AGRICULTURAL TRADE POLICY ACTORS, ANALYSTS, AND ADVOCATES

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Agricultural trade has become an important component of the farm and nonfarm economies of the United States. The statistics on how important exports are to the farm economy have been repeated so often that they are well known: 38 percent of U.S. crop acreage produces for overseas markets; one-fourth of all farm cash receipts come from exports; more than half of all wheat, soybeans, and cotton produced in the United States must find a home overseas; and off-farm employment associated with this trade now involves more hired workers than are on American farms.

The impact of farm trade on the nonfarm economy extends well beyond additional employment. The national trade balance is significantly improved through the export of very large tonnages of farm commodities. In FY 81, for example, farm exports added $26.6 billion to our trade balance, with exports totaling $43.8 billion and imports adding up to $17.2 billion. This kind of impressive record attracts the attention of all leadership in Washington and leads them toward legislative and administrative actions to facilitate further expansion of farm and food exports.

A recent example of this broad interest occurred during Congressional action on the Budget Reconciliation bill of 1982. Funds were included in the budget bill to make farm exports more competitive with those of other nations, especially those of the European Community. These funds were included even though there was no organized support by any farm coalition or even agricultural agencies of the government. Instead, the support came from individual members of Congress who insisted that funding be included to give agricultural exports a further boost.

I cite the recent action of the Congress only to illustrate that broad economic interests are affected by the level of agricultural exports. In turn, groups representing these broad economic interests help influence the evolution of agricultural trade policy. It begins at the very top of the U.S. government. (see Figure 1).

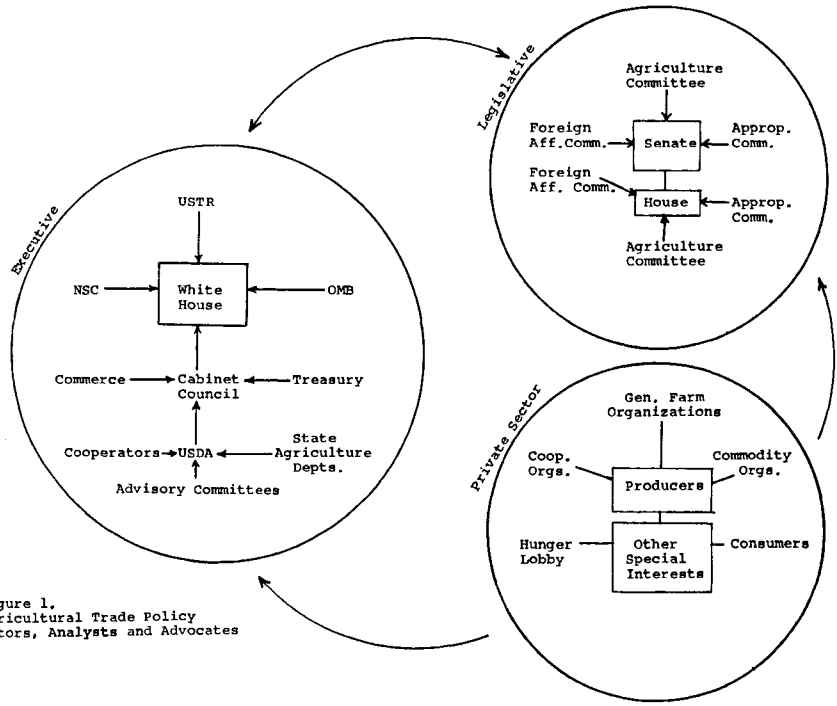

Figure 1.
Agricultural Trade Policy
Actors, Analysts and Advocates

The White House Role

From the White House, President Reagan has established three cabinet councils with responsibility for coordinating policy on international issues. The Secretary of Agriculture is a member of all three: Commerce and Trade, Economic Affairs, and Food and Agriculture. He is chairman of the Food and Agriculture Cabinet Council. Other members include the Secretaries of State, Interior, Commerce, Transportation, and the U.S. Trade Representative. The National Security Council, the key White House coordinating body on international diplomatic and military issues, attends meetings and reports to the President directly.

Beginning with the Carter Administration, the Office of the U.S. Trade Representative (USTR) was given increasing responsibilities for trade policy. With agriculture's role constantly in the forefront of U.S. trade, the Trade Representative's office has had to take an even more concentrated interest in the role of agricultural imports and exports.

