

# COMMITTEE ON AGRICULTURE

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**Opening Statement of Chairman Frank D. Lucas  
Committee on Agriculture – Public Hearing  
To Review the Pending Free Trade Agreements  
May 12, 2011**

*As prepared for delivery*

Good morning. I'd like to thank Secretary Vilsack and Ambassador Kirk and our industry representatives for joining us today to discuss free trade.

As we know, there are three pending free trade agreements with Korea, Colombia and Panama. Unfortunately it has been nearly four years since these agreements were signed and the administration is just now close to bringing the agreements before Congress.

It is difficult to overstate the importance of these agreements to America's farmers and ranchers and to our economy as a whole.

Trade has a ripple effect—exports support one in every three jobs in farming and two of every three jobs off the farm, in industries like transportation, food processing, and manufacturing. All told, American agricultural exports support nearly 900 thousand jobs. Exports currently account for more than 25 percent of total agricultural sales. For every dollar of those export sales, we create another \$1.48 in processing, financing, shipping, and packaging activities.

The benefits of trade are made possible by the incredible productivity and hard work of America's farmers and ranchers. Even in this economic downturn, they have managed to maintain a trade surplus in agricultural exports. Our farmers and ranchers are successfully competing in the global market and bringing much-needed income to communities across America.

But they are doing so in the face of stiff protectionism in the form of high tariffs and non-tariff import restrictions. The pending FTAs will dramatically reduce these barriers and open markets for our agricultural goods.

The agreement with Panama will immediately eliminate all duties on more than half of our agricultural exports. The remaining tariffs will be phased out over 15 years. This is critical to establishing a healthy trading relationship, since 99 percent of Panama's exports to the U.S. are already duty-free.

The FTA with Colombia will also immediately eliminate all duties on more than half of our

agricultural exports. In addition to phasing out the remaining tariffs, Colombia will also eliminate its price band system, which affects key U.S. exports including corn, wheat, dairy, pork, and poultry.

The Korea FTA will grant immediate duty free access for two-thirds of U.S. agricultural products and phase out tariffs and import quotas on most other products within 10 years. By 2016, more than 90 percent of U.S. pork will be imported duty-free. And the elimination of the 40 percent tariff on U.S. beef will create \$325 million in savings once the agreement is fully implemented. All told, American agriculture stands to gain an additional \$1.9 billion in new market access to Korea.

The agreements were finalized nearly four years ago. Yet they are still awaiting implementation. Each year that we delay action costs us billions of dollars in unrealized benefits. The FTAs are worth more than \$2.5 billion annually in market access for our farmers and ranchers. So our producers have missed out on nearly \$10 billion due to inaction on these agreements.

What's more, our trading partners aren't sitting around and waiting for us to act. Many of our competitors have finalized and implemented agreements with Korea, Colombia, and Panama in the last four years. That means that other countries are gaining preferred access to these markets and gaining ground on U.S. producers.

Korea has an FTA with the European Union that will go into effect on July 1st. An agreement with Australia is likely to be finalized within the year. Colombia has signed and implemented FTAs with a number of trading partners in the past four years. And Panama recently completed an agreement with Canada.

These FTAs include tariffs that will be phased out over 10 or 15 year periods, so it is critical that we do not allow our competitors' products to gain a price advantage on American products for the next decade.

There is still time to prevent the loss of valuable market access, however. If we act quickly and bring these agreements to a vote before July 1st, we can ensure that U.S. producers don't lose out on any competitive advantages.

The agricultural community overwhelmingly supports these FTAs and is eager to see them implemented as soon as possible. It is time to take action. I look forward to hearing from Secretary Vilsack and Ambassador Kirk on the Administration's progress on readying these agreements for Congressional consideration.

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