

GF&O REPORT ON U.S.-DOMINICAN REPUBLIC FTA

April 22, 2004

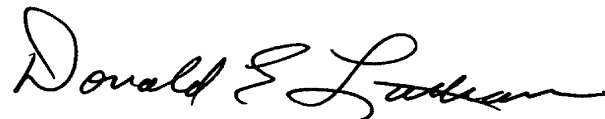
Honorable Robert B. Zoellick
United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Honorable Ann M. Veneman
Secretary of Agriculture
1400 Independence Avenue, S.W.
Washington, D.C. 20250

Dear Ambassador Zoellick and Secretary Veneman:

Pursuant to Section 2104 (e) of the Trade Act of 2002 and Section 135 (e) of the Trade Act of 1974, as amended, I am pleased to transmit the report of the Agricultural Technical Advisory Committee for Grains, Feed, and Oilseeds on the Free Trade Agreement with the Dominican Republic, reflecting a consensus advisory opinion on the proposed Agreement.

Sincerely,

A handwritten signature in black ink that reads "Donald E. Latham". The signature is written in a cursive style with a large initial "D" and a long, sweeping underline.

Donald E. Latham
Chair
Grains, Feed, and Oilseeds ATAC

Report on U.S. – Dominican Republic FTA

April 22, 2004

The U.S.- Dominican Republic Free Trade Agreement (FTA)

Report of the
Agricultural Technical Advisory Committee for Grains, Feed, and Oilseeds

April 22, 2004

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Agricultural Technical Advisory Committee for Grains, Feed, and Oilseeds

Advisory Committee Report to the President, the Congress and the United States Trade Representative on the U.S. – Dominican Republic Free Trade Agreement

I. Purpose of the Committee Report

Section 2104 (e) of the Trade Act of 2002 requires that advisory committees provide the President, the U.S. Trade Representative, and Congress with reports required under Section 135 (e)(1) of the Trade Act of 1974, as amended, not later than 30 days after the President notifies Congress of his intent to enter into an agreement.

Under Section 135 (e) of the Trade Act of 1974, as amended, the report of the Advisory Committee for Trade Policy and Negotiations and each appropriate policy advisory committee must include an advisory opinion as to whether and to what extent the agreement promotes the economic interests of the United States and achieves the applicable overall and principle negotiating objectives set forth in the Trade Act of 2002.

Pursuant to these requirements, the Grains, Feed and Oilseeds ATAC hereby submits the following report.

II. Executive Summary of Committee Report

The Grain, Feed and Oilseeds ATAC fully endorses the FTA reached with the Dominican Republic.

Under the terms negotiated in the agreement, the Dominican Republic will provide improved access for U.S. exports, particularly for sorghum and crude soybean oil, and eventually for rice and refined soybean oil. Negotiators should strive for better than the 20-year staging of TRQ expansion and duty reduction in rice. Overall, the agreement should help economic growth in the Dominican Republic, which will be to the benefit of U.S. exporters.

The ATAC again applauds the fact that negotiators refused to exclude any product or products from liberalization and strongly advises adherence to this approach in all future FTAs.

III. Brief Description of the Mandate of the Grains, Feed and Oilseeds ATAC

The advisory committee is authorized by Sections 135(c)(1) and (2) of the Trade Act of 1974 (Pub. L. No. 93-618), as amended, and is intended to assure that representative elements of the private sector have an opportunity to make known their views to the U.S. Government on trade and trade policy matters. They provide a formal mechanism through which the U.S. Government may seek advice and information. The continuance of the committee is in the public interest in connection with the work of the U.S. Department of Agriculture (USDA) and the Office of the U.S. Trade Representative. There are no other agencies or existing advisory committees that could supply this private sector input.

IV. Negotiating Objectives and Priorities of the Grains, Feed and Oilseeds ATAC

The negotiating objective of the Grains, Feed and Oilseeds ATAC is to ensure the best possible marketing opportunities for U.S. agriculture.

V. Advisory Committee Opinion on Agreement

The economy of the Dominican Republic advanced steadily in the late 1990s, fell into negative growth last year but is expected to rebound this year. Its population has grown at nearly 2 percent per year but its domestic agricultural production and imports have been somewhat variable. The improved access under the FTA could help advance the country's livestock production, and consequently demand for meat and poultry products that would be beneficial to U.S. grains and oilseeds, as well as the U.S. meat and poultry industry.

Oilseeds: Duties on soybeans and soybean meal are currently zero and remain so under the FTA. The duty on crude soybean oil and other soy products goes to a zero duty immediately upon implementation. However, the 20 percent duty on refined soybean oil will be reduced to zero over 15 years through linear cuts. In addition, refined soybean oil, corn oil, cottonseed oil and margarine face a restrictive safeguard measure which will be phased out over 15 years. Dominican soybean oil imports grew by more than 30 percent between 1998 and 2002, reaching 127,000 tons. The U.S. has had a small fraction of that trade.

