Approved Feb. 4, 1992
Date

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Representative Don Rezac, Vice Chairman at
Chairperson

9:05 a.m./~~p.m.~~ on Tuesday, January 28, 1992 in room 423-S of the Capitol.

All members were present except: Representative Lee Hamm, excused
Representative Jim Garner, excused

Committee staff present: Raney Gilliland, Legislative Research
Lynne Holt, Legislative Research
Jill Wolters, Revisor of Statutes Office
Pat Brunton, Committee Secretary

Conferees appearing before the committee: John Stitz
Catholic Rural Life Office
Archdiocese of Kansas City, Kansas

LeRoy Bower, President
Kansas National Farmers Organization
Pittsburg, Kansas

Kathy Collmer
Ottawa County
Kansas

Jerry Jost
Kansas Rural Center, Inc.
Whiting, Kansas

Vice Chairman Rezac called the meeting to order as Chairman Hamm was unable to attend.

The Vice Chairman informed the committee that the fact finding hearings on Free Trade with Mexico were informational and for their knowledge.

John Stitz, Catholic Rural Life Office, presented the committee with an overview of the Free Trade Agreement: United States and Mexico. Father Stitz discussed the background and status of the U.S. proposal, the background to Mexico's participation, and some concerns of American and Mexican Catholic Bishops. (Attachment 1). There is additional information filed in Chairman Hamm's office.

LeRoy Bower, President, Kansas National Farmers Organization, stated in his testimony that it is clear that the Salinas government wants to formalize a trade agreement with the U.S. for economic reasons. What is not clear is whether the Mexican government would also include meaningful reform of environmental, health and labor standards. Unless these major non-economic factors are included as a vital part of a trade agreement, there should be no agreement. (Attachment 2).

Kathy Collmer, Ottawa County, testifying as a farmer and a consumer, asked the committee to oppose GATT and the Mexican Free Trade Agreement. She provided the committee with a copy of a resolution that will urge President Bush to reject any agreement that does not protect states' rights to pass their own legislation. (Attachment 3).

Jerry Jost, The Kansas Rural Center, Inc., appeared before the committee expressing strong reservations about the "free

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE,

room 423-S, Statehouse, at 9:05 a.m./~~p.m.~~ on Tuesday, January 28, 1992.

trade" proposals represented by the North America Free Trade Agreement and the General Agreement on Tariffs and Trade. (Attachment 4).

The meeting adjourned at 10:00 a.m. The next meeting of the House Agriculture Committee will be held on Wednesday, January 29, 1992, at 9:00 a.m. in room 423-S, State Capitol.

GUEST LIST

COMMITTEE: HOUSE AGRICULTURE

DATE: January 28, 1992

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Becky Watts	RR3 Box 170 Emporia Ks	KFU
Melvyn V. Hartig	R5 Box 181A Emporia KS 66801	KFU
Vernon Deines	Ramona Ks	KFU
Bonnie Deines	Ramona Ks	KFU
Raymond Fawlee	Emporia Ks	KFU
Kathy Collmer	HC65, Box 26 Minneapolis, KS 67467	KFU
Jerry Jost	Whiting, KS	KRC
Ray Kahrman	Solomon Ks	NFO
H.C. Taylor	Lyons Ks	NFO
LeRoy Bower	Pittsburg, Ks.	Ks. NFO
Bud L. Harris	Kepler Ks	K.O.R.M.
Leon Brethour	Bird City Kan	NFO
Paul Nasser	Jennings Ks.	NFO
Bus Harris	Walnut Ks	NFO
Mary Beth Kelly, SCL	Topeka	—
Mike Scott	Calgary Canada	Alberta Wheat Pool
Paul Johnson	Topeka	—
John Stitz	12615 Parallel Pkwy KCK	Catholic Rural Life

AN OVERVIEW

FREE TRADE AGREEMENT : UNITED STATES AND MEXICO

PART I. BACKGROUND/STATUS U.S. PROPOSAL

PART II. BACKGROUND TO MEXICO'S PARTICIPATION

PART III. SOME CONCERNS OF AMERICAN AND MEXICAN CATHOLIC BISHOPS

Prepared for:

Chairman Lee Hamm and members
Kansas House Agriculture Commitee

January 28, 1992

By:

John Stitz
Catholic Rural Life Office
Archdiocese of Kansas City, Kansas

12615 Parallel Parkway
Kansas City, Kansas 66109

Hs. Ag.
1/28/92
ATTACHMENT 1

FREE TRADE AGREEMENT : MEXICO AND UNITED STATES

This paper includes three parts:

I. Background/status of U.S. proposal on FTA
II. Background to Mexico's participation in FTA
III. Some concerns of American and Mexican Catholic Bishops.

