

Statement of
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On behalf of
National Farmers Union

Before the
United States Senate Finance Subcommittee
For International Trade

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Mr. Chairman, Ranking Member Hatch, Members of the Subcommittee, I am here today on behalf of the 300,000 farm and ranch families represented by the National Farmers Union. Thank you for holding this important hearing and for your leadership on this important trade related issue.

As you are aware, the Department of Labor administers the Trade Adjustment Assistance (TAA) program that was established in 1974 to provide relief to workers and firms in the manufacturing sector who suffered lost jobs, wages, work hours or product demand as a result of increased imports.

When agricultural trade agreements fail to provide for fair competition or allow adjustments to offset the impact of import surges, farmers, ranchers and fishermen are the ones who suffer due to their inability to influence or rapidly adjust to changed market conditions. We are deeply concerned by the level of economic losses sustained by producers due to increased and often unfair import competition. Action to address this situation is needed and should be taken by this Congress. We believe extending TAA benefits to include agricultural producers is a reasonable, fair and logical means to provide tools for U.S. agriculture to better cope and adjust to the effects of import competition.

We firmly support the Trade Adjustment Assistance for Farmers and Fisherman's Act (TAA), recently introduced by Senators Conrad, Baucus, and Grassley. This legislation establishes a Trade Adjustment Assistance for Farmers program within the U.S. Department of Agriculture to provide important and necessary relief for U.S. farmers, ranchers and fishermen who have been adversely impacted by import competition resulting from trade agreements and liberalization. Under the program, producers who suffer economic damage caused by import surges or unfair competition would be eligible for up to ten thousand dollars annually in compensation for their losses. This assistance is particularly meaningful due to the fact that many of the losses sustained by producers because of import competition are regional in nature or effect specific commodity sectors rather than impacting all of production agriculture at one time.

In 1999, the Senate approved by unanimous consent, a TAA amendment to the Africa and Caribbean trade legislation. That amendment would have extended the Trade Adjustment Assistance program to farmers. The National Farmers Union along with the National Association of Wheat Growers, the National Barley Growers Association, the American Sheep Industry Association, and the Wheat Export Trade Education Committee, supported that amendment.

Also in 1999, the National Farmers Union hosted an agricultural summit where the leadership of 28 national farm organizations unanimously supported the extension of TAA benefits to agricultural producers.

Because the legislation currently under consideration includes fishermen in addition to farmers and ranchers, we believe it will have even greater support across the country.

Trade issues are always an important consideration for farmers, ranchers and fishermen. However, they have a special significance now, as producers across the country must contend with historically low prices for their commodities, significantly increased competitive import levels and rising agricultural input and energy costs. Farm and fishing families, who are struggling through difficult economic times, should not be left unprotected in the face of increased competition from foreign sources of products that we already produce in adequate quantities because our markets happens to be among the most open in the world.

For example, the U.S. apple production industry has been decimated across the northern tier of states due to imports from China that are being sold at world “dump-market” prices to domestic processors resulting in over-supply and reduced prices for U.S. production in both the processing and fresh apple markets

Since the ratification of NAFTA, Canadian Durum and hard red spring wheat exports to the U.S. have increased by more than eight-fold and now represent about 12 percent of the total U.S. supply of those wheat classes compared to less than 2 percent in the 1980’s. This has a direct impact on wheat producers in my state of North Dakota and throughout the Northern Plains region where the vast majority of these classes of wheat are produced.

In 1999, a large volume of hog imports from Canada clogged U.S. processing facilities, over-supplied the market and drove U.S. producer prices down to their lowest level in over 50 years. Producers were receiving quotes of less than 10 cents per pound for their market hogs while retail prices remained at the same level that provided 35 to 40 cent per pound producer prices a few months earlier.

On-going trade discussions between the United States and Canada provide some hope that progress can be made in several areas that currently create cross-border trade friction. However, key issues remain unresolved. While we believe reopening the trade agreement with Canada for re-negotiation would be the best way to address many outstanding trade issues, we realize such action is unlikely in the near future. In the interim, we feel the federal government has an obligation to assist producers who do not have the individual means to absorb losses caused by flawed trade agreements.

Traditionally, farmers, ranchers and fishermen have been hopeful they will benefit from expanded agricultural trade. Our recent experience with trade agreements is that they allow import dumping and other unfair trade practices, fail to address exchange rate fluctuations, are blind to labor and environmental standards and provide few economic benefits to producers. In addition, the significant investments of time and capital to seek redress through our domestic trade law provisions and/or the dispute settlement provisions of the agreements have increased producer frustration and justifiably reduced the support for free trade among U.S. producers.

The right policy for rural America is to allow producers of food and fiber to recover a portion of their lost net farm and fishing income, and to assist them in planning adjustments to their business operation to account for future increases in agricultural import competition.

We believe a TAA program for agriculture provides a targeted, cost-effective mechanism that can easily be structured to provide compensation for producers based on eligibility criteria that are comparable to the requirements for the manufacturing sector while accommodating the unique characteristics of agriculture.

Thank you for the opportunity to appear before you today. I would be pleased to respond to any questions you or your colleagues may have.