Feed Grains: The current duty on corn and barley is zero and remains that way under the FTA. The duty on sorghum has been at 8 percent but goes immediately to zero upon implementation of the FTA. For U.S. producers of feed grains, the Dominican market will be completely unfettered by duties under the FTA.

Wheat: The duty on all wheat has been at zero for U.S. sales to the Dominican Republic and remains that way under the FTA.

Rice: The situation for rice is somewhat more complex. This FTA provides, for the first time, guaranteed access for U.S. rice in a key regional market that has experienced wide swings in rice imports. The market access system based on tariff rate quotas is, on paper, a marked improvement in terms of transparency and market orientation from the country's current import regime.

While the sensitivity of the rice market access for the Dominican Republic is understood, the 20 year phase-in for free trade in rice is excessive and sets a poor precedent for future free trade agreements. We would urge the Administration to negotiate timelier phase-in periods in future FTAs.

Comprehensiveness: The Administration is to be commended for negotiating a comprehensive agreement with no agricultural exclusions. The no exclusions approach to FTAs has likely bolstered the Administration's ability to negotiate fundamentally improved market access for U.S. commodities that would otherwise remain obstructed. The Grains, Feed and Oilseeds ATAC continues to urge in the strongest terms that the Administration maintain a “no exclusions” policy in all free trade negotiations.

Preference Clause: Given the increased interest by competitors in free trade agreements, the Grains, Feed and Oilseeds ATAC strongly recommends that the Administration seek the inclusion of a preference clause in all free trade agreements that it negotiates. This would help protect the value of concessions achieved by the U.S. in the event that a trading partner subsequently decides to concede more beneficial access to a competitor.

VI. Grain, Feed and Oilseed ATAC Membership

<u>Name</u>	<u>Organization</u>	<u>City/State</u>
Mr. Donald Latham (Chairman)	Latham Seed Company	Alexander, IA
Mr. Mark Anderson	Anderson Hay and Grain Co., Inc.	Ellensburg, WA
Mr. Gary Blumenthal	World Perspectives, Inc.	Washington, D.C.
Mr. David A. Bossman	American Feed Industry Associates	Arlington, VA
Mr. Kyd Brenner	DTB Associates, LLP	Washington, D.C.
Mr. Tom Buis	National Farmers Union	Washington, D.C.
Mr. Robert E. Cummings, Jr.	USA Rice Federation	Arlington, VA
Mr. Steve Daugherty	Pioneer Hi-Bred International, Inc.	Des Moines, IA
Mr. Dennis R. DeLaughter	U.S. Rice Producers Association	Edna, TX
Mr. Neal Fisher	North Dakota Wheat Commission	Bismark, ND
Mr. Dwain Ford	American Soybean Association	Kinmundy, IL
Mr. John Gordley	Gordley Associates, Inc.	Washington, D.C.
Mr. Paul B. Green	North American Millers' Association	Washington, D.C.
Mr. John Hansen	Nebraska Farmers Union	Lincoln, NE
Mr. Kenneth Hobbie	U.S. Grains Council	Washington, D.C.
Mr. Mark Hodges	Oklahoma Wheat Commission	Oklahoma City, OK
Mr. Lurlin L. Hoelscher	Hoelscher Ag Dist., Inc Agri Ltd. By Hoelscher	Alden, IA
Mr. Herbert Karst	Montana Grain Growers Association	Sunburst, MT
Mr. Alan Kemper	Indiana Soybean Growers Association	Lafayette, IN
Mr. Larry Kleingartner	National Sunflower Association	Bismarck, ND
Mr. David Lyons	Louis Dreyfus Corporation	Washington, DC
Mr. Tim D. McGreevy	USA Dry Pea & Lentil Council	Moscow, ID
Dr. Owen J. Newlin	Agronomic Science Foundation	Des Moines, IA
Mr. John Reed, Jr.	Archer Daniels Midland Company	Washington, D.C.
Mr. Robert Reeves	Institute of Shortening and Edible Oils	Washington, D.C.

Report on U.S. – Dominican Republic FTA

Mr. Mark Rokala	Cornerstone Government Affairs	Washington, D.C.
Ms. Candace A. Roper	CoBank	Englewood, CO
Dr. C. Parr Rosson III	Texas A&M University	College Station, TX
Mr. Michael Rue	Farming Enterprise	Marysville, CA
Mr. Robert Rynning	National Barley Growers Association	Kennedy, MN
Mr. Ladd Seaberg	MGP Ingredients, Inc.	Atchison, KS
Ms. Barbara P. Spangler	Wheat Export Trade Education Committee	Washington, D.C.
Mr. Stephen Tolman	National Corn Growers Associates	Chesterfield, MO
Ms. Margaret Ann Tutwiler	Int'l Food & Agricultural Trade Policy Council	Washington, D.C.