BACKGROUND AND STATUS OF THE U.S. PROPOSAL

1985 President Reagan and Canadian PM Mulroney ask their trade representatives to investigate barriers to trade between Canada and the United States.

1990 June President Bush announced his plan for a Common Market for the Americas in a new world order. He envisioned a North, Central and South America trading block of 700 million people, to compete with the European and Asian blocks.

Pres. Bush planned to bring about the Common Market on three fronts:

1. A Free Trade Agreement (FTA) with Mexico similar to the 1988 FTA with Canada.

2. Enterprise for American Initiative (EAI) which would extend FT with all of S.America.

3. The General Agreement on Tariff and Trade (GATT) talks, begun in 1948, now in the fifth year of the Uruguay Round.

1. FREE TRADE WITH MEXICO

1991, July, President Bush proposed the idea of a FTA with Mexico modeled on the Canadian FTA.
In reference to that agreement two documents are attached. Because of their size and to conserve paper, the copies were not duplicated for members of the committee but will be in the Chairman's office.

Document A. is a summary of the U.S.-Canada FTA, Feb. 1988, filed by the U.S. Trade Rep.

Document B. is the January 1991 Biennial Report to the Congress by the President, concerning FTA with Canada.

The following goals for a FTA are identified in the documents which are to serve as guidelines for negotiations with Mexico.

1. Eliminate all tariffs on bilteral goods trade within ten years of implementation.

2. Reduce non-tariff trade barriers.

3. Establish principles for the conduct of bilateral trade in services.

4. Establish rules for the conduct of bilateral investment.

5. Resolve many outstanding bilateral trade issues.

6. Enhance the energy and national security of the two countries.

7. Facilitate business travel.

8. Establish a timely bilateral dispute settlement mechanism.

By the time that the President made this proposal, Congress had taken some action.

April, 1991, S. Res. 109, (Riedle, Mich.) was introduced calling for a change in "Fast track" rules to allow Congress to submit amendments on:

a. Monitoring and assurance of environmental standards.

b. Monitoring and assurance of enforcement of fair labor standards.

c. Rule of origin.

d. Dispute resolution.

e. Adjustment assistance for U.S. workers, firms, and communities.

A copy of S.Res. 109 is attached for the Chairman of this Committee.

May, 1991, Congressed passed "fast track" legislation which restricts Congress to a vote of up or down, without amendments.

1991, June 10, President Bush and President Salinas of Mexico met in Washington and ordered for negotiations to begin.

ENTERPRISE FOR AMERICAN INITIATIVE

1991 June 27, President Bush launched EAI surprising even Pres. Salinas who had hoped for an exclusive trade agreement with Mexico. By July, four South American countries and 13 Caribbean countries had signed preliminary agreements.

Pres. Salinas notified Washington of his regret to see this movement.

Pres. Bush cancelled a trip to South America and also backed away from his $100 million request to fund the administration of EAI.

1991 October Pres. Bush sent Commerce Sec. Mosbacher and Mexico Sec. Puche on a tour of headquarters of major U.S. corporations. They reported a favorable reception to a FT agreement.

1991 December Pres. Bush and Pres. Salinas met at Camp David. They called for a FTA draft by January, 1992. The New York Times reported that at the meeting, Bush pressured Salinas to open PEMEX, Mexico's oil monopoly, to U.S. interests, drilling, production, etc.

FROM July 1991 to January 1992:

Four negotiating meetings and a half dozen public hearings were held.

1992 January 16. The Washington Post reported on the last negotiating meeting held at Georgetown. Negotiations were moving ahead but it predicted that progress on FTA would be delayed depending on President Bush's, "willingness to undertake a potentially ugly new trade battle with Congress during an election year." The Post did not list any issues discussed except to say that there were a number of disputed areas.

