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Trade Adjustment Assistance for Farmers: Implementation and Lessons Learned

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INTRODUCTION

On 2 August 2002, the Congress passed the Trade Act of 2002 (Public Law 107-210) creating a new program called Trade Adjustment Assistance for Farmers (TAA). The Trade Act charged the Secretary of Agriculture with the responsibility to implement TAA and appropriated $90 million to the US Department of Agriculture (USDA) for each of the Fiscal Years 2003 through 2007 to carry out the program. TAA thus became the most recent member of a family of Federal programs helping workers, businesses, and communities adjust to import competition.

The underlying premise of trade adjustment assistance was new to the USDA. Farm programs traditionally supported either commodity prices or farm incomes and covered multiple years, usually for the life of a Farm Bill. While income tests and payment limitations were applicable, the personal financial need of a farmer was not particularly relevant. Rich farmers, as well as poor farmers, benefited from the programs. TAA, on the other hand, only applied to farmers who were harmed financially by import competition during a specific marketing year.

The Trade Act authorizes the Secretary of Agriculture to provide agricultural commodity producers TAA if imports, of like or directly competitive articles, during a marketing year contribute importantly to a decline in average producer prices of more than 20 percent from the average price for the five previous marketing years. The Act gives the Secretary discretionary authority to decide what "like or directly competitive articles" are and what "contribute importantly" means in terms of trade impact. USDA must therefore evaluate the effect of low-cost imports on domestic producer prices. TAA is not about redressing unfair foreign trade practices. Instead, TAA is primarily intended to

address actions taken by the producer's own government, in particular, the approval of new free trade agreements and the removal of border protection.

As conceived, TAA could not be appended to any existing USDA program. It had to be created from scratch, using the authorities, provisions, and limitations of the Trade Act, which had to be organized into a coherent and manageable set of administrative procedures. Establishing a program structure and rules for public participation meant drafting a regulation under Title 7: Agriculture, Part 1580 of the Code of Federal Regulations (CFR) that complied with the intent of Congress and defined terms, yet allowed for some administrative flexibility. The regulation needed separate analyses of its civil rights impact and a cost-benefit analysis. TAA required internal guidelines and procedures for reaching official decisions that assured producers due process. It needed links to USDA's existing network of farm programs. Hundreds of USDA employees in local offices had to be trained to support TAA. Software for managing documents and issuing payments had to be written and integrated with USDA records in compliance with the President's new E-Gov and E-File programs.[1] TAA petition and application forms had to be designed and approved by the Office of Management and Budget (OMB). To promote public awareness, USDA had to issue press releases, design internet websites, and publish brochures.

In creating TAA, USDA did not attempt to reinvent the wheel or create a new bureaucracy; only one full-time position was created for the program. Instead, USDA incorporated into 7 CFR 1580 many definitions and administrative controls already tested and used by the government. The Department adopted the Harmonized Tariff Schedule of the United States (HTS) as the basis for identifying and describing agricultural commodities. It adopted a process similar to that of the International Trade Commission (ITC) for reviewing and evaluating producer petitions for import relief. It eventually dispersed TAA tasks and services among various departmental agencies by administrative agreements.

During TAA's development and implementation, USDA kept two overriding goals in mind. The first was to deliver assistance to producers as rapidly as possible. The second was to administer TAA fairly and equitably. What follows in this chapter, is a discussion of how these goals were achieved, beginning with some background perspective and concluding with some lessons learned from providing approximately $30 million in training and financial assistance to 11,800 producers during Fiscal Years (FY) 2004-2005. The discussion is organized under the following headings: 1) TAA's legislative and regulatory background; 2)

[1] E-Gov and E-File utilize internet-based technology to make it easier for the public to interact with the government. President Bush signed into law the E-Government Act of 2002 on 17 December 2002.

how seafood got covered by TAA; 3) certifying petitions within 40 days; 4) determining "like or directly competitive" imports; 5) filing TAA petitions: how difficult is it; 6) filing TAA petitions: for producer representatives, it is not so simple; 7) providing technical assistance at a reasonable cost; 8) the net income test: cash allowances and job training; and 9) some lessons learned.

Finally, this chapter does not discuss the effectiveness of TAA. Currently, evaluation data is being collected from producers for use by OMB's Program Assessment Rating Tool. USDA has established performance goals to measure TAA outcomes. The results should become publicly available in late 2006.

TAA'S LEGISLATIVE AND REGULATORY BACKGROUND

The concept of providing income support and retraining benefits to workers adversely affected by trade agreements harkens back to the Trade Expansion Act of 1962 and the Kennedy Round of multilateral trade negotiations. However, few workers actually benefited from trade adjustment assistance programs until the Trade Act of 1974 significantly increased the generosity of TAA benefits and expanded worker eligibility. In 1976, when these new provisions became fully operational, TAA covered 62,000 workers at a cost of $79 million.

During the 1980s, amendments to the Trade Act of 1974 expanded cash benefits, putting them on a par with unemployment benefits. The Reagan administration, however, tightened enforcement of the eligibility rules. A 1986 amendment added a job search requirement, and a 1988 amendment required workers to participate in training in order to receive cash benefits.

In 1993, Congress created the North America Free Trade Agreement Transitional Adjustment Assistance (NAFTA-TAA) as leverage to secure NAFTA's passage. The major differences between regular TAA and NAFTA-TAA were that NAFTA-TAA covered secondary workers[2] and did not require workers to prove that increases in imports caused them to lose their jobs when employers moved employment to Canada or Mexico.

The focus of TAA from the beginning has been on displaced workers. However, it has also included minor provisions for aiding firms and communities. In 1978, the Department of Commerce (DOC) established 12 regional TAA Centers to help firms develop business plans for dealing with import competition. If a plan were approved, the firm would be eligible for a matching grant of up to $75,000 to fund certain aspects of the plan, such as market research, information technology consulting, product development, and quality programs.

[2] Secondary workers are those employed by industries that produce inputs for the primary industry affected by the imports.

During the 1990s, TAA provided relatively generous support to a limited number of workers. Groups of three or more workers, or their representatives, could apply to the Department of Labor (DOL) to have the workers in their firm certified as eligible for benefits. These included up to 52 weeks of cash assistance beyond that provided by unemployment insurance and job training for up to two years. By 2001, spending on total benefits exceeded $200 million (Baicker and Rehavi).

That same year, the Senate Finance Committee expected to begin work on a bill to renew "Fast Track" negotiating authority, which would be renamed "Trade Promotion Authority" (TPA).[3] Because of the stagnant economy, TAA was regarded as potentially helpful in shoring up support for TPA. The minority staff [4] therefore began to prepare a bill updating TAA that merged the existing TAA and NAFTA-TAA programs and broadened worker eligibility. Among numerous changes providing additional benefits to unemployed workers, the maximum period for receiving TAA cash benefits was extended to 78 weeks. The plan was to join the new TAA bill to the separate bill renewing TPA prior to its final passage by the House and Senate.