Headed by former Senator William Brock, USTR's prime responsibilities center on multilateral trade negotiations, import remedies, East-West trade, international investment related to trade, energy trade,

and export expansion policy. Important guidance for USTR is provided by the Interagency Trade Policy Committee made up of 13 cabinet members, including the Secretary of Agriculture.

Between the international Cabinet Councils and the Office of the U.S. Trade Representative, the White House plays a significant role in developing U.S. agricultural trade policy.

The Agriculture Department Role

The Department of Agriculture is, of course, the prime focal point for gathering information that affects the establishment of agricultural trade policy. Secretary of Agriculture Block and Under Secretary Seeley Lodwick serve as the chief policymakers with Mr. Lodwick serving as USDA's top official on international matters.

The key agency on trade within USDA is the Foreign Agricultural Service. It reports on global production and trade situations, provides analysis on trade competition, staffs trade policy negotiations, and administers export financing programs. It also participates when the U.S. sends teams to international trade negotiations.

USDA keeps its hand on the pulse of world trade supply and needs through more than 100 attaches assigned to 74 embassy posts overseas. These attaches monitor local farm conditions and policies, report on local trade policy issues, and carry on market development and trade promotion programs.

Other FAS branches provide information concerning market potential in foreign countries. They compile information that helps policymakers determine the needs of buyers of U.S. agricultural products by analysis of economic situations, technical proficiency in those countries, manpower availability, and other factors that determine increases or decreases in demand for U.S. farm products.

The Commerce Department Role

USDA is not alone in providing information on trade policy. At the Department of Commerce, the main policy arm is the International Trade Administration. This branch provides overall direction and coordination of international economic policy formulation, research and analysis. It participates actively in U.S. discussions on GATT.

The Commerce Department has many important responsibilities that have a direct bearing on agricultural trade policy, including export controls and foreign boycott provisions, implementation of countervailing duties, and antidumping import laws.

The Commerce Department has a Foreign Commercial Service, similar in some respects to USDA's Foreign Agricultural Service, which supervises about 160 commercial officers in 65 U.S. embassies overseas. These officers provide the business community with trade information and help administer the Commerce Department's import and

export programs. They also provide input into multilateral trade negotiations and help promote foreign investment.

One of the primary sources of trade policy development and support within the Department of Commerce is a Trade Advisory Center that coordinates the operation of private industry advisory committees, and is a source of information on multinational trade negotiation agreements and how companies can benefit from them.

Commerce also has a Policy Planning Division that develops positions on specific countries, commodities and technology. This division is also closely tied to specific licensing decisions and it reviews presentations made by licensing officers before cases go to interagency clearance.

The Department of Defense Role

Beyond USDA and the Department of Commerce, the Department of Defense plays a major role in trade policy decisions. DOD representatives are members of interagency groups that participate in policy-making concerning East-West trade, export controls and technology transfer. This department also reviews export license applications.

The DOD division for International Economic and Energy Affairs oversees research on such issues as foreign investment in the United States, import protection, and human rights. Their staff of economists also provides backup research on the security impact of development for various country offices.

In issues dealing with agricultural trade policy as well as nearly all trade matters, the Treasury Department plays a very important role. This role extends to international monetary and financial relations, policy on taxing foreign income and matters on energy and trade.

The Treasury Department Role

The Treasury Department is responsible for the review and analysis of both domestic and international economic issues as well as developments in the financial markets. Department members are part of a forecasting group that develops economic projections and advises the President on various choices among alternative courses of economic policy.

A deputy assistant secretary for trade and investment at the Treasury Department handles most trade and investment issues including GATT negotiations, East-West business and multinational corporation policy. He is also chief negotiator for the United States in international talks on export credit subsidies.

The Customs Service, a part of the Treasury Department, has the ever-increasing job of collecting duties, taxes and fees on imported goods. An agency that was established in 1789, Customs enforces tariff

and related laws, administers some navigation laws and treaties, and acts as an enforcement agency in cases of smuggling and fraud.

The Office of Management and Budget

The Office of Management and Budget, a White House agency, has a key role in trade policy. OMB provides staff to a number of the President's cabinet councils. The director of OMB is an ex-officio member of all the councils.

OMB staff may be called upon by the President to give advice on trade negotiations and export controls as well as other trade policy related topics. An economics affairs branch at OMB is involved with trade, monetary and investment policy, and deals with specific issues such as international energy policy and international commodity agreements.

