

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE.

The meeting was called to order by Chairman Dan Johnson at 3:30 p.m. on March 20, 2000, in Room 423-S of the Capitol.

All members were present except: Representative Thimesch - excused

Committee staff present: Raney Gilliland, Legislative Research Department
Gordon Self, Revisor of Statutes Office
Kay Scarlett, Committee Secretary

Conferees appearing before the committee:

Jere White, Executive Director, Kansas Corn Growers Association and Kansas Grain Sorghum Producers Association
Leslie Kaufman, Assistant Director, Public Policy Division, Kansas Farm Bureau
John Garlinger, Public Information Officer, Kansas Department of Agriculture
Tom Tunnell, Kansas Grain and Feed Association
Mike Beam, Executive Secretary, Cow-Calf/Stocker Division, Kansas Livestock Association
Brett Myers, Executive Vice President, Kansas Association of Wheat Growers (written only)

Others attending: See attached list

Hearing and action on SCR 1626 - Concurrent Resolution urging Congress to remove the executive branch's unilateral trade sanction authority on food and medicine.

Chairman Johnson opened the hearing on **SCR 1626**.

Jere White, Executive Director, Kansas Corn Growers Association and Kansas Grain Sorghum Producers Association, testified in support of **SCR 1626**. He said that trade barriers and competitors' export subsidies prevent the U. S. grain industry from realizing the full potential of our comparative advantage in production, that weak export performance contributes to the low prices that plague producers today. He said the U.S. government should weigh the cost to our own economy before imposing unilateral sanctions around the world. (Attachment 1)

Leslie Kaufman, Assistant Director, Public Policy Division, Kansas Farm Bureau, spoke in support of **SCR 1626** to restrict the executive branch's unilateral trade sanction authority on food. Kansas Farm Bureau believes agriculture products should be exempt from all embargoes and sanctions except in cases of armed conflict, and in such circumstances the embargo should apply to all trade, technology, and exchanges. (Attachment 2)

John Garlinger, Public Information Officer, Kansas Department of Agriculture, appeared in support of **SCR 1626** to send a message to Congress that we join them in rejecting unilateral trade sanctions and favor a policy that food should not be used as a weapon – a weapon which harms farmers and ranchers, while often having little effect on the target nation. He said that three things can happen when agricultural sanctions go into effect: exports drop, prices drop, and farmers and ranchers lose their share of the world market. (Attachment 3)

Tom Tunnell, Kansas Grain and Feed Association, testified in support of **SCR 1626** to remove the executive branch's unilateral trade sanction authority on food. He said that farmers' ability to produce must be matched by aggressive federal policy designed to create new markets and increase the United States' world market share of grain exports. He noted that restricting exports exacerbates the negative financial impact to producers in this state and negatively contributes to the excess grain carry-over stocks that lead to continued depressed prices and the grain storage shortfall. (Attachment 4)

CONTINUATION SHEET

Mike Beam, Executive Secretary, Cow-Calf/Stocker Division, Kansas Livestock Association, appeared in support of **SCR 1626**. He discussed pending legislation in Congress that would exclude food and medicine from U.S. sanctions unless Congress authorizes such action. (Attachment 5)

Brett Myers, Executive Vice President, Kansas Association of Wheat Growers, submitted written testimony in support of **SCR 1626** to remove the executive branch's unilateral trade sanction authority on food and medicine. He provided background information as well as the status of several current agricultural trade sanctions. (Attachment 6)

The Chairman closed the hearing and opened discussion on **SCR 1626**.

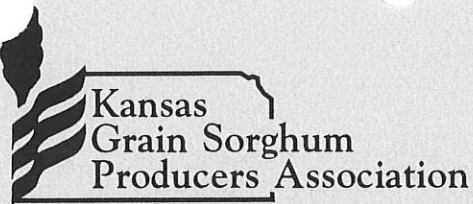
Representative Larkin offered a conceptual amendment to SCR 1626 to provide for an exception in times of armed conflict. Seconded by Representative Feuerborn, the motion carried.

