

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 am pleased to transmit the report of the Agricultural Technical Advisory Committee for Cotton, Peanuts, Planting Seeds and Tobacco on the Singapore Free Trade Agreement, reflecting consensus advisory opinions on the proposed Agreement.

Sincerely,

Chair (or Designated/Acting Chair)
(Committee)

The U.S.-Singapore Free Trade Agreement (FTA)

**Report of the
Agricultural Technical Advisory Committee for Cotton, Peanuts, Planting
Seeds and Tobacco**

February 2003

February 26, 2003

Cotton, Peanuts, Planting Seeds and Tobacco Agricultural Technical Advisory Committee

Advisory Committee Report to the President, the Congress and the United States Trade Representative on United States – Singapore 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.

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 Cotton, Peanuts, Planting Seeds and Tobacco Advisory Committee hereby submits the following report.

II. Executive Summary of Committee Report

The members of the Cotton, Peanuts, Planting Seeds and Tobacco Advisory Committee have reviewed the United States – Singapore Free Trade Agreement. This report reflects the opinion of the committee concerning cotton, peanuts, planting seeds and tobacco.

In general, the agreement appears to provide reciprocal levels of market access for both the United States and Singapore. Specific issues are discussed in Section V of this report.

Among the more significant issues raised by members of the committee are:

- ◆ The U.S. peanut industry is in transition to a more open, market-oriented program. It would be preferable to that industry if tariff reductions were scheduled so that the majority of such reductions were taken during the later stages of implementation.
- ◆ The agreement contains provisions committing the countries to labor standards and rules adopted by the International Labor Organization, and obligates the countries to enforce their labor laws and their environmental laws.
- ◆ The cotton members of the Agricultural Technical Advisory Committee do not support the inclusion of tariff preference levels for certain textile products in the agreement.

The members of the committee note that current rules governing the confidentiality of free trade agreements make it difficult for the members of the committee to consult members of their

industry concerning these agreements. The members of the committee urge the Administration to pursue changes in the rules governing secrecy of these agreements so that U.S. agriculture in general will have a fair opportunity to review actual agreement language well in advance of the agreement being concluded or sent to Congress for approval.

III. Brief Description of the Mandate of Cotton, Peanuts, Planting Seeds and Tobacco Agricultural Technical Advisory Committee

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 which could supply this private sector input.

IV. Negotiating Objectives and Priorities of (Committee)

The Cotton, Peanuts, Planting Seeds and Tobacco Advisory Committee agrees with the general negotiating objectives set out in the Trade Act of 2002 concerning trade agreements as follows:

- ◆ to obtain more open, equitable, and reciprocal market access;
- ◆ to obtain the reduction or elimination of barriers and distortions that are directly related to trade and that decrease market opportunities for United States exports or otherwise distort United States trade;
- ◆ to further strengthen the system of international trading disciplines and procedures, including dispute settlement;
- ◆ to foster economic growth, raise living standards, and promote full employment in the United States and to enhance the global economy;
- ◆ to ensure that trade and environmental policies are mutually supportive and to seek to protect and preserve the environment and enhance the international means of doing so, while optimizing the use of the world's resources;
- ◆ to promote respect for worker rights and the rights of children consistent with core labor standards of the ILO (as defined in section 2113(6)) and an understanding of the relationship between trade and worker rights;
- ◆ to seek provisions in trade agreements under which parties to those agreements strive to ensure that they do not weaken or reduce the protections afforded in domestic environmental and labor laws as an encouragement for trade;
- ◆ to ensure that trade agreements afford small businesses equal access to international markets, equitable trade benefits, and expanded export market opportunities, and provide for the reduction or elimination of trade barriers that disproportionately impact small businesses; and
- ◆ to promote universal ratification and full compliance with ILO Convention No. 182 Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor.

The Cotton, Peanuts, Planting Seeds and Tobacco Advisory Committee agrees with the general negotiating objectives set out in the Trade Act of 2002 concerning agriculture, including obtaining competitive opportunities for United States exports of agricultural commodities in foreign markets substantially equivalent to the competitive opportunities afforded foreign exports in United States markets and achieving fairer and more open conditions of trade in bulk, specialty crop, and value-added commodities.

