

Statement of Allen F. Johnson
United States Trade Representative
Chief Agricultural Negotiator-designate
before the Senate Committee on Finance
June 21, 2001

Chairman Baucus, Senator Grassley, and Members of the Committee,

I would like to thank you for making time during this busy period in the United States Senate to hold this confirmation hearing. I am honored and greatly appreciative of the President's nomination to this position. As you know, the President has placed a high priority on trade and has emphasized that agricultural trade liberalization is a top priority.

If confirmed, I look forward to working with this committee and the other committees in the House and Senate in addressing the many challenges and opportunities facing our producers, agri-businesses and food companies. I recognize the need to work very closely with both sides of the aisle in carrying out my responsibilities.

Throughout my career, starting in Iowa and continuing to today, I have been fortunate to have many experiences working with a wide variety of agricultural interests both in government and in the private sector, domestically and internationally. As an agricultural and trade assistant to Senator Grassley during the 1980s, I had the unique learning experience watching how the Senator was able to reach across the aisle and develop common objectives with people and groups that on the surface would appear to be very different. As the CEO of both farmer organizations, in the Iowa Soybean Association and Iowa Soybean Promotion Board, and an industry organization, National Oilseed Processors Association, I have been able to experience the challenges of many parts of the U.S. food chain. In addition, I have been blessed by the opportunity to coordinate and co-chair several agricultural trade coalitions that have provided me a broader view U.S. agriculture. Finally, I have worked on the ground internationally and been involved in international organizations that have provided practical experience that can now be put to work finding practical solutions to the issues in front of us.

Trade is critical to U.S. agriculture. The simple facts of U.S. agriculture are that one out of three acres are exported, we increase our productivity every year, and domestic consumption is relatively flat. The simple fact of world trade is that 96% of the world's population is outside our borders. This population will grow much faster than the population in the U.S., and each of those people, as their economic environment improves, will increase their per capita consumption of food more rapidly than in the U.S.. We will need to marry these domestic and world trade facts into one coherent policy if we are to take advantage of the enormous opportunities worldwide and build a bright future for U.S. agriculture.

U.S. agriculture is two and one-half times more reliant on trade than the general economy. Bulk commodities such as corn, soybeans, rice, cotton, and wheat rely on overseas markets for 30-45% of their total sales. Many high-value products also depend on overseas markets for consuming over 25% of their domestic production. Since 1991 my home state of Iowa has relied

on exports for 27% to 37% of its farm cash receipts.

Yet the barriers to trade worldwide are significant with agricultural tariff bindings averaging over 60%, with some as high as 300%, while the U.S. agricultural tariffs are 12%. By comparison, average non-agricultural tariffs worldwide are about 4%. In addition, our industries must compete for these markets against EU export subsidies that are 50 times higher than the U.S..

Another simple fact is that others are moving forward without the U.S. There are over 130 preferential trade agreements in the world today, and the U.S. is a party to only two. Out of the more than 30 reciprocal trade agreements in this hemisphere, the U.S. has participated in one.

As these agreements are negotiated without us, our competitors create preferential treatment and establish standards that put U.S. agricultural exporters at a disadvantage. If this trend continues, we will find ourselves irretrievably in the back seat while others in the world drive the agenda. Meaningful liberalization in agricultural and food trade will not take place on its own. It must be achieved in the World Trade Organization, the Free Trade Area of the Americas, and bilateral negotiations. The Administration will need to work closely with our trading partners, the Congress, and industry if this is to occur. Our joint message to the world must be that the U.S. is ready to lead, and the most critical part of that message is the Congress granting the President Trade Promotion Authority as soon as possible this year.

Another important part of our successful team are the committed career professionals at USTR, USDA and the other agencies that work with agriculture. Knowing the quality of people that I would be working with made the decision to accept this important responsibility much easier. This position must serve an important coordinating role in bringing together the best assets and talents from other agencies to focus on agricultural trade policies and related issues.

In the coming years, I intend to dedicate myself to helping the world feed itself more efficiently and more effectively through the negotiation, implementation, monitoring and enforcement of agricultural trade agreements. We will not unilaterally disarm and will negotiate tough to level the playing field in order to create an environment where our farmers and businesses can compete.

Mr. Chairman, thank you again for this opportunity to testify before the Senate Finance Committee today.