Other Federal Agencies

The Export-Import Bank is the United States government export financing agency. Established in 1935 to facililate trade with the Soviet Union it provides direct credits, guarantees and insurance as well as discount loans to U.S. commercial banks. Its insurance coverage, offered through the Foreign Credit Insurance Association, covers commercial and political risks only. Each member of the Export-Import Bank Board of Directors is appointed by the President and confirmed by the Senate.

The International Trade Commission, also made up of Presidential appointees, has, for years, been the key government agency on import relief. With passage of the Trade Agreements Act of 1979, it has assumed an even broader role.

The ITC has broad research authority and publishes reports required by law that deal with statistics on East-West trade and other issues. Six commissioners each serve nine-year terms. All are appointed by the President and confirmed by Congress. No more than three may belong to the same political party.

The main concerns of the ITC as it relates to trade policy are antidumping and countervailing duties. The ITC determines if U.S. industry is being injured by imports, and whether these are dumped or subsidized on the market. It works with the Department of Commerce on many of these functions.

The ITC investigates patent and some antitrust problems and can issue orders banning imports. The agency also looks into import relief requests and can recommend tariff increases and import restrictions.

Private Sector Advisory Committees

In the long list of actors in agricultural trade policy, the private sector also plays an important role. One of the ways in which the

private sector works with national agricultural policymakers is through federal policy advisory committees.

About 200 representatives of the private sector serve as members of the trade advisory committees for agriculture. Some serve on the Agricultural Policy Advisory Committee (APAC), and others serve on the Agricultural Technical Advisory Committees, (ATACs). Members are jointly appointed by the U.S. Trade Representative and the Secretary of Agriculture. They meet as a committee at least once a year. The APAC members provide policy advice regarding overall agricultural trade issues.

The nine ATACs each address a particular commodity. Commodity coverage was chosen because of the need for private sector advice on commodity trade matters. As required by the Trade Agreements Act of 1979, the committees must include farmers, farm and commodity organizations, processors, traders and consumers.

Other Private Sector Advisors

Besides the long list of official players in agricultural trade policy, there are many informal advocates of trade policy positions. Many of these advocates have become interested through their work with USDA's Foreign Agricultural Service (FAS).

FAS has established a partnership with many private sector market development groups. Today, there are about 56 of these non-profit organizations that work directly with FAS on a continuing basis to conduct overseas marketing activities. Many of the leaders of these organizations take a direct interest in the formulation of agricultural trade policies.

Since the start of the cooperator program in 1955, FAS and the cooperators have played an important role in increasing agricultural exports. The actors in this aspect of trade policy form a large cast indeed — 3.3 million farmers, 1,500 U.S. cooperatives and more than 7,000 processors and handlers. They work to expand trade in more than 80 countries and deal with about 1,600 foreign firms.

The market development cooperator program has shown two great advantages. First, it permits government and private industry to pool their expertise and funds to make their marketing efforts more efficient. Second, the FAS program allows all segments of U.S. agriculture a chance to build export markets. This is very important to those cooperatives that represent a relatively small volume of export commodities.

Last year, FAS funded nearly a third of the $72.5 million in program expenditures for foreign market development. The remainder was provided by private domestic and foreign organizations whose contributions in this joint effort have, for the last nine years, exceeded those of the government by a 2-1 ratio.

When cooperators travel overseas, they find FAS personnel who provide personal assistance in marketing their products. Besides the 74 embassy posts with agricultural attaches, FAS has agricultural trade offices in 10 cities throughout the world.

The success that cooperators have experienced in opening new markets overseas directly affects U.S. trade policy in agriculture. It is through their efforts that U.S. exports have multiplied in value nearly 15 times in less than 30 years.

New cooperators are continually joining the program with FAS to market their products in other countries. For example, the American Catfish Marketing Association is the newest organization to join the cooperator program. Its first activity will be to participate in a survey trip to determine the market potential for catfish in Western Europe. Another addition to the program is the Walnut Marketing Board.

There are many success stories in the FAS-cooperator program. This year, for example, the Chinese opened a new bakery in Beijing through the efforts of U.S. Wheat Associates, Inc. and FAS. In Taiwan, FAS worked closely with the American Soybean Association to upgrade the production capacity of a vegetable oil plant in Taipei. Before the program, the plant's crushing capacity was about 50 tons per year. Now it is about 100 tons per day. In 1980 alone, the firm purchased about 55,000 tons of soybeans from the United States.

FAS also works with the Mohair Council of America. One example of its work is the joint effort to expand the market for mohair in Japan. MCA members initiated an exchange of mohair teams with the Japanese to familiarize the Japanese with the quality, production and marketing practices of U.S. markets. As a result, mohair exports to Japan for the first 10 months of FY 1981 were 3.5 times greater than in all of the previous years.