To broaden bipartisan support for TPA, the staff also incorporated into the draft TAA bill a separate TAA for Farmers bill (S.1100) that was introduced 26 June 2001.[5] Backers of S.1100 maintained that, because farmers were businessmen, they could not qualify as unemployed workers, and that farmer needs were not met by the DOC's TAA for Firms program. Interestingly, S.1100 defined an agricultural commodity to mean "any agricultural commodity (including livestock, fish, or harvested seafood) in its raw or natural state." The new TAA bill was introduced on 19 July 2001 and referred to the Committee on Finance. On 4 February 2002, the Trade Adjustment Assistance for Workers, Farmers, Fishermen, Communities and Firms Act of 2002 was reported out of committee and placed on the Senate Legislative Calendar as S.1209. Chapter 6 authorized the farmers' program in USDA, and Chapter 7 authorized an almost identical program for fishermen in the DOC. Under the farmers' program, S.1209 defined an agricultural commodity to mean "any agricultural commodity (including livestock), except fish as defined in section 299(1) of this Act, in its raw or natural state."[6]

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[3] TPA would require Congress to hold up-or-down votes on new trade agreements without amendment.

[4] Senate committees are served by both Republican and Democratic staff members. Because Democratic senators were the minority in the Senate, the committee's minority staff were Democrats, who wanted to increase benefits for workers who had lost their jobs because of imports.

[5] The bill's sponsors were Senators Grassley, Baucus, Conrad, Daschle, (Frank) Murkowski, Lincoln, and Kerry.

[6] Chapter 7 begins with Section 299, and defines "commercial fishing, fish, fishery, etc." to have the same meanings as such terms in the Magnuson-Stevens Fishery Conservation and Management Act (US Code).

A number of features of the workers' program were applied to the new farmers' program. Under TAA for Farmers a group of farmers, like a group of workers, could petition the government for relief. The requirement that producer prices decline by more than 20 percent modeled the requirement that workers show a decline of at least 20 percent in wages or hours to qualify for benefits. The requirement that the Secretary of Agriculture make a petition determination within 40 days was consistent with the DOL's requirement. Farmers, like workers, must receive technical assistance before becoming eligible for a cash allowance. A farmer's maximum annual cash allowance of $10,000 mirrors the cap on TAA's wage insurance for workers.

In July 2002, separate TPA bills passed both the Senate and the House and then went to the House-Senate Conference Committee to resolve differences. There, the conferees decided not to incorporate S.1209 in its entirety into the final TPA bill (Trade Act of 2002). Instead, they made selected amendments to the Trade Act of 1974. Among them was Chapter 6, TAA for Farmers, but not Chapter 7, TAA for Fishermen.

Passage of the Trade Act of 2002 on 2 August presented USDA with a conundrum. TAA did not fit well into any single USDA agency. Instead, program elements were scattered around the Department. The Trade Act explicitly charged the USDA Cooperative State Research, Education, and Extension Service (CSREES) with delivering technical assistance. However, the Farm Services Agency (FSA) possessed the expertise to manage farm programs and issue payments to producers. FSA also had offices in areas where farmers lived. The Foreign Agricultural Service (FAS) managed import control and trade preference programs. The Economic Research Service (ERS) could evaluate the economic impact of imports but did not manage programs.

In late October of that year USDA decided that FAS would direct the program and that it would be run by the Import Policies and Programs Division (IPPD), which supervised the Department's sugar and dairy product import programs. A USDA-wide task force was assembled to assist FAS in setting up the program. On 3 January 2003 Secretary Veneman delegated to the FAS Administrator authority to manage TAA.

As time passed, Senate supporters of TAA became concerned that USDA was proceeding too deliberately. On 27 January, Senators Grassley, Baucus, and Conrad sent a letter to Secretary Veneman expressing their dismay that she would fail to meet the deadline mandated by Congress in the Trade Act to establish a trade adjustment assistance program for farmers by 3 February, 2003! They wrote:

> This delay makes it highly unlikely that any of the $90 million appropriated by Congress for fiscal 2003 will reach the intended beneficiaries of this program (Congress Daily).

On 6 February, Senator Baucus repeated his concern on the Senate floor stating:

> The Trade Act of 2002 renewed the President's trade promotion authority after a lapse of eight years. In exchange for Congress' - and the nation's - renewed commitment to trade liberalization, the President agreed to expand the trade adjustment assistance program to better meet the needs of those who might be negatively impacted by trade. A critical part of the President's commitment was the creation of a trade adjustment assistance program for farmers, ranchers, and other agricultural producers. …After decades of trying without success to squeeze farmers into eligibility rules designed for manufacturing workers it was time to try something new. Something, that would help farmers adjust to import competition before they lost their farms. …So last summer the President made a commitment - to the Congress and to the American agricultural community - to make this program a reality. I think it is fair to say that this was one of just a few key elements that got the President those critical few votes he needed to pass TPA in the House and to pass it with a strong bipartisan vote in the Senate. … And now I say to the President, and to Secretary Veneman: the farmers and ranchers of Montana - and indeed throughout America - continue to wait for your Administration to fulfill this commitment.

USDA soon accelerated its efforts. Before TAA could be implemented, it needed to undergo "rule-making," which required publication of a proposed rule, a public comment period, and publication of a final rule. Because producers would be asked to provide USDA information on their petitions and applications, TAA had to comply with the Paperwork Reduction Act's provisions regarding public information collection and newly imposed reporting burdens.

On 28 February, IPPD completed a first draft of the TAA proposed rule and sent it to USDA's Office of General Counsel for review. Following a further review by the OMB, FAS published the proposed rule, including the Paperwork Reduction Act notice of information collection, in the Federal Register on 23 April. The public had 30 days to submit comments regarding any aspect of the rule and notice. Resolving the issue related to the eligibility of salmon fishermen (discussed below) slowed "rule-making" for about a month in late June and early July. As the program took shape, the Administrator of FAS signed separate Memoranda of Understanding with ERS, FSA, CSREES, and the Agricultural Marketing Service (AMS)

to provide TAA support. FAS finally launched TAA on 20 August 2003, with publication of the final rule in the Federal Register. TAA took just over one year to get underway.

HOW SEAFOOD GOT COVERED BY TAA

Probably the most surprising early outcome of TAA is the fact that its leading beneficiaries have been fishermen. Programs to support and regulate the fishing industry have been traditionally based in the DOC, in particular the National Oceanographic and Atmospheric Administration (NOAA). To be sure, USDA played a role in nurturing the growth of the fish farming industry, especially the catfish industry in the South. However, the DOC always exercised the government's leadership role in the area of fisheries and international seafood trade. Then, early in the 1980s USDA became increasingly active in supporting the fishing sector's exports. This reflected the fact that while DOC funding for export promotion programs was slowly drying up, Congress was providing new money to USDA to enhance the export programs managed by FAS. Since the 1950s, the foreign market development programs of FAS had focused on raw agricultural commodities, such as wheat, feedgrains, oilseeds, and cotton. The new funding, however, was directed more and more at promoting the exports of value-added, processed, and semi-processed products. Thus, fish and seafood exporters began to gravitate toward FAS for assistance. In the 1980s, the Alaska Seafood Marketing Institute (ASMI) began applying for and receiving grants to promote salmon exports to Europe and Japan.[7] In addition to promotional funding, fish and seafood exporters found other USDA programs opening up to them. In the 1990s, the DOC ceased sponsoring US seafood exhibits at international trade shows. FAS immediately filled the gap and began recruiting US seafood exporters to exhibit their products in FAS pavilions at international food and beverage shows, alongside companies displaying US red meat and poultry. Fish and seafood exporters were also welcomed to participate as members of FAS-sponsored foreign sales missions.