The committee members urge the United States to work to limit and abolish unfair or trade-distorting activities of state trading enterprises and other administrative mechanisms, unjustified trade restrictions or commercial requirements, such as labeling, that affect new technologies, including biotechnology; unjustified sanitary or phytosanitary restrictions, including those not based on scientific principles in contravention of the Uruguay Round Agreements; and other unjustified technical barriers to trade.

In addition, members of the Cotton, Peanuts, Planting Seeds and Tobacco Advisory Committee also support negotiating objectives concerning intellectual property rights as embodied in the Trade Act of 2002, including –

- ◆ the promotion of adequate and effective protection of intellectual property rights, including through ensuring accelerated and full implementation of the Agreement on Trade-Related Aspects of Intellectual Property Rights, particularly with respect to meeting enforcement obligations under that agreement; and ensuring that the provisions of any multilateral or bilateral trade agreement governing intellectual property rights that is entered into by the United States reflect a standard of protection similar to that found in United States law;
- ◆ providing strong protection for new and emerging technologies and new methods of transmitting and distributing products embodying intellectual property;
- ◆ preventing or eliminating discrimination with respect to matters affecting the availability, acquisition, scope, maintenance, use, and enforcement of intellectual property rights;
- ◆ ensuring that standards of protection and enforcement keep pace with technological developments; and
- ◆ providing strong enforcement of intellectual property rights, including through accessible, expeditious, and effective civil, administrative, and criminal enforcement mechanisms;
- ◆ fair, equitable, and nondiscriminatory market access opportunities for United States persons that rely upon intellectual property protection; and
- ◆ respect for the Declaration on the TRIPS Agreement and Public Health, adopted by the World Trade Organization at the Fourth Ministerial Conference at Doha, Qatar on November 14, 2001.

The cotton members of the committee also note the importance of textile negotiating objectives as set out in the Trade Act of 2002, which are to obtain competitive opportunities for United States exports of textiles and apparel in foreign markets substantially equivalent to the competitive opportunities afforded foreign exports in United States markets and to achieve fairer and more open conditions of trade in textiles and apparel.

V. Advisory Committee Opinion on Agreement

Tobacco provisions

Members of the Agricultural Technical Advisory Committee representing tobacco interests note that the Free Trade Agreement with Singapore appropriately covers all agricultural products, including tobacco.

Peanut provisions

The U.S. peanut industry is in transition to a more open, market-oriented program. It would be preferable to that industry if tariff reductions were scheduled so that the majority of such reductions were taken during the later stages of implementation.

Cotton provisions

The Singapore agreement appears to provide for equity and reciprocity in trade in cotton and cotton products between Singapore and the United States. With respect to cotton fiber imports into the United States, the agreement provides for the immediate elimination of import duties on in-quota cotton fiber, with duties applicable to imports outside the WTO-negotiated tariff rate quota to be phased out over an extended length of time. All duties and quotas applicable to cotton fiber exports to Singapore are eliminated immediately.

Members of the cotton industry cannot evaluate any free trade agreement without consideration of the provisions of the agreement that affect trade in cotton textiles. The U.S. cotton industry has been concerned that a free trade agreement with Singapore could result in countries not a party to the agreement transshipping textile articles through Singapore in order to obtain quota-free and duty-free access to the United States. However, although the agreement does eliminate U.S. textile duties with respect to textile and apparel imports from Singapore, the agreement does much to reduce cotton industry concerns about transshipping.

- ♦ The agreement contains NAFTA-style yarn-forward rules of origin (fiber forward with respect to trade in cotton yarn) which ensures that only the participating countries are the beneficiaries of the trade benefits provided in the agreement;
- ♦ The agreement contains strong Customs enforcement provisions (certificate of origin, strict record keeping requirements down the line of production and ability for each member country customs service to inspect records of any company claiming a preference). It contains improvements in monitoring and enforcement, including a requirement that companies shipping textile and apparel goods to the United States under the Free Trade Agreement must register with the Singapore government and submit production information, including information on number of employees, machinery, output, etc. We understand that U.S. Customs retains the right to inspect any company in Singapore without giving advance notice. While the enforcement provisions would be stronger if they contained a “kick-out” clause that would suspend operation of the textile provisions if Singapore is not following the rules concerning enforcement and inspections, the provisions should, on the whole, provide for effective monitoring.
- ♦ The agreement also incorporates the provisions of the WTO textile provisions, providing for quota phase-out by 2005.
- ♦ The agreement contains provisions committing the countries to labor standards and rules adopted by the International Labor Organization, and obligates the countries to enforce their labor laws and their environmental laws.

