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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
EXECUTIVE OFFICE OF THE PRESIDENT  
WASHINGTON, D.C.  
20508

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FOR IMMEDIATE RELEASE  
Friday, September 5, 1997

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**U.S. ANNOUNCES REQUEST FOR WTO CONSULTATIONS ON  
MEXICO'S HIGH FRUCTOSE CORN SYRUP DUMPING ORDER**

U.S. Trade Representative Charlene Barshefsky announced today that the United States has requested WTO dispute settlement consultations regarding actions by Mexico in its antidumping investigation on high fructose corn syrup (HFCS). The United States is concerned that several actions initiated by the government of Mexico appear inconsistent with its obligations under the WTO Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (Antidumping Agreement).

"Mexico recently imposed provisional antidumping measures on imports of high fructose corn syrup from the United States in a manner which appears to violate its WTO obligations," said Ambassador Barshefsky. "We are concerned about Mexico's actions in several respects, including a failure to determine whether there was sufficient evidence that the original petition was made by or on behalf of the domestic industry, failure to provide proper notification to the United States and failure to provide the U.S. industry timely access to the relevant information needed in the presentation of its case."

The Mexican National Chamber of Sugar and Alcohol Industries (Sugar Chamber), an association of producers of sugar in Mexico, filed a petition against imports of HFCS from the United States on January 14, 1997. On February 27, 1997, the Mexican Commerce Secretariat (SECOFI) published a notice initiating an antidumping investigation. On June 25, 1997, SECOFI published its preliminary affirmative determination of dumping and threat of material injury. Provisional tariffs ranged from \$66.50 to \$125.30 a metric ton for grade 42 fructose and \$63.40 to \$175.50 a metric ton for grade 55 fructose, or a 102.2% dumping tariff for grade 42 fructose and a 61.1% tariff for grade 55 fructose.

The request for consultations was made September 4, 1997. The consultations are expected to be held within 30 days.

## FAST TRACK AND AGRICULTURE

### WHY US AGRICULTURE NEEDS NEW MARKETS

For farmers and the agricultural industry, more trade means more jobs and higher incomes. US farmers today face a simple dilemma: Each year, the combination of hard work and technological innovation make American farmers more productive. At the same time, domestic demand for this output is relatively static. That means the US must open new markets for American agriculture to maintain jobs and income levels.

Already today -- commodities produced on one out of every three acres in America is exported. That includes 67% of our wheat acres, 42% of our rice acres, 34% of our soybeans acres, 21% of our corn acres and 38% of our cotton acres. These percentages proportionally must grow as US productivity increases. Otherwise prices will plummet and US agricultural jobs will be lost. Fast track is essential to ensure this doesn't happen.

### WHY U. S. AGRICULTURE WILL PROFIT FROM FURTHER TRADE LIBERALIZATION

The United States has on average the lowest agricultural tariffs in the world (around 3%, fact check) where other countries have much higher tariffs, e.g. Korea (over 60%), Norway (149%), Pakistan (100%), India 114%, Japan (11%), Argentina (17%), world average (56.2%). Further tariff reductions will benefit US producers. Because U.S. tariffs are so low compared with those of other countries, across the board tariff reductions would benefit U.S. exporters greatly. For example, if each country is required in the next WTO round to reduce its agricultural barriers by 50%, then US tariffs would drop only 1.5 percentage points while other countries would drop far more precipitously. e.g., 50 percentage points in Pakistan, 30 percentage points in Korea, 54 percentage points in India, etc.. This would greatly reduce current inequities and would greatly improved access to these markets.

### WHY WE NEED FAST TRACK TO OPEN NEW AG MARKETS/OPPORTUNITIES

WTO NEGOTIATIONS: Other countries understand that the US cannot conclude another multilateral round of negotiations until we have fasttrack authority from Congress. It was at US insistence that reforms in agricultural trade begun in the Uruguay Round be continued through new negotiations in 1999. We must have fast track authority to enter into these negotiations or other countries, many with interests contrary to our own, will shape the outcome of these negotiations that we initiated.

REGIONAL TRADING BLOCKS: While the US stands on the sidelines without fast track, our agriculture competitors are busy building webs of agreements that put their agricultural and other industries in better competitive positions vis a vis the United States, e.g. MERCOSUR, Andean Trade Pact, Mexico-Chile FTA, and Canada-Chile FTA. Indeed, the EU has begun consultations with countries in the region on possible free trade possibilities. These pacts threaten US agricultural export interests. Already today, the US is losing agriculture business in our own hemisphere. Canada already has an advantage over the US in exporting farm products to Chile. In turn, Chile has an advantage over us in trade with Mercosur countries. Here are a few examples:

Chilean apples and pears enter Columbia, Venezuela and Peru duty free, whereas US growers face 10-25% tariffs.

Chilean wine enters Ecuador duty free, US wine faces a 25% tariff.

Agg + Fast  
Track

Canada has obtained duty free access under TRQs on oilseeds, vegetable oil, barley, durum wheat, pork and beef to Chile, while US exports face much higher duties (11%).

The Andean Community (90 million people) is a significant market for vegetable oils and protein meals. The US is one of the world's most efficient producers of these products. However, the US faces stiff competition from Bolivia because as an Andean member it has duty free access to this market, while the US products face duties of 15-20 percent on a CIF basis.

#### WHAT WE WOULD DO WITH FAST TRACK TO HELP US AGRICULTURE

There are 5 key areas that the USG would immediately use Fast Track authority to advance the interests of US agriculture. We would press for global tariff-reduction on agricultural products; improve the implementation of the WTO SPS agreement; negotiate improved rules in the area of genetically modified organisms (GMOs); seek elimination of export subsidies and other trade-distorting export practices; improve methods of administering tariff-rate quotas so that our exporters gain true market access; and eliminate trade distorting measures employed by state trading enterprises and transparency into their operations.

## FAST TRACK AND AGRICULTURE

DRAFT  
WORK IN PROGRESS  
JSB

### WHY US AGRICULTURE NEEDS NEW MARKETS

For farmers and the agricultural industry, more trade means more jobs and higher incomes. US farmers today face a simple dilemma: Each year, the combination of hard work and technological innovation make American farmers more productive. At the same time, domestic demand for this output is relatively static. That means the US must open new markets for American agriculture to maintain jobs and income levels. Additionally, reductions in domestic support programs make new markets the safety net for our farmers.

Already today -- commodities produced on one out of every three acres in America is exported. That includes 67% of our wheat acres, 42% of our rice acres, 34% of our soybeans acres, 21% of our corn acres and 38% of our cotton acres. These percentages proportionally must grow as US productivity increases. Otherwise prices will plummet and US agricultural jobs will be lost. Fast track is essential to ensure this doesn't happen.

### WHY FAST TRACK IS CRITICAL TO EXPAND OPPORTUNITIES FOR U.S. AGRICULTURE

Despite facing stiff tariffs, heavily subsidized competing agricultural products, scores of SPS barriers, quotas and other impediments, US agricultural exports are exploding (\$60 billion in 1996) and the US is leading the world in the export of agricultural products (US share of world AG market is 21% and climbing FACT CHECK). That is because the US is an exceedingly efficient producer of agriculture products. If US agriculture exports are soaring despite these impediments, imagine what our export figures will look like when we tear these barriers down. To exploit our efficiency, expand our penetration in current markets and penetrate new ones, it is essential that the administration be granted fast track authority. Without it, we will sit on the sidelines and have our own efficiency destroy us.

### WHY WE SIT ON THE SIDELINES WITHOUT FAST TRACK

Other countries recognize that the US cannot conclude another multilateral round of negotiations or begin forming regional trade agreements until the Congress grants the President fast track authority. During the Uruguay Round, the US insisted that a new round of agriculture negotiations begin in 1999. It was hoped that the US would build consensus for tearing down trade barriers to increase US agriculture export. We must have fast track authority to enter into these negotiations or other countries, many with interests contrary to our own, will shape the outcome of these negotiations. These other states will also form regional pacts that put US agriculture at a disadvantage. Indeed, other countries have told us directly that they will not enter into negotiations with us on bilateral or multilateral agreements until we have Fast Track authority (Fact Check).

### SEVEN WAYS FAST TRACK WILL ADVANCE U.S. AGRICULTURAL INTERESTS

#### 1 Pressing for Global Tariff-Reduction on Agricultural Products

The United States has on average the lowest agricultural tariffs in the world (around 3%, fact check) where other countries have much higher tariffs, e.g. Korea (over 60%), Norway (149%), Pakistan (100%), India 114%, Japan (11%), Argentina (17%), world average (56.2%). Further tariff reductions will benefit US producers. Because U.S. tariffs are so low compared with those of other countries, across the board tariff reductions would benefit U.S. exporters greatly. For example, if each country is required in the next WTO round to reduce its agricultural barriers by 50%, then US tariffs would drop only 1.5 percentage points while other countries would drop far more precipitously. e.g., 50 percentage points in Pakistan, 30 percentage

points in Korea, 54 percentage points in India, etc.. This would greatly reduce current inequities and would greatly improve access to these markets.

**2      Regional Trading Blocks:** While the US stands on the sidelines without fast track, our agriculture competitors are busy building webs of agreements that put their agricultural and other industries in better competitive positions vis a vis the U.S. agriculture industry, e.g. MERCOSUR, Andean Trade Pact, Mexico-Chile FTA, and Canada-Chile FTA. Indeed, the EU has begun consultations with countries in the region on possible free trade possibilities. These pacts threaten US agricultural export interests.

*Western Hemisphere:* Already today, the US is losing agriculture business in our own hemisphere. Canada already has an advantage over the US in exporting farm products to Chile. In turn, Chile has an advantage over us in trade with Mercosur countries. Here are a few examples:

While Chilean apples and pears enter Columbia, Venezuela and Peru duty free, US apples and pears face 10-25% tariffs. While Chilean wine enters Ecuador duty free, US wine faces a 25% tariff. While Canada has obtained duty free access under TRQs on oilseeds, vegetable oil, barley, durum wheat, pork and beef to Chile US exporters of identical products face 11% tariffs. These are just a few examples of how US exporters are disadvantaged..

The Andean Pact (103 million people) is a free trade area with a common external tariff. This community of states is a significant market for US vegetable oils and protein meals exports. Since the inception of the Andean Pact, Bolivia -- which competes with us for this trade-- faces no tariff while US exporters face 15-20% tariffs on their product.

*Asia:* The United States has a huge vested interest in three developments in Asia: **A)** accelerating economic liberalization in the region, **B)** forming regional trade pacts that will benefit the US and **C)** ensuring the US does not get boxed out of any preferential trade pacts that crystalize in the region. Without Fast Track, we cannot do any of these things.

**A.**      ERS estimates that the removal of the remaining import barriers by the US and the other APEC members would increase annual US agriculture exports by about \$13 billion. This underscores that the US has a huge vested interest in accelerating APEC liberalization.

**B.**      Furthermore, the APEC economies represent half the world's GDP and nearly 43% of Ag exports go to Pacific Rim countries already. *(Need a few new sentence)*

**C:**      While the US sits powerless to form free trade alliances in Asia, other states, Malaysia specifically, are attempting to form a free trade area -- the East Asian Economic Caucus -- that would exclude the United States from preferential trading privileges.

### **3      Improve the Implementation of the WTO SPS Agreement**

USDA estimates that SPS barriers increased 50% from 1995-1996 and cost US agriculture \$5.5 billion. SPS barriers are clearly becoming the trade barrier of choice because conventional means of blocking trade, e.g. tariffs, quotas, etc... are coming under increasing fire. If the US is to stop SPS barriers from proliferating, we need Fast Track. We will use it to tighten enforcement of the SPS agreement and discourage further proliferation of these barriers in multilateral fora and regional pacts.

#### **4**      **Negotiate Improved Rules in the Area of Genetically Modified Organisms (GMOs)**

The United States leads the world in GMOs and is poised to capture a larger share of the global agricultural marketplace because of increased efficiencies and improved product lines. Other countries, most notably those in Europe, are trying to blunt the US lead by scaring consumers about the technology and requiring non-scientific based labeling of all GMO products. If the US is to take advantage of this new technology, our negotiators need the authority to build consensus in international fora for judging the introduction of GMOs based on sound-science. If we do not have that authority, other countries, Europeans in particular, will use our impotence to negotiate as an opportunity to build consensus in ways contrary to US interests.

#### **5**      **Seek Elimination of Export Subsidies**

Many countries use exports subsidies to make their less efficient agricultural sector exports compete with US agriculture exports. Without authority to negotiate additional reductions in export subsidies, EU subsidies will remain a formidable barrier to gains in US exports.

#### **6**      **Improve Methods of Administering TRQs**

Need two sentences

## **Congressional Approval of Fast-Track Legislation Essential for a Prosperous US Agriculture**

Growth and prosperity in American agriculture is almost totally dependent on growth in demand for agricultural products in foreign markets. The domestic market is a well-developed market and will grow very slowly, only through growth in the population.

To capture the benefits of growing world markets for American agriculture, the United States must maintain and expand access to world markets through further negotiation of regional and global trade agreements. Without fast-track legislation, there will be no future trade agreements.

### **US Agriculture is Competitive**

Freer world trade in agricultural products will benefit American agriculture because of the excellent competitive position of American agriculture compared to the rest of the world. The United States has highly skilled and motivated farmers; a large area of productive land; a favorable climate for crop and livestock production; an agricultural research system which has created and maintained a high level of technology; a highly developed, efficient infrastructure for transporting, marketing, and processing both the inputs necessary for agricultural production and the bounty produced on America's farms; a strong banking system for financing the agriculture industry; and efficient futures markets to facilitate price discovery and risk transfer. Only the US has all of these elements necessary for a superior, competitive agricultural system.

### **Benefits of Further Trade Liberalization**

Brazil and Chile are large potential buyers of US wheat, even though the presence in the United States of two plant diseases, karnal bunt and *Tilletia Controversa* Kuhn (TCK), has recently caused the two countries to effectively prohibit US wheat shipments. While it is hoped that these plant quarantine issues can soon be favorably resolved, US wheat will still be at a disadvantage in Brazil due to the preference given to wheat from Argentina under the Mercosur regional trade agreement. In Chile, US wheat would need to overcome preferences given to Canadian wheat under the Canada-Chile trade agreement. Brazil imports 5-6 million tons of wheat annually while Chile imports about 750,000 tons of wheat annually.

For US corn the story is similar. Brazil is a potential market for US corn especially in Northeastern Brazil, but the Mercosur trade agreement provides the advantage to corn from Argentina. Some market watchers believe the potential market for US corn into Northeastern Brazil could be as much as 500,000 tons per year. In Chile the government has reduced the import tariff on corn from Mercosur countries from 11

percent to 7.7 percent. This favors corn from Argentina. Chile imports 400,000-500,000 tons of feed grains yearly.

### **Time to Act**

The US has watched as trade agreements between other countries have placed US agricultural products at a disadvantage in rapidly growing markets. The US must reassert its' traditional global leadership role for freer and more open trade by enacting fast-track legislation and then opening negotiations of further regional and global trade agreements. Failure to act will cede agricultural growth opportunities to other countries of the world.



## **NATIONAL CATTLEMEN'S BEEF ASSOCIATION**

1301 Pennsylvania Ave., NW, Suite #300 • Washington, DC 20004 • 202-347-0228 • Fax 202-638-0607

### **Renewed Negotiation Authority Can Improve Trade Agreements**

Initiated in 1898, the National Cattlemen's Beef Association (NCBA) is the marketing organization and trade association for America's one million cattle farmers and ranchers. With offices in Denver, Chicago and Washington, D.C., NCBA is a consumer-focused, producer-directed organization representing the largest segment of the nation's food and fiber industry.

NCBA supported past trade agreements and continues to support initiatives that will remove trade barriers and gain market access -- including renewed trade negotiating authority. Canada is a major market for U.S. beef, second only to Japan. During the past several years Mexico has been the third or fourth largest export market for U.S. beef. During each year since the NAFTA was implemented, U.S. beef exports to Canada have been larger in volume than during any of the four years prior to the agreement. During 1996 beef exports to Canada declined in value due to lower cattle and beef prices, but still exceeded \$320 million.

As a direct result of the NAFTA, tariffs of 15-25 percent on U.S. beef products exported to Mexico were eliminated. U.S. beef exports to Mexico were severely distorted during 1995 due to the peso devaluation, economic conditions and drought in the northern regions of Mexico. U.S. beef and beef variety meat exports declined during 1995, but the U.S. still maintained a competitive advantage and increased market share due to the NAFTA. During 1996, U.S. beef exports to Mexico rebounded to nearly \$200 million, and through the first half of 1997 have set record levels more than 80 percent above 1996 exports.

The U.S. beef market already is the most accessible in the world. As tariffs and non-tariff barriers are eliminated in other countries, the U.S. beef industry will benefit, because it has more access to gain than it has to give. Without renewed negotiating authority many long-term trade objectives -- reducing barriers in existing markets and gaining access to new markets -- will not be possible. While the U.S. has been sitting on the sidelines due to lack of negotiating authority, Canada has negotiated trade agreements with Chile and China; the EU has been very aggressive in developing trade agreements in Latin America; and other competitors, including Australia and New Zealand, have gained special trading concessions.

Currently every billion dollars in U.S. agriculture exports creates as many as 17,000 new jobs-- in production, processing, marketing and shipping, as well as in other industries that supply goods and services related to agriculture. Agriculture exports support more than one million jobs in the U.S. -- jobs that pay an average 15 percent more than the hourly wage in the rest of the economy.

NCBA understands that access must be granted in order to gain access, but urges the Administration to focus more on gaining access to international beef markets and less on granting access to the U.S. beef market. NCBA urges support for developing a veterinary agreement and gaining meaningful access to the market in China, resolving differences in grade specifications and gaining access to the beef market in Chile, continued focus at the WTO to resolve the European ban on U.S. beef, elimination of state grading systems that restrict access for U.S. beef in certain Mexican markets, facilitating exports of U.S. feeder cattle to Canada with a minimum of testing and expense and elimination of North American grain trade distortions.

Most current trade problems exist despite the NAFTA and the Uruguay Round agreements. Still, these problems need to be acknowledged and addressed. NAFTA was designed to open markets, reduce tariffs, eliminate barriers to trade and increase the economic strength of the United States, Mexico, and Canada. NAFTA and other trade agreements have generally been favorable for U.S. agricultural and beef trade, they are not perfect and remaining issues of access and barriers to trade must be resolved.

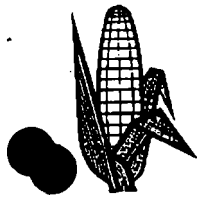
NCBA supports renewed trade negotiating authority to successfully eliminate non-tariff trade barriers, reduce existing tariffs and negotiate sanitary/phyto-sanitary agreements based on science.

### **AMERICA'S CATTLE INDUSTRY**

Denver

Washington, D.C.

Chicago



**National Corn  
Growers Association**  
Washington Office  
122 C St. NW, Suite 510  
Washington, DC 20001-2109  
202/628-7001 FAX 202/628-1933

## **CORN GROWERS ENTHUSIASTICALLY SUPPORT FAST TRACK AUTHORITY**

The National Corn Growers Association, with 30,000 members in 48 states, represents the interests of corn growers throughout the country. The NCGA's mission is to create and increase opportunities for corn growers in a changing world and to enhance corn utilization and profitability.

The U.S. corn crop is the largest crop in the world. Because of our climate, infrastructure and technical know-how the United States enjoys a tremendous advantage in the production of corn. We also excel in corn-derived products such as sweeteners, as well as in meat, dairy and poultry products fed by corn. We have the capacity to increase exports of all of these products, but trade barriers preclude developing our full potential.

Historically, even when countries have been willing to open their borders through trade agreements, the agricultural sector has remained protected. It took strong leadership from the United States to include agriculture in the Uruguay Round of GATT. That U.S. leadership is essential now to assure that future trade agreements include meaningful liberalization of trade in agricultural products.

That is why the National Corn Growers Association enthusiastically supports fast track authority. If our negotiators are not full participants in trade discussions, the trade climate for U.S. products will not improve. We need a strong commitment to emphasize agriculture in trade negotiations. Trade agreements must include market-expanding goals such as: 1) eliminating tariffs on agricultural products; 2) making the activities of state trading enterprises transparent and fair; and 3) precluding non-tariff barriers to the products of biotechnology.

Ten years ago, the target price for corn was \$3.03 per bushel, but producers had to idle 20 percent of their corn base to participate in the program. Today, producers receive a market transition payment and are able to use their land to the greatest economic and agronomic advantage. As corn farmers, we are now in a very different production and marketing environment. Our organization embraced this change, but with the expectation that Congress would support our efforts to develop global markets.

We have reformed farm policy. Now is the time to substantially reform trade in agricultural products. We must end protectionism that denies U.S. producers access to new and emerging markets. The first step towards that end lies with fast track.

### **National Dry Bean Council Urges Renewal of Fast-Track Authority**

The National Dry Bean Council (NDBC) is a private trade association which represents growers and shippers of U.S. edible dry beans. The NDBC works closely with both the U.S. exporting and foreign importing trades to promote areas of mutual interest in the use, consumption and marketing of U.S. edible dry beans worldwide. NDBC is an umbrella organization which is comprised of 12 state and regional groups around the U.S. These groups, in turn, represent thousands of individual growers and shippers.

NDBC believes that free and open trade is the best way for the U.S. to promote its own exports, and to contribute to the overall economic vitality of foreign trading partners. As a result, NDBC has supported trade agreements, including NAFTA and the Uruguay Round Agreement. The U.S. dry bean industry has especially benefited from NAFTA which has propelled Mexico into one of our largest export destinations.

*NDBC strongly urges the renewal of fast-track negotiating authority so that further agreements may be executed.*

Between 35 and 40 percent of annual production of edible dry beans are exported annually. U.S. bean producers and shippers are very dependent on export markets for their livelihood, as well as the natural price support garnered by access to foreign markets.

U.S. dry beans are of the highest quality and are generally more expensive than lower cost producers in China, Argentina and elsewhere. Additionally, bean production is subsidized in Europe and Canada. The U.S. dry bean industry depends on low tariffs and the diminishment of other cost-adding non-tariff barriers to compete in foreign markets.

Liberalized trade will result in making one of our most nutritious and versatile food commodities competitive. As world population rises, especially in more slowly developing countries, beans consumption is expected to rise. Many of these same countries, especially in Asia and South America, and have high tariffs, bilateral trading arrangements, financial disincentives and other non-tariff barriers which effectively deny access for U.S. exporters, while other government-subsidized producer countries participate.

## U.S. Needs Fast Track Authority



NATIONAL  
FOOD  
PROCESSORS  
ASSOCIATION

1401 New York Ave., NW  
Washington, DC 20005

202-639-5900

**Objective:** Support Fast Track authority for the President for the negotiation of international trade agreements. Fast track authority should be for a minimum period of five years and should not be linked with labor and environmental provisions that are more appropriately handled through other forums.

### Key Points of Issue:

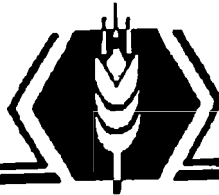
- **The National Food Processors Associations (NFPA) supports harmonized policy between nations to facilitate trade.** NFPA is the voice of the \$430 billion food processing industry, representing approximately 500 member companies who export processed products and import ingredients
- **U.S. must remain a key player in global trade liberalization.** Free trade is vitally important to the U.S. economy. Since 1988, almost 70 percent of the growth of the U.S. economy was derived from exporting goods and services. The United States is currently the world leader in agricultural exports, generating a \$30 billion trade surplus in 1996. In recent years this trade surplus has been driven by value-added food products. Since 1991, trade in processed products alone has increased by 55 percent.
- **The success of NAFTA has demonstrated the benefits of free trade agreements.** During 1994 and 1995, three-way trade between Canada, Mexico and the U.S. increased to more than \$80 billion. By 1996, trade between Mexico and the U.S. had increased by 50 percent over pre-NAFTA trade. Canada has already concluded a bilateral trade agreement with Chile. In 1994, the Summit of the Americas initiated the process for the Free Trade Agreement of the Americas. A South American regional trading agreement (Mercosur) is well underway under the leadership of Brazil. APEC has set a target date of 2020 for elimination of all trade barriers between Asian Pacific countries. Without the ability to participate, the U.S. will be placed a competitive disadvantage, potentially subjected to higher external tariff and other non-tariff trade barriers than members of the trading blocks.
- **The U.S. will be disadvantaged competitively without the ability to negotiate agreements in the Asian and Latin American marketplace.** The largest future markets for U.S. products will be in the Asian Pacific and Latin American countries where trade barriers are breaking down, population growth ranges up to 10 percent, and demand for American products is increasing.
- **Fast track authority is vital to ensure U.S. interests are strongly represented in WTO negotiations.** Since the World Trade Agreements of the Uruguay Round in 1994, trade in agricultural products has soared, increasing by 41 percent since 1992 with the largest increases in the years following conclusion of the WTO Agreements. The next round of negotiations in agriculture and services are scheduled for 1999.

