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**Panel: "New Frontiers for Agricultural Exports"**

Remarks

Lon Hatamiya

Administrator of the Foreign Agricultural Service  
USDA

Good afternoon, ladies and gentlemen. Thank you for joining us. I am Lon Hatamiya, Administrator of USDA's Foreign Agricultural Service, and I will be this panel's moderator.

The topic for this afternoon's panel discussion -- "New Frontiers for Agricultural Exports" -- could not be more appropriate for the changes we have seen in the business world over the past six months.

I suggest we look at the "new frontiers" that lie ahead from three different vantage points:

- New ways of doing business
- New products
- New markets

**New Ways of Doing Business**

If the events of the past six months have taught us anything, it is that the old financial order is facing a new reality. I returned just a few weeks ago from a seven-nation fact finding tour of Asia with Under Secretary Gus Schumacher and our General Sales Manager, Chris Goldthwait. While the effect of the Asian financial crisis on U.S. agricultural exports varies from country to country and from mild (such as in Japan) to moderate (such as in Korea and Thailand) to severe (such as in Indonesia), there is one common thread: we must adjust our ways of doing business to respond to our changing markets.

Let me give you just a few examples. As a result of our trip, we are exploring several options to keep the flow of U.S. agricultural exports to Asia moving. These include increasing our \$1-billion GSM-102 export credit guarantees to Korea; increasing the promotion and use of our Supplier Credit Guarantee Program to support exports of high-value products, which will be the hardest hit category of sales to Asia; possible extension of Public Law 480 Title I to Indonesia, which is the hardest hit of the economies; technical seminars for bankers and importers on our GSM-102 program to create more interest in the program and make it available to a wider variety of users; and intensifying our market development efforts. This is particularly important for maintaining a presence in these markets, even for products that may see a downturn in sales in the short term.

**New Products**

Key to any discussion of new frontiers in agricultural exporting is looking at new products. Let me give you just one example -- the products of biotechnology. These products hold the most promise and peril of any of our exports. As we look for answers to world food security, biotech products are surely at the top of the list of answers. They have the potential to increase food production dramatically in an environmentally sustainable way. Biotechnology can help us

produce more crops from the same land base, crops with more nutrition, crops that require less water and pesticides. As long as science proves these products safe -- which it has time and time again -- we cannot in good conscience turn our backs on them. But for some countries, biotech products are lightning rods for protectionism, misinformation, and fear. Our challenge is to educate consumers, producers, and our trading partners about these products' potential and promise. Because of the importance that biotechnology plays in new agricultural products, USDA recently established a Department-wide working group on biotechnology that will coordinate USDA's efforts in this area.

### **New Markets**

Changes in many of the world's economies mean we essentially are looking at some new markets for our products. For example, the market-opening measures that will result from International Monetary Fund-led reforms in several Asian countries mean that U.S. exports have a chance to get into markets that were previously closed or severely restricted. In Korea, the IMF agreement requires Korea to move toward trade liberalization, a move that would resolve several longstanding problems for the United States. In January, Korea began to harmonize its standards with international codes, which will increase access for U.S. exporters. Korea has revised pesticide tolerance levels in harmonization with CODEX, which should allow U.S. fresh fruit to enter Korea unimpeded. Under the IMF agreement, Korea agreed to address the problem of import licensing. Elimination of restrictive licensing will provide Korean food industries with needed inputs at lower prices and could lead to the solution of a number of longstanding access problems for U.S. exporters of such items as corn grits, soyflakes, and peanuts.

In Indonesia, the government is pledged to abolish a dozen officially sanctioned monopolies that have dominated whole parts of the economy for decades -- including every pad of paper sold in the country, every piece of timber, and every sack of flour. The lifting of BULOG's monopoly of wheat imports and wheat flour distribution could increase exports of U.S. wheat to this market.

Not to dwell entirely on Asia, we can see new markets in other parts of the world. For example, in Africa, President Clinton's recently announced partnership with Africa will further support the reform process there, expanding trade and investment in a region that was long neglected by exporters. It represents a new start toward moving our relationship toward one based on commercial rather than concessional trade.

### **Introduction of First Speaker (Asia):**

But enough from the government's point of view. Let's turn to our panel's speakers to hear their views on where the opportunities lie for U.S. exporters.