The coverage of certain fishermen by TAA therefore appears to be in keeping with a longer-term trend. USDA's attraction to the fishing sector is clear. It has funded programs that can serve the sector's needs. However, export promotion and import relief are fundamentally different, and in 2003 USDA was not seeking to expand its services to fishermen. To gain access to TAA, the fishing and seafood sector needed some forceful political intervention, and that is what it got.

As mentioned earlier, the Trade Act of 2002 did not include S.1209's Chapter 7, TAA for Fishermen. Instead, Section 143 of the Act states:

[7] In fiscal year 2005, FAS allocated to ASMI $3.5 million under the Market Access Program.

> Not later than 1 year after the date of enactment of this Act, the Secretary of Commerce shall conduct a study and report to Congress regarding whether a trade adjustment assistance program is appropriate and feasible for fishermen. For purposes of the preceding sentence, the term "fishermen" means any person who is engaged in commercial fishing or is a United States fish processor.[8]

Therefore, when FAS published its proposed rule in the Federal Register, TAA did not cover fishermen, but only covered aquaculture because of that industry's established position in the farm sector. Public comment regarding the coverage of aquaculture was favorable, and it remained in the final rule sent to OMB for a second review. This meant that not only catfish farmers, but also Maine's Atlantic salmon farmers, would be eligible to petition for TAA.

In June, Alaska's new Senator, Lisa Murkowski, became aware that fishermen of wild Pacific salmon in her state would not be eligible to petition for TAA. Frank Murkowski, her father and one of the original sponsors of the Senate's TAA for Farmers bill, had appointed Lisa to fill his vacant Senate seat after he won Alaska's gubernatorial election. She would have to run for election in November 2004 in order to keep the seat. Lisa Murkowski therefore needed to produce results in Washington to offset the charges of nepotism being heard back in Alaska.

Alaska's fishermen had not found TAA programs particularly useful. Fishermen generally did not qualify for benefits as unemployed workers because they either operated their own vessels or shared in the catch. At the DOC, the Economic Development Administration certified for awards just one fishing firm in the Northwest in 2001 and only four in 2002. Senator Murkowski's staff contacted USDA and insisted that Alaska's salmon fishermen be covered by TAA. USDA countered that the Trade Act did not authorize TAA for open water fishermen. Furthermore, the public comment period had ended, and it was too late to make any changes to the rule reflecting the wishes of Alaska's salmon fishermen. The matter was soon resolved, however, when the White House indicated that it wanted Alaska's salmon fishermen covered.

To do so, USDA needed to solve two problems. The first was finding a compromise that would satisfy Senator Murkowski without extending TAA to all US fishermen. The rule needed to express a general principle of commodity eligibility that would cover Alaska salmon, without mentioning salmon *per se*. Otherwise, it would be seen as arbitrary and discriminatory. The second problem was justifying the change so late in the rulemaking process.

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[8] A year later, the DOC recommended against TAA for fishermen as inappropriate and unnecessary.

The first problem was solved by extending TAA coverage to US fish and seafood products, as long as they competed against imports that were produced by aquaculture. Alaska's wild salmon would qualify because they competed against imports of farmed salmon. The rule would allow "qualified fishermen" to petition for TAA benefits. It would define a "qualified fisherman" to mean "a person whose catch competes in the marketplace with like or directly competitive aquaculture products and report net fishing income to the Internal Revenue Service."

The second problem was resolved by reopening the period for public comment. On 2 July, FAS published the proposed rule for a second time in the Federal Register, requesting public comments by 9 July. Senator Murkowski's office in Alaska was prepared and launched a media campaign soliciting comments in support of TAA coverage for salmon fishermen. In all, 47 respondents provided FAS such views. As a result, FAS incorporated into the final rule the changes needed to provide "qualified fishermen" TAA. FAS then sent the final rule once again to OMB for clearance.

On 15 August, Senator Murkowski learned from Josh Bolton, Director of OMB, that TAA would soon be published in the Federal Register, and that it would allow open water salmon fishermen to petition for benefits. In a press statement she said:

> Alaska fishermen are farmers. Rather than grow crops in fields, they harvest our seafood crops from the seas. They clearly deserve the exact same aid that farmers receive when they face lower commodity prices because of foreign competition. I have been asking for such assistance for months. By this decision the Administration has understood and accepted our arguments and has decided to give Alaska fishermen the aid they deserve. I really appreciate the efforts of the President, of Mr. Bolton at OMB, of Secretary Veneman at the Department of Agriculture and the US Trade Representative's Office to make this aid a reality for Alaska's thousands of fishermen who directly earn their livings from the sea. (SitNews)

Soon after, the United Fishermen of Alaska (UFA) filed a petition for TAA on behalf of Alaska's salmon fishermen. When it was certified in October, Senator Murkowski made the announcement, thanking Agriculture Secretary Veneman and OMB Director Bolton. She encouraged her constituents to sign up immediately for benefits, and during the 90-day application period, over 4,000 salmon fishermen did. They would all receive training and almost $6.3 million in TAA payments.

In April 2004, as the election campaign for US Senator got underway in Alaska, the UFA's board voted to endorse Lisa Murkowski. Lisa Murkowski

defeated Tony Knowles in the race for senator in November 2004. Support for TAA undoubtedly contributed to her election victory. However, the impact of Senator Murkowski's efforts on behalf of her constituents extended well beyond Alaska. The rule change ultimately allowed successful petitions to be filed by salmon fishermen in the state of Washington and shrimp producers in nine southeast and Gulf coast states.

CERTIFYING PETITIONS WITHIN 40 DAYS

After producers file a petition, the Trade Act allows FAS only 40 days to make a determination whether or not increases in imports contributed importantly to a decline of more than 20 percent in average producer prices. The short 40-day fuse helps speed the delivery of assistance to producers. Timing is critical. Most producers do not have the financial resources to survive years of low prices. TAA must be made available before the farmers and fishermen face bankruptcy. Some administrative delay is inevitable. Producer price data is usually not published until many months after the end of the marketing year. Technical assistance may require changes in cultural practices that are by nature slow to implement. Therefore, TAA compresses the time taken for analyzing a petition to the bare minimum.

Making a fair and reasonable determination in such a short period of time presents a tremendous challenge. Price and import data must be collected and assessed, and market factors affecting supply and demand must be analyzed and evaluated. When planning began for TAA, FAS realized immediately that it needed a staff of commodity analysts to evaluate petitions. They would have to be ready to analyze at a moment's notice any petition that was filed. While FAS employs many agricultural economists, ERS was the obvious source of analytical support for TAA. FAS and ERS signed a Memorandum of Understanding (MOU), whereby ERS agreed to take on the responsibility of providing trade impact studies within 20 days of the petition's filing.