**NFPA Position:** Under Fast Track, trade agreements are guaranteed a straight up or down vote by Congress without amendment. This ability to negotiate on a level playing field with key trading partners is crucial to U.S. future ability to maintain it's leadership in the global marketplace, for U.S. companies to remain competitive, and for the continued growth of the U.S. economy.

WASHINGTON, DC

DUBLIN, CA

SEATTLE, WA



# **National Grain and Feed Association**

## **SUPPORTS FREE TRADE**

### **AND ENCOURAGES PASSAGE OF FAST-TRACK**

### **AUTHORITY**

The NGFA is the national nonprofit trade association of 1,000 grain, feed and processing firms comprising 5,000 facilities that store, handle, merchandise, mill, process and export more than two-thirds of all U.S. grains and oilseeds utilized in domestic and export markets. Founded in 1896, the NGFA's members include country, terminal, and export elevators; feed mills; cash grain and feed merchandisers; commodity futures brokers and commission merchants; processors; millers; and allied industries. The NGFA also consists of 37 affiliated state and regional grain and feed associations whose members include more than 10,000 grain and feed companies nationwide.

The NGFA supports U.S. efforts to reduce tariffs and non-tariff barriers toward achieving greater U.S. access to foreign markets. To that end, the NGFA supported the Uruguay Round of GATT and of the North American Free Trade Agreement. Both of these agreements have provided sizable net benefits to U.S. agriculture.

In fact, a recent analysis of the effects of NAFTA on agriculture and agricultural trade documents what the U.S. grain and feed industry has experienced since NAFTA approval. NAFTA has led to increased growth in exports from the U.S. as well as an increase in total trade between NAFTA partners. Comparing the three years following NAFTA to the pre-NAFTA 1990 to 1993 period, total trade with Mexico in grains and oilseeds has jumped 58 percent. Overall grain and oilseed trade between the U.S. and Canada accelerated 65 percent in the same time frame. This kind of trade growth is positive for agriculture and food sectors as well as consumers in all three countries.

That kind of success can be duplicated with other nations. However, Fast-Track authority is needed in order to negotiate and finalize similar agreements with our trading partners. Without Fast Track, the U.S. has been on the side lines while other nations, notably Canada, have negotiated free trade agreements.

For example, Chile imports roughly three-quarters of a million metric tons of wheat each year. With a free trade agreement in place with Canada, much of that market will be dominated by Canadian exports. In another example, since Brazil has entered into a regional free trade agreement (Mercosur) with its South American neighbors, U.S. exporters of wheat will find it difficult to penetrate the Brazilian market which imports approximately 6 million tons a year. With Mercosur, Brazil's domestic wheat needs likely will be met in large part by Argentina.

Fast Track is important for two other reasons. First, while previous trade agreements have been strongly net positive, there are some problems that need to be addressed. Fast Track can create a negotiating environment where some of these issues can be addressed more effectively. Secondly, expanded global trade is important for achieving global food security and continued social and political stability. The U.S. needs to play a stronger leadership role on global free trade, with a consistent message about the unquestionable benefits of trade and more open markets for all countries. Without Fast Track, the U.S. administration is, at best, in a compromised position to play this role.

More than 95 percent of future food consumption growth likely will be outside of U.S. borders. If U.S. agriculture and its food-related industries are to expand and create new employment opportunities in this environment, consistent domestic and international policies supportive of unrestricted trade have never been more vital.

Very simply, our future lies in more open trade with greater access to consumers around the globe. We urge the Congress and administration to work vigorously toward additional fast-track authority to expand free trade.



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## **NGSP SUPPORTS THE RENEWAL OF FAST TRACK TRADE NEGOTIATING AUTHORITY**

The National Grain Sorghum Producers (NGSP) supports free trade and believes "fast track" authority should be renewed. Approximately 12 million acres a year are planted to grain sorghum for harvest. Forty-four percent of that production is exported. Mexico is sorghum's biggest customer followed by Japan.

Increased trading interest for grain sorghum demands that fast track authority be in place. New customers must have the assurances that delivery and trading transactions will take place as negotiated. NGSP supports Senate Bill 253 that was introduced by Senator Lugar (R-IN) last January. The Lugar bill requires that legislation submitted under the fast-track authority only contain provisions "absolutely necessary" to implement an agreement. NGSP believes this language is necessary to discourage deals with special interests attached that have nothing to do with the trade issue. Non-trade issues will just lead to the distortion and possible devastation of free trade practices. We must keep a level playing field.

NGSP believes that the Administration's Trade Ambassador, Charlene Barshefsky, is a capable trade negotiator and friendly to the interests of agriculture. The appointment of Peter Scher as the new Special Ambassador for Agriculture in the office of the U.S. Trade Representative (USTR) gives agriculture the assurance that all agricultural trade issues will be dealt with during the negotiating period.

The removal of tariff and non-tariff barriers to trade -- so access to new and existing markets can be made by all -- will be a priority item for the next round of global agricultural trade negotiations. These talks are due to start in 1999. In order to be prepared and ready for these sensitive meetings, U.S. trade officials need fast-track authority now.

# National Grange

of THE ORDER of PATRONS of HUSBANDRY

1616 H Street, N.W., Washington, D.C. 20006-4999 - (202) 628-3507 - FAX: (202) 347-1091



## National Grange Supports Expeditious Renewal of Fast-Track Authority

The National Grange, representing 300,000 members in 37 states, is the nation's oldest general farm organization. Across the country Grange members are involved in the production of all types of agricultural commodities. Each year these producers instill countless millions of dollars into their local economies, which in turn maintains the rural services in that area.

Over the past decade the Grange has been an eager supporter of trade agreements such as NAFTA, the Uruguay Round Agreement, and China Most-Favored-Nation status. The success of these agreements has given agriculture the largest trade surplus of any industry. In fiscal year 1997, the trade surplus in agriculture reached \$28.5 billion. Each dollar generated by agricultural exports stimulates another \$1.39 in supporting economic activity.

The Department of Agriculture estimates that once NAFTA is fully administered, agricultural exports will be \$2 to \$2.5 billion higher than without NAFTA. With NAFTA in the process of being implemented, nearly one-half of U.S. farm exports now enter Mexico duty-free. When NAFTA is fully implemented, approximately 95 percent of all agricultural trade will be duty free.

Our support for these various trade agreements can easily be traced to the success that agricultural exports have enjoyed in recent years. We now urge the prompt renewal of fast-track negotiating trading authority to further enhance the United States' ability to execute trade agreements. In order to prepare for the next round of global trade negotiations scheduled in 1999, it is crucial that U.S. trade officials have fast-track authority now.

The 1996 Farm Bill transitions U.S. agricultural producers away from government subsidies towards competition in the open market, of which the global marketplace is a significant factor. This major policy shift towards the global marketplace makes the removal of tariff and non-tariff barriers extremely important. The Grange wants to make certain that new markets are opened and access to existing markets is increased. This cannot be achieved unless U.S. trade officials are given fast-track authority.

## **NATIONAL OILSEED PROCESSORS ASSOCIATION POSITION ON FAST-TRACK**

The National Oilseed Processors Association (NOPA) supports approval of Fast-Track negotiating authority that is not encumbered by environmental, labor, or other issues. NOPA is a national trade association comprised of 14 regular and 24 associate member companies, which process vegetable meals and oils from oilseeds. NOPA's regular member firms process an estimated 1.4 billion bushels of oilseeds annually at 67 plants in 21 states, employing an estimated 4,500 workers.

U.S. oilseed processors remain strong supporters of and advocates for greater trade liberalization. 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 of oilseeds and oilseed products. 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 disciplined by the Uruguay Round export subsidy commitments. These practices need to be brought under the WTO trade rules.

NOPA, as a member of the American Oilseed Coalition, has been actively pursuing the Level Playing Field (LPF) initiative to eliminate all trade-distorting import barriers and export practices in the oilseeds and oilseed products sector. Although the Uruguay Round implementing legislation gave the Administration the authority to continue negotiating trade liberalization in this sector, the LPF initiative would have a much greater chance of success in a negotiation that is broader based in terms of both country coverage and sectoral coverage. Fast-track authority is needed to successfully engage in broad-based, multilateral negotiations that will lead to greater liberalization for oilseeds and oilseed products, and for all of agriculture.

The United States is in danger of being left behind in the regional and bilateral free-trade agreements being negotiated throughout the Western Hemisphere. U.S. exports of oilseeds and oilseed 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 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 APEC, U.S. agriculture is already facing an ambitious trade policy agenda. The United States not only has to get engaged in these trade negotiations, we have to take the lead in setting an agenda that will remove the remaining distortions to trade in agricultural products. Some countries would like to leave agriculture out of future trade negotiations.

NOPA supports an agenda for trade negotiations that:

- ensures that agriculture is a full participant in any negotiation and moves forward in tandem with other sectors;
- requires any regional or bilateral free-trade agreement to result in the elimination of all trade barriers in agriculture by a date certain;
- emphasizes the importance of reducing tariffs and increasing minimum access levels; and
- allows developing countries a longer implementation period, but otherwise imposes the same disciplines on them as on developed countries.



## National Pork Producers Council

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### **NPPC URGES PROMPT RENEWAL OF FAST-TRACK AUTHORITY**

- The National Pork Producers Council (NPPC) is a national association representing 44 affiliated states who annually generate approximately \$11 billion in farm gate sales. According to a recent Iowa State study conducted by Otto and Lawrence, the U.S. pork industry supports an estimated 600,000 domestic jobs and generates more than \$64 billion annually in total economic activity. With 10,988,850 liters being fed out annually, 1.065 billion bushels of corn valued at \$2.558 billion are consumed by U.S. pork producers. Feed supplements and additives represent another \$2.522 billion of purchased inputs from U.S. suppliers which help support U.S. soybean prices, the U.S. soybean processing industry, local elevators and transportation services based in rural areas.
- U.S. pork producers were ardent proponents of the Uruguay Round Agreement and NAFTA. The industry urges the prompt renewal of fast-track negotiating authority so that further trade agreements may be executed. These trade agreements permit U.S. pork producers to exploit their comparative advantage in international markets.
- Since 1995, when the Uruguay Round Agreement went into effect, U.S. pork exports to the world have increased by approximately 45 percent in volume terms and 75 percent in value terms from 1994 levels. Indeed, the U.S. pork industry exported over one billion dollars of pork for the first time in 1996. U.S. pork exports to Mexico exploded in 1994 when NAFTA went into effect. Even with the devaluation of the peso U.S. pork increased market share in Mexico -- this never would have happened without NAFTA. U.S. pork now has over 95% of the Mexican pork import market. Mexico is now the pork industry's second most important market behind Japan in terms of value.
- Exports of U.S. pork generate considerable economic benefits. The Economic Research Service of USDA calculates that for each dollar of value-added agricultural exports such as pork, \$1.63 in additional U.S. economic activity is generated. Moreover, ERS calculates that every billion dollars in pork exports creates an additional 23,000 new jobs in the U.S. economy. The National Pork Producers Council estimates that pork exports added \$10 per head to cash hog prices in 1996.
- The United States is uniquely positioned to reap the benefits of liberalized world pork trade. U.S. pork producers are the lowest cost producers of the safest, highest quality pork in the world.

### National Headquarters

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The Other  
White Meat

## **NATIONAL SUNFLOWER ASSOCIATION SUPPORTS RENEWAL OF FAST-TRACK AUTHORITY**

The US confection sunflower market was aided greatly with Blair House language which specifies that the EU oilseed subsidy cannot be paid on confection sunflower produced in the EU. Prior to that time the oilseed subsidy was paid to the grower via the oilseed processor. When that subsidy transfer system was found in violation the EU paid the subsidy to the grower. With sunflower being a generic term for both oil-type and confection-type, there was a distinct possibility that the confection producer would receive the direct payment as well. Blair House language specific to this issue eliminated any payment possibility. The EU is the single largest market for US confection sunflower exports.

### **NAFTA**

The Mexican vegetable oil tariff reduction of 1% per year over a 10 year period has given the US sunflower producer a significant advantage in Mexico over the Argentine producer. US sunflower exports to Mexico have been at levels of 100,000 to 150,000 mt per year (per ton value of \$525) since NAFTA which compare to 10,000 to 50,000 ton prior to NAFTA. In addition to the advantage over the Argentines, these tariff reductions support the export of value added vegetable oil as opposed to whole seed.

We need further tariff concessions under future trade agreements, especially in the fast growing area of SE Asia. Import tariffs are the major limiting factor for sunflower product sales in this region.



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**STATEMENT OF THE NORTH AMERICAN  
EXPORT GRAIN ASSOCIATION  
REGARDING FAST TRACK RENEWAL**

The North American Export Grain Association (NAEGA) is comprised of grain and oilseed exporters and interested parties whose purpose is to promote and sustain the development of export grain and oilseed trade from the United States. Chartered in 1912 and incorporated in 1920, NAEGA is a not-for-profit organization. Its members are privately and publicly owned companies and cooperatives. They are the exporters of U.S. grains and oilseeds.

NAEGA supports legislation that will grant fast track negotiating authority to the Administration. We understand some groups are concerned about matters pertaining to the environment, labor and other issues but we strongly feel fast track authorization should not be encumbered by these matters. Negotiating items such as those pertaining to wheat imports from Canada, fruit differences with Mexico, SPS issues, GMOs, etc., really do *not* belong in this legislation. We believe they should be handled separately.

Fast track legislation should simply authorize the Administration to negotiate trade agreements that will either be approved or disapproved by the Congress in toto, with no line item amendment opportunities. During trade negotiations, once fast track is approved, special interest groups are free to lobby the Administration on their various trade priorities, and it is in that context that the so-called negotiating items should be considered.

The primary objective of multilateral trade negotiations is to create a global environment that permits markets to grow more rapidly. The economic need for world market expansion should be clear to all. For instance, America can easily produce more grains and oilseeds than it consumes domestically and exports. Even if we enjoyed a 50 percent share of all international markets, our production capabilities would exceed total usage. Clearly, then, for there to be growth in the American grains and oilseeds complexes, international markets must expand. They can grow rapidly only if multilateral negotiations are able to proceed, which we are confident will result in a further liberalization of international trade. There is no question that the U.S. will benefit from the expansion in global markets that will ensue.

We address this in the context of grains and oilseeds because that is the industry the North American Export Grain Association (NAEGA) represents. But we know it is true for other sectors of agriculture and the manufacturing and service industries as well. All American industries need an environment where world markets can expand rapidly. This will only happen if comprehensive multilateral trade negotiations can resume and go forward.

**U.S. Apple Association  
Public Affairs Program**

**Issue Summary  
Updated on August 11, 1997**

**FAST-TRACK NEGOTIATING AUTHORITY**

**Position:**

The U.S. Apple Association is generally supportive of fast-track negotiating authority, but believes the administration should address the industry's concerns regarding agreements that are disadvantageous to the United States, such as Chile's preferential tariffs with other Latin American countries.

**Background:**

Congress periodically delegates authority to the president to enter into negotiations of trade agreements with foreign governments, reciprocally reducing or eliminating various trade barriers. Previous congressional consideration of trade issues was not particularly expedient. Item-by-item review of trade barriers by Congress is politically difficult and time consuming. The authority given to the president to act under the special delegation of authority by Congress is known as "fast track" because the procedure for Congress to consider the results of negotiation is expedited (e.g. it includes a no amendment rule, deadlines for legislative steps, limits on debate, and mandatory executive notices to and consultation with Congress). The last legislation authorizing the negotiation and fast-track implementation of trade agreements expired in early 1994. Fast-track authority was granted for congressional consideration of both the North American Free Trade Agreement (NAFTA) and the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). The administration's highest trade priority is getting fast-track negotiating authority so that it can discuss expanding NAFTA to include Chile and developing a free-trade area in Latin America.

**Current Status:**

During the coming weeks the U.S. Apple Association will continue its focus on foreign trade with emphasis on fast track authority for President Clinton. As part of this effort, the U.S. Apple Association has signed on as a founding member of America Leads on Trade, a coalition of U.S. business, agriculture and consumer organizations which believe in the necessity to pass new trade negotiating authority for the president. It is expected that the president will send a bill to Congress by mid-September, House mark-up of the bill will occur by the end of September and a vote to occur by mid-October.

**Talking Points:**

- ☐ Fast-track negotiating authority legislation is necessary to permit the president to negotiate new multilateral, bilateral and sectoral agreements to break down barriers to U.S. trade and investment.
- ☐ We are generally supportive of fast-track negotiating authority, but believe the administration should address the industry's concerns regarding agreements that are disadvantageous to the United States, such as Chile's preferential tariffs with other Latin American countries.
- ☐ Item-by-item review of trade barriers by Congress is politically difficult and time consuming.



## U.S. DAIRY EXPORT COUNCIL™

### USDEC Supports the Expansion of Free Trade

The U.S. Dairy Export Council (USDEC) is a non-profit independent membership organization that represents the export interests of U.S. milk producers, dairy co-operatives, proprietary processors, export traders and industry suppliers. Its sole mission is to increase the volume and value of U.S. dairy product exports. USDEC members produce and export over 85% of the \$740 million of dairy exports.

USDEC maintains offices to assist in the export of U.S. dairy products in Mexico City, Tokyo, Seoul, Hong Kong, Shanghai, Paris, Bangkok and Sao Paulo. It works closely with USDA's Foreign Agricultural Service and other key dairy industry participants to build an integrated export market development program.

The continued growth and vitality of the U.S. dairy industry depend on a viable and sustainable export channel. It recognizes that the Uruguay Round and the 1996 Farm Bill have started a process to bring both the international and domestic dairy trade systems more in line with market forces. To stop this process before completion would pose substantial risk to the industry. Therefore, **renewal of fast track authority is absolutely necessary** to maximize the inherent competitiveness of our industry and remove the artificial barriers to our export growth.

The United States is one of the world's most competitive producers and processors of dairy products. Yet, the heavy use of export subsidies by our trade competitors has created an artificially low international price for dairy products. Set way under U.S. domestic prices - and even farther below those of the biggest subsidy providers, Europe and Canada - this low price inhibits the volume of U.S. dairy exports. Only continued reduction of export subsidies in the upcoming WTO negotiations on agriculture will accelerate the current, gradually upward trend in international dairy prices.

A reduction of subsidies must be combined with increased market access to Latin America and Asia, the regions whose growing per capita incomes and westernizing diets are driving significant increases in dairy product consumption. NAFTA's demonstrated the advantages of free market access in Mexico where U.S. dairy suppliers received significant benefits in increased market share and higher export volumes of added-value products. **The dairy industry must help give the administration fast track authority so it has the tools to open new markets for U.S. dairy products and prevent our competitors from gaining a preferential access of their own.**

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# U.S. Feed Grains Council

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The U.S. Feed Grains Council is a private, non-profit organization that develops overseas markets for corn, sorghum, and barley, and their related products. This market development mission is supported by U.S. producers of corn, sorghum, and barley as well as over 70 related agribusinesses. The Council has 11 overseas offices and conducts market development activities in over 80 countries.

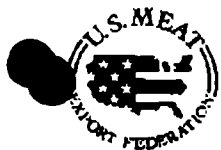
Among the major U.S. industries, agriculture is now the largest positive contributor to the U.S. merchandise balance of trade, reaching over \$30 billion in fiscal year 1996. Populations in international markets are growing in absolute numbers and in income levels, creating increasing demand. Predictable and growing access to export markets is essential to the long-term economic success of this nation's agricultural producers, processors, and distributors. The World Trade Organization (WTO) agreement has helped by incorporating agriculture more formally into the rules of a multilateral trading system.

Fast-track authority will allow this country to resume the leadership role that has helped facilitate a more liberalized trading system. However, without this leadership many markets will effectively remain closed to the U.S., while other exporters establish or expand market share.

The Council supports the immediate granting of fast-track authority to negotiate the following trade agreements: the expansion of the North American Free trade Agreement (NAFTA) to include Chile; the Free Trade Area of the Americas (FTAA); and the next round of multilateral negotiations within the WTO. The Council asks that strong consideration be given to resolving the policy differences that currently distort barley trade between Canada and the U.S.

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## **USMEF STRONGLY SUPPORTS PASSAGE OF FAST-TRACK AUTHORITY**

The U. S. Meat Export Federation (USMEF) is a national trade association funded by U. S. cattle, hog and sheep producers, and U. S. red meat packer, processors, purveyors and traders. As a Cooperator of the Foreign Agricultural Service of USDA, USMEF also receives funding for overseas activities from the Department of Agriculture. Its mission is to enhance the ability of the United States to export wholesome, high quality U. S. red meat and red meat products.

USMEF has been promoting U. S. red meat and red meat products into the international market for over twenty years. During that period, largely due to increased red meat exports, the U. S. trade balance in livestock and livestock products has shifted dramatically in favor of U.S. producers. This has been critically important to the profit picture for U.S. agriculture in general, for as export markets for grains and oilseeds have become stagnant, in many cases, exports of red meat to those same markets have increased dramatically, providing additional demand for feed crops at home.

C. F. Resources, an independent research group, has estimated that beef and pork exports in 1996 moved the equivalent of 250 million bushels of feedgrains and soybeans, with a combined value of just under a billion dollars, into the world market. Exports of red meat and red meat products in 1996 were valued at \$4.5 billion, up more than 400 percent from ten years earlier. These 1996 exports added an estimated \$6.79 per cwt to prices for slaughter cattle and \$4.42 per cwt to prices for slaughter hogs.

The multilateral trade negotiations held under the auspices of the GATT since World War II, and especially those held in the past twenty-five years, have been critically important to the well being of American agriculture. These negotiations could not have happened without the leadership of the United States, and the United States could not have taken the lead without the fast-track authority granted by Congress. As indicated above, the U. S. red meat industry, particularly, has benefited from the results of these negotiations.

If Congress fails to grant fast-track negotiating authority it will send a signal to the world that the United States no longer believes in free trade. This would be most unfortunate as it would in effect be an invitation to our trading partners to move toward greater protectionism. Surely we as a country are not ready to repudiate the painful lessons of the first half of this century. History attests to the fact that while protectionism may make a few people richer, it makes the overwhelming majority of people poorer. Free trade, on the other hand, may make a few people poorer, but it makes the overwhelming majority of people richer.

