

March 12, 2004

The Honorable Robert B. Zoellick  
United States Trade Representative  
600 17<sup>th</sup> 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 am pleased to transmit the report of the Agricultural Technical Advisory Committee (ATAC) for Trade in Animals and Animal Products on the U.S.-Central America Free Trade Agreement reflecting majority and additional advisory opinions on the proposed Agreement.

Sincerely,

James R. Hoben, Chair  
Agricultural Technical Advisory  
Committee for Trade in Animals and  
Animal Products

**The U.S.-Central America Free Trade Agreement (FTA)**

**Report of the Agricultural Technical Advisory Committee (ATAC) for Trade  
in Animals and Animal Products**

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The Agricultural Technical Advisory Committee (ATAC) for Trade in Animals and Animal Products

**Advisory Committee Report to the President, the Congress and the United States Trade Representative on the U.S.-Central America 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) 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.

The report of the appropriate sectoral or functional committee 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 (ATAC) for Trade in Animals and Animal Products hereby submits the following report.

**II. Executive Summary of Committee Report**

Please refer to Section V of the report below

**III. Brief Description of the Mandate of the Agricultural Technical Advisory Committee (ATAC) for Trade in Animals and Animal Products**

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. The committee provides 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. This advisory committee provides valuable private sector input.

#### **IV. Negotiating Objectives and Priorities of the Agricultural Technical Advisory Committee (ATAC) for Trade in Animals and Animal Products**

The Committee as it is currently constituted was not formed when negotiations began with the Central American countries. Therefore, the comments below, in Section V, reflect the priorities and objectives of the current membership of the Agricultural Technical Advisory Committee for Trade in Animals and Animal Products.

#### **V. Advisory Committee Opinion on Agreement**

The Agricultural Technical Advisory Committee (ATAC) for Trade in Animals and Animal Products provides the following comments on the U.S.-Central America Free Trade Agreement (FTA). Views on the CAFTA have been segregated in line with the animal and animal product sectors represented on the Committee:

##### Poultry

The CAFTA is a very important achievement and should be approved. As a result of this agreement, U.S. poultry producers and exporters will have a much greater opportunity to expand markets in Central America.

##### Dairy

The CAFTA is an accord in which the U.S. dairy industry will gain specific benefits. As a result of this agreement, U.S. dairy will have new opportunities to expand exports of U.S. dairy products in all of the Central American countries.

The U.S. Trade Representative (USTR) is to be commended for securing market access for milk products and for phasing out tariffs for all dairy products over the next 20 years. We believe this agreement will further promote reciprocal trade within the hemisphere.

The U.S. dairy industry is committed to fair and balanced trade and is gratified by this important step in expanding U.S. dairy exports.

##### Pork and Majority Beef Opinion

The U.S. Trade Representative is to be commended for immediately securing market access for U.S. high quality beef cuts (beef grading “prime” and “choice”) and for phasing out tariffs and tariff-rate quotas (TRQs) for other beef and pork over a 15-year period. The agreement will provide greater opportunity for U.S. beef and beef variety meat exports to CAFTA nations.

Pork producers are also supportive of the CAFTA. It improves access and over time reduces tariffs. Provisions within the agreement will provide greater opportunity for U.S. pork and pork variety meat exports to CAFTA nations.

## Minority Beef Opinion

Family live cattle producers number over one million business enterprises spread across the nation, doing business in every state of the Union and raising 94.9 million head of cattle. The CAFTA countries have a total beef cow herd of 10.5 million head. The CAFTA countries enjoy a cost of production of approximately 25 percent of the U.S. cost of production for similar cattle. The general rule is that a 1 percent increase in supply results in a 1½ - 2 percent decline in live cattle prices at the ranch. It is in this context that the U.S. live cattle industry views CAFTA as contributing to a downward challenge to the future of our industry. The model set forth in this agreement may lead to economic hardship on the industry and large portions of rural America

The beef cattle sector is troubled that there does not appear to be sufficient recognition of the special needs of cattle and beef trade in the CAFTA agreement. Just as important, there appear to be no special rules to deal with rapid declines in cattle prices or rapid increases in import volumes. The live cattle industry had proposed a specific “snap-back” provision based on price that would have dealt with this eventuality.

## Inspection Issues

Prior to Congressional approval of the CAFTA, it is critical that all the nations within CAFTA approve the importation of meat and poultry from all FSIS inspected and approved facilities. The U.S. meat and poultry sectors would welcome a team from the CAFTA nations to inspect representative U.S. facilities to assure the U.S. system is operating in an appropriate manner and protects human health and safety.