On January 20, Congressman Glickman told me that not only the election year, but the focus on the GATT talks may cause further delay on an FTA with Mexico.

BACKGROUND TO PARTICIPATION OF MEXICO IN A FTA

Even without a FTA Mexico has a number of regional trade agreements, is the third largest trader with the U.S., and is host to more than 2000 industries and factories located on the border.

Present trade with the U.S. is significant.

1. More than 400,000 workers are employed in the border factories, maquiladores.

2. The U.S. is Mexico's largest trading partner (70%), foreign investor, and creditor ($80).

3. Mexico ranks third as trading partners for the U.S. In 1989, $52 billion; Japan, $138 billion, Canada, $167 billion.

WHY IS AN AGREEMENT NECESSARY WITH SUCH EXTENSIVE TRADE ALREADY IN PLACE.

1. U.S. Trade documents (USITC 2275, 1990) cite a major reason. The structural adjustment programs demanded by IMF, World Bank and private bank creditors would be extended and made permanent. A treaty would be enshrined which could not easily be reversed.

2. U.S. Ambassador to Mexico, John Negroponte, said in April 1991.

   " The FTA can be seen as an instrument to promote, consolidate and guarantee continued policies of economic reform in Mexico beyond the Salinas administration. I think it's reasonable to suppose that the FTA negotiations themselves will be a useful lever in prying open the Mexican economy even further. For example, I think we can reasonably expect the foreign investmant law to change as a result of FTA talks. I would also foresee liberalization of the financial services regime." (Proceso, Mex. City, May 1991).

PRESIDENT SALINAS

When Salinas took office in 1988, Mexico had a foreign debt of $108 billion. His goal was to modernize Mexico by:

1. Continue policies of previous administration, Pres. de la Madrid, to privatize publicly owned enterprises.

2. Promote foreign investment.

3. Massive support of export economy.

RECALL

1965- By this year, land reform and extensive irrigation brought Mexico to self sufficiency in basic food production.

1965-1975- Huge industrialization projects in agriculture. Production shifts from a sufficiency in basic foods to export crops sorghum, meat, sugar, vegetables, cotton, via contract farming with large agribuisnesses.

1976 Discoveries of vast oil deposits.

To develop the oil industry, Mexico borrowed $8 billion from IMF, which called for austerity programs, restructuring of the economy. Pres. Portillo began to return distributed lands back to original owners.

1977-1981 Mexico's debt advanced from $30 to $72 bill.

1982 Under Pres. de la Madrid, all land reform stopped. Governors of states given authority over land reform program. Began privatization of banks phone and publicly owned businesses.

1983 30 million farmers were landless and living in poverty. Once again, 85% of best farm land owned by 3% of families.

1982-1990 Real wages fell by 50%. Mexico was importing wheat and corn.

e.g. In Jalisco, Guadalajara area, formerly produced 30% of Mexico's corn, now raising sorghum and sunflower seeds for Anderson Clayton ACCO, for animal feed, for production of meat, bacon, ham, milk, cheese, diet for upper income bracket.(20%)

1986 Midst economic depression, low oil prices etc. de la Madrid was pressured by IMF to join GATT talks, opening door to more imports. (Ruiz, Triumph and Tragedy, 1991)

1988 Salina, more than any other previous president was more favorable to opening oil industry to foreign interests, although oil is sacred to Mexican patrimony.

1991 U.S. Export-Import Bank linked a $1.3 loan to the stipulation that oil drilling contracts were to be opened to U.S. firms.

In November, Salinas was able to modify the land reform law, Article 27, to allow communal lands to be sold to private interests, local or foreign. At the time 28,000 ejidos, or communal farms comprised 51% of arable land, of which 85% was sub-marginal.

Rather than detail this radical change in the land reform law, a copy of Article 27 will be given to the Chairman of this committee. Ten main points of the Reactivation of lands program are translated-generally, for your interests. I consider this change of law to be significant for the future of who will own the land in Mexico.

1992 January 20. The Wall Street Journal reported.

1. The World Bank pressured Mexico to more efficiency in the oil industry by allowing oil firms a share in oil production instead of cash contracts.