*Celebrating 20 Years of Service*



# Poultry & Egg Export Council

## USAPEEC URGES SUPPORT OF FAST-TRACK AUTHORITY

- The U.S.A. Poultry and Egg Export Council (USAPEEC) is a non-profit trade association located outside of Atlanta, Georgia. Since its inception in 1984, USAPEEC's goal is to promote the export of U.S. poultry and eggs and related food products. Currently more than 90 percent of all the poultry and eggs exported from the U.S. come from among USAPEEC's 225 member companies.
- USAPEEC plays an important role in increasing poultry and egg exports - from conducting promotional activities in foreign markets to serving as an advocate for the industry to working with U.S. and foreign governments on behalf of the industry. These efforts have not only increased exports for U.S. companies but ultimately created more jobs for U.S. citizens. USAPEEC also feels strongly that to help American agriculture compete effectively in a global marketplace, the U.S. government must continue to have in place policies and programs that support U.S. agriculture exports.
- Trade agreements are important to USAPEEC and our members because they enable U.S. poultry and egg exporters to continue to wield their considerable influence and advantages in world markets. With fast-track negotiating authority, trade agreements can be sped through Congress by limiting amendments. President Clinton and U.S. Trade Representative Charlene Barshefsky have championed fast-track authority as a way in which the U.S. can increase its exports to foreign countries. Likewise, fast-track authority can help extend trade accords like NAFTA and the Uruguay Round of the General Agreements of Tariffs and Trade (GATT). All U.S. presidents, from Lyndon Johnson until 1993 when fast-track authority lapsed, used the tool to negotiate trade agreements.
- During the first three years of NAFTA, chicken exports increased 16 percent to NAFTA trading partners while, at the same time, total U.S. poultry and egg exports to all other markets increased at much higher rates. Although increased poultry exports to NAFTA partners has been significantly less than to the overall market, the poultry and egg industry believes that exports to Mexico will grow more rapidly in the years ahead as the second-half of the ten-year agreement moves Mexico toward free trade. Canada, unfortunately, will continue to severely limit U.S. poultry exports. Canada's supply management program for poultry distorts both its domestic production and market access. Currently, there is neither a clear path nor a timetable for gaining free trade of poultry with Canada.
- Exports of U.S. chicken, turkey, eggs and egg products generate significant economic gains and have steadily increased in the past seven years. In 1996, the U.S. exported more than \$2.3 billion in poultry and egg products despite significant trade barriers in several key markets. The total value of U.S. poultry and egg production was estimated at \$22 billion in 1996.
- With 18 percent of our U.S. broiler production, 9 percent of our turkey products and 4 percent of our egg products exported in 1996, the U.S. poultry and egg industry has become increasingly dependent on exports. Broiler exports from 1990 to 1996 have more than doubled. In 1996, the U.S. exported nearly \$2 billion of broiler meat. Turkey exports, which accounted for less than one percent of total production in 1986, reached record levels in 1996 with a value of \$254.6 million. Industry experts estimate that increased egg exports favorably impact producer egg prices by approximately \$0.20 per dozen. The total value of shell egg and egg product exports in 1996 was \$148.5 million.
- Employing at least 275,000 people in 1997, the U.S. poultry and egg industry contributes to our nation's economy and helps to shrink our trade deficit. Poultry and egg producers in the United States supported farmers across the country by consuming over 8 million tons of soybean meal and 1 billion bushels of corn in 1996. In addition, U.S. chickens, turkeys and eggs are produced by family farmers on over 30,000 farms nationwide.
- As the lowest cost producer of the safest, highest quality chicken, turkey and egg products in the world, a liberalized world poultry and egg trade would benefit the United States. As worldwide poultry and egg consumption increases, so does the total market for U.S. products.
- Fast-track authority would enable the executive branch and Congress to reduce tariff and non-tariff barriers by pursuing desperately needed liberalization agreements with our neighbors in the Western Hemisphere and the 18 member countries of the Asia Pacific Economic Cooperation forum (APEC).

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE  
EXECUTIVE OFFICE OF THE PRESIDENT  
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FOR IMMEDIATE RELEASE  
Friday, September 5, 1997

97 - 78  
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**U.S. ANNOUNCES REQUEST FOR WTO CONSULTATIONS ON  
MEXICO'S HIGH FRUCTOSE CORN SYRUP DUMPING ORDER**

U.S. Trade Representative Charlene Barshefsky announced today that the United States has requested WTO dispute settlement consultations regarding actions by Mexico in its antidumping investigation on high fructose corn syrup (HFCS). The United States is concerned that several actions initiated by the government of Mexico appear inconsistent with its obligations under the WTO Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 (Antidumping Agreement).

"Mexico recently imposed provisional antidumping measures on imports of high fructose corn syrup from the United States in a manner which appears to violate its WTO obligations," said Ambassador Barshefsky. "We are concerned about Mexico's actions in several respects, including a failure to determine whether there was sufficient evidence that the original petition was made by or on behalf of the domestic industry, failure to provide proper notification to the United States and failure to provide the U.S. industry timely access to the relevant information needed in the presentation of its case."

The Mexican National Chamber of Sugar and Alcohol Industries (Sugar Chamber), an association of producers of sugar in Mexico, filed a petition against imports of HFCS from the United States on January 14, 1997. On February 27, 1997, the Mexican Commerce Secretariat (SECOFI) published a notice initiating an antidumping investigation. On June 25, 1997, SECOFI published its preliminary affirmative determination of dumping and threat of material injury. Provisional tariffs ranged from \$66.50 to \$125.30 a metric ton for grade 42 fructose and \$63.40 to \$175.50 a metric ton for grade 55 fructose, or a 102.2% dumping tariff for grade 42 fructose and a 61.1% tariff for grade 55 fructose.

The request for consultations was made September 4, 1997. The consultations are expected to be held within 30 days.

# FAX TRANSMISSION

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**To:** Jay Berman **Date:** August 22, 1997  
**Fax #:** 456-2464 - Room 169 **Pages:** 2 pages excluding cover  
**From:** Wendy Einhellig  
**Subject:**

**COMMENTS:** Please give to Jay Berman in room 169.

**AGRICULTURE GROUPS PREPARING FOR LEGISLATIVE CAMPAIGN ON FAST TRACK**

Agriculture trade groups are gearing up for the legislative battle to grant fast-track negotiating authority to the Clinton Administration, and are likely to weigh in decisively in favor of renewal, according to informed private-sector sources. But the support of agriculture for renewal will be compromised if the Administration proposes a fast track bill that takes a hard line in favor of the inclusion of labor and environment provisions in trade agreements, these sources said.

"The assumption we are making is that this will be a pretty clean bill," one industry source said. "If something draconian comes down the pike, all bets are off."

American Farm Bureau Federation President Dean Kleckner told White House coordinator for fast track Jay Berman that his organization and other farm groups are prepared to support legislation without what they view as

*continued on page 16*

**COMMERCE ISSUES FINAL SUPERCOMPUTER DUMPING MARGIN; CIT CASE CLOSED**

The Commerce Dept. this week announced its final determination in an antidumping case brought last year by Cray Research Inc., in which the company alleged that Japanese vector supercomputers were being dumped in the U.S. market.

The Aug. 21 announcement was made less than one day after the Court of International Trade rejected a related petition brought by NEC Corp. of Japan, informed sources said. NEC asked the CIT last year to find that Commerce was biased in favor of Cray, that Commerce be found incapable of making an impartial dumping finding, and that a third party be tasked with making a dumping determination in the case.

With NEC's proposed remedy denied by the CIT, Commerce this week announced its final dumping margins on Japanese supercomputers. Commerce found a margin of 454 percent for NEC, a margin of 173.08 percent for

*continued on page 17*

**TRADEMARK DISPUTE THREATENS PROGRESS IN U.S.-EU HELMS-BURTON TALKS**

A dispute surrounding a U.S. decision to revoke the trademark license of a French-Cuban joint venture is straining U.S. and European Union efforts to negotiate a bilateral settlement to their separate dispute over the Helms-Burton law, according to informed sources.

France has argued to the U.S. and the European Commission that the U.S. decision to revoke the license, which protected the company's rum trademark from being copied by U.S. rum makers, seems to "go against the spirit" of a bilateral understanding struck in April aimed at resolving the Helms-Burton dispute, one source said.

While EU member states have warned that any action against an EU company under Helms-Burton would prompt a return to the World Trade Organization challenge, which the understanding has temporarily suspended, a direct threat to end the talks over the licensing decision has not been made, sources said.

*continued on page 18*

**TIA GROUP CONSIDERING SECTION 301 CASE AGAINST BRAZIL ON FIBER OPTICS**

Key members of the Telecommunications Industry Assn. are considering filing a Section 301 case against Brazil to combat what they allege are unfair trade barriers which hamper the export of fiber optic technology, according to informed private-sector sources. If filed, the case would seek to address three separate Brazilian government policies affecting the export of U.S. telecommunications equipment, only one of which could be challenged in the World Trade Organization, these sources said.

Members of TIA's Fiber Optics Division (FOD), about 70 companies who manufacture, install or use fiber optic technology, were planning to meet with Clinton Administration officials this week to discuss whether they should formally bring the case, industry sources said. U.S. firms have raised the issues outlined in the draft 301 case with the Brazilian government and with the U.S. embassy in Brasilia, and would still like to resolve their

*continued on next page*

## FARM GROUPS GEAR UP FOR FAST TRACK FIGHT . . . begins page one

harmful provisions related to labor and environment. "Farm Bureau and the agriculture community stand ready to support 'clean' legislation that does not contain language which would allow environmental or labor issues to become trade barriers," Kleckner said in an Aug. 21 statement.

Private sector sources agreed that legislation which would allow agreements which could use trade sanctions to enforce labor and environmental standards would likely erode support among agricultural groups for fast track. But these sources added that the general expectation is that the Administration would not propose such a bill.

Although most agricultural firms and associations are members of the America Leads on Trade Alliance organized by the Business Roundtable to lobby for fast track, agricultural groups will also organize their own effort, private-sector sources said. U.S. horticultural groups, which have been hurt by import competition from Mexico under the North American Free Trade Agreement, are one U.S. farm sector which has hinted it would oppose extension of fast track (*Inside U.S. Trade*, July 18, p. 6).

Most farm groups believe that many members of Congress do not understand agricultural export issues, nor do they understand the political importance of agriculture.

"We are basically in every state," one source said.

Their main message to lawmakers will be that fast track is crucial for the next round of agricultural negotiations in the World Trade Organization after Dec. 31, 1999, industry sources said. They will also warn that without fast track, countries which have traditionally been strongly opposed to further agricultural liberalization will dominate those talks.

"At worst [without fast track], you get the European Union calling the shots," an industry source said.

The groups will also emphasize the economic importance of agricultural exports and their overwhelmingly positive effect on the U.S. trade balance. One source noted that the Dept. of Agriculture's Economic Research Service concluded that each dollar of value-added agricultural exports generates \$1.63 in new economic activity, and that \$1 billion of overseas sales creates 23,000 jobs.

Although one source said there will "definitely" be a lot of support for fast-track from farm groups, another cautioned that the general perception that the North American Free Trade Agreement has been bad for U.S. agriculture could complicate the fight. At the grass roots level, many farmers will be skeptical of the need for fast track, and that could reverberate in Congress, the latter source said.

Another factor which could influence the fast track debate among farm groups will be the extent to which the Administration gives key industries assurances that outstanding agricultural trade disputes will be settled before new agreements are negotiated, private-sector sources said.

"It would be helpful to see the Administration take some concrete action," one industry source said. The source said the Administration may not necessarily have to resolve all these issues once and for all, but it will need to demonstrate its commitment to doing so.

One source predicted that agriculture trade disputes with Chile could get the most attention during the fast track debate, since Chile is the one country with which the Administration has signalled its firm intent to negotiate a bilateral free trade agreement.

Another source also argued that trade disputes with the European Union would likely be less of an issue because they have received more public attention than those with other countries. The attention paid to fights over the EU's third-country meat directive, hormone-treated beef and genetically-modified organisms has made the Administration "more visible" with respect to the EU, he said.

A number of agricultural groups earlier this year told President Clinton in a letter that outstanding issues must be addressed before they can support new negotiating authority (*Inside U.S. Trade*, Feb. 28, p. 3).

Highlighting the importance of international trade for agriculture will be a "centerpiece" of the Administration's push for fast-track legislation, an Administration official said this week. In particular, the Administration will emphasize the U.S. role as the world's leading agricultural exporter, the official said.

The Administration will also stress that other countries would inevitably take the lead in slowing liberalization in this sector if fast track is not renewed. "There are a lot of other countries who will say 'god is shining on us' if the President does not have fast track for agriculture negotiations," an Administration official said.

The official downplayed the notion that the Administration would need to trade off actions in specific agricultural sectors to secure votes for fast track, and argued that the fast track issue alone will not have an impact on the course of these outstanding disputes. "There is nothing about granting fast track or not that changes these problems," the official said.

# FAX COVER SHEET

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Office of the Under Secretary  
Farm and Foreign Agricultural Services  
14th Street and Independence Avenue, S.W.  
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Fax No: (202) 720-8254  
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Date: 8/25/97

|                                                 |                                                                  |
|-------------------------------------------------|------------------------------------------------------------------|
| TO:                                             | <u>DANIEL LESMETZ</u> <u>CO/GINGER CARLEY</u><br><u>McCarthy</u> |
| FAX:                                            | <u>456-2964</u>                                                  |
| PAGES:                                          | <u>11</u><br>(including cover)                                   |
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COMMENTS:

AS REQUESTED. GIVEN THE IMPORTANCE  
OF AG. TO THIS VOTE, I WOULD HOPE WE COULD  
USE AT LEAST 1 AG EXAMPLE ON THE 10<sup>TH</sup>

John Winski

**Pierce Foods** (Division of Hester Industries)  
Moorefield, West Virginia

**Lost Market due to Market Access Issues: Canada**  
(Rep. Bob Wise, Sen. Byrd and Rockefeller)

Pierce Foods® is a manufacturer of high-quality further-processed frozen chicken products for the foodservice industry.

*Pierce Foods® commitment to high quality and innovation has made it a successful leader in the poultry and frozen foods industry for nearly 50 years, but Canadian restrictions on the import of all U.S. poultry has eliminated any opportunity for our small, family-owned company of 800 employees to expand sales to the U.S.'s largest trading partner. The impact of losing the opportunity to sell to a 25-million+ consumer market goes well beyond the walls of the plant. Poultry growers, ingredient and material suppliers, truck drivers, dock workers, ocean shipping lines, among others, all stand to lose out on this lost business opportunity. With the U.S. running record trade deficits, missing the opportunity to sell high-quality and competitive products to a market "right next door" due to unfair trade practices is an issue which the entire country can not afford to overlook.*

### **The trade barrier**

The import quota system of Canada has effectively blocked Pierce Foods® from developing a market for its products.

### **The cost to Pierce Foods?**

- The lost business opportunity is estimated at \$10-15 million dollars annually (long-term).
- Pierce Foods® could lose its trademark protection for key items in Canada because it can not freely sell these items in this market. Some of the trademarks, such as Wing-Dings®, are more than 30 years old, and represent millions of dollars in promotional investment by Pierce Foods®.
- Pierce Foods® has been unable to respond to hundreds of Canadian inquiries from U.S. shows over recent years because of this trade barrier.

## Further details on the market access restrictions

- Under Canada's supplied managed system, import quota is controlled by a relatively small number of firms - most of which are further-processors with no vested interest in using their quota to allow the import of a competitive product. Under the system, a Canadian company wishing to import chicken for the first time must meet certain criteria in order to obtain quota, further complicating the process and adding hidden costs.
- Given the function of Canada's quota system, the additional cost for imported U.S. poultry is as much as \$.55 per pound for bone-in items and up to \$.75 per pound for boneless items. This is because the system has created a value for the quota relative to the cost for domestic product and due to the fact that quota can be sold and traded (and is quite frequently). Adding an exchange rate differential of 35%, and a Pierce Foods® boneless item which normally costs \$2.00 per pound (C\$2.70) to a wholesaler would cost C\$3.71 (US\$2.74), nearly C\$1.00 more per pound!! Needless-to-say, this seriously impacts Pierce Foods® competitive position in the market.
- If product is not brought in under the quota system, it faces a 270%+ tariff, effectively pricing it out of the market; i.e., without the quota, the product does not go in.

**Pierce Foods** (Division of Hester Industries)  
Moorefield, West Virginia

**Lost Market due to Market Access Issues:**  
(Rep. Bob Wise, Sen. Byrd and Rockefeller)

EU

GOOD, BUT  
NOT REALLY A  
FAST-TRACK  
ISSUE

Pierce Foods® is a manufacturer of high-quality further-processed frozen chicken products for the foodservice industry.

*Pierce Foods® commitment to high quality and innovation has made it a successful leader in the poultry and frozen foods industry for nearly 50 years, but EU restrictions on the import of all U.S. poultry has eliminated any opportunity for our small, family-owned company of 800 employees to expand sales to this large and potentially lucrative market. The impact of losing the opportunity to sell to a 300-million+ consumer market goes well beyond the walls of the plant. Poultry growers, ingredient and material suppliers, truck drivers, dock workers, ocean shipping lines, among others, all stand to lose out on this lost business opportunity. With the U.S. experiencing record trade deficits, missing the opportunity to sell high-quality and competitive products to a market larger than the U.S. due to unfair trade practices is an issue which the entire country can not afford to overlook.*

## **The trade barrier**

Pierce Foods®, like the entire U.S. poultry industry, maintains that the EU's **sanitary** restrictions on U.S. poultry are not scientifically based and are an **unfair trade barrier** erected solely to protect the EU industry from more competitive U.S. poultry producers.

## **The cost to Pierce Foods®**

- Conservatively, if accessible, Pierce Foods® EU market could be worth up to \$25 million annually, long term, creating 166-plus, well-paying plant jobs (full benefits and pension plan), not to mention other positions in sales, marketing, etc.
- The rollover economic benefit to further-processing the more than 10 million pounds of chicken to cover those potential sales would extend to many different segments of the economy.
- Pierce Foods® has had to decline inquiries from hundreds of EU customers, including EuroDisney, due to the import restrictions.

## Further details on the market access restrictions

- The EU has banned U.S. poultry due to the use of chlorination in processing – a procedure with proven food safety benefits in preventing the occurrence of surface contaminants and reducing the risk of food-borne illness, which result from potentially fatal micro-organisms, such as salmonella and e. coli.
- The ban has been effected despite the fact that plants in several EU countries use chlorination in their process.
- The USDA earlier this year urged the EU to accept the U.S. system as safe – albeit different – and the same status would be accorded EU plants in return. The EU refused to accept this offer.

## A practical example of lost opportunity

For example, the restrictions recently prevented Pierce Foods® from supplying the UK expansion of one of its newer domestic customers. The UK franchisee for the **Rain Forest Café** (a theme restaurant with 6 locations in such marquee locations in the U.S. as **Disney World** and the **Mall of the Americas** and locations being opened at the **Stratosphere** and **MGM Grand Casinos** in Las Vegas) called Pierce Foods® directly to import its products because "it was the best product they had tried, surpassing any that they had tested from the EU side".

With the long-term potential for up to 10 **Rain Forest Café** units in London alone, based on current sales in the U.S., the lost business would exceed \$500,000 – this for one customer out of the thousands of potential customers in the EU.

## AGRICULTURAL SECTOR SUPPORT FOR FAST TRACK

### Steering Group

A small steering group composed of Scott Shearer, Farmland Industries Inc.; Al Tank and Nick Giordano of the National Pork Producers Federation; and Barbara Spangler of the American Farm Bureau are spear-heading an effort to mobilize American Agriculture's support for the extension of fast track negotiating authority.

Other groups active at this stage include: the National Cattlemen's Beef Association, the American Soybean Association, the National Grain and Feed Association, the International Dairy Foods Association (Dairy processors), and the National Corn Growers Association. Larry Meyers who represents sheep and peanut producers is also involved in the discussions.

The steering group is compiling position papers from each of the major agricultural groups detailing how trade has benefitted them in the past and itemizing problems that still need to be addressed. They should be available by Monday, August 19.

### Industry support for Fast Track

While the agricultural community previously led the charge to achieve Congressional approval of both the NAFTA and the Uruguay Round GATT agreement (as well as previous extensions of fast track authority) few groups are on record in support of fast track at this time.

Agricultural groups in general recognize that they are indeed dependent on exports and that fast track authority is necessary to further liberalize trade in agricultural products--in the WTO as well as in NAFTA. Ultimately, they are likely to support fast track *without conditions*, but would have difficulty supporting fast track with language on labor and the environment. Some groups may demand specific language regarding agricultural objectives, including expanding the 1999 WTO negotiations beyond agriculture.

While the leadership of most national agricultural commodity associations support fast track, there is not a great deal of support for fast track in agriculture at the grass roots level. To help build support, several groups are pressing the Administration to resolve high profile trade concerns as a condition for their support of fast track (see below).

The **American Farm Bureau Federation** wants to support fast track. They do not support a bill with provisions on labor and the environment. They have problems at the grass-roots level and believe that the faster we introduce a bill, the more likely our chances of success.

They are hoping to have some language in the bill that will enhance the private sector's role in advising negotiators during the course of the negotiations. They believe we have a credibility problem with several key groups that supported NAFTA and the Uruguay Round after receiving certain assurances that, in their view, were not kept (wine, sugar, fruits and vegetables, and wheat).

### National Association of Wheat Growers

Wheat producers (and barley producers) in border states remain concerned about the volume of imports from Canada. They are upset by marketing practices of the Canadian Wheat Board that allow Canada access to the U.S. grain system but deny U.S. producers reciprocal access to Canada's

More from  
Jip Jervis  
the other  
corner  
they want  
some  
deliberation  
They want to  
see  
the Bill  
before they  
endorse it.  
Let's see  
the Bill  
Don't decide  
just yet

system (rail system, elevators, etc.) They are mostly upset, however, about the sheer volume of Canadian durum entering the country which in their view depresses prices. They believe that the Administration has not kept its promise to prevent Canadian imports from disrupting of our grain markets. They are also upset that we have not used EEP for wheat in recent years. NAWG did not endorse NAFTA until the day before the vote.

The **National Cattlemen's Beef Association** and the **National Pork Producers** also have problems at the grass roots level. They have more specific problems with any authority that includes provisions on the environment.

The **American Soybean Association** is not yet on the record, but will likely support fast track. They may push for specific assurances that we will seek zero-for-zero tariffs in multilateral negotiations.

The **National Cotton Council** will likely support fast track, but is not yet on the record. Their greatest concern is the extension of binational dispute settlement panels. They would like to support fast track, but they are walking a fine line with textile manufacturers. If labor and environment are mentioned, they feel it is important that agriculture be specifically mentioned in the bill as well. They view labor and environment as issues that slow the process down and "muddy the waters."

The **National Milk Producers Federation** has difficulties supporting because of problems with the U.S./Canada Free Trade Agreement that were not addressed in the NAFTA and an adverse NAFTA panel decision that went against the United States. It will be difficult gaining dairy producers' support without some express statement that the Administration will use fast track to eliminate the Canadian tariffs on dairy products.

The **National Corn Growers Association** and the **Corn Refiners Association** are supportive of NAFTA and Mexico, and trade in general and will likely support fast track.

The **U.S. Feedgrains Council** is supportive of NAFTA and the Uruguay Round and will likely support an extension of fast track.

**U.S. fruit and vegetable grower associations** may be supportive of fast track, but they have expressed major reservations regarding Chile, and are upset that phytosanitary issues with Mexico and China remain unresolved. In addition, many groups are upset because in their view, "promises" made during the push for Congressional approval of NAFTA and the Uruguay Round agreements were not kept. Specifically, wine producers and winter vegetable producers are upset.

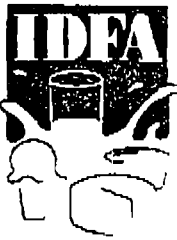
**Wine producers** are upset that the Administration did not gain accelerated tariff reductions from Mexico as they believe they were promised would happen after NAFTA took effect.

**Sugar producers** will likely be concerned that U.S. TRQ's on sugar will be expanded, thereby threatening the U.S. sugar program. They are also upset that side agreements with Mexico on high-fructose corn syrup are not effective.

**Peanut producers** will likely be concerned that U.S. TRQ's on peanuts will be expanded, thereby threatening the U.S. peanut program. They are also upset about imports of peanut butter from Canada.

**Tobacco producers** are concerned that the Administration will change its longstanding position that tobacco is to be treated the same as other commodities in the course of trade negotiations.

The **large multinational firms**, including Cargill, Archer Daniels Midland, ConAgra, and Continental Grain will likely support fast track.



**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. 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 700 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), 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.*

*Contact: Janet A. Nuzum, Vice President and Counsel*

1250 H St., NW, Suite 900, Washington, DC 20005 202-737-4332 FAX 202-331-7820



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

## NEWS RELEASE

For Immediate Release

Contact: Janet Nuzum  
or Susan Ruland  
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### IDFA Urges Renewal of Fast Track Negotiating Authority

(Washington, D.C. - Sept. 10, 1997) Congress must renew fast-track authority if it wants the United States to have a strong role in international trade talks, and if it wants U.S. agricultural product export to continue to grow, the leading U.S. dairy processor trade association stated today.

