

**Statement to the United States Senate Committee on Finance
“NAFTA at Year Twelve”
September 11, 2006**

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Good afternoon. My name is Craig Lang. I'm a fifth generation farmer from Brooklyn, Iowa. My family and I farm a thousand acres of corn, soybeans, and pasture, and milk 400 head of dairy cows. I'm the president of the Iowa Farm Bureau and I also serve on the American Farm Bureau Federation board of directors and trade advisory committee. Thank you for the opportunity to speak with you about the North American Free Trade Agreement.

NAFTA has been good for most of American agriculture, and for Iowa agriculture in particular. Thanks to NAFTA, Canada and Mexico now buy a third of U.S. agricultural exports, and also supply a third of our ag imports. Japan used to be the top export market for American farm products, but now Canada is number one and Mexico is number two, followed by Japan at number three. And the United States is now the number one export market for both Canada and Mexico, as well.

Compared to 1993, the year before the NAFTA treaty went into effect, the dollar value of 2005 U.S. agricultural exports to Canada has doubled. Our two-way ag trade with Canada in 2005, both exports and imports, was up 130 percent since NAFTA. Our history with Mexico is even more impressive. Compared to 1993, last year's farm exports to Mexico had increased by 160 percent, and two-way trade was up 180 percent. It's clear that NAFTA has dramatically increased ag trade with our neighbors, by lowering tariffs and eliminating other trade barriers.

Since NAFTA, Mexico has become an important market for American grain. Soybeans, corn, and sorghum are some of our major exports to Mexico, where they are used for livestock feed. Mexico is also a promising market for corn gluten meal and distillers dried grains, the corn ethanol co-products fed to livestock. Income and population growth in Mexico means more demand for protein, so the Mexicans are buying both livestock feed for their own industry and finished meat and dairy products from the U.S. We're especially grateful for Mexican purchases of U.S. beef – since the Japanese market closed to U.S. beef in 2003, Mexico is now our number one export market for beef. And Mexican consumer preference also provides valuable markets for meat products in low demand here, such as turkey dark meat for processing into turkey “ham”, beef tripe for menudo, and pork intestines for sausage casings.

And what food products do we import from Mexico? Consumer goods and warm-climate or labor-intensive crops for which Mexico has a comparative advantage – beer and tequila, peppers and tomatoes, avocados and mangos. We American consumers benefit from lower prices and more year-round variety in fruit and vegetables because of NAFTA.

Our agricultural trade with Canada is more diversified, with processed foods and lumber and paper products as some of our top exports. Most of our ag exports to Canada are consumer-

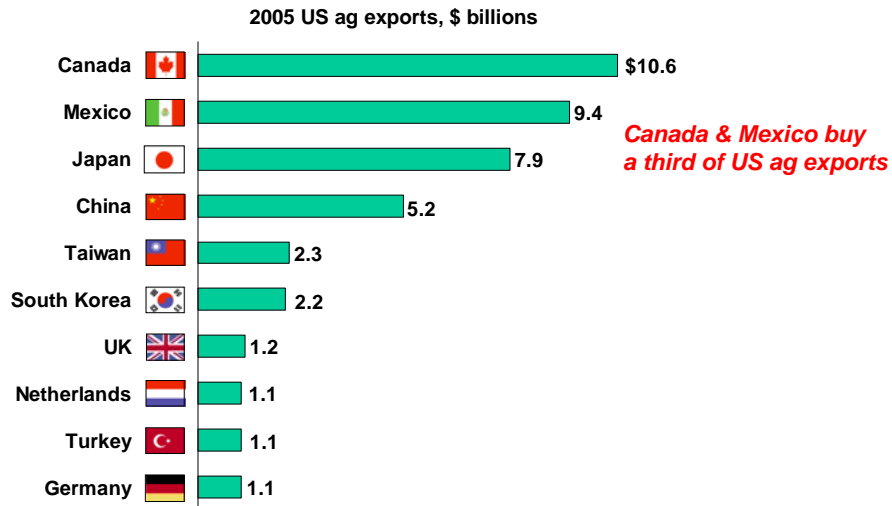
ready, high-value food products. Iowa's top ten merchandise exports to Mexico are mostly farm commodities, but my state sells mostly manufactured goods to Canada: tractors and front-end loaders, refrigerators and washing machines, processed steel. The only ag product in Iowa's top ten direct exports to Canada is soybean meal for livestock feed. But U.S. grain is also going to Canada in the form of those processed foods, and Canada is buying U.S. corn for livestock feed, ethanol production, and corn syrup production.

