

Enclosure A

November 22, 2003

The Honorable Ann M. Veneman
Secretary of Agriculture
U.S. Department of Agriculture
Washington, D.C 20250

The Honorable Robert B. Zoellick
United States Trade Representative
Office of the U.S. Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Dear Secretary Veneman and Ambassador Zoellick:

The newly established Agricultural Technical Advisory Committee (ATAC) for Processed Foods held its third meeting on November 12-13. We received excellent briefings from a number of USDA and USTR officials concerning the status of the ongoing WTO and FTA negotiations as well as other pending trade matters.

Committee members also shared information with each other as well as with USDA/USTR negotiators, identified topics for discussion at future meetings and established trade policy priorities. In that regard, it was the unanimous decision of those attending that I should advise both of you of the Committee's views on the following key issues:

- A. **No Exclusions:** The Processed Foods ATAC opposes any product exclusions from the U.S.- Central American Free Trade Agreement (CAFTA) and other evolving FTAs. We accept that longer tariff phase-outs, tariff-rate quotas and other temporary measures may be necessary to ease the adjustment for a very limited number of sensitive commodity interests in all six countries, but it is critical that all tariffs be eliminated for all products within reasonable time frames.
- B. **Rules of Origin:**
 - (a) In establishing rules of origin in the CAFTA and other pending FTAs, the general rule that a change in HTS chapters confers origin should be respected to the maximum extent. If exceptions are absolutely necessary, they should not go beyond those incorporated in the North American Free Trade Agreement.
 - (b) It is Committee's sense that even though special rules of origin have the greatest impact on food processors, they have been designed primarily with producer interests in mind. The U.S. processed foods industry is a major contributor to agricultural exports and a key factor in the welfare of the U.S. agricultural producing sector. There is insufficient regard for the overall economic

effect of these special rules. The ATAC urges USTR/USDA to recognize the overall negative impact of special rules of origin on the food processing industry and consult more closely with food processors on proposed special rules.

- C. **SPS/TBT Barriers**: Effectively addressing existing sanitary, phytosanitary, and technical barriers to trade is a critical component of every trade agreement. The Processed Foods ATAC is eager to work with USDA/USTR/FDA specialists to identify and eliminate all illegitimate SPS measures and all unjustifiable/unnecessary technical barriers to trade.

- D. **Doha Round Talks**: We regret that the WTO talks broke down at the Cancun WTO Ministerial Meeting. Further progress in liberalizing global agricultural trade and a strong, viable WTO are essential to U.S. and global economic growth. Accordingly, we urge a proactive U.S. strategy to reinvigorate the Doha Round negotiations.

All on our Committee are excited about the prospects of working with you to bring to fruition comprehensive trade agreements that will open markets and yield commercially significant market access. We are prepared to work hard to encourage Congressional approval of such agreements.

Please consider these points outlined above. The Processed Foods ATAC will continue to stress these key themes in all contacts with your respective staffs. Finally, we invite you to attend our next meeting in December 2003 so that we can provide further insight to the special challenges and opportunities facing processed food exporters.

Sincerely,



Leonard W. Condon
Chairman

Enclosure

cc: Under Secretary J.B. Penn
Ms. Ellen Terpstra
Mr. Philip Shull
Mr. Chris Church

Ambassador Alan Johnson
AUSTR Chris Padilla
Mr. Jason Hafemeister