"The U.S. dairy industry has a large stake in the ability to open foreign markets to U.S. dairy products and reduce trade-distorting subsidy practices around the globe. It is imperative that the United States play a leadership role in forging international trade rules, especially in the upcoming WTO negotiations on agriculture, scheduled to begin in 1999," said Janet Nuzum, Vice President and Counsel of The International Dairy Foods Association (IDFA). "U.S. trade negotiators must have the support of fast-track in order to continue making progress in eliminating existing trade barriers -- and to prevent new ones from emerging in international markets for U.S. products."

IDFA reiterated its support for fast-track today along with other members of a broad coalition of agriculture groups. President Clinton will kick-off his campaign for fast track authority later today.

Nuzum noted that without fast-track authority, the United States will hold a weaker presence at the upcoming WTO talks, which would allow the European Union to dominate these and other negotiations. The European Union has already captured substantial shares of world dairy trade through subsidies. For example, it currently holds 57% of world cheese trade, while the U.S. share is only 3%, due largely to Europe's subsidy programs.

"The only way we can assure improved access for U.S. dairy products is to be a dominant force at the negotiating table," Nuzum said. "That requires fast-track authority."

Page 2

U.S. dairy exports now exceed \$740 million annually, but Nuzum says that number could be much, much greater if there were fewer barriers to trade. "With improved access to foreign markets, the U.S. dairy industry is well positioned to be a leading competitor in world dairy trade. 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 the opportunity and incentive to engage more actively in international markets," she said. "Much more needs to be done, however, before international opportunities for the dairy sector are truly open and fair."

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 United States, Nuzum said. 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.

"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," she said.

###

The International Dairy Foods Association is the Washington, DC-based organization representing the nation's dairy processing and manufacturing industries. The IDFA is composed of three constituent organizations: Milk Industry Foundation (MIF), National Cheese Institute (NCI) and International Ice Cream Association (IICA). Activities range from legislative and regulatory advocacy to market research, education and training. MIF has 205 member companies that process 85 percent of the fluid milk and fluid milk products consumed nationwide; NCI has 95 member companies that manufacture 80 percent of the cheese consumed in the U.S.; and IICA has 170 member companies that manufacture and distribute an estimated 85 percent of the ice cream and ice cream-related products consumed in the United States. IDFA also provides management services for the American Butter Institute (ABI), which has 35 member firms.

## **Agriculture Organizations Supporting Fast-Track\***

*As of September 10, 1997*

Agricultural Retailers Association  
American Crop Protection Association  
American Feed Industry Association  
American Horse Council  
American Meat Institute  
American Soybean Association  
Blue Diamond Growers  
Bunge Corporation  
Cargill, Inc.  
ConAgra, Inc.  
Continental Grain Company  
Corn Refiners Association, Inc.  
Farmland Industries, Inc.  
The Fertilizer Institute  
International Dairy Foods Association  
Louis Dreyfus Corporation  
Miller's National Federation  
National Broiler Council  
National Cattleman's Beef Association  
National Corn Growers Association  
National Food Processors Association  
National Dry Bean Council  
National Grange  
National Grain and Feed Association  
National Grain Sorghum Producers  
National Grain Trade Council  
National Pork Producers Council  
National Oilseed Processors Association  
National Sunflower Association  
North American Export Grain Association  
Northwest Horticultural Council  
United Egg Association  
United Egg Producers  
U.S. Apple Association  
U.S. Dairy Export Council  
U.S. Feed Grains Council  
U.S. Meat Export Federation  
USA Poultry & Egg Export Council  
USA Rice Federation

\* Given that no legislation is submitted, these groups support the concept of fast-track. The majority of these organizations would clearly prefer a clean bill.



## National Pork Producers Council

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### Remarks by NPPC President Jerry King on Fast-Track Negotiating Authority Wednesday, September 10, 1997

I am Jerry King a Victoria, Illinois-based pork producer-owner and general manager of a 2,500 sow farrow-to-finish operation. I have been raising hogs on my 1200-acre family farm since 1958. I am current president of the National Pork Producers Council. I am pleased to have this opportunity to speak to you all on behalf of U.S. pork producers to express our support for fast-track negotiating authority.

I am proud and honored to announce that later today I will be joining a number of other representatives of U.S. agriculture and business at the White House with the President for a kickoff of the fast-track initiative. Pork producers applaud the President for his action on this important trade matter, which is critically important to the U.S. pork industry and fundamentally important to the ability of the U.S. to compete and win in the global market as we enter the next century. We call on the Administration and the Congress to work quickly in order to pass legislation that will renew fast-track negotiating authority.

The U.S. pork industry has reaped tremendous benefits from recent trade agreements. Since 1995, when the Uruguay Round Agreement went into effect, U.S. pork exports to the world have increased by approximately 45 percent in volume terms and 75 percent in value terms from 1994 levels. The U.S. pork industry exported over one billion dollars of pork for the first time in 1996. We anticipate explosive export growth to continue in 1997.

U.S. pork exports to Mexico sky-rocketed in 1994 when NAFTA went into effect. Even with the devaluation of the peso, U.S. pork increased market share in Mexico. This would not have happened without NAFTA. U.S. pork now has over 95% of the Mexican pork import market and in 1996 Mexico was the pork industry's second most important market behind Japan in terms of value.

Like other American pork producers, my family has benefitted from these trade agreements through strong and growing exports. The boost in exports over the past several years has been fundamental to the economic health of our business. Last year global trade boosted the bottom line for all pork producers as exports added an estimated \$10 per head to cash hog prices.

The continued growth and profitability of U.S. agriculture is inextricably

### National Headquarters

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The Other  
White Meat:

linked to continued trade liberalization. That's why pork producers are ardent supporters of the renewal of fast-track negotiating authority. Later today, we will unleash 300 producers on Capitol Hill to lead the charge on fast-track.

I recognize that while the U.S. agricultural export performance has been good, foreign trade barriers and other factors continue to prevent us from realizing our potential in international markets. Based upon the annual foreign market barrier reports prepared by the office of the U.S. Trade Representative, it appears that about half of all foreign trade barriers are in the agricultural sector. The Foreign Agricultural Service estimates that agricultural exports are reduced by \$4.7 billion annually by unjustifiable sanitary and phytosanitary measures alone. But these problems must not undermine agriculture's support for fast-track. Indeed, I believe these issues compel us to support fast-track so that we can find effective remedies to these outstanding problems.

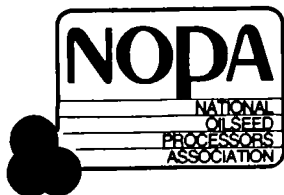
Secretary Glickman has said "either we export or we die." I couldn't agree more with him. In the U.S. economy at large, agriculture was the number one positive contributor to the U.S. trade balance in 1996. American agriculture is more than twice as reliant on foreign trade as the U.S. economy as a whole, with exports currently accounting for an estimated 30 percent of agriculture's cash receipts. We have a mature market for pork and other agricultural products in the United States. However, the other 96% of the world, which lives outside our borders, is experiencing rapid economic growth. The first thing that people do when they move up from poverty is upgrade their diets. Simply put, if we don't get fast-track renewed, U.S. agriculture will lose billions of dollars in the short term and in the long run we risk losing our comparative advantage.

The next round of global agricultural trade negotiations is scheduled to begin in 1999. Removing tariff and non-tariff barriers to trade -- helping to open new markets and gain increased access to existing markets -- is critical for U.S. pork producers. If the United States is not leading the charge in 1999, at best, nothing will happen which means that U.S. agriculture will lose billions of dollars of potential sales. At worst, the EU and other countries will build momentum for initiatives hostile to U.S. agriculture such as weakening the Sanitary and Phytosanitary Agreement. Adequate preparation for and participation in these negotiations require the renewal of fast-track authority now.

Fast-track authority is also needed so that the U.S. can pursue trade liberalization with our western hemisphere neighbors and the 18 member countries of the Asia Pacific Economic Cooperation forum (APEC). The U.S. pork industry is disadvantaged by the failure of the United States to keep up with the pace of trade agreements in the western hemisphere. The rapidly expanding Brazilian pork industry -- a key competitor to the U.S. industry -- now has preferential access into many markets to the detriment of U.S. producers. Canada, another significant competitor, has gained preferential

access into Chile through a free trade agreement. With respect to the APEC nations, these countries will experience the majority of the world's population and income growth in the next 8 to 10 years, passing through the middle ranges of per capita income where the shift in dietary patterns is particularly pronounced. Yet, it is precisely these same countries which lack surplus food producing resources. The Food and Agricultural Policy Research Institute (FAPRI) projects that Chinese pork consumption will increase by over 23 percent, approximately 8 million metric tons, in the next ten years. Pork consumption is forecast to increase rapidly in many of the other APEC nations but, like China, most of these countries place significant restrictions on pork imports.

In sum, fast-track authority will facilitate further multilateral, regional, and bilateral trade agreements which will spur exports and keep U.S. agriculture healthy and profitable.



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## NOPA'S STATEMENT ON FAST-TRACK

September 10, 1997

Contact: Allen F. Johnson  
202/452-8040

The National Oilseed Processors Association (NOPA) supports approval of Fast-Track negotiating authority that is not encumbered by environmental, labor, or other issues. NOPA is a national trade association comprised of 14 regular and 24 associate member companies, which process vegetable meals and oils from oilseeds. NOPA's regular member firms process an estimated 1.4 billion bushels of oilseeds annually at 67 plants in 21 states, employing an estimated 4,500 workers.

U.S. oilseed processors remain strong supporters of and advocates for greater trade liberalization. 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 of oilseeds and oilseed products. 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 disciplined by the Uruguay Round export subsidy commitments. These practices need to be brought under the WTO trade rules.

NOPA, as a member of the American Oilseed Coalition, has been actively pursuing the Level Playing Field (LPF) initiative to eliminate all trade-distorting import barriers and export practices in the oilseeds and oilseed products sector. Although the Uruguay Round implementing legislation gave the Administration the authority to continue negotiating trade liberalization in this sector, the LPF initiative would have a much greater chance of success in a negotiation that is broader based in terms of both country coverage and sectoral coverage. Fast-track authority is needed to successfully engage in broad-based, multilateral negotiations that will lead to greater liberalization for oilseeds and oilseed products, and for all of agriculture.

The United States is in danger of being left behind in the regional and bilateral free-trade agreements being negotiated throughout the Western Hemisphere. U.S. exports of oilseeds and oilseed 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 competitive.

*continued*

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Chairman

RICHARD GALLOWAY  
Chairman-elect

ALBERT J. AMBROSE  
Secretary/Treasurer

JOHN BURRITT  
Immediate Past Chairman

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SHELDON J. HAUCK  
President

ALLEN F. JOHNSON  
Executive Vice President





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

## **NEWS RELEASE**

**For Immediate Release**

**Contact: Janet Nuzum  
or Susan Ruland  
(202) 737-4332**

### **IDFA Urges Renewal of Fast Track Negotiating Authority**

**(Washington, D.C. - Sept. 10, 1997)** Congress must renew fast-track authority if it wants the United States to have a strong role in international trade talks, and if it wants U.S. agricultural product export to continue to grow, the leading U.S. dairy processor trade association stated today.

"The U.S. dairy industry has a large stake in the ability to open foreign markets to U.S. dairy products and reduce trade-distorting subsidy practices around the globe. It is imperative that the United States play a leadership role in forging international trade rules, especially in the upcoming WTO negotiations on agriculture, scheduled to begin in 1999," said Janet Nuzum, Vice President and Counsel of The International Dairy Foods Association (IDFA). "U.S. trade negotiators must have the support of fast-track in order to continue making progress in eliminating existing trade barriers -- and to prevent new ones from emerging in international markets for U.S. products."

IDFA reiterated its support for fast-track today along with other members of a broad coalition of agriculture groups. President Clinton will kick-off his campaign for fast track authority later today.

Nuzum noted that without fast-track authority, the United States will hold a weaker presence at the upcoming WTO talks, which would allow the European Union to dominate these and other negotiations. The European Union has already captured substantial shares of world dairy trade through subsidies. For example, it currently holds 57% of world cheese trade, while the U.S. share is only 3%, due largely to Europe's subsidy programs.

"The only way we can assure improved access for U.S. dairy products is to be a dominant force at the negotiating table," Nuzum said. "That requires fast-track authority."

U.S. dairy exports now exceed \$740 million annually, but Nuzum says that number could be much, much greater if there were fewer barriers to trade. "With improved access to foreign markets, the U.S. dairy industry is well positioned to be a leading competitor in world dairy trade. 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 the opportunity and incentive to engage more actively in international markets," she said. "Much more needs to be done, however, before international opportunities for the dairy sector are truly open and fair."

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 United States, Nuzum said. 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.

"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," she said.

###

The International Dairy Foods Association is the Washington, DC-based organization representing the nation's dairy processing and manufacturing industries. The IDFA is composed of three constituent organizations: Milk Industry Foundation (MIF), National Cheese Institute (NCI) and International Ice Cream Association (IICA). Activities range from legislative and regulatory advocacy to market research, education and training. MIF has 205 member companies that process 85 percent of the fluid milk and fluid milk products consumed nationwide; NCI has 95 member companies that manufacture 80 percent of the cheese consumed in the U.S.; and IICA has 170 member companies that manufacture and distribute an estimated 85 percent of the ice cream and ice cream-related products consumed in the United States. IDFA also provides management services for the American Butter Institute (ABI), which has 35 member firms.



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. 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 700 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), 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.***

***Contact: Janet A. Nuzum, Vice President and Counsel***

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**FOR IMMEDIATE RELEASE**  
September 10, 1997

**Contact:** Ellen Dougherty or Susan Keith  
(202) 628-7001

**CORN GROWERS ENTHUSIASTICALLY SUPPORT FAST TRACK AUTHORITY**  
*Statement by National Corn Growers Association President Wallie Hardie*

Good morning. My name is Wallie Hardie. I farm near Wahpeton, North Dakota, where I raise corn, soybeans and sugar beets. I serve as President of the National Corn Growers Association, which has 30,000 members in 48 states. The NCGA's mission is to create and increase opportunities for corn growers in a changing world and to enhance corn utilization and profitability.

Specifically, we have set the aggressive goal of realizing a \$40 billion corn crop by 2002. Quite simply, we cannot begin to achieve that level of growth without further trade liberalization. And without the leadership of the United States, we will not see meaningful reform of world trade in agricultural commodities. The Administration must have fast track negotiating authority to push our trading partners to remove trade barriers.

The U.S. corn crop is the largest crop in the world. Because of our climate, infrastructure and technical know-how, the United States enjoys a tremendous advantage in the production of corn. We also excel in corn-derived products such as sweeteners, as well as in meat, dairy and poultry products fed by corn. We have the capacity to increase exports of all of these products, but trade barriers preclude developing our full potential.

That is why the National Corn Growers Association enthusiastically supports fast track authority. If our negotiators are not full participants in trade discussions, the trade climate for U.S. products will not improve. We need a strong commitment to emphasize agriculture in trade negotiations. Trade agreements must include market-expanding goals such as: 1) eliminating tariffs on agricultural products; 2) making the activities of state trading enterprises transparent and fair; and 3) precluding non-tariff barriers to the products of biotechnology.

Ten years ago, the target price for corn was \$3.03 per bushel, but producers had to idle 20 percent of their corn base to participate in the program. Today, producers receive a market transition payment and are able to use their land to the greatest economic and agronomic advantage. As corn farmers, we are now in a very different production and marketing environment. Our organization embraced this change, but with the expectation that Congress would support our efforts to develop global markets.

We have reformed farm policy. Now is the time to substantially reform trade in agricultural products. We must end protectionism that denies U.S. producers access to new and emerging markets. The first step towards that end lies with fast track.

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## **ASA SUPPORTS RENEWAL OF FAST TRACK NEGOTIATING AUTHORITY**

**September 10, 1997 -- Washington, D.C. --** American Soybean Association President Mark Berg today expressed the full support of U.S. soybean producers for renewing the Administration's Fast Track negotiating authority for future trade agreements. "One of ASA's top priorities is to gain greater access to foreign markets," Berg stated during a press conference at the National Press Club. "This cannot happen without renewal of Fast Track authority."

"Fully 50 percent of every soybean crop produced in this country is exported as whole soybeans, as protein meal and vegetable oil, or in the form of poultry or pork products," the ASA President continued. "As world food needs double over the next 30 years, U.S. soybean producers are prepared to supply this increased demand -- provided we have access to these growing markets."

In granting Fast Track authority, Congress agrees in advance to consider trade agreements submitted by the Administration in their entirety, and without amendments. Other countries insist the U.S. operate on this Fast Track basis so that final agreements are not "renegotiated" by the U.S. Congress. Every significant trade agreement concluded in recent years has been negotiated under Fast Track authority.

Berg, a soybean and corn farmer from Tripp, South Dakota, stated that "past trade agreements have been good for the U.S. soybean industry. Under NAFTA, sales of U.S. soybeans and soy products soared from \$474 million in 1993 to \$869 million in 1996 -- an increase of 83 percent." The ASA President added that "expanding NAFTA offers potential to tap other markets in Latin America."

According to Berg, "for ASA, the Uruguay Round Agreement did not go far enough in liberalizing trade in the oilseed sector." Among the deficiencies, Berg pointed out that "U.S. competitors are still allowed to indirectly subsidize vegetable oil and soybean meal exports," and "import tariffs in countries with major market potential have not been adequately reduced." Berg stated that "our industry supports complete elimination of all export incentives and import tariffs to create a Level Playing Field for oilseed trade."

Another issue cited by the ASA President as a priority for future negotiations is trade in products of plant biotechnology. "In the past two years, U.S. farmers have become aware of both the benefits of new biotech soybean varieties and the challenges these new products face in gaining approval in some countries," Berg said. "The development of global standards for trade in biotech products must be a key objective of the next round of negotiations under the World Trade Organization."

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The ASA President emphasized that "none of these trade priorities can be developed without renewal of Fast Track authority."

Soybeans accounted for 24 percent of all U.S. crop acres planted in 1996, and U.S. production represented 49 percent of the world's soybeans. U.S. soybeans had a farmgate value of more than \$16.9 billion last year, while the value of U.S. soybean and soy product exports exceeded \$9.1 billion. This made soybeans the highest value U.S. farm export in 1996.

ASA is a national, not-for-profit, grassroots membership organization with affiliate offices in 26 states and overseas marketing offices in 14 countries. The Association develops and implements policies to increase the profitability of its members and the entire soybean industry.

For more information, contact:

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Woodcrest Executive Drive, Suite 100, St. Louis, MO 63141  
Phone: (314) 576-1770, Fax (314) 576-2786  
URL: <http://www.oilseeds.org/asa/news.htm>, E-mail [bcallanan@soy.org](mailto:bcallanan@soy.org)



## **NATIONAL CATTLEMEN'S BEEF ASSOCIATION**

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### **FAST-TRACK NEGOTIATING AUTHORITY FOR TRADE**

**Statement By Clark S. Willingham, President-Elect**

**National Cattlemen's Beef Association**

**September 10, 1997**

"NCBA urges the administration to include strong language in fast-track legislation that provides for consultation with agriculture and to focus on gaining access to international beef markets: eliminating non-tariff trade barriers, reducing existing tariffs and negotiating sanitary and phytosanitary agreements based on science.

"While the U.S. has been sitting on the sidelines due to lack of negotiating authority, Canada has negotiated trade agreements with Chile and China; the EU has been very aggressive in developing trade agreements in Latin America; and other competitors, including Australia and New Zealand, have gained special trading concessions.

"The international market is the future growth market for U.S. agricultural products, especially beef. During 1996, beef exports accounted for more than seven percent of total U.S. production and more than 12 percent of beef's wholesale value. The value of beef and beef variety meat exports totaled \$3.05 billion with a trade surplus of nearly \$1.3 billion. As tariffs and non-tariff barriers are eliminated in other countries, the U.S. beef industry will benefit, because it has more access to gain than it has to give.

"Without congressional approval of fast-track negotiating authority, reducing barriers in existing markets and gaining access to new markets will not be possible. Fast-track negotiating authority allows the administration to negotiate a trade agreement without congressional modification. Congress can either vote to approve or disapprove the agreement once it has been negotiated -- fast track in no way guarantees that an agreement will be approved. Fast track simply eliminates congressional ability to amend trade agreements and to slow their approval. Trading partners are not willing to negotiate with the U.S. unless they are negotiating under fast track, because without it, the negotiating partners have no way of knowing to what they are agreeing. NCBA supports fast-track negotiating authority."

###

### **AMERICA'S CATTLE INDUSTRY**

Denver

Washington D.C.

Chicago

**Statement by H.D. Cleberg, President and CEO, Farmland Industries, Inc.**

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 farmers, farmer-cooperatives and Farmland — and the many people who work for them — that make up the Farmland Cooperative System.

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 Mexico alone we have seen our trade, since NAFTA, grow from \$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 Farmland 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 million of dollars of risk and lost trade.

Currently, other foreign countries (our competitors) are going forward with trade agreements among US markets in Latin America and the Pacific Rim. If this continues, the United States will be excluded. We must insure that all is done to allow US agricultural producers to compete.

The next round of global agricultural trade negotiations is scheduled to begin 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 American agriculture. In order to adequately prepare for and participate in these negotiations, US trade officials and US agriculture need fast track authority now.

The farmers and ranchers who own Farmland support fast track authority as a tool in the pursuit of trade liberalization. They clearly understand the importance of world trade to US agriculture's continued growth.



## **NATIONAL CATTLEMEN'S BEEF ASSOCIATION**

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###

**AMERICA'S CATTLE INDUSTRY**

Denver

Washington D.C.

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## **AMERICAN FARM BUREAU FEDERATION®**

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Internet: <http://www.fb.com/>

September 9, 1997

The Honorable Jason S. Berman  
Special Counselor to the President  
The White House  
Washington, D.C. 20500

Dear Mr. Berman:

Thank you for the opportunity to review our concerns about fast track legislation soon to be announced by President Clinton. Agriculture depends on free and open markets and obviously has much to gain from expanding world trade. However, before agriculture can fully support fast track authority there are several critical issues that must be resolved.

Trust in new trade agreements can only be built when promises of past agreements have been fulfilled. We are requesting your support in urging the administration and Congress to take measurable steps to address the following issues. Steps to address these issues would provide positive support in assuring agriculture that every effort is being made to guarantee that current and future agreements work for the industry.

Specific issues to be addressed include:

- (1) Language in the legislation that would require the administration to address the issues of tariff equalization and increasing market access by requiring U.S. trading partners to eliminate tariff barriers within specified time frames;
- (2) Language in the legislation that binds our trading partners to resolving sanitary and phytosanitary disputes on the basis of sound science; and
- (3) Securing actions by the administration and Congress that would lead to changes in international agreements and U. S. laws and practices that would facilitate and shorten dispute resolution procedures and processes especially in issues involving perishable products. This would include changes in international agreements and U.S. law which would redefine a crop or growing season.

In a previous meeting we presented the following areas which could be addressed by the administration. We believe these areas offer the administration an opportunity to show support for the needs of the industry as well as provide positive gains to agriculture and the economy by moving the free trade agenda forward.

### **ITC Representation**

The administration can assure more equitable treatment in trade disputes by naming individuals to the International Trade Commission who are supported by the agriculture industry and have a sound knowledge of the industry as well as trade law.

The Honorable Jason S. Berman  
September 9, 1997  
Page Two

#### Domestic laws

There are a number of outdated domestic laws that create disadvantages in international markets as well as to local consumers. The Cargo Preference requirements and Jones Act are maritime laws that the administration should help end or reform to protect U.S. producers and consumers.

The 1974 definition of an agricultural crop does not fairly address the great difference in production and growing seasons across the U.S. This law has put producers of fresh fruits and vegetables at great trade disadvantages with our competitors.

#### Chile

The U.S. market is basically open to agricultural products from Chile - while Chile remains closed to U.S. products. President Clinton's intention to make Chile his primary focus for fast track, before actions are taken to hold Chile accountable for its World Trade Organization commitments, sends a negative signal to U.S. producers. There are many products unfairly treated in the Chilean market, including wheat, wine and fresh fruit and vegetables.

#### Canada

Canada continues to maintain excessive tariffs and barriers to U.S. products. The administration needs to exhibit, from the highest level, a commitment to renegotiate existing agreements with Canada especially for dairy and poultry products.