Iowa is the number one state in pork production, thanks in part to Canada. Only about half the hogs marketed in Iowa are born in Iowa. Iowa farmers buy baby feeder pigs from other states to fatten on Iowa corn and soybeans. (Did I mention Iowa is also number one in corn and soybean production?) But our largest single source of feeder pigs is Canada. Iowa imported almost three million Canadian piglets last year.

Our beef industry is even more integrated with Canada and Mexico, thanks to NAFTA. Last year, American cattlemen imported about one and a quarter million feeder cattle from Mexico, and about 240,000 feeder cattle from Canada. U.S. packing plants also imported almost 320,000 slaughter cattle from Canada. With these numbers of cattle crossing the borders, we have evolved into an integrated North American cattle industry that benefits ranchers, meat processors, and consumers in all three countries.

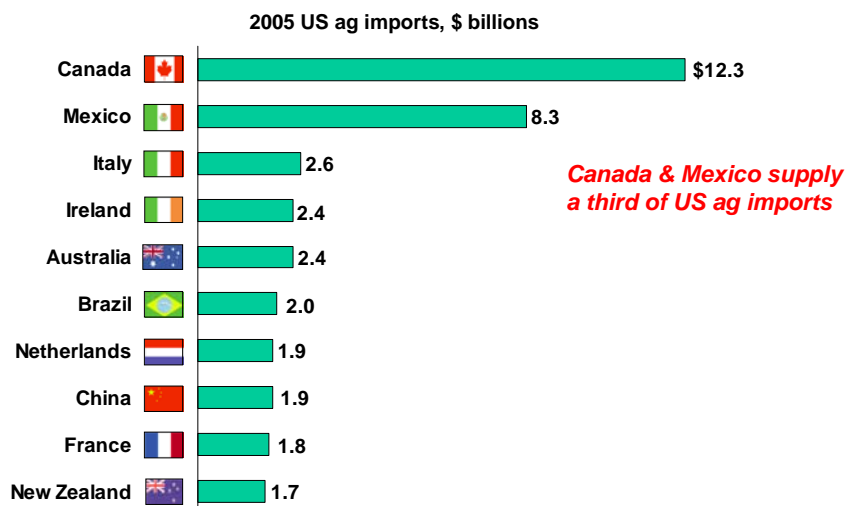
Over the past twelve years, the forecasted benefits of NAFTA have come true. Nobody can deny that the overall effect of NAFTA has been overwhelmingly positive. Our closest neighbors are American agriculture's best export customers. There is no doubt that NAFTA has helped American farmers expand export markets, and increase American farm income.

Top ten US ag export markets



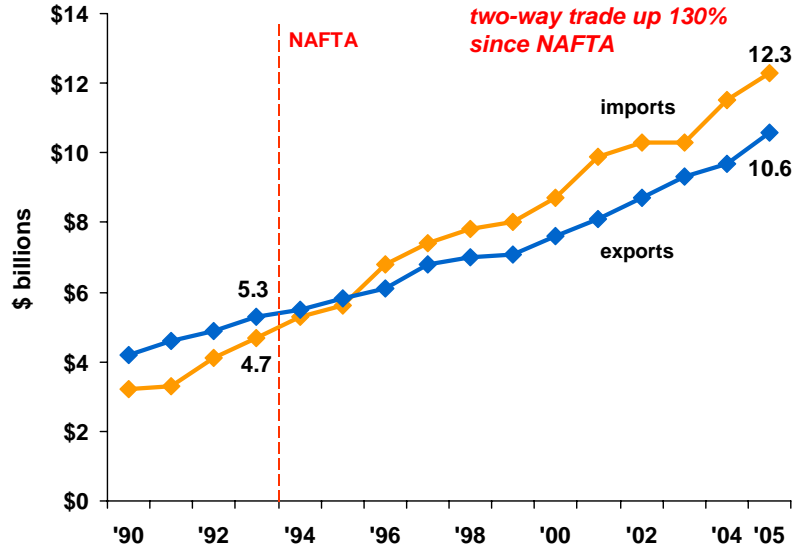
source: US Census Bureau, Foreign Trade Statistics (FATUS export aggregations) last accessed 8/06

Top ten US ag import suppliers



source: US Census Bureau, Foreign Trade Statistics (FATUS import aggregations) last accessed 8/06