Oil makes up 40% of Mexico's budget. Oil reserves are approximately 56 billion bls. Gas reserves are 73 trillion cubic feet.

2. As of January, 1992, two U.S. drilling companies are drilling in the Gulf. Sonat Inc. and Triton International on cash contracts. Sonat is on contract $100 million, six wells.

3. U.S. trade representative Carla Hill, a former Chevron, Board member, said that energy makes up 25% of trade between Canada, Mexico and U.S. She said, "We would like to get as much liberalization (in oil) as possible".

1-7

III SOME CONCERNS RAISED BY AMERICAN AND MEXICAN CATHOLIC BISHOPS

Since President Bush proposed a Free Trade Agreement with Mexico, a committee of American Bishops have met, and have met with committees of Mexican Catholic Bishops. They also have visited with the Canadian Conference of Bishops who have have lived under an agreement since 1988.

In May, 1991, a joint meeting was held with Carla Hill in Mexico. The following points were made.

1. Every aspect of economic life that is human, moral and Christian must be shaped by three questions.
   a. What does economy do for people?
   b. What does economy do to people?
   c. How do people participate in the economy?

2. The following issues reach beyond economic profit and competition to the dimension of human development. Every facet of God's revelation highlights the importance of the dignity of being human. This is not an option, but a command.

   a. Enhancement of life and dignity of the two peoples.
   b. Reduction of economic disparities.
   c. Decent work for just wages; decent working cond.
   d. Serious problems of unemployment/underemployment.
   e. Stabilization of immigration flow.
   f. Rights of workers, rights to organize.
   g. Reduction of environmental damage, both countries
   h. Fair settlement of disputes
   i. Trade is one part of whole development process.

The office for the National Conference of Bishops informed me on January 18, that to their knowledge none of these items have been given consideration in the negotiations.

CONCLUSION:

There is no consensus for or against a FTA among Catholic Bishops, here or in Mexico. It is a divided issue. The feeling is quite strong, if there is to be an agreement which would take seriously the rights and dignity of workers and especially the poor, great progress could be made to lift poor and lower income people to a more human condition for living. The Mexican Bishops are alarmed at the living conditions among the workers on the borders. They fear that Mexico may become more dependent rather than less dependent upon the rich and powerful. All agree countries need to work together to solve common problem.

KANSAS NATIONAL FARMERS ORGANIZATION

Collective Bargaining FOR AGRICULTURE

KANSAS NATIONAL FARMERS ORGANIZATION
LEROY BOWER, PRESIDENT
R. # 5, Box 388
Pittsburg, Ks. 66762
316 643 5391

NORTH AMERICAN FREE TRADE AGREEMENT
GENERAL AGREEMENT ON TARIFFS AND TRADE
KANSAS HOUSE AGRICULTURE COMMITTEE
January 28, 1992

Mr. Chairman and members of the House Agriculture Committee. I am LeRoy Bower, President of Kansas NFO. I have a diversified farm in Cherokee County near Pittsburg. We represent Farmers and Ranchers in the Market place through our National Collective Bargaining Program. Only farmers with farm production can be members. I want to commend Representative Hamm and this Committee for holding this hearing. This is vital that we have public discussion on these kind of issues.

When I called to get on the agenda for this hearing I asked to speak in opposition to the North American Free Trade Agreement. I must clarify, unless the trade agreement contains comprehensive language that includes consumer and environmental protection standards, labor, and human rights provisions, protection of Farm Income, rural development and a recognition of each country's political and social objectives. We would be opposed to the North American Free Trade Agreement. We are for foreign trade where it is equally beneficial to all parties.

Fair trade will not be achieved through a narrow policy of elimination of a country's import restrictions or the complete removal of its restrictions on foreign investment. An international agreement that simply requires the economic integration of the private sector between countries without regard to a country's national environmental, consumer, health or labor standards will result in the lowering of such standards to the lowest common denominator. Under these condition almost everyone loses except the multi-national corporations whose primary consideration are purely economic. The cost for this kind of international trade policy are too high to justify.