The cotton members of the Agricultural Technical Advisory Committee do not support the inclusion of tariff preference levels for certain textile products in the agreement.

Planting Seed provisions

Singapore is not a major market for the seed industry. Singapore mostly acts as a hub for seed traders serving the Asia/Pacific region.

The seed industry would support the proposed provisions of the Singapore Free Trade Agreement. Aggressive elimination of import duties and export taxes may attract seed industry investment in Singapore.

The Intellectual Property Rights provisions of the Singapore Free Trade Agreement address all relevant aspects of, references to, and compliance with, appropriate international treaties (e.g., UPOV, WIPO, patent laws etc.) that are necessary for the protection of the seed industry's intellectual property rights in Singapore. More importantly, there is emphasis on the issue of IPR enforcement, public education and outreach, and conflict resolution - all important components for successful implementation of national IPR systems.

The provisions pertaining to the environment are industry-friendly in that they encourage public-private cooperation as well as corporate leadership in obtaining desired environmental objectives of both Parties.

The U.S. seed industry encourages the U.S. government to eliminate all nominal import duties on planting seed. The existence of any import duties on planting seed sets a difficult precedent for negotiating Free Trade Agreements globally.

VI. Membership of Committee

Ms. Jeannette Anderson	American Peanut Council	Alexandria, VA
Mr. Otto Bean, Jr.	Bean Farms	Gideon, MO
Mr. J. Thomas Bunn	Leaf Tobacco Exporters Assoc.	Raleigh, NC
Mr. Albert Calvani	Calvani Farms	Carlsbad, NM
Mr. Willie (Billy) Carter, Jr. (Chair)	Carter Farms	Scotland Neck, NC
Mr. Mark Condon (Chair)	American Seed Trade Assoc.	Alexandria, VA
Mr. Thomas "Dell" Cotton (Chair)	Peanut Growers Coop. Mkt. Assoc.	Franklin, VA
Mr. Marshall Coyle	Kentucky Farm Bureau	Owingsville, KY
Mr. William Dunavant III	Dunavant Enterprises, Inc	Memphis, TN
Mr. Charles Earnest	Dolphin Land Co./Dolphin Cot. Co.	Steele, MO
Mr. William Gillon	National Cotton Council of America	Memphis, TN
Mr. Kater Hake	Delta and Pine Land Company	Scott, MS
Mr. Arnold Hamm	Flue-Cured Tob. Coop. Stabilization	Raleigh, NC
Mr. Bruce Hiatt	Virginia Farm Bureau	Richmond, VA
Mr. Kenneth Hood	H.B. Hood Gin Co.	Gunnison, MS

Mr. Jeffrey Johnson	Birdsong Peanuts	Suffolk, VA
Mr. Donald Koehler	Georgia Peanut Commission	Tifton, GA
Mr. Dewey Lewis	Peanut Farmer	Lowell, FL
Mr. Larry Meyers	National Peanut Growers	Washington, DC
Mr. Donald Nelson	Altria Corporate Services Inc.	Washington, DC
Mr. Thomas Crane Parrish	Dimon, Inc.	Danville, VA
Mr. Evans Plowden, Jr.	American Peanut Shellers Assoc.	Albany, GA
Mr. Michael Schafer	Farmer	Madison, IN
Mr. Thomas W. Smith	Calcot Limited	Bakersfield, CA
Mr. Clyde "Kirk" Wayne, Jr.	Tobacco Associates, Inc.	Washington, DC
Mr. Bobby Weil	Weil Brothers-Cotton Inc.	Montgomery, AL
Mr. Larry Wooten	North Carolina Farm Bureau	Raleigh, NC