety meats and \$154 million in pork and pork variety meats in 1987.

The dynamics of meat and poultry production and marketing in the United States have changed dramatically in little more than a decade, and likely will continue to change. The economic well-being of the industry is now heavily dependent on our ability to maintain and expand access to foreign markets. A study conducted for the U.S. Meat Export Federation, for example, concluded that export sales of beef and beef variety meats contributed 12.4 percent of the wholesale value of U.S. beef production in 1996, three times the figure of just ten years earlier. And export sales of pork and pork variety meats were responsible for 8.8 percent of the wholesale value of total U.S. pork production last year, almost 10 times the figure for a decade earlier.

In general, substantial growth in exports of U.S. red meat exports has come in spite of significant barriers. Tariffs on meats, and many other agricultural products, are still relatively high in many countries. U.S. exporters face other constraints, like Japan's gate price and safeguard mechanisms for pork, government restrictions -- or quasi-governmental agency controls -- on the types of meat which may be imported or the types of establishments which may import, outright import bans (such as Taiwan's ban on imports of pork variety meats), and questionable animal or public health restrictions, like the European Union's hormone ban and onerous meat inspection requirements. In some cases, these problems can be addressed through aggressive enforcement of current trade agreements, but for most, additional trade negotiations will be necessary. Therefore, solutions are only possible if the Congress agrees to renew the administration's traditional trade negotiating authority.



**American Soybean
Association**

AMERICAN SOYBEAN ASSOCIATION SUPPORTS RENEWAL OF FAST-TRACK AUTHORITY

The American Soybean Association (ASA), organized in 1920, is a national nonprofit, nonpartisan, volunteer, single-commodity organization of U.S. soybean farmers. The ASA's 31,525 members produce approximately 54% of the U.S. soybean crop. ASA functions as the primary International Market Development contractor for the United Soybean Board (USB), which administers the National Promotion/Research Checkoff that U.S. soybean farmers have voluntarily levied on themselves.

The ASA has been involved in foreign market development activities for soybeans and soybean products since 1956. ASA currently has 13 foreign offices conducting market development activities in 83 countries around the world.

Past Success - WTO/Blair House

In 1992, a trade agreement known as the Blair House accord was signed as a result of the President's then-existing 'fast track' authority. The Blair House accord, which limits the amount of oilseed production (hectares) that the European Union (EU) can subsidize, was a crucial breakthrough which unlocked a GATT negotiating jam then preventing reform of world trade rules governing agriculture. That accord followed a successful Section 301 complaint brought by the ASA against the EU subsidy practice, but the Blair House agreement almost certainly could not have occurred without Fast Track authority.

Since 1992, when Blair House capped the EU's GATT-contravening oilseed production subsidies, U.S. soybean and soy product exports to the EU have increased each year. The U.S. now holds a 63% market share in the European Union.

Past Success - NAFTA

In 1994, the North American Free Trade Agreement (NAFTA) went into effect. NAFTA is designed to reduce or eliminate tariff and non-tariff trade barriers among the US, Canada, and Mexico. Soybean and soy product trade between the US and Canada is already duty free. The substantial tariffs that had hindered US soy exports to Mexico in 1993 are already lower, and will be totally phased-out by 2003. This has helped to solidify America's dominant market share in Mexico for soybeans and soy products, allowing them to reach record levels under NAFTA.

Future Challenges Needing Fast Track

Exports to a number of countries, most notably China, of US soybeans and soy products are hindered by the requirement for such imports to be handled by state trading enterprises. Other hindrances -- in a variety of countries -- include:

- Market access (level playing field)
- Elimination of export subsidies
- Elimination of tariff rate quotas
- Elimination of Sanitary and Phytosanitary (SPS) barriers to agricultural commodity trade -
For example, the countries of Poland and India are currently preventing the import of US

soybeans on the purported bases that those soybeans could contain weed seeds that would wreak economic damage on the farmers of their respective countries. ASA is working to combat those SPS barriers, but fast track authority could help these barriers to be surmounted on a more timely basis.