As a country's per capita income rises it generally improves its standards for health requirements, the environment, worker safety laws, etc. These higher standards also increase production costs for some commodities which are ultimately passed on to the consumer or taxpayer. While these increase costs are both justifiable and affordable within the U.S. and other developed countries, these additional costs will make some commodities "non-competitive" in the international market. Unless Mexico's evironmental, health and labor standards are brough up to U.S. standards, there can be no fair trade between our countries. U.S. agriculture, labor and the general public will lose.

Mexico's gross domestic product is about $200 billion or $2,400 per person compared to $21,000 per person in the U.S. The average

Hs. Ag.
1/28/92
Attachment 2

Mexican wages are one tenth of average U.S. wages and lower in the "Maquiladoras" where industries located along the border specialize in production for export to the U.S. These factories, mostly U.S. owned, assemble foreign-made parts using non-unionized, primarily female workers. Unless labor standards are specifically included under the Free Trade Agreement, there is absolutely no reason for this circumstance to change.

The value of Mexican agriculture exports to the U.S. doubled during the 1980s.. growing at an average of 10% per year, while the value of U.S. agriculture exports to Mexico increased by only 10% during the entire decade. This is partially the result of Mexico's shift from growing food crops for its domestic use to export crops to service it $100 billion foreign debt. Nearly half of the U.S. farm exports to Mexico are handled by export credit or guaranteed sales. Would export credit sales be eliminated under the Free Trade Agreement? Will the Mexican debt crisis be resolved?

Fruit and vegetable imports account for nearly half the total value of Mexican imports. The leading obstacle to even more imports of fruits and vegetables are U.S. seasonal tariffs, designed to keep Mexican products out during prime U.S. marketing seasons. We assume these seasonal tariffs would eventually be eliminated under the proposed Trade Agreement leaving U.S. fruit and vegetable producers even more vulnerable.

U.S. pesticide tolerance levels and registration are much more restrictive than Mexico's pesticide standards. Mexico allows the use of several highly toxic and persistent pesticides which have been canceled or withdrawn in the U.S. In addition to the obvious health hazards created by importing commodities treated with illegal pesticides, production costs for some U.S. commodities have significantly increased when certain chemical uses have been banned, which contributes to the "non-competitive" status of some U.S. commodities.

The recent GATT ruling in favor of Mexico's grievance against the U.S. for its refusal to import Mexican tuna caught in nets that also kill dolphins probbly best illustrates the major importance of including "non-economic" standards in international trade agreements. While NFO has never taken a position concerning the manner in which tuna is harvested, environmental and consumer groups who sought and received assurance from Congress and the Administration that U.S. laws would protect the dolphin, now discover that this law is not "GATT legal". The U.S. is now in a position of violating an international treaty or repealing a law which the majority of consumers of this country apparently want enforced.

Based on Mexico's economic status today, it appears that U.S. production of food and feed grains, oilseeds and some meat and dairy products would benefit from a Free Trade Agreement with Mexico while there are obviously some serious implications for fruit, vegetable and livestock producers. However, the economic circumstances for any of these commodities can change dramatically under an agreement that requires reform or harmonication of the non-economic standards discussed before. This issue clearly illustrates the urgency of disclosing the terms and consequences of any proposed agreement in time to permit frank and open discussion before Congress acts on the Agreement.

It is clear that the Salinas government wants to formalize a trade agreement with the U.S. for economic reasons. What is not clear is whether the Mexican government would also include meaningful reform of environmental, health and labor standards. Unless these major non-economic factors are included as a vital part of a trade agreement, there should be no agreement.

INCREASED IMPORTS AND THEIR MARKET IMPACT

As producers, we are all aware what a pound or bushel too much can do to the markets. However, during the last two or three years, following the 1988-89 drought, we have not had significant overproduction for most major commodities and yet we have not had price increases anywhere near what they should be by any historical standard you can find. CCC inventories of grain are gone. Subsidies under the EEP Program can no longer be paid with CCC inventory; USDA announced on November 6 that export subsidies must now be paid in cash.

Undoubtedly, there are many factors that have contributed to the artificially low markets; however, I believe the single factor that has depressed markets the most is the unprecedented increase in imports in recent years. While the total percentage of imports compared to our total production is not high, there has been a major increase in imports over the last few years.