Let me explain how we will proceed. I will introduce each panelist. Following their presentations, I will open the floor to questions. I look forward to some challenging questions so we can generate a stimulating and informative discussion.

First we'll look at Asia, which accounts for just over one-fourth of global agricultural imports. Nearly 20 years ago, Asia replaced Western Europe as the leading regional market for U.S. agricultural products. Since then, U.S. exports to this region have steadily increased, reaching a record-high of \$26.4 billion in fiscal year 1996. Despite the financial crisis now unfolding in

some Asian countries and slower economic growth in Japan, Asia is still expected to offer the greatest opportunity for new sales as we begin the new millennium.

Our first speaker is Michael Wootton, Director of Federal Government Affairs with Sunkist Growers, who will speak about “Opportunities in Asia.”

Mr. Wootton has extensive experience in matters of trade, particularly trade with a focus toward Asia. He spent 24 years working behind the scenes on Capitol Hill in the offices of the four Congressmen and two Senators -- all Californians. Earlier, he served as District Director of the International Trade Administration with the U.S. Department of Commerce in San Diego. Mr. Wootton is a graduate of the University of San Francisco, where he also did graduate work in International Relations.

Please join me in welcoming Michael Wootton.

**Introduction of Second Speaker (Africa):**

Africa is undergoing a transformation and we are encouraged by many of the economic and trade policy developments we are seeing there. The United States has a significant stake in Africa. In terms of agricultural trade, U.S. exports to Sub-Saharan Africa, including food aid, have ranged from \$800 million to \$1.1 billion in recent years. Despite the progress we are seeing, political turmoil, government economic policies, and the greater attractiveness of other locations for foreign investment capital continue to hamper economic progress in the region.

But there are encouraging signs. In South Africa, the fall of apartheid has meant that 35 million people (making up about 85 percent of the population), which were once restricted from freely participating in the economy, now have many new opportunities before them. A rise in the black middle-class can be expected in the medium to long term. Outside South Africa, most countries are still dealing with the adaptation of market-driven economic policies that could raise the standard of living. Later this week, Secretary Glickman will be accompanying Vice President Gore to South Africa for the Binational Commission meetings, so I am looking forward to hearing from our next speaker, who will discuss the opportunities that lie ahead in Africa.

Our next panelist is Bonnie Raquet, Vice President for Washington Corporate Relations with Cargill. Ms. Raquet has had a varied and distinguished career with Cargill, including working at its headquarters in Minneapolis and its office in Geneva, Switzerland. In her current position with Cargill, she directs Federal government relations, and business and rural development efforts. No stranger to trade disputes, Ms. Raquet has also practiced international trade and maritime law. A graduate of Valparaiso University, she holds a master’s degree from Cleveland State University and a J.D. from the University of Minnesota Law School. Please welcome Bonnie Raquet.

**Introduction of Third Speaker (Eastern Europe):**

With all the buzz about the potential of and problems in Asia, we must keep in perspective that Asia is only PART of the export story. While sales are not as large or glamorous as to other regions, Eastern Europe remains a viable market, albeit one that requires perhaps the largest amount of effort per dollar of sales. Eastern Europe accounts for less than 5 percent of global agricultural imports. Our own agricultural exports to this region have remained flat since the

breakup of the Former Soviet Union and average \$300-\$400 million each year. Despite an additional amount of sales from transshipments via European Union (EU) countries, total U.S. agricultural exports to this region account for no more than 1 percent of U.S. sales worldwide.

Economic reform, the EU integration process, and rapid economic growth will remain the order of the day in Eastern Europe over the next several years. The EU and the countries of the Former Soviet Union dominate trade with this region. Inter-regional trade within Europe also remains very important. Regarding the U.S.-Eastern Europe trading relationship, the United States is a major supplier of poultry meat, as well as some cotton, soybeans, and corn.

Our final speaker is Jeffrey Beard, Director of Central European Operations for Pioneer Hi-Bred, International in Vienna, Austria. He has been with Pioneer since 1985, and has worked in its Paris office as well. He is uniquely qualified to tell us where the opportunities are in Eastern Europe, having headed Pioneer's Vienna office since 1993. Before that, Mr. Beard worked for Proctor and Gamble. He holds an undergraduate degree in analytical management from the U.S. Naval Academy in Annapolis, an MBA degree from the University of Wisconsin, and a master's in agribusiness from Iowa State University. Please help me welcome Jeffrey Beard.