## TRQ Administration

Administration and transparency of TRQs on all species remains a concern. Without proper administration, TRQs can become a non-tariff trade barrier that limits U.S. meat and poultry exports. USTR and USDA are encouraged to closely monitor how the various governments operate their tariff rate quotas to assure they do not become barriers.

## Conclusion

Our trade advisory committee views non-tariff trade barriers as major hurdles that need to be resolved. Members of the committee remain concerned in general about the implementation and enforcement provisions within Free Trade Agreements. It is critical that all CAFTA countries accept meat and poultry from all FSIS inspected and approved facilities.

Our trade advisory committee is grateful for the access that it had to the negotiators of the CAFTA. Given that FTA's are negotiated for the benefit of all parties to the agreement, this Committee supports the overall results of this agreement

**VI. Membership of Committee**

<b>Name</b>	<b>Organization</b>	<b>City/State</b>
<b>Jaime Castaneda</b>	<b>National Milk Producers Federation</b>	<b>Arlington, VA</b>
<b>Tom Cook</b>	<b>National Renderers Association, Inc.</b>	<b>Alexandria, VA</b>
<b>Gregory Doud</b>	<b>National Cattleman's Beef Association</b>	<b>Washington, DC</b>
<b>Richard Ellinghuysen</b>	<b>Producers Livestock Marketing Association</b>	<b>Omaha, NE</b>
<b>Richard Fritz</b>	<b>U.S. Meat Export Federation</b>	<b>Denver, CO</b>
<b>John Hardin</b>	<b>John Hardin Farms</b>	<b>Danville, IN</b>
<b>Dana Hauck</b>	<b>Pike Trail Cattle Co., Inc.</b>	<b>Delphos, KS</b>
<b>James Hoben</b>	<b>Interra International, Inc.</b>	<b>Atlanta, GA</b>
<b>John Hogan</b>	<b>John Hogan, Attorney</b>	<b>Washington, DC</b>
<b>Gregory Ibach</b>	<b>Nebraska Department of Agriculture</b>	<b>Lincoln, NE</b>
<b>John Lincoln</b>	<b>Linholt Farm and New York Farm Bureau</b>	<b>Bloomfield, NY</b>
<b>Thomas May</b>	<b>Trugman-Nash, Inc.</b>	<b>New York, NY</b>
<b>Dennis McDonald</b>	<b>Open Spear Ranch</b>	<b>Melville, MT</b>
<b>David Meeker</b>	<b>Federation of Animal Science Societies</b>	<b>Arlington, VA</b>
<b>Daniel Meyer</b>	<b>American Dairy Products Institute</b>	<b>Elmhurst, IL</b>
<b>Toby Moore</b>	<b>USA Poultry and Egg Export Council</b>	<b>Stone Mountain, GA</b>
<b>Michael Mullins</b>	<b>Cargill, Inc.</b>	<b>Washington, DC</b>
<b>James Peterson</b>	<b>Jim Peterson Ranch</b>	<b>Buffalo, MT</b>
<b>John Reddington</b>	<b>American Meat Institute</b>	<b>Arlington, VA</b>
<b>William Roenigk</b>	<b>National Chicken Council</b>	<b>Washington, DC</b>
<b>Donald Schriver</b>	<b>Dairy Farmers of America</b>	<b>Kansas City, MO</b>
<b>Jane Shey</b>	<b>Shey &amp; Associates</b>	<b>Annapolis, MD</b>
<b>Ray Souza</b>	<b>Mel-Delin Dairy</b>	<b>Turlock, CA</b>
<b>Thomas Suber</b>	<b>U.S. Dairy Export Council</b>	<b>Arlington, VA</b>
<b>Jeffrey Swain</b>	<b>BC Natural Foods</b>	<b>Evergreen, CO</b>
<b>James Tillison</b>	<b>Alliance of Western Milk Producers</b>	<b>Sacramento, CA</b>
<b>Gene Wiese</b>	<b>Wiese &amp; Sons</b>	<b>Manning, IA</b>
<b>Caren Anne Wilcox</b>	<b>Caren Wilcox and Associates</b>	<b>Washington, DC</b>
<b>Dennis Wolff</b>	<b>Pen-Col Farms</b>	<b>Millville, PA</b>
<b>Robert Yonkers</b>	<b>National Cheese Institute</b>	<b>Washington, D.C.</b>