BLUE
DIAMOND

Almond Facts

RENEWED FAST TRACK AUTHORITY IS CRITICAL FOR THE U.S. ALMOND INDUSTRY'S ECONOMIC HEALTH AND GROWTH.

Fast track is necessary for the United States to reach agreements that tear down barriers to export U.S. almonds. The debate about future U.S. trade negotiations is much broader than NAFTA. Successful future trade agreements will increase current almond sales of \$908 million; purchases of related services of \$1.78 billion; personal income of \$652.6 million and nearly 20,000 related jobs.

Almonds will be California's largest food export in 1997-98. They rank among the top 10 California exports in the EU, Canada, India, South Korea and Singapore; the top 15 in Taiwan, Japan, Indonesia and Mexico; and the top 20 in China and Hong Kong.

Without fast track, the United States will be unable to participate effectively in important negotiations already scheduled in the WTO, including those in India where almonds are the leading U.S. export valued at \$50 million.

Without fast track, the United States will be unable to compete with other countries in reaching bilateral and comprehensive regional trade agreements. Many of our foreign competitors have been aggressively pursuing their own economic interests through their own trade agreements, including Asia and in our hemispheric backyard. For example:

- Both Canada and Mexico now have free trade agreements with Chile. Chile is an almond producing country, while Canada and Mexico currently consume an average of \$40 million annually of U.S. almonds.
- The Latin American Southern Cone Common Market ("Mercosur"), which already consists of Brazil, Argentina, Paraguay, and Uruguay, has agreements with Chile and Bolivia and is negotiating trade arrangements with other countries in Latin America.
- Japan and the European Union are working toward trade arrangements with countries in Latin America and Asia. The EU is the largest export market for California almonds at \$600 million, while Japan is second largest at \$85 million. Several EU countries produce almonds, with Spain being the leading EU producer.

If the United States is forced to stay on the sidelines because we don't have fast track, we risk being left behind as other countries open up trade for their farmers while keeping barriers against U.S. almond exports.

- While Blue Diamond Growers stands ready to support a compromise that meets its trade goals, trade sanctions should not be used to force changes in labor or environmental laws.

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FARMLAND SUPPORTS THE RENEWAL OF FAST TRACK AUTHORITY

Farmland Industries, Inc. is the largest farmer-owned cooperative in North America with over 1,400 local cooperative members, serving 500,000 farmer-rancher families in 22 Midwestern states, Mexico and Canada. Also, more than 13,000 livestock producers are direct members of Farmland, marketing their hogs and cattle. It is this network of farmer, farmer-cooperatives and Farmland, and the many people who work for them, that make up the Farmland Cooperative System.

Headquartered in Kansas City, Missouri, Farmland manufactures and distributes to its farm cooperative members agricultural inputs, including petroleum, crop production and feed. Domestic and international marketing opportunities are provided for our member-owners' agricultural outputs, including the slaughtering, processing and marketing of pork and beef, and grain processing and marketing. The Farmland System conducts business in all 50 states and more than 70 countries.

The future economic well being of American agriculture is closely tied to our competitiveness in an expanding global market. The importance of trade to the future of American agriculture has been emphasized under the 1996 Farm Bill, with the reduction in support to producers from domestic farm programs. US producers now depend on exports for over 25 percent of gross receipts. This is anticipated to be 35 percent by 2003.

In response to this globalization, Farmland Industries has developed business strategies that reflect a strong commitment to expanding world markets. The farmers and ranchers who own the Farmland System are very much involved in expanding international markets. In the past six years, our international sales have grown from less than \$200 million to over \$4.1 billion. In Mexico alone we have seen our trade, since the passage of the NAFTA, grow from less than \$50 million in 1992 to \$450 million in 1996. We believe US policy must also be dedicated to the expansion of global markets.

Farmland finds that sanitary and phyto-sanitary non-tariff trade barriers, for meat and grain, are among the most important and prevalent of our concerns with respect to international marketing of System products. Incidence and cost of problems related to these barriers, in addition to lost business, is increasing at an alarming rate. These barriers expose Farmland specifically and US agriculture in general to millions of dollars of risk and lost trade.