Since 1971, promotional efforts have been changing. In that year, 61 percent of FAS expenditures under the cooperator programs went for consumer promotion. This figure has steadily declined to 25 percent in 1980. The emphasis has now shifted to trade-servicing programs. One of the aims of FAS in concentrating on trade-servicing activities is to convince private firms and other third parties in foreign markets to assume the responsibility of consumer-type promotions. In most cases, promotional programs directed toward the consumer are much more expensive than those directed toward trade-servicing.

Gradual modifications in the cooperator program has maintained its vitality. In addition to changes in the types of market development activities conducted, a shift in program emphasis toward some of the more promising and lesser-developed markets has occurred at a measured pace over the last several years. The goal is to expand activities in promising new markets without losing ground in already established markets.

In addition to the cooperator program, FAS conducts many activities to promote products not directly represented by any of the trade associations and, therefore, do not have individual commodity representation provided under the cooperator program.

In this context, FAS provides an important forum for potential exporters, particularly small firms, by increasing their exposure to foreign markets. Vehicles for this exposure include participation in international trade shows, FAS solo shows, menu promotions with restaurants featuring U.S. foods and wines, as well as specialized shows for such products as meats and health foods. During FY 1981, FAS participated in international shows in West Germany and Japan.

Informational activities of FAS include the sponsorship of sales teams, expansion of the trade referral service (TORS), new product testing and publications aimed at U.S. exporters.

TORS is one of the interesting innovations of FAS. It is a computerized system for notifying U.S. traders about foreign market opportunities. It provides nearly 5,000 U.S. suppliers with information about agricultural sales opportunities as identified by our agricultural counselors, attaches, and agricultural trade officers stationed in countries around the world.

State Government Involvement

Besides the commodity groups and associations that do export promotion work, individual states have become more active in promoting their own agricultural products overseas. They also play a role in the formation of agricultural trade policy as witnessed by the sheer number of staff members whose responsibility it is to work on trade policy issues.

Most state agricultural departments have one or more marketing specialists. Many have an international trade specialist, and all but about a half dozen are associated with regional state organizations that specialize in export promotion.

Several state departments of agriculture have taken this policy one step further and have established offices in overseas markets where they can work directly with foreign governments and buyers. Some of these are staffed by full-time U.S. or local employees and others use part-time staffers. Some of these offices handle commercial matters as well as agricultural affairs. Some states have staff members to coordinate the shipment of products — cattle for example — from their airports directly to overseas buyers. Texas has a livestock export representative in Austin for that purpose. Missouri and Virginia have opened airport facilities for livestock shipments.

Another active member of the export team is the National Association of State Departments of Agriculture (NASDA). This nonprofit, nonpartisan organization includes the 50 state departments of agri-

culture and those of Puerto Rico, American Samoa and the Virgin Islands. Members of this organization are the agriculture commissioners, secretaries, and directors of their states or territories.

NASDA is organizing, with help from FAS, a National Food and Agriculture Exposition scheduled for May 17-19, 1983 in Atlanta, Georgia. This is the only national food show planned in the United States next year for export trade only.

U.S. exporters, representing all food and agricultural products (except live animals, non-food livestock products, textiles and wood products) are being invited to participate. The goal of this exposition is to increase the exports of these products by bringing together an expected 500 U.S. exhibitors and 1,000 foreign buyers. The event is planned on a biennial basis at different locations throughout the United States.

The National Association of Marketing Officials (NAMO) is another important member of the U.S. trade policy team. It is an affiliate of NASDA and was established to develop a broad program of services and improve the marketing of agricultural products. Executive membership is made up of heads of state agencies responsible for marketing in domestic and international trade.

Ten Northeastern state departments of agriculture make up the Eastern U.S. Agricultural and Food Export Council, Inc. (EUSAFEC). The organization is designed to promote the export of food and other agricultural products from Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont.

A dozen states form the Mid-America International Agri-Trade Council (MIATCO). This nonprofit corporation promotes worldwide the export of agricultural products of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

The Southern United States Trade Association (SUSTA) is an association of the departments of agriculture formed to promote food and other agricultural products from Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia, and Puerto Rico.

Eight Western states are covered by WUSATA, the Western U.S. Agricultural Trade Association. The states are: Alaska, California, Hawaii, New Mexico, Oregon, Utah, Washington and Wyoming. American Samoa is also a member.