US agricultural trade with Canada



source: US Census Bureau, Foreign Trade Statistics (FATUS aggregations), last accessed 8/06

US ag exports to Canada, 2005

1. Misc. processed foods \$ 574 million
2. Sawn/chipped wood 529
3. Bread, pastry 455
4. Rough logs 439
5. Petfood, livestock feed 431
6. Kraft paper 398
7. Orange, fruit juices 336
8. Lettuce 296
9. Chocolate 292
10. Fresh vegetables 286

source: US Census Bureau, Foreign Trade Statistics, last accessed 8/06

US ag imports from Canada, 2005

1. Sawn/chipped wood	\$ 6.9 billion
2. Newsprint	3.0
3. Particle board	2.8
4. Wood pulp	2.0
5. Doors/windows/trusses	1.7
6. Beef	1.2
7. Cookies, pastry	886 million
8. Crab & lobster	867
9. Pork	745
10. Chocolate	699

source: US Census Bureau, Foreign Trade Statistics, last accessed 8/06

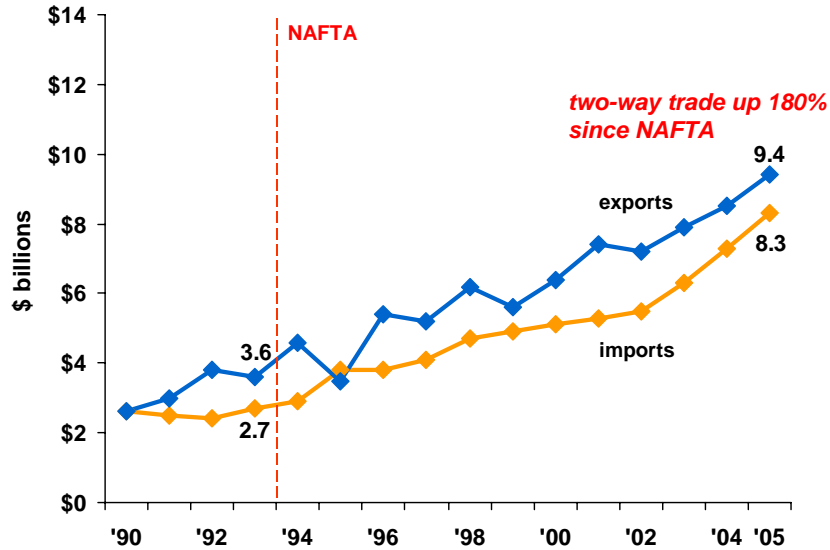
Iowa merchandise exports to Canada, 2005

1. Tractors	\$ 158 million
2. Refrigerators	84
3. Front-end loaders	78
4. Washing machines	75
5. Rolled steel plate	69
6. Soybean meal	59
7. Rolled non-alloy steel	51
8. Chair parts	49
9. Backhoes, trenchers	49
10. Steel tubing	47

(May not include Iowa ag products processed in or shipped via other states.)

source: US Census Bureau, Foreign Trade Statistics, last accessed 8/06

US agricultural trade with Mexico



source: US Census Bureau, Foreign Trade Statistics (FATUS aggregations), last accessed 8/06

US ag exports to Mexico, 2005

1. Soybeans	\$ 855 million
2. Corn	690
3. Beef	534
4. Wheat	461
5. Turkey, chicken	410
6. Cotton	389
7. Processed foods	376
8. Cracked corn	324
9. Grain sorghum	313
10. Beef tripe, pig intestines	304

source: US Census Bureau, Foreign Trade Statistics, last accessed 8/06

US ag imports from Mexico, 2005

1. Beer	\$1.341 billion
2. Peppers, vegetables	914 million
3. Tomatoes	781
4. Live feeder cattle	516
5. Tequila	488
6. Avocados, mangos	348
7. Shrimp	326
8. Grapes	303
9. Candy	300
10. Cookies	256

source: US Census Bureau, Foreign Trade Statistics, last accessed 8/06

Iowa merchandise exports to Mexico, 2005

1. Corn	\$ 186 million
2. Cracked corn	108
3. Soybeans	96
4. Soy flour	58
5. Soybean meal	44
6. Refrigerator parts	24
7. Denim fabric	24
8. Corn gluten meal	22
9. Misc. steel articles	15
10. Pork intestines	15

(May not include Iowa ag products processed in or shipped via other states.)

source: US Census Bureau, Foreign Trade Statistics, last accessed 8/06