The FAS/ERS MOU addresses both the content and scope of the impact studies. As for content, ERS follows a uniform analysis protocol, which poses three questions. The first two questions are clear-cut. ERS verifies the petitioner's claim that average producer prices during the most recent marketing year fell more than 20 percent below the average of the previous five marketing years, and that imports of like or directly competitive articles increased during the most recent marketing year.

When a petition is filed, FAS provides ERS the agricultural commodity, identified by HTS code, and the codes of like or directly competitive articles that are being imported. Regarding prices, the TAA regulation mandates using official data published by the National Agricultural Statistics Service (NASS), whenever possible. Therefore, ERS does not

have to evaluate the merits of competing price series that may or may not support the price decline. If NASS does not publish official data, ERS checks other credible data sources for prices. Regarding imports, ERS verifies the increase by checking the volume of imports by HTS code number reported by the Bureau of the Census. The increase in the most recent marketing year must be at least one unit over the previous marketing year.

If the petition fails either the price test or the import test, ERS reports the finding to FAS and concludes its analysis. However, if the petition satisfies both tests, then ERS must evaluate possible causes for the decline in prices. If the producers request a hearing, FAS provides ERS whatever information it obtains from the producers. In practice, ERS analysts usually attend the hearings. ERS prepares a standardized report using various templates that provide supply and distribution data and prices.

The report first evaluates and discusses factors, other than imports, that might contribute to a decline in producer prices. These might be changes in domestic production, shipping patterns, consumer demand, quality, market segmentation, and exports. These factors may be described as "contributing" or "contributing importantly" to the decline in producer prices. The report then evaluates the impact of imports. Because the FAS Administrator is solely responsible for determining if imports "contributed importantly" to the decline in prices, the ERS report simply describes imports as either "contributing," or "not contributing" to the decline in prices. Thus, the protocol relieves ERS from drawing a conclusion that would infringe on the authority of the FAS Administrator to make this determination. In addition, it shields ERS from appearing to make program-related decisions for USDA, which might raise concerns regarding the objectivity of its economic analysis.

The ERS report is sent to the Petition Review Committee for the next step in the petition review process. The committee's job is to recommend to the Administrator whether or not certification of the petition is warranted. Its members, four senior USDA economists, one each from FAS, FSA, AMS, and the Office of the Chief Economist, provide the Administrator a recommendation that benefits from a broad, USDA-wide perspective. The committee's work is facilitated by three factors. The first is the standardized ERS report format, which expedites rapid analysis and understanding of the basic economic issues in play. Secondly, the committee members review all petitions. This yields a consistent interpretation of what it means for imports to make an "important contribution" to a price decline. Thirdly, the committee conducts the hearings that producers may request within the first ten days after filing their petitions. The members are therefore able to question the petitioners directly about market conditions.

Because of the strict, step-by-step petition evaluation process, the FAS Administrator has been able to either certify or deny petitions based on the best analysis possible within the 40-day deadline. The process provides every petition fair and equitable treatment. It is important for another reason. The Administrator's determination to certify or deny a petition is final. TAA has no petition appeal process because the appropriation is fixed. If funding is insufficient, benefits must be prorated. Appeals could delay the distribution of benefits to producers covered by certified petitions, an outcome that would be both unfair and undesirable.

DETERMINING "LIKE OR DIRECTLY COMPETITIVE" IMPORTS

One of the most critical questions confronting trade adjustment assistance is how to determine what "like or directly competitive" articles are. Simply put, TAA cannot begin to function without a process for resolving this question. Almost every program element hinges on making this determination efficiently and effectively. For example, FAS cannot identify the intended beneficiaries of TAA without a link between imported articles and domestic commodities. Furthermore, the question must be answered before any analysis of trade impact can be made.

Finally, the definition of like or directly competitive articles affects the overall size of the program. If a broad definition were adopted, more articles would qualify as like or directly competitive. The result is an expanded range of program possibilities. If a narrow definition were adopted, fewer petitions would pass muster.

The Trade Act of 2002 authorizes the Secretary of Agriculture to decide what a like or directly competitive article is. The TAA regulation took a conservative approach and adopted a somewhat narrow definition of like or directly competitive. The final rule defines articles like or directly competitive to generally mean "products falling under the same HTS number used to identify the agricultural commodity in the petition."

The HTS is a very useful guide for identifying agricultural commodities. By using it, TAA takes advantage of a well-established system for classifying agricultural goods that starts with general categories under chapters identified by two digits and ends with very specific articles identified by as many as ten digits. In the HTS, almost all agricultural products that are imported by the United States in any significant volume are identified by a ten-digit code.

Under TAA, the petitioner must identify their product by its HTS number. Choosing the appropriate code is one of the most important decisions that the petitioner must make. The commodity identified by HTS code determines what price series and what import data will be used to evaluate

the petition. It therefore directly affects the petition's success or failure in winning certification.

The petitioner may identify their commodity quite specifically, or they may choose a more generic identity by selecting a code of less than ten digits. By doing so, they may strengthen their case for assistance if a significantly larger volume of imports is covered by the more generic code. On the other hand, the case for TAA may be lost if composite prices for all the goods classified under the more generic code do not decline by more than 20 percent from the average of the previous five years.

This, in fact, happened to a petition filed by the Southeastern Fisheries Association (SFA) on behalf of Florida shrimp producers for the 2002 marketing year. The SFA petition copied petitions filed by producers in other southeast and Gulf coast states. However, Florida shrimpers alone catch "rock shrimp." The prices of this species were strong throughout 2002. Consequently, when all shrimp prices were averaged, the composite did not fall below 80 percent of the previous five-year average, and FAS denied the petition. When SFA filed a new petition for marketing year 2003, it excluded "rock shrimp" from the petition's commodity code list. This time FAS certified it.

TAA's use of HTS codes also simplifies the import test. Imports must increase by volume during the marketing year for a petition to be certified. If the Bureau of Census data shows imports decreasing during the marketing year, the petition is automatically rejected. In some cases, the commodity is found within a "basket category" in the HTS. To deal with this, ERS may use country-of-origin data to estimate import volumes in its report to the Petition Review Committee. If the imports are fresh produce, ERS may use USDA plant quarantine inspection data.

World trade in agricultural goods has been shifting away from the exchange of raw farm commodities and toward greater trade in semi-processed and processed goods. US producers often compete with semi-processed and processed imports. If TAA were to limit like or directly competitive articles solely to products imported under the same HTS code as the raw commodity produced by the petitioners, it would be too restrictive. For agricultural trade adjustment to be credible, it must therefore address the treatment of processed or semi-processed goods. During rule-making, FAS received ten public comments favoring a less restrictive definition of like or directly competitive articles so that TAA would be able to address the competition from processed or semi-processed goods.

TAA clearly needed flexibility. USDA therefore created a procedure for considering semi-processed and processed goods as like or directly competitive articles. The procedure, however, puts the burden of proving that the processed goods are "like or directly competitive" on the shoulders

of the producers. If they believe this to be the case, they may request a public hearing to present supporting evidence. The FAS Administrator may, after the hearing, amend the terms of the original petition and consider semi-processed or processed products to be "like or directly competitive" articles.