The next round of global agricultural trade negotiations is scheduled to commence in 1999. The continued removal of tariff and non-tariff barriers to trade, so that new markets are opened and access is increased to existing markets, is of particular importance to Farmland and its member owners. In order to adequately prepare for and participate in these negotiations, US trade officials need fast track authority now.

The farmers and ranchers who own Farmland support the passage of Fast Track authority as a vital tool in the pursuit of trade liberalization. They clearly understand the importance of world trade to US Agriculture's continued growth.

The Fertilizer Institute

TFI Urges Prompt Renewal of Fast-Track Authority

- **Trade Agreements permit U.S. fertilizer producers to exploit their comparative advantage in international markets.**
- **TFI supported NAFTA and GATT, which have benefited U.S. ag industries.**
- **U.S. agriculture is uniquely positioned to reap the benefits of liberalized ag trade because the U.S. is the lowest cost producer of the safest highest quality food in the world.**
- **U.S. trade negotiations need fast-track authority in order to bring Chile into NAFTA. U.S. phosphate exports from Florida are subject to an 11 percent tariff on arrival in Chile. Phosphate fertilizer from Mexico, however, is given duty-free treatment under a bilateral free trade agreement. The current disparity imposes a price advantage on U.S. phosphate fertilizer as much as \$25 a ton.**



International Dairy Foods Association
Milk Industry Foundation
National Cheese Institute
International Ice Cream Association

IDFA Urges Renewal of Fast Track Negotiating Authority

The International Dairy Foods Association (IDFA) is the leading U.S. dairy processor trade association representing more than 650 companies and organizations involved in the processing, manufacture, and marketing of dairy products. As an umbrella organization, IDFA is comprised of three constituent associations -- the Milk Industry Foundation, the National Cheese Institute, and the International Ice Cream Association. IDFA member companies include a wide range of enterprises, from multinational corporations to small family businesses, proprietary firms to farmer cooperatives. They have more than 730 dairy-related facilities in 48 states across the United States. IDFA members account for approximately 85% of the \$70 billion worth of dairy foods, including milk, milk products, yogurt, sour cream, cheese, ice cream and frozen novelties, consumed in the United States.

The U.S. dairy industry produces high-quality, affordable, and safe dairy products for consumers, food service providers, and food manufacturers. New trade rules achieved in the GATT Uruguay Round as well as U.S. farm policy changes embodied in the 1996 FAIR Act, have given the U.S. dairy industry both the opportunity and incentive to engage more actively in international markets. U.S. dairy exports now exceed \$740 million annually. Much more needs to be done, however, before international opportunities for the dairy sector are truly open and fair. With improved access to foreign markets, the U.S. dairy industry is well positioned to be a leading competitor in world dairy trade.

Reasons Why Fast-Track Renewal is Important

IDFA strongly supports renewal of fast track negotiating authority, in order to continue making progress in eliminating existing trade barriers and preventing new ones from emerging in international markets for U.S. dairy products.

Renewal of fast-track authority is critical for the United States to play a leadership role, which it must, in the upcoming WTO negotiations on agriculture, scheduled to begin in 1999. We cannot afford to allow the European Union, which has captured substantial shares of world dairy trade through subsidies (for example, 57% of world cheese trade, as compared to the U.S. share of 3%), to dominate these negotiations. The only way we can assure improved access for U.S. dairy products is to be a forceful leader at the negotiating table. ***That requires fast track.***

In important regional markets around the world, U.S. opportunities are being lost as other countries move forward, forging trade arrangements that exclude, and even disadvantage, the U.S. Many of these markets, particularly in Latin America and Asia, have the fastest growing incomes and population growth, where opportunities for expanded sales of dairy products are greatest. It is imperative that opportunities for the U.S. dairy industry to expand sales and market share in these emerging markets not be bypassed and captured by our foreign competitors. ***We must arm U.S. negotiators with fast track authority so they can make sure that dairy markets around the world are open for the benefit of U.S. dairy producers, processors, and foreign consumers.***

For more information, contact: Janet A. Nuzum, Vice President and Counsel