The Hill

Agreements Promise Boon for Agriculture
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President Barack Obama says he is eager to create new jobs, and time and again he has spoken to the importance of trade. We have heard on more than one occasion that exports are a critical component of our economy. Yet, the president refuses to act to open up market access for U.S. products worth billions of dollars.

The Obama administration continues to pass up opportunities to lay out a clear path for expanding U.S. agricultural exports. Neither the president's budget proposal, nor his export initiative, nor this year's trade policy agenda places a practical emphasis on boosting U.S. exports. Instead, the president's plan for promoting exports and new economic opportunities entails creating another layer of bureaucracy.

Last week, President Obama signed an executive order to establish two new advisory government panels for promoting exports, one that will consist of government officials, the other for business leaders. Instead of growing the size of government, a better use of our resources would be to focus on job-creating initiatives that are already in play, such as our pending free trade agreements.

Each and every American can benefit from opening markets for our exports. American farmers and ranchers are so efficient they are able to produce more than enough food to feed this nation. As one of the most trade-dependent industries, our agricultural producers work hard to find new customers abroad. According to the U.S. Department of Agriculture, agricultural exports support one-third of all jobs on the farm as well as two-thirds of jobs off the farm in supporting industries. For every dollar of goods we export, another $1.48 is created in activities such as processing, finance, shipping and packaging of agricultural goods. U.S. agricultural exports currently support nearly 900,000 jobs. And, historically, agriculture has enjoyed a trade surplus even during the most recent economic downturn.

For more than a year, we have watched the president allow our trade agreements to languish on the sidelines. We still only see rhetoric and not action on this important issue.

This week the administration has embarked upon negotiations with some of our trading partners in the Pacific region. We hope that the negotiations will be successful and that the final deal will contain a positive outcome for agriculture. However, completion of that agreement is potentially years away. Meanwhile, we already have an agreement pending with one of our most important political and economic allies in the region.

The U.S.-Korean free trade agreement was designed to secure immediate, duty-free access for almost two-thirds of Korean imports of U.S. agricultural goods. The remaining barriers would be reduced each year until the agreement is fully implemented. However, that clock cannot start until the president successfully pursues passage of the agreement in Congress.

Throughout the U.S. agricultural industry there is strong support for the U.S.-Korean FTA. The benefits extend far beyond what is contained in the agreement itself. In particular, the U.S. beef industry strongly supports this agreement because it served as a catalyst for negotiating an agreement to resume beef exports to Korea. With the beef agreement in place, our ranchers are waiting for the administration to follow through on the equally important market access provided for in the pending FTA.

In addition to this agreement, we have pending pacts with Panama and Colombia. While opponents of these agreements hesitate over exaggerated implementation concerns, our fiercest competitors are racing to implement their own agreements with Colombia and other nations, taking advantage of our delay. Our agricultural exporters do not have any duty-free access to Colombia even though the U.S. imposes no tariffs on Colombian exports to the U.S.

In particular, one sector of the U.S. agricultural industry stands to lose tremendously if the U.S.-Colombian agreement is not implemented immediately. Colombia is traditionally the largest South American market for U.S. wheat, with an average $2 billion in sales over a 10-year period. Argentine wheat already enters Colombia duty-free, and the Canadian government is poised to implement an agreement that would cut the U.S. market share in half. Delay of this agreement sends the wrong message to our trading partner and ally and to our farmers and ranchers working hard every day.
The third major agreement still awaiting action by the president is the one signed with Panama in 2007. Duties on U.S. exports of poultry to Panama range as high as 260 percent of value. Implementing the U.S.-Panama FTA would immediately eliminate this and many other barriers to U.S. exports.

Combined, these three trade agreements are worth more than $2.6 billion in new market access for agriculture. The president and his advisers have acknowledged the importance of expanding market access. They have talked about how additional exports can benefit America. Yet, the president’s inaction has cost rural America dearly in lost sales and unnecessary tariffs. We can quantify the cost of delay. We are losing $1.48 in supporting activities on every dollar of exports delayed in these agreements. On $2.6 billion in lost exports, the additional economic activity could have been another $3.8 billion for our economy. It is time to move forward on these free trade agreements.