GRAINS: Ten years ago, total imports of all grains was 243,000 metric tons. Total imports of all grains in 1990-91 will be 3.1 million metric tons, 13 times the total grain imports in the early '80s.

WHEAT: Imports from Canada and the E.C. will equal over one million metric tons (37 millions bushel) this year. Over 50% of it will be durum. Following the Canadian Free Trade Agreement, import duty on a bushel of wheat dropped from 21 cents per bushel to 14 cents per bushel. Carryover stocks for wheat are the lowest we have had in 18 years (yet today's price is just over $4 per bushel). Remember 1973 with comparable carryover, wheat hit nearly $6 per bushel.

OATS: Imports now account for 12% of our total domestic supply. Because market prices have not responded to the shortage which is being filled with increased imports, our domestic production has dropped by 25% since 1980.

BARLEY: Imports have doubled during the last ten years. The import duty on Canadian barley dropped from $.07 to $.05 per bushel. In June of this year three shiploads of Swedish barley were imported into the West Coast by Continental Grain, even though our supplies were adequate and we were within 30 days of harvest. In response to NFO's protests, together with many others over the Swedish barley sale, we were able to prompt hearings in both the House and Senate Agriculture Committees. What we learned is that Continental bought the barley for $1.60 to $1.70 per bushel while our market price was $1.90 to $2.15. The Swedish barley carried a subsidy equivalent of $4.42 per bushel. I don't think I have to tell you what this does to our markets. The irony of this situation is that Continental also collects EEP subsidies to export wheat and barley.

DAIRY: Import quotas limit total imports to 111,000 metric tons (238 million pounds) per year. Regardless of your market price or supply, total imports of dairy products will bump the maximum import quota every year. Imports have not varied by more than 1% since the Tokyo Round of GATT in the early '70s set the quota amount. As you are aware, dairy import quotas would be removed under the U.S. proposal in the current GATT talks. Without question, dairy imports would increase if quotas were removed.

LIVESTOCK: The 1964 Meat Import Act, by formula, limits the total amount of freah meat imports of beef and mutton. Import quotas are triggered when estimated imports are projected to be above the determined formula amount. The maximum imports under the 1991 formula is 1.3 billion pounds. Imports for 1991 are projected to exceed the 1.3 billion pounds. In practice, import quotas are not normally triggered (only once since 1964). We simply ask the major exporters to limit their exports to stay under the maximum. Australia and New Zealand were asked to limit 1991 exports to the U.S. Live cattle, lambs, hogs or cooked meat are not subject to import quota restriction by law. We are now importing more than one million head of live cattle per year from Mexico. We export approximately 2-3% of our hog production; however, we import 5-6% annually. In summary, while I have not attempted to quantify the cost of these imports in our markets, it runs in the billions in lost farm income.

Lets be careful that we don't approve a free trade policy that is designed for multi-national corporations to EXPLOIT people. If we do, we will see food production leave America and go to the least-cost regions of the globe. Major dairying corporate farms are already positioning themselves to exploit the probable North American Free Trade Agreement. Huge dairy farms, each with thousands of cows, are setting up in Mexico. There plans are to take advantage of cheap labor, then sell dairy products back to United States. Sure, their profits will soar, but at what cost to the U.S.? How many jobs will be lost? How many people will lose their farms? How many rural communities will weither? Multiply this example by thousands and you can see what the New Corporate World Order has in store for you and your neighbors.

Ben Franklin stated that a nation gets money three ways: You have war and take it; you have free trade and somebody cheats and make an awesome profit; and the miracle of a physical economy of planting a seed that creates the new wealth that comes from the land.

Our political leaders, do not preceive Gods natural law and understand the United States Constitution. Under Article 1, section 8, subsection 5 states "Regulate the Value of Money and of Foreign coin and fix the standards of weights and measures". Until you structure the physical economy based on your standard of living--you will not solve the economic problem. To solve that, you must do three things. (1) Regulate the value of money within your system (parity price the physical economy--that means pricing commodities). (2) Regulate the value of foreign coin (pay for the foreign commodity based on what it would cost you to produce--have zero gain between nations based on fair weights and measures); (3) Equity of trade (once a year the nation must balance their trade budget with the United States by bringing their trade balance to zero. They either put up gold in our reserves or buy more commodities or sell more, but once a year bring the trade balance to zero). Thats' exactly what God does every year, Spring, Summer, Fall, Winter. Thats what you do every day. We need the right food and discipline ourselves mentially, physically and spiritually. Life, Liberty and the Pursuit of Happiness--that is your inalienable rights given to you by God and guaranteed by the United States Constitution.

