

October 3, 2011

The Honorable John Boehner
Speaker
U.S. House of Representatives
H-232, U.S. Capitol
Washington, D.C. 20515

The Honorable Harry Reid
Majority Leader
U.S. Senate
S-221, U.S. Capitol
Washington, D.C. 20510

The Honorable Nancy Pelosi
Democratic Leader
U.S. House of Representatives
H-204, U.S. Capitol
Washington, D.C. 20515

The Honorable Mitch McConnell
Republican Leader
U.S. Senate
S-230, U.S. Capitol
Washington, D.C. 20510

Dear Speaker Boehner and Leaders Reid, Pelosi and McConnell:

Soon you will be voting on legislation to implement the Korea-U.S. Free Trade Agreement (KORUS FTA). The undersigned organizations, representing the vast majority of U.S. farmers, ranchers, food and feed producers, food processors and exporters, urge you to consider the substantial benefits that will accrue to both nations as a result of this agreement and to vote for its implementation.

The simple fact is that the agreement is overwhelmingly good for American agriculture, with no risks. It will create significant new and expanded market opportunities for U.S. exports, without any appreciable increase in agricultural imports. Just as importantly, it will help the U.S. maintain its competitive position in the Korean market as other agricultural exporting countries enter into their own preferential trade agreements with Korea.

Should Congress fail to ratify the agreement, the U.S. stands to relinquish its significant export sales opportunities to those competitors. This is not a trivial concern. There are 13 such preferential agreements in place or in the works involving some 50 nations, including some major agricultural producing and exporting countries, such as Chile, Australia, New Zealand, Canada, the 27-nation European Union (EU), Mexico, Mercosur (Argentina, Brazil, Paraguay and Uruguay), Peru and the ASEAN bloc. In fact, South Korea's FTA with the EU entered into force on July 1, 2011.

Without passage of the KORUS FTA, Korea's current 25 percent tariff will remain in place on U.S. pork shipments but will be eliminated for pork exports from the EU. Our standing as the top global pork exporter would count for nothing. Iowa State University economist Dermot Hayes has calculated that the U.S. pork industry would be completely out of the Korean market within 10 years.

Unfortunately, the 40 percent tariff on U.S. beef resulted in over \$200 million in tariffs in 2010. That is \$200 million that should have been invested in the U.S. economy.

Furthermore, we cannot afford to delay this agreement any longer and risk losing market share to our biggest competitor, the Australians, who are close to signing their own free trade agreement with Korea.

Another example is corn starch. The EU secured a highly advantageous deal for its starch exports in its FTA with Korea, including a more rapid tariff elimination schedule. Congressional delay in ratifying the KORUS FTA has allowed European starch producers to begin accessing the Korean market as of July 1 and establishing supplier relationships at the expense of the U.S. corn refining industry, putting U.S. interests at a significant competitive disadvantage.

A wide range of U.S. agricultural exports will face similar economic disadvantages, multiplied by the growing number of foreign competitors receiving more favorable trade terms under their own preferential trade agreements with Korea.

Passage of the KORUS FTA, however, will eliminate existing import barriers immediately for nearly \$3 billion of U.S. food and agricultural products. These exports represent more than 60 percent of U.S. sales, including wheat, feed corn, soybeans, hides and skins, cotton and a large number of high-value agricultural products, including almonds, pistachios, wine, raisins, grape juice, orange juice, fresh cherries, cranberries, frozen French fries, frozen orange juice concentrate, Bourbon, Tennessee Whiskey and pet food.

In just two years, many other products will be tariff-free, including avocados, lemons, dried prunes and sunflower seeds. In five years, more products will gain free access, including food preparations, chocolate and chocolate confectionary, sweet corn, sauces and preparations, alfalfa and other forages, breads and pastry, grapefruit and dried mushrooms.

Still other important U.S. farm products will benefit from new or expanded tariff rate quotas. These include skim and whole milk powder, whey for food use, cheese, starches, barley, popcorn and soybeans for food use. Market access improvements were also achieved for beef and pork products, eggs and egg products, pears and table grapes.

