

Trade Agreements

Action Request: Florida Farm Bureau asks our Congressional delegation to ensure that in the zeal to expand markets for certain businesses and commodities that we don't sacrifice our domestic market and our farmers on the altar of free trade. If our concerns are not addressed in the negotiation process, we ask that Congress not vote for the FTAA or CAFTA.

Background: The following are key FFB member-approved trade policies:

“We support free and fair trade. Any modifications to our domestic trade policy and tariff schedules should be done through multilateral negotiations. Any modifications must be compatible with current farm programs, as outlined in the 2002 Farm Bill. We support legislation to prevent circumvention of domestic trade policy and tariff schedules. Import-sensitive crops (i.e., sugar, citrus, and vegetables) should not be negotiated on a bilateral or regional basis.”

FFB Policy #180, Trade Agreements

“Import-sensitive agricultural products shall be exempted from reciprocal trade agreements when such agreements are considered with countries whose producers have unfair advantages over domestic producers through subsidies and other means.”

FFB Policy #179, Trade

“We oppose the Free Trade Area of the Americas Agreement.”

FFB Policy #169, FTAA

Our above policies express our members' general concerns and frustrations with the direction this country is taking in trade policy. It wasn't too long ago that NAFTA created havoc in our state. NAFTA was developed under the same premise current bilateral FTAs are being developed, that being certain segments of agriculture are sacrificed to gain markets for other agriculture sectors, durable goods and other business opportunities.

Florida Citrus and FTAA

When you look at the current world market for orange juice there are only two main players: Florida and Brazil. Production of orange juice between the two players makes up roughly 84 percent of the world market. The major difference between them is that Brazil exports 99 percent of its production while 94 percent of Florida's production is consumed domestically and 6 percent is exported.

The current citrus tariff helps level the playing field for the two orange juice competitors and prevents Brazil from expanding the unprecedented degree of monopoly power it currently enjoys in overseas markets to that of the North American market. Eliminating or reducing the tariff, which is currently only \$0.0785 per liter, would be detrimental from a cost-benefit standpoint.

The North American orange juice market is the leading orange juice market in the world. The development and growth of this market was to a large extent financed by Florida citrus growers, who have invested hundreds of millions of dollars through a self-imposed marketing and advertising tax. Any reduction in the current tariff



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would provide Brazil easier access to a market developed by Florida citrus growers for Florida citrus growers. Approximately 90 percent of the North American orange juice market is from Florida and Brazil. The remaining 10 percent is either duty-free under the Caribbean Basin Initiative (CBI) or duty-reduced under NAFTA.

Florida's farmers and ranchers are supportive of efforts that promote "fair" trade with other countries but we believe the multilateral negotiations in the WTO afford our farmers and ranchers the most fair and effective means to mediate the many complex issues. The way it stands today with the FTA route, we find our industry dying of a "thousand cuts" with each new FTA threatening the future existence of a different segment of our agriculture economy.

Sugar and CAFTA

The Central American Free Trade Agreement (CAFTA) talks with El Salvador, Guatemala, Honduras and Nicaragua were initiated in October 2002 and concluded in December 2003. Costa Rica has been involved in the negotiations from the outset, but was not part of the agreement that was announced on December 17, 2003. However, Costa Rica agreed to join the pact on January 25, 2004.

Virtually all foreign sugar producers are either subsidized or protected by their governments. Despite this, our government continues to push for trade agreements that allow free access to our market by these foreign countries, many of which, in addition to subsidies, have less stringent environmental standards and child labor laws. Under World Trade Organization (WTO) requirements, other countries are allowed to send a minimum of 1.25 million tons of foreign sugar to our market each year whether we need it or not. Recently, our government has negotiated trade agreements with countries in this hemisphere that will allow more foreign sugar into our markets with a potential to oversupply the market. There are countries waiting to complete trade agreements with the current Administration. Most of them have surplus, subsidized sugar they want to get rid of by dumping it into our market.

The United States and CAFTA are working to complete the legal review of the text of the Agreement and the agreed-upon tariff schedules. The purpose of the review is to ensure that the texts accurately reflect the Agreement the negotiators reached.

The President has signaled his intent to enter into a FTA with CAFTA countries. Once that notification is made, each of the private sector advisory commitments will provide the President and Congress with their assessment of the Agreement, including whether the Agreement is in the economic interest of the United States and makes progress in achieving U.S. negotiating objectives. These assessments must be provided within 30 days of the time of the President's notification. On or after a 90 day period from the time of the President's notification to Congress, the CAFTA Agreement can be signed. Within 60 days after the Agreement is signed, the President will send Congress a list of changes to existing laws that are necessary to comply with the Agreement. Within 90 days after the President signs the Agreement, the U.S. International Trade Commission will submit a report to the President and Congress assessing the likely impact of the FTA on the U.S. economy and on specific industry sectors and interests of consumers. The President will then submit to Congress a copy of the final legal text of the Agreement, a draft implementing bill, statement of any administrative action necessary to implement the Agreement, and various other documents required for the implementing legislation to be considered under Trade Promotion Authority procedures.



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