General Farm Organizations

Traditional farm organizations also play a role in influencing agricultural trade policy. Often this role is most apparent during the for-

mulation of major farm bills although representatives are active in the administration of this legislation once it becomes law.

An interesting point about these organizations is that despite their wide differences on domestic farm policy, there is considerable agreement on what policy should be in international trade. To paraphrase the World War II axiom referring to politics, one could say with reasonable accuracy that farm policy "ends at the water's edge." In other words, the farm organizations may differ widely on domestic policy but there is general agreement that U.S. agriculture should have the right to export and that the federal government should support that right.

There can be differences on specific issues, of course. Although the American Farm Bureau Federation agrees with other producer organizations that a national farm policy should include unrestricted access to world markets as well as to domestic markets, this did not prevent the AFBF from opposing a new long-term U.S.-USSR grain agreement in 1982 and lobbying intensively for that view.

The Farm Bureau, historically regarded as the most conservative of the producer organizations, argued that the LTA is contrary to its long-standing view that bilaterial trade agreements tend to divide up the world market and limit the freedom of traders to seek out customers wherever they exist.

Other producer organizations generally supported a new long-term agreement or an extension of the existing agreement, viewing such an agreement as necessary to assure U.S. grain farmers a fair share in the growing Soviet market. In the end, President Reagan's decision was to seek a one-year extension of the long-term agreement, an offer that was accepted by the Soviet Union.

The farm organizations have generally opposed government interference in the export of farm products such as the 1973 oilseeds embargo, the 1974 and 1975 restraints on corn sales to the USSR, and the 1980 embargo on shipments of grain and other farm commodities to the Soviets. At the same time, they have consistently supported federal efforts to expand exports through the market development and foreign food aid programs authorized by the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480). And they have at times participated directly in governmental efforts to liberalize trade.

In 1982, for example, the American Farm Bureau Federation dispatched top officers from all 50 of its state bureaus to Europe and Asia to further U.S. trade liberalization efforts. Twenty-five went to Japan and 25 to the European Community with the message that U.S. liberalization goals are supported not only by Congress and the Administration but also by U.S. farmers themselves.

The National Grange, oldest of the general farm organizations, is a long-term supporter of Public Law 480 as a means of expanding ag-

ricultural exports as are the National Farmers Union and the Mid-continent Farmers Association. MFA is a regional farm legislative organization with membership in Missouri and nearby states.

Among the general farm organizations, the National Farmers Organization would seem to be the least interested in policies to promote and liberalize agricultural trade. NFO, which emerged as a national organization during a period of low farm prices in 1955, has supported direct action to influence prices and income — through "collective bargaining," farmer holding actions, and support for higher government price and income guarantees.

Similarly, the American Agriculture Movement which grew out of the "tractor protests" of the late 1970s, is preoccupied with domestic prices and has not involved itself in foreign trade issues.

In addition to the general farm groups, various organizations provide Washington representatives for cooperative enterprise, the most prominent being the Cooperative League of the USA, which promotes the interests of all cooperatives, and the National Council of Farmers Cooperatives, which represents almost 6,000 member cooperatives. In addition to supporting traditional co-op objectives, these organizations commonly take interest in a great variety of issues including marketing, transportation, USDA feeding programs, environmental restrictions, even natural gas deregulation.

Recently, the cooperative associations, along with the Farm Credit System, have joined in new efforts to expand farm exports. Believing that farmers should have more to say about the export of their products and concerned that cooperatives have had only 10 percent of the U.S. farm export business, these interests supported 1980 Farm Credit Act amendments to enable the Banks for Cooperatives to provide credit services to farmer cooperatives.

Beginning February 16, 1982, the Central Bank for Cooperatives was authorized by the Farm Credit Administration to begin providing international banking services. Several loans have now been issued and a specialized international trade staff has been created at the Central Bank for Cooperatives in Denver.

These developments have brought the cooperative organizations face to face with the same trade policy that other exporters have been dealing with — unfair trade practices of the European Community, the restrictive import quotas maintained by Japan on 22 farm product categories that are important to the United States, and the uncertainties in Soviet trade situation.

Beyond the general farm organizations and the cooperative associations, there are dozens of organizations each representing a commodity or commodity group, a trade association or firm, or humanitarian cause — all pursuing trade objectives in food and agriculture. A standard directory of Washington representatives lists 127 agricultural groups

and co-op associations that have offices in Washington, each pursuing the objectives of some part of the food and agricultural community. These objectives may or may not be supportive of international trade.