The process is triggered when the petition indicates that the "like or directly competitive" article is found in another chapter of the HTS. IPPD invites the producers to present their evidence at a hearing before the Petition Review Committee. Hearings are usually held in Washington, DC, but if this is inconvenient, hearings may be conducted by phone or teleconference. During the hearing, the producers may call on the services of expert witnesses. Committee members may ask the producers questions about how their raw commodities and the imported goods are marketed, processed, and distributed. Following the hearing, the Committee immediately recommends to the Administrator whether or not TAA should regard the subject imports as like or directly competitive. The Administrator's determination is published in the Federal Register.

Such determinations create a body of precedent for TAA, which is useful for guiding future program determinations. As these accumulate, the original narrow definition of a "like or directly competitive" article is slowly expanding. So far, the Administrator has determined that fresh salmon and frozen salmon fillets are directly competitive; so are fresh potatoes and frozen French fries, clementines and navel oranges, catfish and Vietnamese basa and tra, fresh and canned olives, frozen processed and fresh shrimp, fresh and frozen wild blueberries, and Concord grapes and grape juice.

FILING TAA PETITIONS: HOW DIFFICULT IS IT?

According to the Trade Act of 2002, a group of agricultural commodity producers, or their duly authorized representative, must file a petition for adjustment assistance. Thus, producers must take the first step to initiate TAA. USDA's role is reactive. How are producers handling this responsibility of preparing and filing petitions? Can their duly authorized representative do a better job? The answers to these questions are discussed below and in the following section.

TAA is modeled after the DOL's TAA for Workers program. If a worker loses his or her job due to import competition, the individual is expected to file an application for benefits. Most workers are aware of their rights to file for unemployment benefits at the DOL. TAA for Workers, in some ways, supplements unemployment insurance. A group of three workers must file a petition for assistance, which the DOL must certify before the workers can apply for and receive allowances and job retraining.

Under TAA for Farmers, a group of three producers must file a petition. On the petition they must identify the commodity adversely impacted by imports, the beginning and ending dates of the marketing year, and the impacted area within the United States.[9] In addition, the petition must provide average producer prices for the most recent marketing year and each of the five previous marketing years, and a statement justifying why the petitioners should be considered eligible for adjustment assistance.

At this point two provisions of the Trade Act clash. The Act requires USDA to analyze and evaluate the case for assistance, much like a judge. The Act also requires USDA to "provide whatever assistance is necessary to enable groups to prepare petitions or applications for program benefits" (Sec. 295 (a)). These provisions present a potential conflict-of-interest, threatening the objectivity and credibility of the program.

To deal with this problem, FAS compartmentalized TAA responsibilities within USDA. The responsibility for advising producers belongs to IPPD. As it turns out, most producers need assistance in finding the correct code for their commodity in the HTS; deciding between a single state, multiple state, or nationwide petition; and in properly identifying the beginning and ending dates of their marketing year. If imports are semi-processed or processed goods, IPPD advises the producers regarding the scheduling of a hearing before the Petition Review Committee.

On occasion, IPPD may inform the producers that their petition does not satisfy the Trade Act's requirements. For example, producers have submitted petitions with prices that did not show a 20-percent decline in the most recent marketing year from the five-year average. A fish species may not be competing with a farmed import. The marketing-year period may be invalid. A quick check of imports may show that they actually declined during the most recent marketing year. The commodity may not be an agricultural product covered by TAA. The petition may duplicate one that has already been filed by other producers. During TAA's first two years, IPPD returned 31 petitions accompanied by statements explaining why they did not meet the filing requirements. Because of this screening process, all petitions that are actually filed have a reasonable chance of certification.

However, not all producers request assistance from IPPD. Some have received help in preparing their petitions from employees of state departments of agriculture, Land Grant universities, and the local Extension Service. Public institutions, however, may not submit the petitions.

In conclusion, most producers need some help in preparing a petition for TAA, but this is readily available from IPPD or other local sources.

[9] The "impacted area" may be one or more states.

Because IPPD plays no role in evaluating petitions, it can provide effective guidance without compromising the integrity of the program.

FILING TAA PETITIONS: FOR PRODUCER REPRESENTATIVES, IT IS NOT SO SIMPLE

The Trade Act states that a petition for a certification of eligibility may be filed by a group of agricultural producers or by their "duly authorized representative." The Act defines duly authorized representative to mean "an association of agricultural commodity producers."

Unlike individual producers, producer organizations generally have the staff and resources to file petitions that contain proper HTS codes, suitable price series, and well-reasoned justification statements. Producer organizations filed 18 out of the 21 petitions that were certified during TAA's first three years. However, not all producer organizations are willing to file petitions for adjustment assistance on behalf of their members. Those that do, sometimes discover that the process poses hidden dangers.

One reason why an organization might not file is that it is also an importer of the like or directly competitive article. This may be the case of an agricultural cooperative that owns a processing plant, which from time to time imports the competitive product. The imports may be necessary for blending in order to maintain consistent quality standards or to compensate for short harvests. In general, managers of cooperatives that own processing facilities are careful to prevent their imports from undercutting the economic interests of member producers. However, at times this can be difficult and complex.

During 2005, a group of Concord grape producers in Pennsylvania, New York, and Ohio petitioned for TAA arguing that imports of unfermented Concord grape juice from Canada were depressing their grape prices. The producers in the area sold almost all of their grapes to two juice processors, one of which is owned by a cooperative, Welch Foods Inc. (Welch's). In filing their successful petition, the farmers received no assistance from Welch's. By 2006, Welch's changed its position and filed petitions for Concord grape producers in Washington State and Michigan. In these petitions Welch's identified the like or directly competitive imports more generically as grape juice.

Another cooperative, Sunkist Growers, Inc., faced a different sort of problem, but the result was similar. In 2004, a group of California navel orange growers filed a petition claiming that imports of Spanish clementines were responsible for declining prices. The Administrator determined that clementines were like or directly competitive articles. Like Welch's, Sunkist Growers played no role throughout the petitioning

process. When the Administrator eventually denied the petition, attributing low prices to overproduction, the story heard in Washington was that Sunkist had been dubious all along regarding the merits of the petition.

This may have been true, but why not file anyway? The cost would have been negligible, compared to the potential benefits that might have accrued to member growers, had FAS certified the petition. Was Sunkist's stand based on either pride or principle? The cooperative produces and exports citrus all over the world. It prides itself on the quality of its fruit. Would it want to state publicly that its navel oranges could not compete in the United States with Spanish clementines? Secondly, Sunkist Growers applies for and receives government assistance to promote its citrus sales overseas. In 2005, FAS, which administers USDA's Market Access Program (MAP), allocated $2.1 million to Sunkist to conduct promotional activities. MAP is intended to help producers take advantage of opportunities to access markets and reach new customers around the world (USDA). In Fiscal Year 2005, FAS awarded $140 million to 70 US trade organizations.[10] Many of these producer-related organizations may find it awkward to submit petitions to FAS, asserting that their products cannot compete with imports in the US market.

