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Statement of
Wheat Export Trade Education Committee, U.S. Wheat Associates and the National Association of
Wheat Growers

on the
U.S. – Bahrain Free Trade Agreement

Before the
Senate Committee on Finance

Presented by
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Executive Director, Wheat Export Trade Education Committee

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Mr. Chairman and honorable committee members, thank you for this opportunity to speak to you on this important step in opening the market and expanding opportunities with the State of Bahrain and throughout this strategic region.

I wish to begin my remarks by offering my sincere congratulations to Dr. Naser Al Belooshi on being named Ambassador to the United States for the State of Bahrain. Ambassador Belooshi has held his hand out in friendship and cooperation throughout his tenure as Economic Representative to the United States. I personally look forward to continuing this friendship and to the opportunity to expand trade with the people of Bahrain that I know he will foster.

Let me highlight two points that wheat producers in the United States take into account when looking at the world market and why every opportunity is important. First, 96 percent of the world's consumers live beyond our border. The four percent within the United States do not consume enough wheat to sustain a viable wheat industry as we know it now.

Second, we consistently export nearly 50 percent of our total production. As you can imagine, our success or failure hinges on the ability of U.S. wheat to be exported around the world. Trade is a vital component for ensuring the financial viability of U.S. wheat farmers. Fair and open trade agreements are key to reaching customers outside of the U.S.

American wheat producers look to this region of the world as one of opportunity and we support the Bahrain Free Trade Agreement. With a population nearly the same as Washington DC, Bahrain is not a major importer of agricultural commodities. With some exceptions, this has been a duty free market for most grains. This FTA will lock in duty free access for U.S. wheat and most all other grains. Upon implementation, eighty one percent of all agricultural exports will be allowed to enter Bahrain duty free, so this is a good agreement for American producers.

Sometimes a trade agreement is more important for forward movement in developing relationships in the country and throughout the region. The wheat industry views every open door for trade as an opportunity to establish relations and explore future opportunities. This is one of those doors.

The U.S. wheat industry supports moving forward aggressively with bilateral agreements such as this one with Bahrain. However, the World Trade Organization (WTO) Doha negotiations are critical to a balanced world trade situation and are the major key to expanding U.S. wheat trade. If the U.S. is successful in achieving its long standing goals in the WTO the U.S. wheat industry will be better able to take advantage of the opportunity offered by the U.S. - Bahrain FTA. It is only in the Doha negotiations that export state trading monopolies can be disciplined and hopefully eliminated. The trades distorting monopolistic practices of major competitors trading in Bahrain and throughout the region are a critical impediment to our ability to secure a fair market share with Bahrain. This issue can only be resolved through the WTO negotiations.

Additionally, an important element of this FTA is the fostering of alliances in the region in such a way that they will carry over to the WTO negotiations, the only venue where many trade distortions can be resolved.

FTA negotiations have the potential to extend beyond the level of liberalization we hope to achieve in the WTO. This FTA, if approved and implemented, will hopefully serve as an important link for more extensive multilateral trade agreements between the U.S. and the Middle East.

The U.S. must take advantage of opening markets through trade agreements such as the one we are discussing today. The wheat industry urges you to help move this agreement through Congress as quickly as possible.

Thank you and I look forward to any questions you may have.