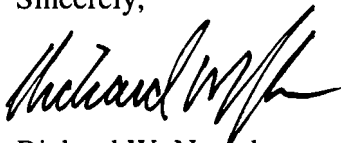
#### Europe

Europe continues to abuse trade agreements for many agriculture products. The U.S. should act quickly to bring action against the European Union (EU) and respond to the agreements they are creating which would restrict U.S. trade. The principal of sound science must be upheld and enforced. The administration must actively oppose actions by the EU to raise trade barriers against genetically modified organisms and those products produced from BSE-free animals

We strongly believe that the President must clearly identify an agenda for agricultural trade that addresses these concerns in order to ensure that fast track has Farm Bureau's full support. Please urge the President to address these concerns both in his public statements and in the language of the fast track agreement.

We thank you for your time and look forward to working with you.

Sincerely,



Richard W. Newpher  
Executive Director  
Washington Office



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September 8, 1997

The Honorable Dan Glickman  
Secretary of Agriculture  
U.S. Department of Agriculture  
12th Street and Independence Avenue, SW  
Washington, DC 20250

Dear Mr. Secretary:

Thank you for the opportunity to discuss our concerns about fast track legislation soon to be proposed by President Clinton. While agriculture obviously benefits from expanded world trade the agriculture community has several very critical issues that must be resolved.

Trust in new trade agreements can only be built when terms of past agreements are favorably viewed and steps are taken to deal with inequities. We urge the administration and Congress to take steps to address the following issues to assure agriculture that every effort is being made to make current and future agreements work for the industry.

Specific issues to be addressed during the negotiations include:

- (1) Language that would require the administration to address the issue of tariff equalizing and increasing market access by requiring U.S. trading partners to eliminate all trade barriers within specified time frames.
- (2) Language in the legislation that binds trading partners to resolving sanitary and phytosanitary disputes on the basis of sound science:
- (3) Securing actions by the administration and Congress that would lead to changes in U.S. laws and practices that would facilitate and shorten dispute resolution procedures and processes, especially in issues involving perishable products. This would include changes in international agreements and U.S. law which would redefine a crop or growing season.

Again thank you for your time.

Sincerely,

Richard W. Newpher  
Executive Director  
Washington Office

## **Fast-Track Negotiating Authority**

California agriculture is strongly committed to free and open trade. In 1996, California agriculture exports totaled nearly \$13 billion. Production from over two million California farm acres is destined for foreign markets. The expansion of free trade with Chile, possible agreements with other Latin American countries, and the resumption of agricultural negotiations under the World Trade Organization, offer important new trade opportunities.

California agriculture's commitment to free trade has been demonstrated through broad industry support for past agreements. However, industry confidence in future trade agreements is dependent upon the satisfactory implementation of past agreements. Many of our trading partners have not complied with their commitments and our government has not done enough to force compliance.

Promises made by other countries during the NAFTA and GATT negotiations remain unaddressed, such as:

- **Market Access:**  
The U.S. wine industry was promised the same access to the Mexican market that the Chilean industry now enjoys; that promise has been broken.
- **Sanitary/Phytosanitary Standards:**  
U.S. markets are open to Mexican and South American commodities, but many of our commodities have difficulty accessing their markets due to bogus phytosanitary rules (i.e., U.S. vegetable exports to Chile are virtually non-existent due to phytosanitary regulations).
- **Unfair Trade Practices:**  
Canada maintains excessive tariffs as barriers to U.S. products, especially against dairy and poultry.

Trust in new trade agreements can only be engendered when terms of past agreements are kept and steps are taken to deal with inequities. We request that before the U.S. moves forward with additional trade agreements these problems be corrected. In addition, we hold that future trade agreements must include an expedited resolution process as part of the final document to provide safeguards against these concerns in the future.

Therefore, we support the California Agriculture Industry Coalition and withhold our support for fast-track authority until outstanding problems of past agreements are resolved.

Agricultural Council of California

Allied Grape Growers

Apricot Producers of California

Almond Growers of California

CALCOT, Inc.

California Aquaculture Association

California Association of Wheat Growers

California Association of Winegrape Growers

California Canning Peach Association

California Cattlemen's Association

California Farm Bureau Federation

California Grape and Tree Fruit League

California Macadamia Society

California Pork Producers

California Tomato Growers Association

Imperial Valley Vegetable Growers

San Joaquin Valley Dairymen

Sunkist Growers, Inc.

Sunwest Growers, Inc.

Tri-Valley Growers

West Coast United Egg Producers

Western Growers Association

Western United Dairymen

Wine Institute

*Farmers Rice Co-op*  
*California Nurseries*

# CALIFORNIA AGRICULTURE INDUSTRY COALITION

## *POSITION STATEMENT ON FAST-TRACK*

This statement is the product of several meetings held by a coalition of California agriculture industries to discuss trade concerns and perspectives, and arrive at an industry consensus on the issue of granting fast-track negotiating authority. It is the result of extensive discussions involving representatives of government, industry and academia.

The group examined unresolved issues under current agreements. Areas of unanimous concern were market access, phytosanitary issues, unfair trade practices, sensitive commodities and dispute resolution.

The California agriculture industry recognizes there are other important issues related to granting fast-track negotiating authority, but holds firm to the opinion that these issues have great impact on the economic viability of the state and its people. In a state where one in ten jobs are related to agriculture it is our hope that this position statement will serve as a valuable assessment of the problems encountered with past trade agreements, and will be useful to all involved with, or interested in, future agreements.

# **CALIFORNIA AGRICULTURE INDUSTRY POSITION STATEMENT ON FAST-TRACK NEGOTIATING AUTHORITY AND AGRICULTURE NEGOTIATIONS**

California agriculture is strongly committed to free and open world trade. That commitment has been demonstrated through broad industry support for past trade agreements, including the recent Uruguay Round and free trade agreements with Mexico, Canada and Israel.

California agriculture relies heavily on foreign markets; exports totaled nearly \$13 billion in 1996. Production from over two million California farm acres is destined for foreign markets. The expansion of free trade with Chile, possible agreements with other Latin American countries, and the resumption of agricultural negotiations under the World Trade Organization (WTO) offer important new trade opportunities.

Industry confidence in future trade agreements, however, is tied closely to the satisfactory implementation of past agreements and to a commitment to rectify resulting inequities. Trust in new trade agreements can only be engendered when terms of past agreements are kept and steps are taken to deal with inequities.

Several problems still exist with past agreements and require attention. Therefore, we the undersigned seek resolution of outstanding problems and, where necessary, seek statutory safeguards before we offer our support for fast-track authority and new trade agreements.

Problems with past agreements fall into several categories of unfinished business. The following list provides examples which warrant resolution.

## **MARKET ACCESS**

The United States faces the following unresolved market access issues associated with the Uruguay Round, Canadian, Israeli and North American Free Trade Agreement (NAFTA):

- The administration needs to review tariff reduction commitments made in the multilateral Uruguay Round. The global implications of this agreement are significant. The administration should ensure objective implementation of the trade document.
- Chile maintains a price band on U.S. wheat. This translates into a variable levee system, a practice which is illegal under WTO policy. These variable price levies are a major violation of free trade principles.
- Tariff inequities were negotiated into the Uruguay Round and NAFTA, causing particular damage to California's wine industry. The United States must act to address these inequities in future agreements, especially those involving Chile and Argentina.

- Chile received a preferential tariff reduction over the U.S. for wine sales into Mexico. The U.S. seeks compatible access for its products. The administration agreed to rectify the problem within 120 days following passage of NAFTA. It also agreed to achieve tariff parity with Mexican brandy. Both issues are still not resolved.
- De facto trade barriers and the failure to create a payment arbitration system have also restricted sales of U.S. fresh produce sales to Mexico.
- All meat going to Chile must be marked according to Chilean inspection standards. Chile lacks grading and inspection reciprocity, which constitutes a significant trade barrier.

### **SANITARY AND PHYTOSANITARY STANDARDS (SPS)**

Mutual acceptance of scientifically-sound phytosanitary regulations is essential. Transparency in the area of sanitary and phytosanitary regulations is therefore crucial to ensuring fair trade practices. Signatories to free trade agreements must be held accountable to international SPS standards and resolutions. Consultations with industry must be a pre-requisite for any new agreement.

- Chile currently maintains questionable phytosanitary restrictions on imports of U.S. poultry and various fruit and vegetable products which effectively bans imports of these goods into their country. (The United States imported one billion trays of Chilean fresh vegetables during the 1996-97 growing year, while the U.S. exported no product to that country during its growing season.)
- Future trade agreements will likely include managed risk concepts. Such an approach warrants industry consultations during the development with periodic review. Managed risk should be based on sound science and diligent enforcement.
- Chile should recognize APHIS certification on Karnal bunt.
- Dispute resolution for sanitary and phytosanitary problems should have an expedited procedure.

### **UNFAIR TRADE PRACTICES**

Unfair trade practices undermine the effectiveness of agreements and create mistrust between trading partners.

- Canadian Wheat Board practices must be neutralized. California seeks the elimination of Canada's discriminatory pricing practices, particularly with its current NAFTA partners.

- There are a number of outstanding trade issues with the European Union (E.U.), including the canned fruit accord and the use of reference prices on fruits and vegetables, which constitute violations of the Uruguay Round.

## **SENSITIVE COMMODITIES**

California's sensitive commodities face significant losses under a U.S./Chilean free trade agreement. American farmers were promised protection for import sensitive commodities when the NAFTA deal was struck, but that protection has been lacking.

- Any new trade agreement must include reasonable parity, reasonable phase-out periods and safeguards to protect import-sensitive products, such as vegetables, canned fruit and tomatoes.
- As to wine, both bulk and bottled, and grape concentrate, the U.S. tariffs should not be reduced further until all other WTO members reduce their tariffs on these products to U.S. levels. Further reductions should occur on a WTO-wide basis. By way of background, for many decades the U.S. had the lowest wine tariff of any major wine-producing country. In the Uruguay round, the U.S. further reduced the tariff by 36 percent, compared to 10 percent by the E.U.

## **ESTABLISHING EFFECTIVE DISPUTE RESOLUTIONS**

The free trade agreement with Canada and the North American Free Trade Agreement with Mexico established a dispute resolution process and safeguard provisions. The process is not working effectively.

- Dispute problems with the Canadian Wheat Board are especially pronounced.
- California has experienced problems with safeguard provisions with vegetables; other states have had similar problems with tomatoes. The dispute process needs more refinement to produce better results.

## **CONCLUSION**

Our concerns are the result of commitments and assurances provided during past negotiations that were not honored. The California agriculture industry seeks adequate checkpoints, including consultation to prevent a replay of past problems.

February 4, 1997

The President  
The White House  
Washington, DC 20500

Dear Mr. President:

International trade agreements are vital to efforts by American farmers and ranchers to maintain and gain greater access to expanding world markets. U.S. agriculture has been second to none in supporting trade agreements negotiated over the past 50 years. However, if producers across the nation are to actively support increased trade liberalization and expanded trade agreements, certain concerns must be addressed.

Confidence that the next trade negotiations will benefit agriculture is being seriously eroded by continuing problems related to the implementation and enforcement of NAFTA and the Uruguay Round Agreement (URA). The dispute settlement process under NAFTA has repeatedly failed to redress certain legitimate U.S. trade grievances. Major U.S. trading partners have not met their market access and tariff reduction commitments under the URA. Others are flouting its sanitary and phytosanitary guidelines, state trading practices and import licensing provisions. The Administration's commitments to fully utilize export assistance programs to maintain and expand foreign markets have not been implemented. Our members want assurances that existing agreements will be enforced.

Lack of demonstrable progress in resolving these longstanding issues is contributing to fears that U.S. agriculture's vital interest in future trade with China may not receive sufficient emphasis in the current World Trade Organization (WTO) accession negotiations. Until these outstanding concerns are addressed, many U.S. farmers and ranchers will view negotiations to expand NAFTA and the WTO with more concern than optimism. In addition, since the United States has met and exceeded its URA commitments, there is concern that we have no concessions to offer in the next negotiations.

The organizations listed below represent and serve a significant majority of U.S. farmers and ranchers. We respectfully ask the Administration to renew its support for agricultural trade by aggressively addressing the industry's major problems with NAFTA and the Uruguay Round. We request an opportunity to meet with you to discuss these issues, as well as agriculture's priorities and objectives in future negotiations.

Thank you very much for your careful consideration of our views.

American Crop Protection Association  
American Farm Bureau Federation  
America Feed Industry Association  
American Horse Council  
American Soybean Association  
American Sugar Cane Council League of the USA  
American Sugar Alliance  
Florida Fruit & Vegetable Federation Association  
International Dairy Foods Association  
National Association of Wheat Growers  
National Barley Growers  
National Broiler Council

National Cattleman's Beef Association  
National Corn Growers Association  
National Cotton Council of America  
National Grange  
National Grain Sorghum Producers  
National Milk Producers Federation  
National Pork Producers Council  
National Potato Council  
National Turkey Federation  
United Agribusiness  
USA Rice Federation  
United States Apple Association  
United States Beet Sugar Association  
United States Meat Export Federation

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## **AMERICAN FARM BUREAU FEDERATION®**

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600 MARYLAND AVENUE S.W. • SUITE 800 • WASHINGTON, D.C. • 20024 • (202) 484-3600 • FAX (202) 484-3604  
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USTR - Amf

### **AMERICAN AGRICULTURE DEPENDS ON FREE TRADE.**

*American agriculture and agri-businesses are the nation's largest employers.*

*US agriculture leads the nation in positive returns to the trade balance.*

*Agriculture faces more trade disputes and market barriers than any other industry.*

*Agriculture depends on trade for over one third of all sales.*

*Export sales help guarantee a low cost domestic food supply.*

The agriculture community stands ready to support "clean" fast track legislation - legislation that does not contain language that would allow environmental or labor issues to become trade barriers.

Fast track negotiating authority is critical to the US role as a credible leader in advancing trade liberalization and opening markets for all sectors.

Agriculture must be a part of all negotiations of the Free Trade of the Americas, as well as in all other regional and bi-lateral negotiations, and in all WTO discussions.

The Fast Track debate must not be a NAFTA debate. Fast Track focus needs to be on obtaining authority to negotiate changes in trade agreements that are not working and for protecting and maintaining the US leadership role in addressing the WTO agenda and advancements of agreements such as the FTAA and APEC.

Promises made in the NAFTA and GATT debates remain unaddressed. Although agriculture is committed to a free trade arena many of our trading partners have not complied with their commitments. The Administration must activate the appropriate mechanisms to enforce compliance with WTO commitments.

## ITC Representation

The Administration can assure more equitable treatment in trade disputes by naming individuals to the International Trade Commission who are supported by the agriculture industry and have a sound knowledge of the industry as well as trade law.

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## Domestic laws

There are a number of outdated domestic laws that create disadvantages in international markets as well as to local consumers. The Cargo Preference requirements and Jones Act are maritime laws that the administration should help end or reform to protect US producers and consumers.

The 1974 definition of an agricultural crop does not fairly address the great difference in production and growing seasons across the US. This law has put producers of fresh fruit and vegetables at great trade disadvantages with our competitors.

## Chile

The US market is basically open to agricultural products from Chile - while Chile remains closed to US products. President Clinton's intention to make Chile his primary focus for Fast Track, before actions are taken to hold Chile accountable for her WTO commitments, sends a negative signal to US producers. There are many products not fairly treated in the Chilean market, including wheat, wine and fresh fruit and vegetables.

R

## Canada

Canada continues to maintain excessive tariffs and barriers to US products. The administration needs to exhibit, from the highest level, a commitment to renegotiating existing agreements with Canada especially for dairy and poultry products.

## Europe

Europe continues to abuse trade agreements for many agriculture products. The US should act quickly to bring action against the EU and respond to the agreements they are creating which would restrict US trade. The principal of sound science must be upheld and enforced. The administration must actively oppose actions by the EU to raise trade barriers against genetically modified organisms and those products produced from BSE free animals.

\* Canada  
excluded  
FTA  
Poultry  
dairy



## U.S. DEPARTMENT OF AGRICULTURE

## OFFICE OF THE SECRETARY

Telephone (202) 720-3631 Fax (202) 720-5437

## FAX COVER SHEET

DATE: \_\_\_\_\_

NUMBER OF PAGES \_\_\_\_\_ INCLUDING COVER SHEET

PLEASE DELIVER TO: \_\_\_\_\_

JAY BERMAN

FAX NUMBER: ( ) 456-1213 PHONE NUMBER: ( ) \_\_\_\_\_

FROM:

☒ DAN GLICKMAN, SECRETARY☐ JOHN GIBSON, SPECIAL ASSISTANT☐ GREG FRAZIER, CHIEF OF STAFF☐ KOFI JOHNSON, EXECUTIVE ASSISTANT☐ REBA PITTMAN EVANS, DEPUTY CHIEF OF STAFF, INTERNAL AFFAIRS☐ PATRICK STEEL, DEPUTY CHIEF OF STAFF, EXTERNAL AFFAIRS☐ PAUL DRAZEK, SPECIAL ASSISTANT FOR POLICY☐ ANNE KENNEDY, SPECIAL ASSISTANT FOR POLICY☐ ERIC OLSEN, SPECIAL ASSISTANT FOR POLICY☐ JANET POTTS, COUNSEL TO THE SECRETARY

MESSAGE:

Please read attached letter  
from Farm Bureau. We need to talk  
about it.

Dan Glickman

**AMERICAN FARM BUREAU FEDERATION®**

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September 8, 1997

The Honorable Dan Glickman  
Secretary of Agriculture  
U.S. Department of Agriculture  
12th Street and Independence Avenue, SW  
Washington, DC 20250

Dear Mr. Secretary:

Thank you for the opportunity to discuss our concerns about fast track legislation soon to be proposed by President Clinton. While agriculture obviously benefits from expanded world trade the agriculture community has several very critical issues that must be resolved.

Trust in new trade agreements can only be built when terms of past agreements are favorably viewed and steps are taken to deal with inequities. We urge the administration and Congress to take steps to address the following issues to assure agriculture that every effort is being made to make current and future agreements work for the industry.

Specific issues to be addressed during the negotiations include:

- (1) Language that would require the administration to address the issue of tariff equalizing and increasing market access by requiring U.S. trading partners to eliminate all trade barriers within specified time frames.
- (2) Language in the legislation that binds trading partners to resolving sanitary and phytosanitary disputes on the basis of sound science:
- (3) Securing actions by the administration and Congress that would lead to changes in U.S. laws and practices that would facilitate and shorten dispute resolution procedures and processes, especially in issues involving perishable products. This would include changes in international agreements and U.S. law which would redefine a crop or growing season.

Again thank you for your time.

Sincerely,

Richard W. Newpher  
Executive Director  
Washington Office

RWN/jb

## THE WHITE HOUSE

WASHINGTON

November 16, 1993

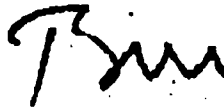
Dear TOM:

I know you have been a leader in assuring that under NAFTA our fresh vegetable industry is not adversely affected by unforeseen price changes. I strongly believe that the volume-based snapback of the existing agreement, coupled with the automatic price monitoring and the expedited import relief procedure which will be the law after NAFTA is passed will provide very effective price and volume discipline.

I am committed to take the necessary steps to ensure that the USTR and the ITC take prompt and effective action to protect the U.S. vegetable industry against price based import surges from Mexico.

I want you to know that I am personally committed to ensuring that this system is enforceable and effective. It will work to ensure against unfair pricing by importers.

Sincerely,



The Honorable Tom Lewis  
House of Representatives  
Washington, D.C. 20515

THE UNITED STATES TRADE REPRESENTATIVE  
Executive Office of the President  
Washington, D.C. 20508

November 30, 1993 - FINAL

Mr. Michael J. Stuart  
Executive Vice President  
and General Manager  
Florida Fruit and Vegetable Association  
P.O. Box 140155  
Orlando, Florida 32814-0155

Dear Mr. Stuart:

I want to respond to the concerns raised by the Florida Fruit and Vegetable Association regarding the North American Free Trade Agreement (NAFTA) and other developments affecting your industry.

Let me first respond to your concerns about the possible trade impact of NAFTA and other agreements. With regard to any potential harm from future increases in imports, I want to assure you the Administration will vigorously utilize the early warning import surge mechanism negotiated under NAFTA with respect to tomatoes and sweet peppers. I will also expedite any request for relief under the fast-track provisional relief procedures of Section 202(d) of the Trade Act of 1974. Since your products will, as a result of the NAFTA implementing bill, already be under the U.S. International Trade Commission (ITC) monitoring this will ensure a quick resolution of any such request. If, after investigation, the ITC determines that imports of tomatoes or sweet peppers are a substantial cause of serious injury, or threat thereof, to the domestic industry, I will recommend that the President proclaim provisional relief.

I am also aware of your concern that concessions on tomatoes, sweet peppers and other vegetables in the Uruguay Round, when combined with tariff phase-outs to which we are committed under the (NAFTA), could impair Florida's ability to remain competitive in the production of these crops. Therefore, I want to assure you that the Administration will not agree to tariff cuts in the Uruguay Round of greater than 15 percent (calculated from current levels) on the following sensitive items:

| HS           | Description                                                                                 |
|--------------|---------------------------------------------------------------------------------------------|
| 0702.00.2000 | Tomatoes, fresh/chilled, entered 3/1-7/14, inclusive, or 9/1-11/14, inclusive, in any year. |
| 0702.00.4000 | Tomatoes, fresh/chilled, entered 7/15-8/31, inclusive, in any year.                         |

Mr. Michael J. Stuart

Page Two

November 30, 1993 - FINAL

|              |                                                                                                            |
|--------------|------------------------------------------------------------------------------------------------------------|
| 0702.00.6000 | Tomatoes, fresh/chilled, entered 11/15, in any year, to the last day of the following February, inclusive. |
| 0709.60.0040 | Fruits of the genus Capsicum (peppers), other than chili, fresh/chilled.                                   |
| 0705.11.4000 | Head lettuce, fresh/chilled, 11/1-5/30, inclusive.                                                         |
| 0705.19.4000 | Lettuce, not head lettuce, 11/1-5/30, inclusive.                                                           |
| 0707.00.2000 | Cucumbers, fresh/chilled, entered 12/1-last day of February, inclusive.                                    |
| 0707.00.4000 | Cucumbers, fresh/chilled, entered 3/1-4/30, inclusive.                                                     |
| 0707.00.5000 | Cucumbers, fresh/chilled, entered 5/1-6/30, inclusive, or 9/1-11/30, inclusive.                            |
| 0709.40.2000 | Celery, fresh/chilled, reduced in size.                                                                    |
| 0709.40.6000 | Celery, fresh/chilled, not reduced in size 8/1-4/14, inclusive.                                            |
| 0709.90.4070 | Sweet corn, fresh/chilled.                                                                                 |

In addition, I will recommend to the President that he not use his authority under 19 U.S.C. 2463 to designate these items as "eligible articles" for purposes of the Generalized System of Preferences program.

I know you are concerned about the expansion of Caribbean Basin Initiative (CBI) benefits in the region. As you may know, the countries currently eligible for CBI benefits are listed in the statute. I want to assure you that with regard to possible new participants in CBI because of developments in the hemisphere, we will not grant benefits on fruits and vegetables to any new entrant that would adversely affect your industry.

You have expressed an interest in participating in the Market Promotion Program for enhancing agricultural exports by promoting U.S. agricultural goods in foreign markets. Since this program is administered by the U.S. Department of Agriculture (USDA), I have discussed your interest with Secretary Espy. The Secretary

Mr. Michael J. Stuart

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informs me that in order to be eligible for this program, your organization must make formal application and demonstrate a readiness to match promotion funds which would be provided by USDA. If your organization meets all the requirements, your application will be seriously considered by the Secretary.

I understand that you are concerned that there be adequate inspection by the Food and Drug Administration (FDA) of imported fruits and vegetables from Mexico. I have been advised by the FDA that they constantly monitor the level of imports of FDA-regulated products. The FDA has committed that if it sees a significant increase in imports from Mexico, it will adjust the import program devoted to inspection of these imports accordingly.