Grower organizations that do file petitions must finesse some tricky issues, which if not handled properly, can cause them significant problems. To avoid complaints from their membership, they need to understand how the particulars of the petition affect producer allowances. The amount of the allowance is directly related to the severity of the price decline. This decline can vary greatly depending upon how the petition describes the impacted area.

To understand this requires some explanation. TAA recognizes that imports can have a different price impact across North America depending upon the locality and the time of year. Thus, a national average price test may not make much sense as a trigger for TAA. For example, imports may adversely affect only those producers farthest from the major markets. Imports that arrive at the beginning of the marketing year may only affect producers who deliver their commodities during this period of generally higher prices.

Therefore, TAA employs the Secretary's discretionary authority in the Trade Act and allows the national average price to be the average price for an area encompassing less than 50 states. Using this device, TAA can focus on helping producers who are facing the brunt of import competition in these impacted areas, which may be just a single state.

[10] Welch Foods Inc. received $667,000 in MAP funding.

An authorized representative needs to consider the pros and cons of filing a single, "national" petition, which would cover the entire production area, or multiple petitions, which would cover only those areas most affected by imports. The single petition, if certified, would result in a uniform payment rate for all eligible producers. Under the multiple-petition scenario, producers in areas receiving the lowest prices would receive higher payments. Producers in other areas would receive lower payments. The danger of filing a national petition is that it effectively reduces the potential cash allowance that would be paid to the organization's hardest hit members in order to ensure benefits to those less affected by imports, or possibly not harmed at all. Depending upon the variation of prices across the production area, a uniform payment for all could lead to turmoil within an organization over the unfairness of the result.

In 2004, the shrimp industry faced the above dilemma, and resolved it by filing separate state petitions. The payment rates for allowances varied from one cent per pound in Alabama to 16 cents per pound in Texas. The Administrator denied state petitions that year from Mississippi and Florida because average producer prices fell less than 20 percent. Therefore, before filing a petition, a nationwide producer organization should consider the various payment rates that result from filing state or regional petitions.[11]

A second issue that producer representatives need to deal with is the selection of the precise commodity to be identified in the petition. For example, the members of the association may produce various classes of the same commodity. Instead of prices varying by geographic location, producer prices may vary from one class to another depending upon how well they compete with the imports. This was the issue confronted by Alaska's salmon industry. The United Fishermen of Alaska, after considerable thought and discussion, filed a single petition that identified Pacific salmon as the commodity. Alaskan fishermen actually catch five species of Pacific salmon, each having its own price series reflecting somewhat different supply and demand characteristics. The UFA petition identified farmed Atlantic salmon fillets from Chile as the like or directly competitive import. When the petition was certified, USDA announced a uniform payment rate for Pacific salmon based on a weighted average of landed prices for all five species. The fact that many Alaskan fishermen catch more than one species of salmon may have been a factor influencing UFA's decision to file one petition.

[11] Through FY 2006, only the Catfish Farmers of America has filed a "national" petition, which listed 18 states, roughly the entire US production area.

PROVIDING TECHNICAL ASSISTANCE AT A REASONABLE COST

Technical assistance is at the core of TAA. The Trade Act of 1974 described positive adjustment as taking place when the domestic industry is able to compete successfully with imports, or when the domestic industry experiences an orderly transfer of resources to other productive pursuits. The Trade Act of 2002 authorized USDA to provide to producers information and technical assistance that will assist them in adjusting to import competition. This assistance includes providing "producers information regarding the feasibility and desirability of substituting one or more alternative commodities for the adversely affected agricultural commodity; and technical assistance that will improve the competitiveness of the production and marketing of the adversely affected agricultural commodity, including yield and marketing improvements" (Sec. 296 (a)(1)(D)).

The Act designated the Extension Service as responsible for providing TAA's broadly described training and technical assistance benefits. In fulfilling its role, CSREES must cope with two provisions in the Act. The first is that producers must first receive their technical assistance in order to qualify for a cash allowance and become eligible for DOL job retraining benefits. The second is that all technical assistance is free. Therefore, CSREES must carefully control costs while expediting technical assistance, because producer cash allowances and technical assistance draw from the same $90 million appropriation.

The TAA regulation states that "producers shall have an opportunity to meet at least once with an Extension Service employee within 180 days of petition certification" (7 CFR 1580.302). This 180-day requirement is not in the Trade Act, but it is in keeping with the Act's intent to provide rapid assistance to producers. In addition, the 180-day deadline for delivery of Extension Service training permits TAA cash allowances to be administered on a fiscal year basis. By rule, petitions must be filed by 31 January. Therefore, all petitions are either certified or denied by mid-March (40 days later). By mid-September (180 days later) all Extension Service training is completed, thereby allowing all producers to certify that they have received technical assistance prior to the end of the fiscal year on 30 September.

The challenge for CSREES is that it must be prepared to offer technical assistance to producers of any commodity, in any state, within six months of petition certification. CSREES has done this by careful planning and delivery of technical programs using every tool available to educators and trainers. When a petition is being reviewed, CSREES alerts the Digital Center at the University of Minnesota and its four Regional Centers for Risk Management Education (RME), located at the University of

Delaware, Texas A&M University, the University of Nebraska, and Washington State University, that they may have to provide technical assistance to producers beginning 45 days after the petition's expected date of certification.

If the petition is certified, the Digital Center is responsible for coordinating and storing electronically all research and education materials related to the commodity. These may be off-the-shelf or newly developed as part of the TAA technical assistance and delivery program. The Digital Center maintains a TAA website (www.taaforfarmers.org) on which it posts documents and training schedules.

The appropriate RME prepares a seminar and technical assistance package, which is based on a standardized format. It includes information about the status of world markets, ways to increase crop value, marketing alternatives, evaluating the viability of the farm business, and analyzing production costs. From time to time, it may be augmented. For example, the package for shrimp producers contained extra information about how to improve post-harvest quality. For Alaska salmon producers, the RME at Washington State University contracted the Sea Grant Marine Advisory Program of the University of Alaska at Fairbanks to prepare an "Alaskan Salmon Technical Assistance Manual." In addition, the workshops provide links to further training opportunities and advise producers how to apply for and receive other Federal assistance and services, including employment services and training benefits under TAA for Workers.

The RME then schedules multiple workshops and notifies each TAA applicant of their time and location. If attendance at the workshop is not feasible, Extension Service agents may provide the assistance one-to-one, either at the producer's place of business or at the local Extension Service office or center. In Alaska, between 20 January and 30 June 2004, ten trainers working for the Marine Advisory Program delivered 245 workshops in 83 communities. To reach fishermen in remote villages, the trainers conducted 56 workshops by audio conference.[12]

The seminar and technical assistance package developed by CSREES and its Extension Service partners is low-cost and can be delivered to thousands of producers within a few months time. However, technical assistance specialists and the RME Center Directors concluded after TAA's first year that effective trade adjustment, which often requires behavioral change on the part of producers, seldom results from workshops of two or three hours. Adjustment requires more intensive technical assistance that is applicable to the producer's individual situation. Such assistance, furthermore, must extend beyond the end of the fiscal year.