Taken together, these market access benefits mean greatly expanded U.S. exports to Korea. According to an analysis by the American Farm Bureau Federation, the KORUS FTA would result in \$1.9 billion in additional annual sales to Korea, a 36 percent increase over existing sales. This analysis is very conservative according to Dr. Hayes of Iowa State and the American Meat Institute, who forecast increased U.S. beef, pork and poultry exports alone to be more than \$2.1 billion.

Based on USDA estimates of job creation resulting from agricultural exports on the farm, in rural communities and throughout the U.S. economy, passage of the KORUS FTA would lead to nearly 16,000 new U.S. jobs. A study by a group of noted economists for the Agricultural and Applied Economics Association puts the number at over 30,000 new

jobs.¹ In either case, these important benefits to our nation's economy have been forfeited for too long while the implementing legislation has been on hold.

The KORUS FTA establishes precisely the level playing field that many members of Congress have argued should be a fundamental goal of U.S. trade policy and our trade agreements with key trading partners. The KORUS FTA is good for the U.S. economy and our country, and we strongly urge you to vote for its swift implementation.

Sincerely,

Agri Beef Co.
American Farm Bureau Federation
American Feed Industry Association
American Frozen Food Institute
American Meat Institute
American Peanut Product Manufacturers, Inc.
American Potato Trade Alliance
American Seed Trade Association
American Soybean Association
Animal Health Institute
Blue Diamond Growers
California Cherry Export Association
California Date Commission
California Dried Plum Board
California Fig Advisory Board
California Pear Growers
California Strawberry Commission
California Table Grape Commission
California Walnut Commission
Cargill, Incorporated
Commodity Markets Council
ConAgra Foods, Inc.
Corn Refiners Association
Dairylea Cooperative Inc.
Distilled Spirits Council of the United States
Equity Cooperative Livestock Sales Association
Grocery Manufacturers Association
Hormel Foods Corporation
International Dairy Foods Association
Idaho Barley Commission
Idaho Grain Producers Association
JBS USA
Kansas Association of Wheat Growers

¹ <http://www.choicesmagazine.org/magazine/print.php?article=169> - The report estimates that every \$1 billion in U.S. agricultural exports generates 15,811 jobs (2009).

Kentucky Small Grain Growers Association
Land O'Lakes, Inc.
Montana Grain Growers Association
National Association of State Departments of Agriculture
National Association of Wheat Growers
National Barley Growers Association
National Cattlemen's Beef Association
National Chicken Council
National Confectioners Association
National Corn Growers Association
National Council of Farmer Cooperatives
National Grain and Feed Association
National Grape Cooperative Association Inc.
National Meat Association
National Milk Producers Federation
National Oilseed Processors Association
National Pork Producers Council
National Potato Council
National Renderers Association
National Sorghum Producers
National Sunflower Association
National Turkey Federation
North American Equipment Dealers Association
North Dakota Grain Growers Association
Northwest Dairy Association/Darigold
Northwest Horticultural Council
Ocean Spray Cranberries, Inc.
Oklahoma Wheat Growers Association
Pet Food Institute
Produce Marketing Association
Seaboard Foods
Smithfield Foods
South Dakota Wheat Inc.
Sunmaid Growers of California
Sunsweet Growers Inc.
Texas Wheat Producers Association
Tyson Foods, Inc.
U.S. Canola Association
U.S. Dairy Export Council
U.S. Meat Export Federation
U.S. Premium Beef
United Egg Association
United Egg Producers
United Producers, Inc.
US Dry Bean Council
US Wheat Associates

USA Dry Pea & Lentil Council
USA Poultry & Egg Export Council
Valley Fig Growers
Washington State Potato Commission
Welch Foods Inc.
Western Growers Association

cc: Members of the U.S. House of Representatives
Members of the U.S. Senate