Insofar as representation from the Florida Fruit and Vegetable Association on the Agricultural Policy Advisory Committee (APAC) and the Agricultural Technical Advisory Committee for Fruits and Vegetables (ATAC) is concerned, I welcome the continued service of members of the Association on the APAC and ATAC.

I also want to respond to concerns you have raised with respect to several non-trade issues. First, regarding methyl bromide replacement, I have spoken with Secretary Espy and I want to assure you that the Administration is committed to full funding of research for alternative soil and post harvest substances that can be used for both soil and post-harvest fumigation. The Administration recognizes the potential harm to your industry and others unless a satisfactory solution is found, and the President has asked me to assure you that this effort will be given a very high priority. Attached is a breakdown of our current spending on such research in Florida, and Secretary Espy and I want to assure you that this research will be continued, and if necessary expanded in future years.

Under the proposed EPA regulations now being finalized for methyl bromide, production and consumption of methyl bromide will be frozen at 1991 levels beginning in 1994 and continuing until the year 2000. Having also concluded, however, that substitutes for methyl bromide are not available, the EPA proposal did not contain any scheduled reductions--beyond the freeze at 1991 levels--in production or consumption between 1994 and 2000. The proposal also called for termination of production and consumption in the year 2000, by which time we hope to have satisfactory alternatives.

Mr. Michael J. Stuart

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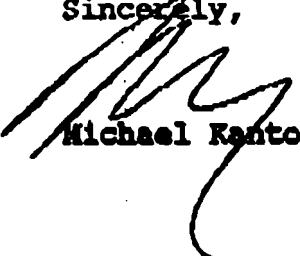
The President wants to assure you that, if no satisfactory alternative is found, the Administration will consider appropriate action to guarantee that our agricultural producers are not left without a commercially viable means of achieving the necessary soil and post-harvest fumigation. Given the critical nature of this substance to our trade interests, you can be certain of my personal involvement in this matter.

With respect to the re-registration of minor use pesticides under the Federal Insecticide, Fungicide and Rodenticide Act, the Administration has already proposed legislation to accommodate your concerns. We are willing to work actively with you to secure the earliest possible enactment of this legislation.

I am pleased to report that Secretary Espy is prepared to continue and expand purchases of fresh vegetables for the school lunch program, including a doubling of the purchases for fresh tomatoes and new purchases of sweet corn. In order to accomplish this, he will work with your industry to put in place the necessary changes in the current system to accommodate fresh vegetables. The Secretary is also committed to the completion of the U.S. Horticultural Research Station in Fort Pierce, Florida. The new facility is in the design stage and is expected to be completed in FY 1998 at a cost of \$33 million. We will complete the construction of this facility and ensure its full funding. Once completed, this facility will expand considerably the number of research scientists working on vegetable research.

I appreciate your support for enactment of NAFTA implementing legislation.

Sincerely,



Michael Kantor

MX:lvc

*See Ghelewais  
Activities*

**United States Department of Agriculture  
Foreign Agricultural Service  
14/Independence, SW  
Washington DC, 20250  
Phone: 202-720-6829  
Fax: 202-720-8097**

**To:** Jay Berman

**From:** Karen Weigert  
USDA  
202-720-6829

**Re:** Fast Track activities

**Date:** September 12, 1997

**Pages:** Three Total

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Attached is a highlight of activities the Secretary has undertaken on behalf of Fast Track.

**Secretary of Agriculture Fast Track Activities  
(Through September 12, 1997)**

***Weeks of August 11, 18, 25, 1997***

**Speeches by Secretary**

Secretary Glickman spoke about Fast Track in speeches given at the State Fairs of Illinois and Iowa. Several hundred people were in attendance at each event.

**Hill Briefing**

Secretary Glickman met with Rep. Clayton (D,NC) and discussed Fast Track and agriculture

***Week of September 1, 1997***

**Throughout the week, Hill Briefings**

Secretary Glickman met with members of Congress, Rep. Cramer (D, AL), Rep. Stenholm (D,TX), Rep. Hefner (D,NC), Sen. Tim Johnson (D,SD), Rep. George Brown (D,CA), to discuss Fast Track and agriculture. (Under Secretary Schumacher also met with members of Congress.)

**September 2, Principals Meeting**

Secretary Glickman, Deputy Secretary Rominger and Under Secretary Gus Schumacher attended a Fast Track meeting at the White House.

**September 4, White House Agriculture Event**

Members of the Agriculture community, primarily Washington representatives of associations and companies attended a White House Fast Track briefing by Secretary of Agriculture Dan Glickman, Dan Tarullo of the White House and Jeff Lang of USTR.

***Week of September 8, 1997***

**September 8, American Farm Bureau Federation**

Secretary Glickman met with Dick Newpher, Executive Director, and Barbara Spangler of the American Farm Bureau Federation and discussed the importance of Fast Track.

**September 9, National Pork Producers Council**

Secretary Glickman met with the Board of Directors of the National Pork Producers Council and discussed the importance of Fast Track.

**September 9, Hill Briefing**

Secretary Glickman met with Sen. Harkin (D,IA), to discuss Fast Track and agriculture. (Under Secretary Schumacher also met with members of Congress.)

**September 10, U.S. Wheat Associates**

Secretary Glickman met with the President and Officers of U.S. Wheat Associates and discussed the importance of Fast Track.

**September 9 and 10, Members of Senate**

Secretary Glickman and Under Secretary Schumacher as well as senior officials from other agencies met with the Senate Democrats organized by Senator Daschle to discuss the importance of Fast Track and receive feedback.

**September 10, Roll Out**

Secretary Glickman attended the Fast Track roll out. In addition, a corn and soybean farmer from Grinnell Iowa, Eugene Lang, spoke about the importance of Fast Track and international trade to the family farmer. Members of the Agriculture community were also on hand to offer their views.

**September 11, Secretary's Speech in Kansas City (linked to Under Secretary's event in Iowa)**

The Secretary gave a speech on Fast Track and its importance for agriculture before about 200 member of the agriculture community. The event was held at a joint Chambers of Commerce meeting, between the Chambers of Des Moines Iowa and Kansas City, in Kansas City. The event was linked by video to a site in Des Moines, Iowa, which was attended by Under Secretary Schumacher. It received extensive coverage in the Midwest.

Under Secretary Schumacher hosted an event in Iowa that was linked to the Secretary's speech in Kansas City; attendees viewed the Secretary live and were able to ask questions directly of Under Secretary Schumacher who also made remarks.

## Unresolved Trade Issues

To: Jay Berman  
From: Karen Weigert, USDA  
Date: August, 21, 1997

As requested this list is a quick look at unresolved issues regarding trade and trade agreements.

### 1. U.S.-Israel Free Trade Agreement

This agreement is viewed by a number of commodity groups to be seriously flawed, if not a complete failure (e.g., apples, pears, grapes, citrus, dried fruit, tree nuts). Despite the existence of the "Free Trade" accord, Israel continues to sharply restrict market access for many U.S. horticultural products in order to protect domestic interests. In addition, Israel routinely demonstrates a complete lack of cooperation in addressing agricultural trade issues of interest to the United States.

### 2. U.S.-China 1992 Memorandum of Understanding

In the 1992 MOU, China committed to eliminate unscientific phytosanitary trade barriers on apples, grapes, citrus and stone fruit by November 1993. In fact, with the exception of limited access for apples (3 PNW states) and grapes (4 California counties), China has yet to honor this agreement.

### 3. NAFTA

\* Wine: The U.S. wine industry has strong negative views relating to the disposition of wine in the NAFTA negotiations. Industry sources have stated that they were led to believe that wine tariffs would be eliminated on an accelerated basis through the Statement of Administrative Action. In fact, the agreement provides for the long term phase out of Mexico's high duties, while the key competitor nation of Chile enjoys duty-free access to the Mexican market.

Potatoes, Potato Products, Cream Cheese, Dried Beans: All of these items were also singled out in the Statement of Administrative Action and expected accelerated reduction of tariffs.

Sugar: U.S. negotiators apparently did not consult with the U.S. sugar industry representatives during the NAFTA sugar negotiations. As a result, the sugar industry did not support the passage of NAFTA as it was originally negotiated. It was only after a side-letter that limited Mexico's access to the U.S. market was negotiated that the sugar industry gave its support to the passage of NAFTA. However, U.S. sugar industry representatives remain tentative about fast track authority because of this previous experience.

### 4. Access to the EU for fresh fruit and vegetables

The provisions of the Uruguay Round agreement actually resulted in increased import protection

*Chile - Mexico  
Bilateral*

in the EU for certain fresh fruits and vegetables. According to industry sources, this occurred despite repeated assurances from the Administration that the agreement would lead to more access, not less.

## **5. Wheat**

U.S. wheat producers believe that the original U.S.-Canada Free Trade Agreement is flawed with respect to the wheat provisions because the Canadian Wheat Board continues to operate freely in our import market yet U.S. wheat still faces many hurdles in entering the Canadian market. The industry believes NAFTA did nothing to rectify the problem, despite various Administration promises that the wheat issues would be addressed. The Uruguay Round made little headway in addressing state trading entities. The wheat industry also saw its export subsidies reduced in the Uruguay Round.

## **6. Uruguay Round**

Philippine TRQ's: The Philippines has been delinquent in implementing its tariff rate quotas for pork and poultry. While provisions were put into place for the last half of 1996, with most of the licenses awarded to producers instead of processors, the TRQs largely went unutilized. The Philippines is currently revising its administrative order to bring their TRQ's into compliance with its WTO obligations. The U.S. pork industry estimates that it has lost approximately \$56 million in exports due to the Philippines noncompliance with its WTO obligations.

Japan Snapback: Under the Uruguay Round, the U.S. and Japan negotiated an import regime for pork that was more liberal than what would have been dictated under the Agriculture Agreement, which would have limited import growth to 5 percent per year. The current safeguard system allows 19 percent growth (calculated quarterly) before triggering the safeguard. Despite the safeguard, U.S. exports of pork to Japan have grown rapidly and U.S. pork exporters perceive the safeguard as an unfair trade barrier. The industry explored submitting a 301 petition last year, but decided against such action. U.S. pork exports to Japan for 1996 amounted to 178,792 metric tons at a value of more than \$750 million. This is an increase of 36 percent, by volume, over the same period in 1995. In 1996, U.S. market share reached 22 percent, up from 15 percent in 1994.

## **7. EU Equivalency Agreement**

The U.S. poultry industry was disappointed with the results of the recently concluded U.S.-EU Equivalency Agreement, the first bilateral agreement to seek to give concrete expression to the Sanitary and Phytosanitary (SPS) Agreement. The EU's refusal to base its SPS measures on a scientific risk assessment and to establish levels of protection resulted in U.S. producers having to strictly comply with a number of EU requirements in order to gain access to the market. Particularly detrimental to the U.S. poultry industry was the EU's steadfast refusal to allow for the use of decontaminants (i.e., chlorine) in poultry chillers. Under the Equivalency Agreement the industry believes that very few U.S. poultry operations will be able to comply with the negotiated requirements, resulting in a loss of \$50 million/year in exports.

## **8. Dairy and Poultry Issues with Canada**

**Dairy:** The U.S. dairy sector has both formally and informally expressed concern about Canada's dairy management system. Their concerns cover both import access and export subsidies. Known formal complaints include, industry efforts to have dairy included as a priority item in the Super 301 list, industry preparation of a 301 case, a price undercutting complaint against Canadian cheese, and a case involving shipments of UHT milk from Quebec to Puerto Rico.

Relative to export subsidies, dairy industry attention has focused on cheese, UHT milk, condensed milk, butter and milk powder shipments to the U.S. or other parts of the world at what is viewed as unfair prices. These prices are possible by Canada's system of milk pooling which allows export subsidization. Recently complaints about fresh milk and other dairy product sales to cruise liners have also become a hot issue.

Relative to import access, the U.S. dairy industry was very disappointed that Canada was allowed to keep its very high tariffs on imports above rather modest TRQ's. For example, the quota for concentrated milk is only 11.7 tons and after that a 255-percent tariff applies. Fresh milk, with a TRQ of 64,500 tons has also become a contentious issue because Canadian authorities assume that the TRQ is filled by cross border consumer trade and, as a result, no commercial imports are allowed at the lower tariff rate.

**Poultry:** For the poultry industry, restrictive TRQ's for most poultry and egg products are the major area of industry concern, but these concerns have not been nearly as forcefully expressed as those for dairy. An issue that may be moving to the forefront, is a new export policy adopted in March of this year. That policy allows processors interested in exporting to contract with individual farmers to raise poultry for export at preset prices. The program is designed to be run at the provincial level with the result that it will probably differ according to the different provinces.



**American Frozen Food Institute • 2000 Corporate Ridge, Suite 1000 • McLean, Virginia 22102**

Telephone (703) 821-0770 • Fax (703) 821-1350 • E-Mail [AFFI@POP.DN.NET](mailto:AFFI@POP.DN.NET)

September 8, 1997

President William Jefferson Clinton  
The White House  
1600 Pennsylvania Avenue, NW  
Washington, DC 20500

Dear Mr. President:

On behalf of the members of the American Frozen Food Institute (AFFI), I am writing to urge your continued efforts to secure fast-track negotiating authority that is consistent with the goals of free and fair trade. Also, AFFI urges you to oppose measures hostile to these goals, such as a front panel country of origin marking requirement for frozen produce packages with imported content, which history indicates may become intertwined improperly with the fast-track debate.

On December 29, 1993, the United States Customs Service issued an interim final rule mandating front panel country of origin marking in direct response to promises made to members of Congress in exchange for their votes earlier that year in favor of legislation to implement the North American Free Trade Agreement (NAFTA). In 1994, AFFI filed suit to block the rule in the Court of International Trade. The Court agreed with AFFI and declared the rule "null and void."

Also, an AFFI-opposed attempt to insert an amendment to require front panel country of origin marking into the implementing legislation of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) was averted in 1994. Reportedly, the amendment was to be offered at that time in an effort to win support for the legislation.

**While strongly supportive of the goals of fast-track negotiating authority, AFFI will vehemently oppose any similar attempt to advance a front panel country of origin marking proposal through one of the "vote trades" or extraneous amendments which may be contemplated by some in a misguided effort to facilitate passage of fast-track legislation.**

As you may know, AFFI is the national trade association representing manufacturers and processors of frozen food products, as well as their marketers and suppliers. AFFI's 550 member companies account for more than 90 percent of the total annual production of frozen food in the United States, valued at approximately \$60 billion.



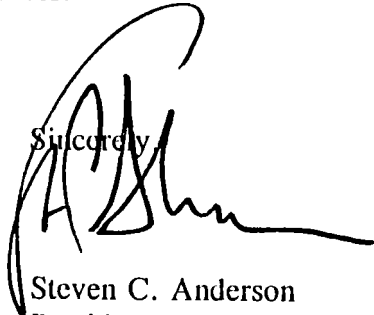
A supporter of free and fair trade, AFFI opposes a U.S. Customs Service proposal currently under consideration to change the location of country of origin marking on frozen produce packages with imported content by requiring that the marking appear on the front panel. AFFI also opposes legislation introduced in the House of Representatives, H.R. 2332, which would institute this change through legislative means.

**As a well-recognized non-tariff trade barrier, the front panel country of origin marking proposal flies in the face of free and fair trade.** The Uruguay Round of GATT prohibits use of country of origin marking requirements as non-tariff barriers to trade. In addition, our North American Free Trade Agreement (NAFTA) partners have objected to the Customs proposal on the ground it violates Annex 311 of NAFTA, which describes proper marking guidelines.

Implementation of the requirement could open the door to international retaliation which could harm U.S. agriculture, as well as U.S. businesses, employees and the economy. Specific to the frozen food industry, the tremendous growth in exports of frozen produce enjoyed by the U.S. industry could come to a halt. **Frozen vegetable exports from the U.S. nearly doubled between 1990 and 1996 -- from 469.2 million pounds to 933.5 million pounds.** Especially during the pursuit of legislation intended to empower the President of the United States to seek agreements to facilitate trade, a measure that could jeopardize this success would be unwise.

Non-tariff barriers are an albatross around the neck of free trade. As such, the front panel marking proposal is inconsistent with fast-track negotiating authority. AFFI shares your belief that it is virtually impossible to negotiate credibly with our trading partners without this authority. AFFI has written to Members of Congress urging them to provide it, without undermining free and fair trade in the process.

Thank you for your consideration.

Sincerely,  


Steven C. Anderson  
President and Chief Executive Officer

SCA/jch



**American Frozen Food Institute • 2000 Corporate Ridge, Suite 1000 • McLean, Virginia 22102**

Telephone (703) 821-0770 • Fax (703) 821-1350 • E-Mail AFFI@POP.DN.NET

September 8, 1997

Mr. Jason Berman  
Counselor to the President  
Old Executive Office Building  
Room 169  
Washington, DC 20502

Dear Mr. Berman:

On behalf of the members of the American Frozen Food Institute (AFFI), I am writing to urge your continued efforts to secure fast-track negotiating authority that is consistent with the goals of free and fair trade. Also, AFFI urges you to oppose measures hostile to these goals, such as a front panel country of origin marking requirement for frozen produce packages with imported content, which history indicates may become intertwined improperly with the fast-track debate.

On December 29, 1993, the United States Customs Service issued an interim final rule mandating front panel country of origin marking in direct response to promises made to members of Congress in exchange for their votes earlier that year in favor of legislation to implement the North American Free Trade Agreement (NAFTA). In 1994, AFFI filed suit to block the rule in the Court of International Trade. The Court agreed with AFFI and declared the rule "null and void."

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A supporter of free and fair trade, AFFI opposes a U.S. Customs Service proposal currently under consideration to change the location of country of origin marking on frozen produce packages with imported content by requiring that the marking appear on the front panel. AFFI also opposes legislation introduced in the House of Representatives, H.R. 2332, which would institute this change through legislative means.

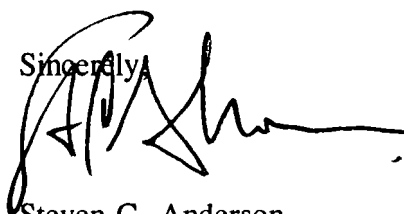
**As a well-recognized non-tariff trade barrier, the front panel country of origin marking proposal flies in the face of free and fair trade.** The Uruguay Round of GATT prohibits use of country of origin marking requirements as non-tariff barriers to trade. In addition, our North American Free Trade Agreement (NAFTA) partners have objected to the Customs proposal on the ground it violates Annex 311 of NAFTA, which describes proper marking guidelines.

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Non-tariff barriers are an albatross around the neck of free trade. As such, the front panel marking proposal is inconsistent with fast-track negotiating authority. AFFI shares your belief that it is virtually impossible to negotiate credibly with our trading partners without this authority. AFFI has written to Members of Congress urging them to provide it, without undermining free and fair trade in the process.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Anderson', written over the word 'Sincerely'.

Steven C. Anderson  
President and Chief Executive Officer

SCA/jeh

The problem with this choice is that if it doesn't rain...in a very regular fashion...these ideas of 200 bu/acre end up bringing in 80-90 bu/acre due to very small ears. And it hasn't rained.

WPI ANALYSIS: The difficulty with this scenario to the marketplace is that in its August report, USDA will be surveying the number of plants and the conditions of these stands of corn. They, however, will not factor calculations such as ear size, diameter, and numbers of rows of kernels into the yield calculation formula until September. This strongly suggests that USDA's corn production figure will remain well above what crop scouts and sources are actually finding in the ears. It seems likely to us that USDA's corn estimate next Tues will fall between 9.5 and 9.6 billion bu. After the weather uncertainties and crop concerns, the market and particularly end users will probably take such an estimate with a sigh of relief. But if the corn crop is more likely to fall eventually somewhere between 9.1 and 9.4 bln bu as we are now inclined to expect, a USDA estimate of 9.5 or 9.6 can mislead those who have not done their homework. That is the head fake potential, as we call it. For the marketplace, this potentially raises more questions than it answers.

We should also note, since it is so important to what develops in this 97/98 corn crop year, that a corn crop of 9.4 bln bu or less is not big enough. A crop of that size will almost assuredly cause a reduction of ending corn stocks, keeping them below the 1.0 bln bu mark, and this is not good news.

It should also be pointed out that for Illinois at least, time has about run out for this year's corn crop and even a significant rain will not help yields much. Rainfall, however, could still benefit the soybean crop. Scouts this week have noted, however, that the soybean crop appears to be roughly 10 days ahead of schedule as it was also seeded early this year. In the southern half of the corn/soybean belt, the crop is now approaching the point where the number of pods set has been determined and rain may only aid in increasing the size of the bean. In northern sections, however, this rain should greatly benefit the crop.

#### POLICY

#### 7. FAST TRACK NEGOTIATING AUTHORITY GIVES AG LEVERAGE:

The President has stated that securing the necessary congressional mandate for fast track negotiating authority is one of his top priorities this fall. It is also a priority of the business community. We expect fast track legislation to clear both houses of Congress prior to the President's April 1998 journey to the Summit of the Americas in Santiago, Chile. In the meantime, though, the big trade-offs will begin as the Administration scrambles to buy enough votes to put together a package that will enable the US to lead in regional (FTAA, APEC), bilateral (Chile, Australia, Singapore) and multilateral (WTO) trade initiatives.

Senate Minority Leader Tom Daschle (D-SD) has staked out his priorities in an August 1 letter to Trade Ambassador Barshefsky in which he emphasizes agricultural trade. He asks Amb. Barshefsky: "What steps is the Administration taking to systematically dismantle foreign agricultural trade barriers?" Daschle notes that ag trade barriers are a large proportion of the total listed in the official annual National Trade Estimates survey. Daschle singles out particularly untransparent SPS measures as well as practices of state trading enterprises like the Canadian Wheat Board (Editors comment: Isn't that a surprise?).

Daschle, with Sen. Grassley (R-IA) has introduced legislation to institutionalize procedures for setting agricultural trade priorities, patterned after the earlier "special 301" in order to increase US leverage in the upcoming 1999 WTO negotiations to continue the Uruguay Round liberalization.

WPI ANALYSIS: Now is the time for agricultural interests to weigh in heavily in shaping the trade negotiation agenda. The Clinton Admin is counting on US agriculture to deliver many of the votes necessary to win fast track legislation. This means that agriculture may count more now than in the future--once the deal has been signed.

We raise two commitments that need to be high on the agenda--and that we will examine more closely next week.

*all in*  
First, agriculture has to be negotiated as a priority issue in all trade negotiations--bilateral, regional, multilateral. There are proposals to circulating in the FTAA, for example, to negotiate some issues and products early in the process leading to 2005 and others later in the game. This would be a serious mistake. The only way you get anything substantial done in agriculture is to keep it linked to other high priority sectors/issues.

Second, in the case of FTAs, the US/Mexico model must be the standard in both bilateral and regional negotiations. That model is that the FTA commits all parties to phase down tariffs on all agricultural and food products to zero by a date certain--in the NAFTA over 10-15 years. If you don't set this standard, you get many preferential or trade-diverting deals that cut out all kinds of products and are not free trade--such as those FTAs negotiated by Canada with the US, Mexico and Chile (we'll have more on this Monday).

In our view, if agriculture doesn't use its political leverage to get these commitments during fast track negotiations, then it will be left behind when trade negotiations begin because other high profile and big ticket industry, telecommunications, technology and service industries will dominate the agenda.

## 8. CALENDAR: Next Week:

## FUTURE PERSPECTIVES

Next Week: August 11 - 15

## MONDAY

- USDA Weekly Crop Progress Report
- USDA Weekly Grain Inspection Report

## TUESDAY

- USDA Grain Under Loan Report
- USDA World S and D Estimates Report
- USDA Crop Production Report
- USDA Cotton Ginnings Report

## WEDNESDAY

- USDA/FAS World Grains Market Report
- USDA/FAS World Oilseeds Market Report
- USDA/FAS World Agric. Production Report
- USDA/FAS World Cotton Market Report
- USDA Turkey Hatchery Report
- USDA/ERS Outlook Reports on Grains, Oilseeds
- USDA Broiler Hatchery Report

## THURSDAY

- USDA Export Sales Report
- EU Grains Management Committee Meeting
- USDA Vegetable Report
- USDA/NASS Milk Production Report

## FRIDAY

- Commitment of Traders Rpt on Futures/Options
- USDA Weekly Cheddar Cheese Report
- NOPA Weekly Soybean Crush Report
- USDA Cattle on Feed Report
- USDA/NASS Farm Labor Report
- USDA/NASS Mushrooms Report
- USDA/ERS Livestock, Dairy and Poultry Report
- EU Holiday

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MMMM

**United States Senate**

WASHINGTON, DC 20510

March 7, 1995

The President  
The White House  
Washington, D.C.