[12] In the case of Alaska salmon, FAS waived the requirement that producers must meet a trainer at least once in person to qualify for a cash allowance because of the unique challenge posed by Alaska's geography.

Beginning in 2004, CSREES began planning a program of more intensive and individualized technical assistance. It is called "Phase II Assistance" to distinguish it from the program of workshops, now called "Phase I Assistance." For producers, the new program is optional and not a prerequisite for any other program benefit. Phase II Assistance may last 18-24 months in order to allow sufficient time for producers to apply and test new techniques and knowledge. So far, producer response has been favorable. For example, 80 percent of the Idaho potato farmers, who attended Phase I Assistance workshops, stated that they were interested in more intensive and customized technical assistance.

TAA technical assistance, which is expected to be a significant benefit over the long-run, must be paid for out of the annual $90 million appropriation. The Trade Act mandates that it be provided at no cost to applicants. CSREES has controlled costs by emphasizing group-training sessions for Phase I Assistance. Workshops cost on average less than $100 per applicant trained. The training module now being deployed for Phase II Assistance is expected to cost $2,000 per producer. CSREES estimates that TAA expenditures for Fiscal Years 2004-2007 including the fixed costs of setting up and maintaining training modules, websites, and data bases will probably total less than six million dollars.

THE NET INCOME TEST: CASH ALLOWANCES AND JOB TRAINING

At first glance, TAA appeared similar to other USDA farm programs administered by CSREES and FSA. As a result, officials in USDA, as well as producers across the United States, easily misunderstood how the program differed from traditional farm programs. Once operational, many producers discovered that they would not receive a cash allowance, which they anticipated would be a major benefit. By not receiving the allowance, they were also ineligible for DOL job retraining programs. The primary reason these producers did not receive a cash allowance was their failure to satisfy TAA's net income test.

For over half a century, farm programs tried to bolster commodity prices and incomes by means of various market intervention measures, deficiency payments, and more recently, direct income support payments. Benefits were usually based upon the producer's production history. No matter what their economic circumstances, farmers could count on financial assistance after they signed up for the programs at their local FSA county office. The more they produced, or were capable of producing, the more assistance they usually received, up to certain caps or limits.

Producers apply for TAA at the same FSA county offices, but TAA works quite differently. To be sure, all producers become eligible for technical

assistance. This, however, is the only universal benefit. TAA introduces something new. Only applicants who pass a needs test qualify for full benefits. The Trade Act of 2002 states that payment of an allowance shall be made to a producer if the "producer's net farm income (as determined by the Secretary) for the most recent year is less than the producer's net farm income for the latest year in which no adjustment assistance was received…" (Sec. 296 (a)(1)(C)).

Therefore, producers have to prove economic hardship to be eligible for cash allowances. In particular, a producer's net farm (or fishing) income must be less than that earned before imports caused a precipitous drop in prices. By limiting job-retraining benefits to only those producers eligible for a cash allowance, the Trade Act made this benefit available only to those producers who are at potential risk of losing their farms and businesses. On the other hand, if TAA were to use loss of gross income, or even net income related to the certified commodity, practically all applicants would qualify for cash allowances and job retraining.

TAA's net farm income test is consistent with TAA for Workers. Under the DOL program, benefits are offered to individuals who have lost their jobs, and consequently, their paychecks. If the worker is a member of a household, the lost job means loss of household income. The Trade Act substitutes a decline in net farm income for the loss of a worker's job. The net income test is likewise consistent with the notion that when import competition is overwhelming, the wisest course of action may be seeking alternative employment. Producers suffering a loss in net income are thus able to apply for DOL job retraining benefits. Helping producers make the transition from agriculture or fishing to other occupations, distinguishes TAA from traditional farm programs.

To implement the net farm income test, TAA accepts Internal Revenue Service (IRS) rules that define net farm and fishing income. By using IRS rules and documents, TAA accomplishes a number of objectives. First, TAA's administration is facilitated. Secondly, TAA avoids placing any new paperwork burden on applicants. Producers have already prepared and submitted the relevant tax forms to the IRS by the time they apply for TAA. Thirdly, IRS tax returns are legally enforceable documents. Finally, by reporting net farm and fishing income on their Federal income taxes, applicants are self-certifying that they are engaged in serious businesses.

Even though the above interpretation of the Trade Act seems fair and reasonable, many producers disagree. They feel that sharply declining prices are sufficient evidence of economic hardship and need. At most, they think that the net income test should only take into account income

and expenses related to producing and marketing the commodity covered by their petition. However, their appeals to the US Court of International Trade have so far been denied.[13]

SOME LESSONS LEARNED

New programs risk public disappointment and unintended consequences, and TAA was no exception. When it was implemented in 2003, the USDA launched a publicity campaign. The Trade Act of 2002 mandated a proactive approach, stating:

> The Secretary shall provide full information to agricultural commodity producers about the benefit allowances, training, and other employment services available under this title and about the petition and application procedures, and the appropriate filing dates, for such allowances, training, and services (Sec. 295 (a)).

In its campaign, USDA highlighted TAA's maximum $10,000 cash allowance. Unfortunately, this raised unrealistic expectations among producers that they would receive large checks. Two factors served to dash these hopes. First, the net income test disqualified about one-third of applicants from receiving any payment at all. Secondly, the Trade Act's formula for calculating the allowance resulted in payments falling well short of $10,000. On average, producers eligible for allowances in 2004 and 2005 received $2,800 and $3,800, respectively. TAA payments were not the income supplement that producers had anticipated.

Technical assistance presented other expectation issues. Most petitions were filed by producer associations. The leaders of these organizations tend to be the most progressive and prosperous producers. Thus, they may have already tapped out the knowledge and expertise of local Extension Service agents and, consequently, discount the potential value in TAA's free seminars.

Beginning in early 2004, the USDA began taking steps to correct these problems. News releases and announcements now place less emphasis on the $10,000 allowance and place more on technical assistance, which has been enhanced by introducing Phase II Assistance. The result should be more realistic expectations regarding payments and more useful and effective technical assistance available to all producers.

Secondly, launching public programs can be easier than terminating them. When TAA was in early development, OMB expressed concern that a commodity, once certified, might be difficult to de-certify. Without effective sunset provisions, TAA might evolve into a new entitlement

[13] The Trade Act of 1974 specifies the US Court of International Trade in New York as the court of TAA appeal. Producers have filed 62 appeals over the denial of benefits. Most have involved the net income test.

program. As more petitions were certified, TAA would soon exceed its $90 million appropriation, thereby triggering the prorating of benefits as required by the Trade Act.

This scenario, however, has so far failed to develop. The experience of the first three years indicates that commodities have difficulty sustaining their eligibility. The reason for this is implicit in the petition approval criteria, in particular, the two related to imports and prices. By law, the Administrator must determine that increases in imports of like or directly competitive articles have contributed importantly to a decline in average prices of more than 20 percent during the marketing year. Therefore, FAS immediately denies recertification if the volume of imports during the subsequent marketing year does not increase by at least one unit over the previous year.[14] A petition is also denied recertification if the average domestic producer price rises above the 20 percent trigger.

