

**AGRICULTURAL TECHNICAL ADVISORY
COMMITTEE FOR TRADE IN PROCESSED FOODS**

April 6, 2004

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

Dear Ambassador Zoellick:

Pursuant to Section 2104 (e) of the Trade Act of 2002 and Section 135 (e) of the Trade Act of 1974, as amended, I hereby transmit the report of the Agricultural Technical Advisory Committee for Trade in Processed Foods on the U.S.-Morocco Free Trade Agreement. This report reflects the Committee's consensus opinion on the proposed Agreement.

Sincerely,

A handwritten signature in cursive script, reading "Leonard W. Condon".

Chairman

Enclosures

The U.S.-Morocco Free Trade Agreement

**Report of the
Agricultural Technical Advisory Committee for Trade in Processed Foods**

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Report of the Agricultural Technical Advisory Committee on Trade in Processed Foods to the President, the Congress and the United States Trade Representative on the U.S.-Morocco Free Trade Agreement

I. Purpose of the Committee Report

On March 8, 2004, President Bush notified Congress that he intends to enter into a free trade agreement with Morocco. 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 sign 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. The report must also include an advisory opinion as to whether the agreement provides for equity and reciprocity within the sectoral or functional area.

Pursuant to these requirements, the Agricultural Technical Advisory Committee for Trade in Processed Foods hereby submits the following report:

II. Executive Summary of Committee Report

The Processed Foods ATAC supports this agreement and urges Congress to approve appropriate implementing legislation as soon as possible. While Morocco is not a major market for U.S. processed foods, the Committee strongly endorses the Administration's strategy to create a U.S.- Middle East Free Trade Area. The proposed Agreement with Morocco is an important milestone toward achieving that objective. The Committee endorses the fundamental goal of opening markets, promoting trade and investment, expanding economic growth and opportunity, and encouraging economic and political stability throughout North Africa and the Middle East. The Committee is especially pleased that the proposed Agreement covers all agricultural products, but concerned that Morocco will permanently retain tariffs on certain classes of beef and wheat. It notes that under current circumstances U.S. products being exported to Morocco face an average tariff of 20 percent, while Moroccan products destined for the U.S. market pay an average tariff of only four percent. The ATAC is very pleased that the proposed Agreement will eliminate this serious inequity.

III. Brief Description of the Mandate of The Agricultural Technical Advisory Committee on Trade in Processed Products

The Processed Foods Agricultural Technical 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 ensure that representatives of the private sector have an opportunity to provide input to U.S. Government negotiators regarding all tariff and trade matters. The committee provides a formal mechanism through which the U.S. Government may seek advice and information. It is part of network of statutorily established committees that provide advice on trade negotiations to the President, the Office of the U.S. Trade Representative, the U.S. Department of Agriculture and the U.S. Department of Commerce. The newly created Processed Foods ATAC provides advice and information regarding trade in processed foods, one of the fastest growing segments of U.S. agricultural trade. The Committee furnishes advisory opinions and reports and performs other technical functions that are appropriate or are requested by the U.S. Trade Representative and/or the Secretary of Agriculture. In carrying out its functions, the Committee draws upon the technical competence and experience of its members who represent a broad cross-section of the U.S. processed food industry.

IV. Negotiating Objectives and Priorities of The Agricultural Technical Advisory Committee on Trade in Processed Products

On November 21, 2003, following the third meeting of this newly-charted advisory Committee, I was directed by the Committee to write to the U.S. Secretary of Agriculture and the U.S. Trade Representative outlining the group's trade policy priorities (Enclosure A). This communication expressed the ATAC's opposition to "...any product exclusions from the U.S.-Central American Free Trade Agreement (CAFTA) and other evolving FTAs." The letter also reflects ATAC concern about the creation of special rules of origin and stresses the importance of resolving existing sanitary, phytosanitary, and technical barriers to trade in the CAFTA and other pending FTAs. Finally the letter urged a proactive strategy for reinvigorating the Doha Development Agenda. In that regard, we highly commend Ambassador Zoellick for his recent and ongoing efforts to re-start the WTO negotiating process.

V. Advisory Committee Opinion on Agreement

The Agricultural Technical Advisory Committee on Processed Products supports the U.S.- Morocco Free Trade Agreement. The ATAC urges Congress to quickly approve the implementing legislation so that U.S. companies, farmers, and workers can begin accruing benefits from the proposed Agreement as soon as possible The ATAC is pleased that the Agreement establishes a subcommittees tasked with promoting adherence to the *Uruguay Round Agreement on the Application of Sanitary and Phytosanitary Measures* (SPS Agreement), enhancing cooperation between the U.S. and Morocco on SPS issues, and resolving any SPS disputes between the parties. Processed foods are especially vulnerable to sanitary, phytosanitary barriers. The ATAC urges further effort to remove any and all SPS and technical trade barriers.

The Committee notes that the Agreement does not call for the elimination of all tariffs on all products, and is especially disappointed that Moroccan tariffs for certain types of beef and wheat are not eliminated along with all other Moroccan tariffs. The Committee also notes that although sugar tariffs are phased out in the US-Moroccan agreement, Moroccan sugar exports will be subject to a "net surplus" requirement, and a mirror provision governs U.S. exports to Morocco. Sugar and sugar-containing products are the only products in the entire agreement where access is conditioned on the exporting country being a net surplus producer. This essentially means that the Free Trade Agreement will never benefit trade in sugar or sugar-containing products between the two countries. The only purpose of this "net surplus" requirement is to protect the inflated U.S. sugar price. The ATAC believes that this provision should expire, or at least be reviewed, after 15 years.

VI. Membership of Committee

Enclosure B is a list of members of the Agricultural Technical Advisory Committee on Processed Food with their respective affiliations.