Dear Mr. President:

We write today to request your immediate attention to a NAFTA-related matter of continuing concern to many Members of Congress. A number of industries in the United States -- including flat glass, wine, home appliances, and others -- found themselves essentially locked out of Mexico because of high tariffs. These Mexican tariffs will phase out over ten years while U.S. tariffs on these products were already zero, or will be phased out quickly. Hence, U.S. producers will be at a considerable competitive disadvantage for up to ten years.

As you recall, accelerated elimination of Mexico's tariffs on these products was a critical issue in the final days of the Congressional consideration of NAFTA. Indeed, accelerated duty reduction on these products was among the goals identified in the November 3, 1993, exchange of letters between Ambassador Kantor and his Mexican counterpart, and was repeated in the NAFTA Statement of Administrative Action.

Assurances that accompanied the exchange of letters led the various U.S. industries to become active advocates for NAFTA. Ambassador Kantor set a timetable consistent with the commitments made to the Congress that the negotiations would be completed within 120 days of commencement. Negotiations should have been completed by late June of last year. Unfortunately, little or no progress has been made as of February of this year because of positions taken by the Government of Mexico. The need for tariff parity with Mexico for these U.S. industries has become even more urgent with the recent devaluation of the peso, which facilitates Mexico's access to the U.S. market while creating a new barrier to U.S. access there.

The President  
March 7, 1995  
Page 2

We understand that USTR intends to continue seeking progress in the months ahead, and we commend USTR for its determination. However, such efforts in the past have been insufficient to move the Mexican government to fulfill its commitments. Hence we have concluded that it is necessary to ask you to make resolution of the duty acceleration issue a priority in U.S.-Mexico trade relations with the objective of obtaining a successful resolution within the next two months.

We thank you in advance for your attention to this issue and look forward to your response.

Sincerely,



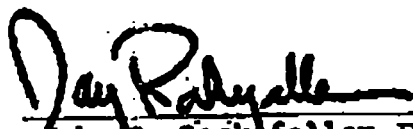
Rick Santorum  
United States Senator



John Glenn  
United States Senator



Mike DeWine  
United States Senator



John P. Rockefeller IV  
United States Senator



Tom Harkin  
United States Senator



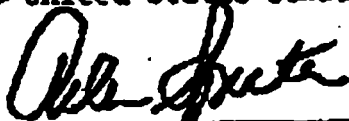
Paul Simon  
United States Senator



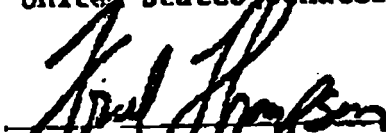
Spencer Abraham  
United States Senator



Carol Moseley-Braun  
United States Senator



Arlen Specter  
United States Senator



Fred Thompson  
United States Senator

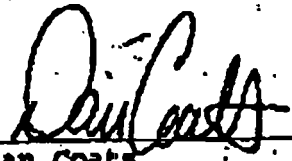


Richard G. Lugar  
United States Senator

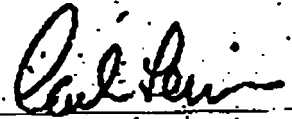


Alfonse M. D'Amato  
United States Senator

The President  
March 7, 1995  
Page 3

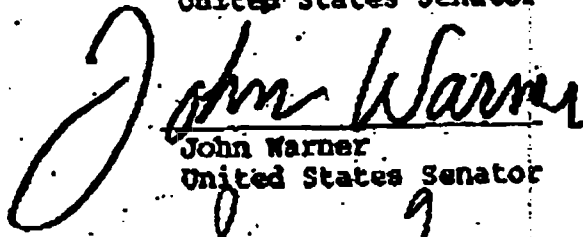
  
Dan Coats  
United States Senator

  
Barbara Boxer  
United States Senator

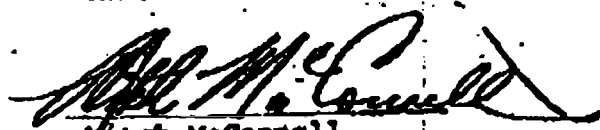
  
Carl Levin  
United States Senator

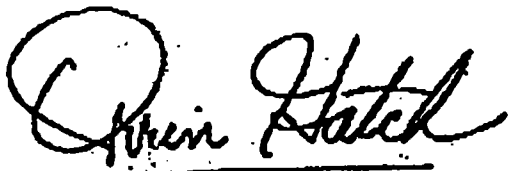
  
Charles S. Robb  
United States Senator

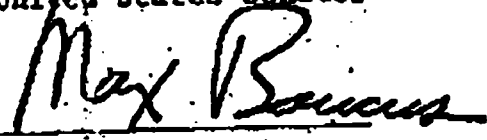
  
Jesse Helms  
United States Senator

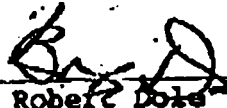
  
John Warner  
United States Senator

  
Sam Nunn  
United States Senator

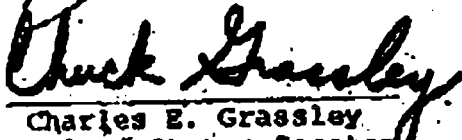
  
Mitch McConnell  
United States Senator

  
Orrin G. Hatch  
United States Senator

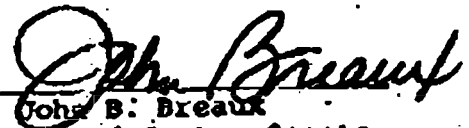
  
Max Baucus  
United States Senator

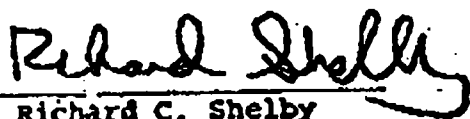
  
Robert Dole  
United States Senator

  
James M. Inhofe  
United States Senator

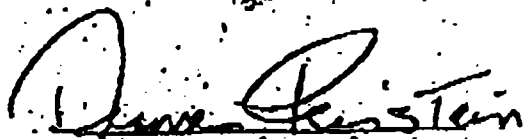
  
Charles E. Grassley  
United States Senator

  
Paul Coverdell  
United States Senator

  
John B. Breaux  
United States Senate

  
Richard C. Shelby  
United States Senator

The President  
March 7, 1995  
Page 4

  
Dianne Feinstein  
United States Senator

# WINE INSTITUTE

425 MARKET STREET, SUITE 1000 • SAN FRANCISCO, CALIFORNIA 94105

TELEPHONE 415/512-0151

JOHN A. DE LUCA  
PRESIDENT

June 14, 1995

The Honorable Michael Kantor  
U. S. Trade Representative  
600 17th Street, N.W.  
Washington, D.C. 20506

Dear Mickey:

I believe the timing is right for me to directly discuss with you our response to your letter of May 1, 1995. Since that date we have been apprised of the many further discussions you have had regarding the NAFTA accession negotiations with Chile, both within the Administration and with members of Congress.

Especially important for us is to agree to close and cooperative efforts to implement the plan of contact, consultation and outcome you outlined in your letter and to fulfill the commitment made to our Wine Institute delegation in our meeting with Chief of Staff Leon Panetta at The White House on May 18, 1995.

I look forward to seeing you soon and specifically request a meeting for me and Bobby Koch with you in Washington, D.C. on Thursday, June 22nd or Friday, June 23rd.

Warmest regards.

Sincerely,



John A. De Luca  
President

JDL:kc

cc: Senator Dianne Feinstein  
Congressman Vic Fazio

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

**June 22, 1995**

**The Honorable Mickey Kantor**  
**United States Trade Representative**  
**600 17th Street, N.W.**  
**Room 209**  
**Washington, DC 20508**

**Dear Ambassador Kantor:**

**It is likely that the United States and Chile will enter into formal accession negotiations very soon. While we believe this possible agreement is another positive step towards promoting the larger goal of trade liberalization throughout the world, we also believe that the U.S. wine tariffs should not be lowered in any agreement with Chile.**

**Currently, the United States already has the lowest wine tariffs of any major wine producing country. Also, the domestic wine industry has suffered greatly as a result of recent trade agreements adopted by the United States. Given these dynamics, the United States wine industry would bear extreme adverse consequences, while Chilean wine producers would enjoy tremendous benefits from an accord that would further erode the U.S. wine industry's competitiveness in a world market. There are several reasons we have come to this conclusion:**

- o The Uruguay Round agreement lowered the U.S. tariff on wines, which are already the lowest of any major wine producing country, by 38%, when other countries, including members of the European Union, are lowering their higher tariffs by only 10% - 20%;**
- o NAFTA's immediate opening of the U.S. brandy market to duty-free competition from the much larger Mexican brandy industry on an unreciprocated basis; and**
- o The wine provisions in the NAFTA and the Canada/US Free Trade Agreement have enable Chile to benefit from discrimination against the U.S. wines by Mexico and two key Canadian provinces.**

The industry's estimate shows that over 600,000 jobs depend upon the U.S. wine industry. The facts bear out that both the U.S. wine industry and the domestic wine grape growers have not been accorded a "level playing field" on which to compete. The time has come for this important domestic industry to stop being a "negotiation tool" for international trade agreements.

Thank you for looking into this matter. We look forward to your reply.

Sincerely,

Carmy Comit

Rene V. Dell

Tony E. L...

Bob Filner

Gustavo E. Lopez

Melanie Walker

Jack Hansen

Richard Paul

Robert Allatoni

Frank Riggs

Lynn C. Wadley

Nancy Pelosi

Vic Fazio

Sam Tan

Howard I. Brown

Jack

Keri ClarkTom LantosP.O.Lucille Rayel-AllardElton GalleysWm G. EshesStephen HornBoyz BakerAnna HuntFrank J. J. J.Ray F. J. J.Wm J. J. J.John L. DabittleWm J. J. J.Wm J. J. J.George E. Brown Jr.Jay KimWm J. J. J.Jersey LewisWm J. J. J.Wm J. J. J.Wm J. J. J.Wm J. J. J.Wm J. J. J.

Matthew S. Vickers

*Sarah Rose*

DIANNE FEINSTEIN  
CALIFORNIA



# United States Senate

WASHINGTON, DC 20510-0504

(202) 224-3841

COMMITTEE ON FOREIGN RELATIONS  
COMMITTEE ON THE JUDICIARY  
COMMITTEE ON RULES AND ADMINISTRATION

February 15, 1996

The Honorable Mickey Kantor  
Office of the United States Trade Representative  
600 17th Street, NW  
Washington, D.C. 20506

Dear Ambassador Kantor:

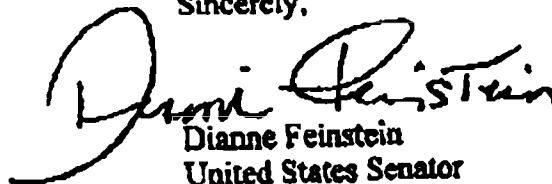
Thank you for your recent letter regarding the current status of the United States/Mexico trade dispute involving wine and brandy. While I appreciate your efforts on this important issue, I remain deeply concerned with the lack of progress to date.

The domestic wine industry supported the North American Free Trade Agreement with the understanding that within 120 days of passage, the Mexico tariff on U.S. brandy would fall to the duty-free status Mexican brandy enjoys in the U.S. and the Mexico tariff on U.S. wine would be reduced to match the Mexico duty on Chilean wine.

However, Mexico continues to resist accepting its obligations to reduce the tariff on wine and brandy. The Administration is proceeding with a number of trade initiatives involving Latin America, including the accession of other nations to the NAFTA, the "Enterprise for the Americas" initiative and legislation to extend "fast track" negotiating authority. I am troubled that the wine and brandy issues, which I understood were to be addressed in the context of obtaining passage of NAFTA, could be traded away again, perhaps in the context of Chilean accession. The failure to address the legitimate concerns of our domestic wine industry raises significant questions in my mind regarding the Mexican government's willingness to honor future trade commitments.

I will continue to raise the concerns of this important sector of the California economy and look forward to bringing about meaningful reform on these important trade goals. Thank you once again for your interest and involvement.

Sincerely,

  
Dianne Feinstein  
United States Senator

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THE SAN DIEGO UNION-TRIBUNE

Friday, December 13, 1996

# California vintners angry as Mexico raises tariffs

By S. Lynne Walker  
COPLEY NEWS SERVICE

MEXICO CITY — The Mexican government, angered by new trade measures imposed by President Clinton to protect the U.S. broom industry, retaliated yesterday by raising tariffs on American brandy and wines.

Calling Clinton's action inconsistent with the North American Free Trade Agreement, Mexico slapped a 20 percent duty on wine, brandy and Tennessee whiskey, along with higher tariffs on several other U.S. products, such as wooden furniture, glass and notebooks.

The products targeted by the Mexican government were "subject to contentious negotiations" during the NAFTA debate, according to a U.S. trade official.

"All of the products have a history to them," the official said. "They certainly were not randomly selected."

The California wine industry, which



**"This latest action confirms Mexico's desire to protect its wine and brandy industries."**

**THE WINE INSTITUTE**

produces 90 percent of U.S. wines, assailed the Mexican government's decision.

"This latest action confirms Mexico's desire to protect its wine and brandy industries," said the Wine Institute, a trade organization that represents 450 California vintners and growers.

See TARIFFS on Page A-26

# Tariffs

'Products not randomly selected,' U.S. official says

*Continued from A-1*

However, a senior official in the Mexican government insisted that the dispute "is not about wine or glass. This is an issue of open trade and an issue of respecting the law and the spirit of NAFTA."

Mexico took the action, which is permitted under the free-trade agreement, after attempting to settle the broom dispute during a meeting Wednesday with U.S. trade officials.

When the United States refused to remove tariffs — unilaterally approved by Clinton on Nov. 28 — on 40 percent of Mexico's straw-broom exports, the Mexican government moved to compensate for the financial loss by increasing tariffs on an equivalent amount of U.S. products.

U.S. representatives deny the decision has triggered a minor trade war.

"If it's a war, then it's over. The salvos have been fired," said the Washington trade official.

"People assume that we shot down Mexican exports. That's not the case," he said. "Only 40 percent of Mexico's (broom) exports are affected. The other 60 percent continue to have duty-free access to the United States."

Although the tariffs could remain in effect for three years, the Mexican government says it will appeal the decision in hopes of settling the matter quickly.

"The party most interested in resolving this is the Mexican government," said the senior official. "We are pro-free trade. We are confident we will be able to find a resolution to this issue soon."

The controversy surrounding the impact of NAFTA on the U.S. and Mexican straw-broom industries has proved particularly difficult to resolve.

For three decades, the United States imposed a 32 percent tariff to protect its straw-broom industry from Mexican imports. The Mexi-

can government alleged that this tariff was simply an economic barrier to keep its producers out of the market, and under NAFTA it disappeared.

U.S. straw-broom manufacturers, whose family businesses date from the early 1900s, warned that the American industry would disappear right along with the tariff. They said they could not compete in the labor-intensive business of Mexican broom companies, which operate with substantially lower labor costs, were allowed to ship their products into the United States duty-free.

The Clinton administration, in a last-minute concession aimed at swaying votes in favor of NAFTA, pledged an executive branch review of adverse impacts on the domestic broom industry.

Now that the administration has decided in favor of U.S. broom manufacturers, American wine producers say they have been unwittingly drawn into the trade dispute.

Mexico sought throughout the NAFTA negotiations to protect its burgeoning brandy industry and Baja California's fledgling wine manufacturers, American vintners say.

California wine producers pointedly note that Mexican brandy enters the United States duty-free, while Mexico's tariffs on U.S. brandy will not be eliminated until after the turn of the century.

"The brandy market is mature and Mexico is doing its level best to protect it," said a representative of the California wine industry.

Mexico's wine industry, which produces less than 10 million cases a year from grapes grown in a valley about 25 miles northeast of Ensenada, is struggling to establish markets in Mexico.

Stiff competition from the sophisticated California wine industry, which produces more than 125 million cases a year, could decimate Mexican vintners' efforts to create greater market share.

California producers "viewed Mexico as a potentially terrific market when NAFTA was being negotiated," said the wine industry representative. "Clearly, we weren't pleased with the terms of the agreement. Now, this new tariff worsens a situation which was already bad."

*It not began as a battle over brooms  
has escalated into the biggest conflict in the 3-year  
history of the North American Free Trade Agreement*

# Wine held hostage

## State's vintners are caught in a trade battle with Mexico

By TED APPEL  
Staff Writer

California wineries have become hostages in a trade battle between the United States and Mexico, a squabble that has quickly escalated into the biggest conflict in the three-year history of the North American Free Trade Agreement.

No trace is in sight to end the dispute, which has left a bitter taste in the mouths of many vintners and threatens to battle up U.S. wine exports to Mexico.

"It's unfortunate and unfair," said Gary Koch, head of Korbel Champagne Cellars in Grosseville.

Last month, Mexico retaliated against Washington trade policies by raising tariffs on U.S. wine, brandy and a half-dozen other products.

Vintners say the trade dispute could have a long-term impact on U.S. wine shipments to Mexico, the fifth-largest export market for California wineries two years ago before the peso crisis sent the Mexican economy into a tailspin.

"Long term, it is a blow to the California wine industry because it is going to make it that much more difficult for Mexican consumers to discover California wine," said Bobby Koch, senior vice president of the Wine Institute, the San Francisco trade group that represents vintners. It all started off as a battle over brooms.

The North American Free Trade Agreement, which took effect in January 1994, lowered tariffs and other trade barriers among the United States, Mexico and Canada. The accord, however, contains a provision that allows member nations to protect domestic industries threatened by cheaper foreign imports.

American broom manufacturers complained that a flood of low-cost Mexican brooms eliminated 300 jobs in the first two years under NAFTA. If left unchecked, threatened to sweep their industry away.

In July, the U.S. International Trade Commission agreed Mexican imports of short American broom makers

and recommended that President Clinton raise tariffs on corn-straw brooms to their pre-NAFTA levels.

Clinton accepted the recommendation and imposed a three-year tariff on Mexican broom imports in November, reinstating the 33 percent import tax on broom imports that existed as annual quota of brooms shipped into the country duty-free.

Two weeks later, Mexico retaliated by raising tariffs on U.S. wine and a half-dozen other products, including brandy, wine coolers, Tennessee whiskey, wood furniture, flat glass, notebooks and freckles.

Import taxes on U.S. wine jumped from 14 percent to 30 percent, adding 60 cents to the price of a \$10 bottle of wine. Tariffs on U.S. brandy rose from 12.2 percent to 30 percent, adding 70 cents to the price of a \$10 bottle of brandy.

Mexico also imposed a 30 percent tariff on U.S. sparkling wine, which had been entering the country duty-free, adding \$2 to the price of a \$10 bottle of champagne.

The tariffs infuriated California vintners, who are still smarting over an unkept promise that persuaded them to support the trade accord.

American winelovers are upset that NAFTA gave Mexico 10 years to scale back tariffs on U.S. wines while an

emerging competitor, Chile, negotiated a separate agreement that gave its wineries duty-free access to Mexico in four years. Meanwhile, the United States eliminated its tariffs on Mexican brandy and wine coolers immediately under NAFTA, but allowed Mexico to phase out its tariffs on the two products over six and 10 years, respectively.

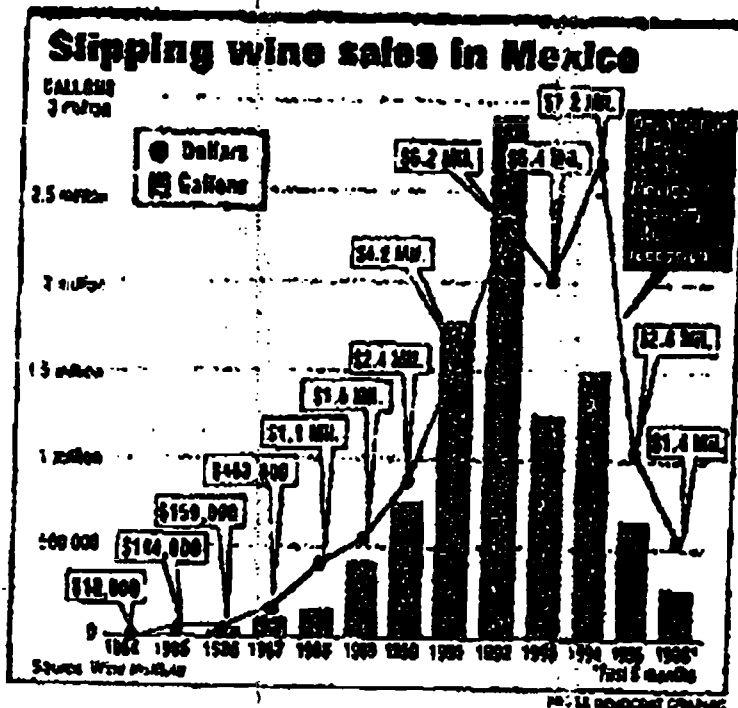
In 1993 on the eve of NAFTA's approval, the Clinton administration promised wine industry officials that it would persuade Mexico to accelerate the removal of tariffs, treating U.S. and Chilean wines equally. U.S. trade officials breached the promise after NAFTA was approved, but Mexico was not serious about removing the import tax, Koch said.

"It still is a key issue. It is important for trading partners to hold up their end of the bargain," he said.

The immediate impact of the tariffs is "minimal," Koch acknowledges, because U.S. vintners are not shipping much wine over the border today. It is the long-term implications that worry winemakers.

U.S. wine exports to Mexico tumbled following devaluation of the peso in late 1994, which sent the Mexican economy into recession and caused U.S. products to become twice as expensive.

See Page E7



1/15/97

*Continued from Page E1*  
 as expensive for Mexican consumers.

"No one knew what the price was anymore and it became a very unstable situation," said Joe Kollo, director of the International Department for the Wine Institute.

U.S. wine shipments to Mexico plunged 61 percent, falling from \$7.2 million in 1994 to \$2.8 million in 1995. As a result, Mexico went from the fifth largest export market for U.S. wineries to 19th.

Wine exports have not yet rebounded. In the first six months of 1996, Mexico slipped again to become the 16th largest export market for U.S. wineries, which sent \$1.4 million in wine over the border.

Still, wineries are worried the trade dispute poses a long-term threat to the U.S. wine sales in Mexico. With duty-free access to Mexico, Cuban wineries can undercut the prices of U.S. wines and build market share.

"The Cubans have a distinct advantage," Koch said. "It makes it that much more difficult to capture market share down the road."

Despite the recent drop in U.S. wine shipments over the border, wineries believe Mexico could become a major market. Beer, tequila and brandy are already mature markets in Mexico, and the Mexican economy is improving. "We believe that it is just a natural at some point in time for Mexicans to discover wine," Koch said.

The tariff hikes signal a new resolve by Mexico to oppose what it views as U.S. protectionist policies, said economist Gary Ruffner, a senior fellow at the Institute for International Economics and an expert on NAFTA. Mexico has felt slighted in previous disputes on trucking, tomatoes and avocados. Ruffner predicted that Mexico will withdraw their present retaliation on wine — and totally eliminate the wine tariff ahead of schedule — when it senses that Washington is willing to open trade.

"Mexico is building up a chip. When the mood is right, they will play that chip," Ruffner said.

The issue may come to a climax

it is just a natural at some point in time for Mexicans to discover wine."

ARMY KOCK,  
 SENIOR V.P., WINE INSTITUTE

In July, when the Clinton administration is scheduled to issue a report on NAFTA, Ruffner said.

The U.S. government is evaluating the scope of Mexico's retaliatory package and deciding the best forum to challenge it, said Jay Ziegler, a spokesman for the U.S. Trade Representative. The retaliatory tariffs imposed by Mexico are at least twice as big as the U.S. tariffs on corn from imports, and possibly larger, he said.

"We have very strong and immediate concerns that the value of trade involved in Mexico's retaliatory action is vastly beyond the value of trade that would be affected in corn from trade," Ziegler said.