Testimony to the House Agriculture Committee

on GATT and the North American Free Trade Agreement

January 28, 1992

My name is Kathy Collmer. I live on a farm in Ottawa County, where my husband and I have a cow-calf operation. We are two of the thousands of Kansas farmers who could be put out of business if GATT and the Mexican Free Trade Agreement are signed.

A couple of months ago, we found out that the State Board of Agriculture has been using our tax money to promote an expansion of cow-calf herds in Mexico. They justified this by saying that more Mexican feeder cattle would be shipped to Kansas feedlots. At best, that's short-sighted; at worst, it's a lie. Already the Excel Corporation has purchased a beef processing plant in Mexico. You can bet that as soon as the free-trade agreement is signed, feedlot operations will be moved to Mexico as well.

If GATT goes through, it will mean abolition of the Meat Import Act, which protects American meat producers. GATT also contains a provision requiring the U.S. to import a minimum of 5 percent of its agricultural products. Our markets will be flooded with imports of cheap Mexican beef.

Putting aside for a moment my concern about what that will do to beef producers like my husband and me, I am worried about what that means for our health--particularly I am worried about how hormone residues in meat are affecting children's bodies. American children are physically entering puberty at an earlier and earlier age, and many doctors believe this is because of all the growth hormones they are ingesting by eating chicken

Hs. Ag.
1/28/92
Attachment 3

and beef. In Italy and Puerto Rico, which have fewer regulations than the U.S. on hormones in meat, they are finding breast development and pubic hair development in children as young as the age of two. This is the kind of thing we'll be seeing here if we start importing more beef from the Third World, including Mexico.

Another thing we'll be seeing is an increase in livestock disease and contaminated meat. Several recent issues of BEEF magazine, which is a national associate member of the National Cattlemen's Association, have featured articles about likely increases in bovine tuberculosis and brucellosis if the Free Trade Agreement goes through.

Disease incidence and hormone residues in Mexican beef will hurt beef producers in the U.S., as health-conscious consumers will simply stop buying beef. As a former biochemist, I think meat--and particularly beef--is extemely important in human nutrition, but I can understand people not wanting to expose their children to the excessive hormones and disease risks that will increasingly be associated with beef if more imports start coming in or if the U.S. starts relaxing its standards in response to international pressure. Still, if people quit buying beef, it's really going to hurt beef producers like my husband and me.

Despite my concern about the dangers to my own economic security, my husband and I like to think that we're not just a couple of greedy people looking out for ourselves. In fact, many of us farmers care a lot about what happens to other people. We believe that farmers in other countries have just as much right as we do to make a decent living and bring up their children in a decent community.

One of the stated goals of the Mexican Free Trade Agreement is to remove 95 percent of the farmers of Mexico from their land. That's 20 million people. Putting aside for a moment the cruelty of such a plan, anyone with the least bit of foresight and common sense can see that if 20 million Mexicans get shoved off their land, the United States is going to suffer repercussions. Already several million Mexicans a year are entering the U.S. illegally because conditions are so desperate in Mexico.

In light of the pervasive poverty in Mexico, one of the few things the Mexican people have going for them is the ejido system, in which farmers, until recently, had an unassailable right to farm their land. In fact, I wish farmers here had as many rights. As it is, my husband and I have seen many of our neighbors foreclosed on and evicted in the last ten years because of national policies that deliberately promote a trend toward bigger and fewer farms, with less and less people on the land.

This trend will only get worse with the expansion of global trade, as domestic farm supports are abolished and American farmers face direct competition from the Third World, where costs are unbelievably low. Which brings me back to the subject of GATT. More and more these days, there's an assumption that expanding international trade is inherently a good thing in and of itself. Why is this?