One of the largest commodity organizations is the National Association of Wheat Growers, representing an industry that exports 63 percent of its product, is a strong supporter of liberal trade. It favors expanded programs to increase exports and vigorous use of Public Law 480 as a market development tool.

The National Corn Growers Association takes a similar view, along with the Grain Sorghum Producers Association and the American Soybean Association. The National Soybean Processors Association, understandably, limits its enthusiasm to processed products, soybean oil and meal. The Millers National Federation works to expand the export of flour through Public Law 480 as well as commercial sales.

The American Cattlemen's Association, while critical of what it regards as excessive government interference in the livestock business, favors USDA programs to expand exports of high quality U.S. beef as well as specialty meats, hides, and tallow. At the same time, it was a prime mover in enactment of the Meat Import Act of 1964 to require import quotas under certain conditions, as well as later amendments to assure that beef imports are countercyclical in their impact on U.S. supplies.

Imports of various farm commodities are watched closely by U.S. producers groups whose members might be affected. For example, three separate associations, with registered lobbyists in Washington, represent Florida winter vegetable growers; they scrutinize imports and frequently complain that foreign producers do not meet the same production and wage standards that Florida producers must meet.

Similarly, the National Milk Producers Federation is watchful of dairy imports, which are limited by quotas established under Section 22 of the Agricultural Adjustment Act of 1933. Recently the Milk Producers and other dairy interests have complained about the level of imports of European casein, on grounds that shipments of this milk derivative are entering this country unfairly with the aid of export subsidies applied by the European Community.

Pennsylvania mushroom growers, concerned about imports from East Asia, look for support in Washington from the American Mushroom Institute, while the Taiwan Mushroom Packers are equally watchful through their own representatives in the U.S. Capital. California raisin growers and Georgia broiler exporters, upset by subsidized competition from the European Community, find expression through the California Raisin Advisory Board and the National Broiler Council.

Sugar lobbyists are even more prevalent in Washington with 29 associations on the job to protect the interests of cane and beet growers here and abroad. Their influence was evident in the inclusion of new

sugar legislation in the Agriculture and Food Act of 1981, a factor in developments leading to subsequent trade limiting actions by this country. When world prices fell to disaster levels in early 1982, in the face of large supplies and heavy EC exporting under subsidy, the U.S. was forced to impose import quotas in order to defend the domestic sugar program, protect producers, and avoid unacceptable government costs in the acquistion of CCC sugar stocks.

In the past decade or so, we have seen the emergence of new types of influence groups that are not interested in trade *per se* so much as they are concerned with certain social objectives, specifically the elimination of world hunger and the protection of natural resources.

Such organizations as Worldwatch and the World Relief corporation and a variety of church-related groups monitor world hunger and U.S. relief efforts including those supported by the U.S. Government through Public Law 480, the World Food Program, and the Food and Agricultural Organization (FAO). This kind of activity received major stimulus from world production deficiencies in 1972, the U.S. shortfall in 1974, and the U.S. proposed World Food Conference held in Rome in November 1974.

The Conference in Rome attracted a large number of non-governmental organizations that held their own meetings and lobbied official representatives to the WFC. Many have continued to be active in lobbying and public education. Meanwhile, the Conference created two new UN-related organizations, the World Food Council and the International Fund for Agricultural Development, which have continued to focus attention on world food problems.

Other groups have centered attention on soil and water resources in this country and have raised questions about the impact on resources of large crop production for export. More than 60 conservation and environmental groups have Washington representatives who keep tabs on resource developments and issues. The Department of Agriculture under Secretary Block has responded that the goals of exporting and conserving are related but not mutually exclusive — that we must export farm products and also protect and develop our natural resources in the interest of future generations both here and abroad.

Conclusion

Looking back over the extensive list of actors in trade policy, one fact is immediately evident; the development of trade policy is a complex process. The importance the United States Government places on this task is evidenced by the initiative, the manpower, the funding and visibility of the entire system.

Agricultural trade policy in the 1980s and beyond has taken on an important role at all levels, from the farm house to the White House. Never has the expansion of foreign markets for U.S. farm products

held such an important place in the economic and political future of this country as it does today.

The trade policy system often seems cumbersome and unnecessarily complex. But trade policy touches many important issues, including foreign policy, national security, and not least, economic growth policy. Given this broad spectrum of interests, we should not be surprised that the development of trade policy is complex. That is one of the costs of living in a democracy.