The import and price criteria, which are both transparent and absolute, have proven to be highly effective in terminating programs. The Administrator does not have to make the more subjective, and possibly more difficult, determination that increases in imports of like or directly competitive articles are no longer "contributing importantly" to the decline in prices. By strictly applying these two criteria, FAS decertified all 17 petitions that were approved in 2004 and 2005.

Thirdly, net farm income can be a useful measure of need as demonstrated by TAA. Unlike adjusted gross income, which primarily measures farm size, net income can reveal a farm's economic viability and competitiveness. Drafters of US farm policy, who want to promote or reward producer competitiveness in future farm programs, should consider how they might use net farm income criteria to identify which producers should be the beneficiaries of these programs.

Finally, TAA had not yet fully proven itself as useful for facilitating trade liberalization, even after three years of activity. Because of stable prices, relatively few farm commodity petitions have been filed successfully. Only rice has been a candidate for TAA among the major grain, oilseed, and livestock commodities, and it was rejected.[15] However, future ratification of a number of bilateral trade agreements now being negotiated could result in petitions that might demonstrate TAA's value more precisely.

In any event, the 2002 Trade Act's five year appropriation for TAA will expire at the end of Fiscal Year 2007. Should Congress extend TAA? The answer may well depend upon whether or not the US Government intends to restart multilateral trade negotiations, which are stalled at the present time. Before resuming the negotiations, Congress must

[14] This is the most common cause for denying subsequent-year certification.

[15] The Administrator determined that imports did not contribute importantly to the decline in producer prices.

extend the life of TPA, which is also about to expire. To round up the necessary votes for TPA, the proponents of trade liberalization may need to assure industries put at potential risk that they will be compensated, if harmed. As for agriculture, providing additional cash support to farmers may not be a feasible option. Such assistance can distort markets and is considered contrary to trade liberalization goals. TAA educational and technical assistance, on the other hand, is not considered to be trade distorting. Since its inception, TAA has demonstrated its ability to educate producers about import competition and expected future trends. This has encouraged some producers to make the transition out of farming and fishing. TAA has provided others with the technical know-how to enable them to survive and prosper in a more competitive marketplace. As for its cash allowances, they are too modest to be trade distorting. TAA remains, therefore, a viable option for facilitating future trade liberalization. In addition, TAA is an emergency rapid response program. Lack of a sufficient number of petitions for assistance during the past three years is not a sufficient rationale for terminating the program. The more prudent course for Congress is to extend TAA beyond 2007.

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APPENDIX

A compilation of statistics relating to Trade Adjustment Assistance.

Appendix Table 5.1: TAA - FY 2004 petitions.

Petitions/ Commodities	State(s)	Applicants (No.)	Eligible for allowances and DOL training (No.)	Payment rate ($/lb)	Payment ('000 $)
Wild blueberries	ME	94	93	0.028	208
Pacific salmon	AK	4,140	2,527	0.03	6,287
Pacific salmon	WA	209	147	0.07	129
Farmed catfish	[a]	256	230	0.003	513
Shrimp	NC	99	63	0.05	97
Shrimp	SC	53	48	0.108	162
Shrimp	GA	69	64	0.13	160
Shrimp	AL	54	45	0.01	23
Shrimp	TX	1,168	1,097	0.16	4,632
Shrimp	AZ	1	1	0.16	1
Lychees	FL	20	14	0.53	75
Shrimp[b]	FL	163	110	0.06	280
Total (12/5)	22	6,323	4,436		12,585

Source: FAS internal data (2006).

Notes: [a]Included: AL, AR, FL, GA, ID, IL, KS, KY, LA, MS, MO, NV, NC, OH, OK, SC, TX, and UT.

[b]Petition is for marketing year 2003. Other shrimp petitions are for marketing year 2002.

Appendix Table 5.2: TAA - FY 2004 petitions re-certified in FY 2005 for a subsequent year.

Petitions/ Commodities	State(s)	Applicants (No.)	Eligible for allowances and DOL training (No.)	Payment rate ($/lb)	Payment ('000 $)
Pacific salmon	AK	1,930	1,007	0.031	3,424
Pacific salmon	WA	90	49	0.021	10
Shrimp	NC	66	47	0.08	60
Shrimp	SC	89	51	0.25	272
Shrimp	GA	84	45	0.39	223
Shrimp	AL	133	81	0.04	176
Shrimp	TX	1,228	1,024	0.28	6,251
Shrimp	AZ	1	1	0.28	10
Lychees	FL	24	20	0.554	114
Total (9/3)	9	3,645	2,325		10,540

Source: FAS internal data (2006).

Appendix Table 5.3: TAA - FY 2005 new petitions.

Petitions/ Commodities	State(s)	Applicants (No.)	Eligible for allowances and DOL training (No.)	Payment rate ($)	Payment ('000 $)
Shrimp	LA	743	574	0.056/lb	1,469
Shrimp	MS	248	159	0.108/lb	513
Olives	CA	303	224	23.17/ton	622
Potatoes	ID	341	295	0.035/cwt	650
Concord grapes	NY, PA, OH	182	102	30.06/ton	122
Total (5/4)	7	1,817	1,354		3,376

Source: FAS internal data (2006).

Appendix Table 5.4: TAA - FY 2005 petitions re-certified in FY 2006 for a subsequent year.

Petitions/ Commodities	State(s)	Applicants (No.)	Eligible for allowances and DOL training (No.)	Payment rate ($)	Payment ('000 $)
None					
Total (0/0)	0	0	0		0

Source: FAS internal data (2006).

Appendix Table 5.5: TAA - FY 2006 new petitions.

Petitions/ Commodities	State(s)	Applicants (No.)	Eligible for allowances and DOL training (No.)	Payment rate ($)	Payment ('000 $)
Avocados	FL			0.006/lb	
Concord grapes	MI			9.80/ton	
Concord grapes	WA			18.10/ton	
Snapdragons	IN			0.627/bunch	
Total (4/3)	4				

Source: FAS internal data (2006).

Appendix Table 5.6: TAA - Phase I, technical training.

Petition	States	No. Producers
Wild blueberries	Maine	93
Pacific salmon [a]	Alaska	4,337
	Washington	1,162
	Oregon	144
	California	136
	Other	237
	Total salmon	6,016
Shrimp	Alabama	63
Shrimp	Georgia	99
Shrimp	North Carolina	96
Shrimp	South Carolina	83
Shrimp	Texas	2,033
Shrimp	Arizona	1
Shrimp	Florida	163
Shrimp	Louisiana	714
Shrimp	Mississippi	225
	Total shrimp	3,477
Catfish	[b]	256
Lychee	Florida	20

Source: Mark R. Bailey and Kenneth W. Stokes, personal communications with author (2006).

Notes: [a]Because numerous Alaska and Washington fishermen live outside the production area, CSREES provided workshops and training to producers in 42 states and 6 foreign countries.

[b]CSREES provided training in AL, AR, FL, GA, IL, KS, KY, LA, MS, MO, NC, OH, OK, SC, and TX.