It certainly doesn't benefit farmers, who will be pushed off their land in greater numbers than ever before. It doesn't benefit consumers, who will have to eat food from the Third World that is contaminated with pesticides such as DDT that aren't even allowed in the United States anymore. It doesn't benefit citizens of a democracy, who, under the current GATT proposal, will lose their right to pass any legislation that is more restrictive than the lax international standards. The only people who will benefit are the big transnational corporations, who will be freer than ever to move their operations to wherever labor is cheapest and health and safety standards are the loosest.

As a farmer AND a consumer, I ask you to oppose GATT and the Mexican Free Trade Agreement. I have here a copy of a resolution that will urge President Bush to reject any agreement that does not protect states' rights to pass their own legislation. Please pass this resolution right away, so we can send a strong message to President Bush that we in Kansas intend to protect our way of life.

Kathy Collmer

HC 65, Box 26

Minneapolis, KS 67467

(913) 392-3243

RESOLUTION ON TRADE AGREEMENTS

Whereas the Dunkel text of the General Agreement on Tariffs and Trade (GATT), released on December 20, 1991, and now under consideration by U.S. trade officials, Congress and the President, would eliminate agricultural quotas that protect U.S. farmers, such as those currently provided for in Section 22 and the Meat Import Act; and,

Whereas the proposed GATT text would abolish the U.S.' power to enforce trade retaliations such as those currently provided for in Section 301; and,

Whereas the proposed GATT text would establish a Multilateral Trade Organization (MTO) that would infringe on United States sovereignty and states' rights; and

Whereas the proposed GATT and North American Free Trade Agreement could weaken the authority of local and state governments to establish appropriate health, safety, labor, environmental, purchasing and procurement standards,

Now, therefore be it resolved by the legislature of the State of Kansas:

I. The Legislature calls upon the President of the United States to initiate and complete negotiation as part of the current Uruguay round GATT talks, to make the GATT compatible with all United States health, safety, labor and environmental laws; and,

II. The Legislature calls upon the President and the Congress of the United States to guarantee that the GATT and other free trade agreements will not in any way reduce the authority of local and state governments to establish health, safety, labor, environmental, purchasing or procurement laws that the people or their elected representatives deem appropriate.

THE KANSAS RURAL CENTER, INC.
304 Pratt Street
WHITING, KANSAS 66552
Phone: (913) 873-3431

Testimony to the House Agriculture Committee

January 28, 1992

I am Jerry Jost representing the Kansas Rural Center, a non-profit organization that provokes public thought on the sustainability of the land and rural communities. I wish to express strong reservations about the "free trade" proposals represented by the North America Free Trade Agreement (NAFTA) and the General Agreement on Tariffs and Trade (GATT).

The trade initiatives are "free" only in the sense that they allow large amounts of U.S. capital to "source" across national boundaries the cheapest means of doing business. Transnational corporations, with no allegiance to any country or locality, will be awarded more "freedom" to shift jobs to economically depressed areas with lower standards for worker safety, environmental protection, and worker compensation.

Since the "cost of doing business" for these transnationals declines with less governmental protection of people and the environment, short-term profits are increased. However, the threat to Kansans doesn't end just with the potential loss of jobs, we also stand to lose local, state, and federal jurisdiction over our "democratic right" to determine how our land and people should be treated.

Let me try to illustrate this. The chicken breast you eat in a fast food outlet is a product of the globization of the food industry. Probably the white meat in a sandwich came from a chicken raised in Arkansas. The legs from that same chicken could well have been deboned by cheap Mexican labor. From there, the dark meat was sold to Japan. Under NAFTA or GATT, a large transnational corporation gains more freedom to shift chicken production and processing to Mexico, Thailand, or wherever the "costs of doing business" is cheapest. Chicken nuggets can then be sold anywhere in the world that consumers have the money to pay for it. But remember if you don't have a job, you don't have disposable income for eating out.

The forfeiture of governmental power to transnational corporations will result in less opportunity for family farmers in both Mexico and Kansas. Transnational corporations, unlike democratic governments, have no direct accountability to the public good. The rights of workers will suffer and the productive capacity of the land will be extracted from future generations. "Free trade" thus translates into corporate greed rather than fair trade or common sense.

Thank you for your attention.

Hs. Ag.
1/28/92
Attachment 4