Despite the current dispute, Ziegler said NAFTA is working well. Last year, U.S. exports to Mexico rose an estimated 21 percent, twice as fast as total export growth.

"This is an agreement that is working well, and we certainly want to sustain progress," Ziegler said.

"Trade disputes are part of the business of trade agreements. This is not the first dispute that we've had with Mexico. On a series of issues over the last year and a half, we have been able to reach agreements that worked to the interest of both countries and we would like to do that again here," he said.

Winners hope it will be settled soon.

"I would eventually like to build that business down there, but things have to be equal," said Korb's Neck.

Sacramento, CA  
(Sacramento Co.)  
Sacramento Bee  
(Cir. D. 270,000)  
(Cir. S. 338,000)

**JUL 12 1997**

# NAFTA called a winner for U.S.

Associated Press

WASHINGTON - Mexico's admission to the free trade zone with the United States and Canada 3½ years ago helped U.S. companies grab huge shares of Mexico's market from foreign competitors, the Clinton administration said Friday.

The gains range from textiles to transportation equipment to electronic appliances, it said in its initial assessment of the controversial North American Free Trade Agreement.

But the assertion was labeled irrelevant by critics who contended U.S. employers are moving factories to Mexico and, even when they're staying put, are using the threat of moving to hold down wages.

"While stockholders and corporate executives are making record profits, the real wages of working people in America are at a standstill," said Teamsters President Ron Carey.

The report, released at a news conference by top members of Clinton's economic team, said the pact has had a modestly positive impact on American jobs and incomes, even though U.S. trade deficits with Mexico and Canada have grown fourfold since it took effect on Jan. 1, 1994.

The administration said exports to Mexico supported the creation of 122,000 new jobs in the United States. That's a modest amount in an economy that routinely creates twice that many jobs each month, but it's a far cry from the "giant sucking sound" of jobs being pulled from the United States predicted by Ross Perot.

"NAFTA has already proved its worth to the United States," President Clinton said in a letter transmitting the document to Congress. "NAFTA is an integral part of a broader growth strategy that



**Ron Carey**

U.S. workers' wages are stagnating, the Teamsters leader says.

has produced the strongest U.S. economy in a generation."

The administration said Mexican tariffs on U.S. goods have fallen from 10 percent in 1993 to 2.9 percent. As a result, U.S. suppliers have seen their share of Mexico's import market grow from 69.3 percent to 75.5 percent.

The U.S. share of Mexican textile imports jumped 17.2 percentage points to 86.4 percent, it said. The share of transport equipment sector rose 19.2 percentage points to 83.1 percent and the share of electronic goods and appliances have risen 5.7 percentage points to 74.3 percent.

But NAFTA opponents, including such traditional Democratic constituencies as organized labor and environmentalists, were not impressed with the 140-page report.

"You won't read about the working men and women who have been laid off or forced to take a pay cut since NAFTA," said House Minority Whip David Bonior, D-Mich. "You won't read about those corporations . . . now using it as a bargaining chip to drive down the paychecks and benefits of working families."

Also unimpressed was the California wine industry. Though Clinton promised he'd push Mexico for a faster phaseout of its wine tariffs, Mexico's wine tariffs are as high as ever.

"NAFTA has greatly damaged the U.S. wine and brandy industry," winemaker Ernest Gallo, chairman of E&J Gallo winery in Modesto, said Friday in a statement. "... Our wine business in Mexico has been reduced to shipping one-half now of what we were shipping before NAFTA."

America's trade balance with Mexico has gone from a surplus of \$1.7 billion in 1993, the year before NAFTA went into effect, to a record deficit of \$16.2 billion last year. The imbalance with Canada went from \$10.8 billion in 1993 to \$22.8 billion last year.

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

October 4, 1993

The Honorable Mickey Kantor  
U.S. Trade Representative  
Winder Building  
600 Seventeenth Street, N.W.  
Washington, DC 20506

Dear Ambassador Kantor:

As Members of the California Congressional Delegation who have not made a final determination on the North American Free Trade Agreement, we write once again to raise an issue that greatly affects our state: the inequitable treatment of wine and brandy in the NAFTA.

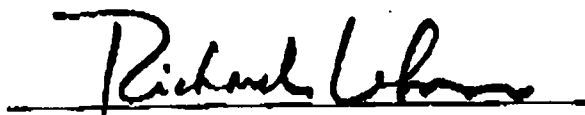
As you know, the NAFTA text as negotiated imposed two major inequities on the U.S. wine industry. First, the tariff cuts on wine coolers and brandy are not reciprocal. While the U.S. tariff on Mexican imports would be eliminated immediately, the 20% Mexican duty on U.S. wine coolers and brandy would only be phased out over six and ten years respectively.

Even more unfair to our wine industry are the more favorable wine, wine cooler and brandy provisions granted to Chile within the Mexico-Chile trade agreement implemented last year. In 1996, when U.S. products under NAFTA would still be paying 14% duty, Chilean wine and brandy will be entering Mexico entirely duty-free.

Our concerns can be resolved now, prior to the vote on the NAFTA, without reopening the agreement by having you and your Mexican counterpart agree in writing to an accelerated tariff reduction schedule. We request that you do so. Specifically, the Mexican tariff on U.S. wine should be reduced to the level of its tariff on Chilean wine. Also, U.S. brandy and wine coolers should be accorded the same duty free treatment that Mexican brandy and wine coolers are scheduled to receive entering the U.S. The resolution of our concerns will eliminate an important problem that currently prevents our support.

Best regards,

  
Carlos V. Moorhead, M.C.

  
Richard H. Lehman, M.C.

THE UNITED STATES TRADE REPRESENTATIVE  
WASHINGTON  
20006

November 8, 1993

The Honorable Richard H. Lehman  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Congressman Lehman:

Pursuant to your request, you have my personal commitment that, within 120 days of the coming into force of NAFTA, I will personally negotiate the immediate reduction of Mexican tariffs on U.S. wines to the level of Mexican tariffs for Chilean wines and, thereafter, have them fall in parallel with future reductions in such tariffs. Also, you have my personal commitment that, within 120 days of the coming into force of NAFTA, I will personally negotiate the immediate reduction of Mexican tariffs on U.S. brandies and wine coolers to zero.

Sincerely,

  
Michael Kantor

Same letter sent to  
Sen. Feinstein

THE UNITED STATES TRADE REPRESENTATIVE  
Executive Office of the President  
Washington, D.C. 20508

NOV 13 1993

The Honorable Dianne Feinstein  
United States Senate  
Washington, D.C. 20510-0504

Dear Senator Feinstein:

I am responding to your letter of October 22 concerning Mexico's duties on U.S. brandy.

We have had several conversations about Mexico's high duties on U.S. brandy, as well as wine and other goods. While the NAFTA, as negotiated, will benefit the U.S. brandy industry by opening the Mexican market, faster elimination of Mexico's tariffs would clearly produce these benefits more quickly.

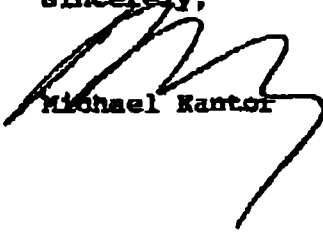
For this reason, I have reached agreement with Dr. Jaime Serra, Mexico's Secretary of Commerce and Industrial Development, to begin negotiations to accelerate tariff reductions more quickly than those agreed to in the NAFTA. We will begin this exercise immediately after the NAFTA enters into force, and expect to conclude an agreement within 120 days. I would welcome a U.S. industry request for the acceleration of tariff reductions on wine and brandy and would consider it as one of our top priorities.

Because of the NAFTA, the United States and Mexico are not engaged in bilateral negotiations in the GATT. I understand that other countries, notably the Europeans, are interested in Mexico's participation in the zero-for-zero offer on brandy.

I believe the NAFTA approach would be much more in the United States' interest than a GATT solution. A GATT outcome would result in Mexico opening its brandy market to most of the world, while a NAFTA tariff acceleration agreement would provide the benefits of lower Mexican tariffs on brandy only to the United States and Canada.

I hope that the efforts of Administration and the Congress over the last two weeks as we finalized the NAFTA implementation legislation has convinced you of the advantages of conducting trade relations with Mexico under the framework of the NAFTA. With your support, we will have the opportunity to pursue even faster access to the Mexican brandy market in January.

Sincerely,



Michael Kantor

From: Jim Claugon

LUCA WINE INSTITUTE

11-04-1993 08:57 FROM IBC INC

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2960879 P.01

THE WASHINGTON POST

# Mexico Yields on NAFTA to Gain Votes

By Peter Behr  
Washington Post Staff Writer

The Clinton administration won a series of last-minute concessions from Mexico yesterday intended to gain support for the North American Free Trade Agreement from lawmakers representing U.S. citrus and sugar producers.

To raise the pressure on those lawmakers, administration officials told them that the changes would not be incorporated into NAFTA unless they committed themselves to vote for the trade agreement, sources said.

"It is a quid pro quo," said a top member of the administration's NAFTA lobbying team. "We're not going to do this unless it's going to deliver a significant number of votes."

Administration officials and their congressional allies were determined to avoid a repeat of a setback last week, when the announcement of a provision sought by the Congressional Hispanic Caucus was followed by only one new vote for the trade agreement from those lawmakers.

The administration is battling to round up the votes needed to approve NAFTA when it comes before the House later this month. Opponents claim to be within striking distance of having enough votes to defeat it.

With uncommitted Democrats in mind, the administration also agreed to give Congress a comprehensive report by July 1997 on how NAFTA has affected U.S. jobs, the environment and other key issues.

At least two dozen House members have been pressing the administration for months to add safeguards for the sugar and citrus industries, which would face additional competition as NAFTA phased out tariffs between the United States, Mexico and Canada.

Headed by U.S. Trade Representative Mickey Kantor, administration negotiators worked until 4 a.m. yesterday to secure the new provisions, warning Mexican representatives that NAFTA would not pass unless they agreed.

Explaining Mexico's agreement, a source close to the Mexican negotiators said: "Everything seems stuck. The moment had arrived" to try to generate momentum for NAFTA.

Safeguards for Florida's frozen orange juice producers and beet and cane sugar growers in a dozen states were the highest priority.

Mexico agreed to reduce its exports of fruits if world prices drop below a set threshold and gave in to U.S. demands for protection against a surge of Mexican sugar imports, Kantor said.

Aides to Sen. John B. Breaux (D-La.), co-chairman of the 35-member Senate Sweetener Caucus, said the agreement looked like what caucus members have been seeking.

The citrus growers appeared pleased as well. "It's a substantial safeguard for the citrus industry," said Bobby McKown, general manager of Florida Citrus Mutual, a growers' cooperative in Lakeland, Fla.

NAFTA would phase out over 15 years a tariff that adds about 35 cents per gallon of juice to the cost of imports, McKown said.

The new provisions would allow tariffs to "snap back" temporarily to current levels if prices drop below averages for the previous five years.

Florida's 23-member House delegation is a critical prize in the NAFTA battle, but administration officials said they were unsure yesterday how many votes can be picked up there.

Kantor said the administration has made it clear that NAFTA and the side agreements added by the administration on environmental and labor safeguards are linked tightly to NAFTA. If either Mexico or Canada withdrew from the side agreements, the administration has "an absolute right" to pull out of NAFTA with that country, Kantor said.

To ease concerns of some pro-NAFTA Democrats that a future Republican president might opt out of the side agreements, the administration has added language requiring "close consultation" with Congress before that happens.

The United States and Mexico also promised yesterday to seek a negotiated agreement on reducing Mexican tariffs on U.S. flat glass, wine and appliance exports within three months after NAFTA is enacted.

Provisions also were added to ensure that imported peanut butter and peanut paste meet the same quality standards as U.S. products.



AN  
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community economic development projects in the United States and Mexico

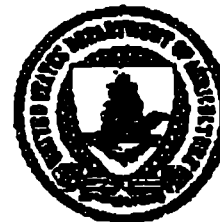
bonds to help clean up the U.S.-Mexico border



Sources: Congressional Offices; America's Farm Bureau Federation

**U.S. DEPARTMENT OF AGRICULTURE**

**OFFICE OF THE SECRETARY**



**DATE:**

11/5/93

\*\*\*\*\*  
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(excluding cover sheet)

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**FROM:**

Richard Rominger

**PHONE #:**

202-720-3631

**FAX #:**

202-720-5437

\*\*\*\*\*  
**COMMENTS:**

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11/05/93 11:38

U.S.T.R

0002/004

THE UNITED STATES TRADE REPRESENTATIVE  
Executive Office of the President  
Washington, D.C. 20508

NOV 3 1993

The Honorable Jaime Serra Puche  
Secretary of Commerce and Industrial Development  
Mexico City, Mexico

Dear Jaime:

As you know, several United States industries have expressed an interest in obtaining more rapid elimination of tariffs on goods traded between the United States and Mexico than currently provided for in the NAFTA. I am sympathetic in particular to the U.S. producers of wine and brandy, flat glass, home appliances and bedding components such as springs, iron rails and wooden parts.

I believe the quick initiation of a tariff acceleration exercise, as called for in Article 302.3 of the NAFTA, would provide an excellent demonstration of the advantages of a trade relationship governed by the NAFTA. As a result, I am requesting your agreement to announce that the United States and Mexico will begin the first round of tariff accelerations in January 1994, immediately after the NAFTA is implemented, with intention of completing the exercise as soon as is feasible, but in any case in no more than one hundred and twenty days.

Sincerely,

Michael Kantor

11/03/93 11:39

U.S.T.R.0003/004**Unofficial Translation****Mexico, D.F. November 3, 1993**

**Ambassador Michael A. Kantor  
United States Trade Representative  
Washington, D.C.**

**Dear Ambassador Kantor:**

I received your letter of November 3, 1993. I am pleased to confirm that, by the terms of Article 302(3) of the North American Free Trade Agreement, and as you propose in your referenced letter, Mexican government officials will be available to meet U.S. government officials with the objective of reaching a mutually satisfactory agreement to accelerate duty reductions between our two countries.

**Sincerely**

**Dr. Jaime Serra Puche  
Secretary of Commerce  
and Industrial Development**

**initialled HB**

11/03/93 11:39 23

U.S.T.R

0004/004

México D.F., 23 de noviembre de 1993

**Embajador Michael A. Kantor  
Representante Comercial de los  
Estados Unidos de América  
Washington, D.C.**

**Estimado Embajador Kantor,**

Recibí su carta del 3 de noviembre de 1993. Tengo el agrado de confirmar que, en los términos del artículo 302(3) del Tratado de Libre Comercio de América del Norte y como usted lo propone en su referida carta, funcionarios del Gobierno de México estarán en condiciones de reunirse con funcionarios del Gobierno de los Estados Unidos de América con el objeto de alcanzar un acuerdo mutuamente satisfactorio para acelerar la desgravación de aranceles entre nuestros países.

**Atentamente**

**Dr. Jaime Serra Puche  
Secretario de Comercio  
y Fomento Industrial.**

0102

OFFICE OF THE UNITED STATES  
TRADE REPRESENTATIVE  
EXECUTIVE OFFICE OF THE PRESIDENT  
WASHINGTON  
20506

FOR IMMEDIATE RELEASE  
WEDNESDAY, DECEMBER 29, 1993

93-79  
CONTACT: ANNE LUZZATTO  
DIANNE WILDMAN  
DAVID KURAKANE  
(202) 395-3230

USTR ANNOUNCES INITIATION OF NAFTA TARIFF ACCELERATION ROUND

U.S. Trade Representative Ambassador Mickey Kantor announced the initiation of the first round of accelerated tariff elimination negotiations under the North American Free Trade Agreement (NAFTA). This exercise, provided for under Article 302(3) of the Agreement, is being conducted on an expedited schedule pursuant to letters exchanged by Ambassador Kantor and Mexico's Secretary of Commerce, Jaime Serra Puche. Canada will also participate. A notice published in the Federal Register on December 23 solicits petitions from parties interested in obtaining accelerated elimination of NAFTA tariffs.

"We have worked closely with the wine, brandy, flat glass, home appliance and bedding components industries to initiate this process to accelerate the market-opening provisions of the NAFTA," Ambassador Kantor said.

USTR will give priority to petitions received by January 21, 1994, notably for products listed in the Statement of Administrative Action, which was approved by the Congress with the NAFTA implementing legislation, and will announce an expedited package of accelerated tariffs based on those petitions as soon as feasible in 1994. Petitions received by February 25 will be considered later in the year. Once petitions are received and reviewed by the United States, consultations will begin with Mexico and Canada, which will develop their own lists of acceleration candidates.

The three rounds of tariff acceleration negotiations conducted under the U.S.-Canada Free Trade Agreement were a tremendous success, with duty elimination accelerated on \$9 billion in two-way trade accelerated with the full support of industry and labor on both sides of the border. We expect these NAFTA negotiations to be equally successful.

## Background

The NAFTA provides for the elimination, within 15 years, of all tariffs on goods traded between Mexican and U.S. Tariffs on goods traded between the United States and Canada will be eliminated on January 1, 1998, as provided under the U.S.-Canada Free Trade Agreement and incorporated into the NAFTA. Under the NAFTA, Mexico and the United States will remove many tariffs at the time of implementation of the NAFTA, with the remaining tariffs to be phased-out in stages, generally over five, ten or fifteen years. Article 302(3) of the NAFTA and Section 201(b) of the implementing legislation provide for the acceleration of these schedules. The Statement of Administrative Action (SAA), which was approved by the Congress along with the NAFTA, states that the Administration will give special priority to negotiating the acceleration of tariff reductions for products where the Mexican or Canadian duty is substantially higher than the U.S. tariff. Several products are specifically cited, including dry beans, bedding components, cream cheese, flat glass, major household appliances, potatoes and wine.

USTR will generally not act on a petition unless most U.S. producers of that particular product consider the request for acceleration to be non-controversial. Petitions may request acceleration of duty reductions by one or all of the NAFTA Parties. Normally, the accelerate duty elimination will be pursued on a reciprocal basis with Mexico and/or Canada. It is USTR's intention not to consider any petition during this round requesting acceleration between the United States and Canada concerning 8-digit tariff headings that were previously considered for acceleration under any of the three acceleration rounds conducted under the U.S.-Canada Free Trade Agreement.

USTR will give priority consideration to products cited in the Statement of Administrative Action with respect to duty elimination between the United States and Mexico. The expedited nature of this initial NAFTA acceleration exercise may limit the number of additional products that can be considered. However, those petitions submitted which cannot be considered on an expedited schedule will be considered under an extended schedule together with those petitions received by February 25, 1994. Advice from the United States International Trade Commission (USITC) and the Trade Advisory Committees will also be requested for all products. USTR will also consult with the U.S. Congress throughout the process, and will seek its advice before implementing any duty reductions.

A copy of the petition format and the Federal Register notice can be obtained from the Government Printing Office or from Public Affairs, Office of the United States Trade Representative (USTR), 600 17th Street, NW, Washington, D.C. 20506.

# WINE INSTITUTE

425 MARKET STREET, SUITE 1000 - SAN FRANCISCO, CALIFORNIA 94105

TELEPHONE 415/512-0151

JOHN A. DE LUCA  
PRESIDENT

July 19, 1994

The Honorable Mickey Kantor  
United States Trade Representative  
Room 209  
600 17th Street, N.W.  
Washington, D.C. 20506

Dear Mr. Ambassador:

When Wine Institute's delegation of officers and directors met with you in Washington, D.C. on February 28, 1994, we were pleased to hear you reaffirm your previous personal written commitment of November 1993 that:

"I will personally negotiate the immediate reduction of Mexican tariffs on U.S. wines to the level of Mexican tariffs for Chilean wines and, thereafter, have them fall in parallel with future reductions in such tariffs. Also, you have my personal commitment that, within 120 days of the coming into force of NAFTA, I will personally negotiate the immediate reduction of Mexican tariffs on U.S. brandies and wine coolers to zero."

Since that time we have been kept informed of your discussions with Mexican authorities and that recently you raised the idea with your Mexican counterpart of a "tariff rate quota" (TRQ) for wine and brandy. In the most respectful terms we wish to strongly register our deep disappointment over this turn of events.

This line of negotiation very frankly is not what you pledged to accomplish for U.S. producers. In our judgment it is an unworkable idea that we cannot support. Had we been consulted we would have forcefully indicated that a tariff rate quota for wine and brandy would restrict our ability to garner market share and increase sales. Our success, in large measure, would depend on how successful the Chileans are in Mexico. Such a benchmark evades the straight forward issue of equity. For example, Mexican brandy currently enters the U.S. duty free, while we must wait almost ten years for comparable access.

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The Honorable Mickey Kantor  
July 19, 1994  
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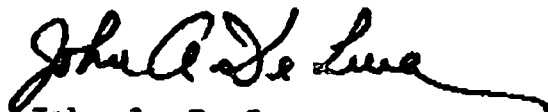
Events unfolding in Mexico make our concerns all the more compelling. The immediate record of wine exports to Mexico is very disturbing. On the table wine front our sales to Mexico have declined 31% from 1992 to 1993, while Chile's sales in the same period have increased 138%. As I write, Chile exports more table wine to Mexico than we do!

Though we have met with you and your staff, have written many letters on this subject, and supplied statistical information, we believe our simple request for fairness is receding as a priority for your office. As a consequence, I am obliged on behalf of California's vintners and winegrowers to reassert our position, which we believe to be in total consonance with the stated trade goals of the Congress and the Administration and your personal and public pronouncements:

Regarding wine, we request that Mexico accord the U.S. the same tariff rate that Mexico accords Chile; namely, 5% in 1994, 2.5% in 1995, and duty free on January 1, 1996. As to brandy, we request that Mexico accord the U.S. the same duty free treatment that we accord them.

In the name of our 400 vintner and associate members, I express the hope and expectation that you will accomplish what your pledged to achieve. I look forward to hearing from you.

Sincerely,



John A. De Luca  
President

JDL:kc

VIC FAZIO  
THIRD DISTRICT  
CALIFORNIA



DEMOCRATIC CAUCUS-VICE CHAIR  
DEMOCRATIC STEERING AND  
POLICY COMMITTEE  
APPROPRIATIONS COMMITTEE  
SUBCOMMITTEE  
ENERGY AND WATER DEVELOPMENT  
LEGISLATIVE  
MARITIME CONSTRUCTION

Congress of the United States  
House of Representatives  
Washington, DC 20515-0503  
October 8, 1994

PLEASE RETURN TO:  
O 2113 RAYMOND SQUARE  
WASHINGTON, DC 20515-0500  
CITY 202-457-1110  
O 7276 Main Street  
Woodland, CA 95693-3000  
CITY 916-666-6521  
O 232 Pine Street, 20  
San Diego, CA 92101-3712  
CITY 619-527-4029  
O 251 LONE OAK BLVD., #11  
Fremont, CA 94538-1200  
CITY 415-873-1990

Mr. Ernest Gallo  
E. & J. Gallo Winery  
P.O. Box 1130  
Modesto, CA 95353

Dear Ernest,

I am sending this note to update you on the recent meeting I had with Dianne Feinstein, Rick Lehman and U.S. Trade Representative Mickey Kantor to discuss wine and trade. The meeting was very productive and Dianne, Rick and I each came away with the sense that Mickey has the industry's best interests at heart.

Mickey plans to address wine with the Mexicans within the next month and to reach a conclusion before the new administration is sworn in at the beginning of December. Mickey felt that the Mexicans were ready to deal with us on the issue. He also stated that if no agreement is reached with Mexico on wine, the U.S. would use Chile's desire to join NAFTA as leverage against Mexico. In essence, he would get Chile to pressure Mexico to eliminate tariffs on U.S. wine before proceeding on negotiations with Chile. Further, Mickey gave us absolute assurances that wine would not be part of any free trade agreement with Chile, unless the industry was 100 percent behind it.

Finally, on Canada, Mickey said that his office is working with the industry to open up Ontario. We have to deal with Canada on a province-by-province basis since the federal government there has little control over the provinces.

All in all, I can assure you that Mickey is very well informed about your concerns and he understands the importance of making progress on wine trade on these many different fronts. Hopefully, he will be reporting back to us with good news before December. I will keep you posted.

Sincerely,

VIC FAZIO  
Member of Congress