Representative Larkin moved to recommend adoption of SCR 1626 as amended. The motion was seconded by Representative Dahl. The motion carried.

Dr. Robert Ziegler, Professor and Head of the Department of Plant Pathology, Kansas State University, gave an informative presentation on the benefits of biotechnology in the areas of medicine, improved varieties of plants and animals, and industrial applications. He discussed the safety of genetically modified organisms (GMO's) and their regulation by the Environmental Protection Agency, United States Department of Agriculture, and the Food and Drug Administration.

Minutes of the March 13 and 15 meetings were distributed. Chairman Johnson asked members to notify the committee secretary of any corrections or additions prior to 5:00 p.m., March 21, or they will be considered approved as presented.

The meeting adjourned at 4:42 p.m. There are no further meetings of the House Agriculture Committee scheduled for the 2000 legislative session.



SCR NO. 1626

**Statement by Jere White, Executive Director
Kansas Corn Growers Association
Kansas Grain Sorghum Producers Association**

Mr. Chairman, members of the committee, my name is Jere White. I am here today on behalf of the KCGA and KGSPA to testify on behalf of SCR No. 1626.

Kansas grain sorghum and corn farmers are efficient, productive and competitive in world grain markets. Ten years ago the United States controlled almost 80 percent of world corn exports, last year our share was only 53 percent. Although we export additional corn as high fructose corn syrup, corn gluten feed and meal, as meat and poultry and in countless other value-added products, weak export performance contributes to the low prices that plague producers today. Grain sorghum tracks much the same way.

The damage from unilateral sanctions is much more destructive than the loss of individual markets. Every country has the responsibility to ensure its citizens basic food security through national policies that encourage the production or importation of adequate food supplies. Because the United States is the largest corn and grain sorghum supplier in the world, we naturally prefer that countries rely on grain sorghum and corn imports to meet their food and feed needs. If a country contemplates increasing livestock production but fears that the United States will shut off the feed source, then that country must either maintain domestic feed production or limit the amount of livestock production. In either case, U.S. sanctions policies encourage the use of trade distorting programs in every country that is unwilling to trust the United States as a reliable supplier of food.

KCGA and KGSPA support fair and open global trade to assure U.S. corn, grain sorghum and their products full access to world markets. Trade barriers and competitors' export subsidies prevent the U.S. grain industry from realizing the full potential of our comparative advantage in production. Unfortunately, our own government's actions have also limited our trade potential. On far too many occasions, the United States has imposed unilateral economic sanctions that restrict exports. These sanctions comprise a complex web of restrictions and legal impediments that deny U.S. farmers access to markets around the world and seriously jeopardize our reputation as a reliable supplier.

The United States has used unilateral sanctions more than any other nation. Not all sanctions restrict agricultural trade, but all unilateral actions undermine the economic relationships between the United States and our customers. Sanctions that include food and feed most directly diminish U.S. farmers' income.

Congress must exempt commercial sales of food, feed and other agricultural products from unilaterally imposed sanctions. In addition, the U.S. government should weigh the cost to our own economy before imposing unilateral sanctions around the world. Even when the sanctions are eventually lifted, U.S. exporters will have to rebuild relationships with former customers and will have to convince those customers that the United States can be a reliable supplier.

We urge the passage of SCR No. 1626 as a means of sharing these concerns to our leaders in Washington DC. Thank you.

P.O. BOX 446, GARNETT, KS 66032-0446 • PHONE (785) 448-6922 • FAX (785) 448-6922
www.ksgains.com/corn • jwhite@kanza.net

House Agriculture Committee
March 20, 2000
Attachment 1



PUBLIC POLICY STATEMENT

HOUSE COMMITTEE ON AGRICULTURE

SCR 1626 – Urging removal of the executive branch’s unilateral trade sanction authority on food and medicine.

**Prepared by:
Leslie Kaufman, Assistant Director
Public Policy Division
Kansas Farm Bureau**

Chairman Johnson and members of the House Committee on Agriculture, thank you for the opportunity to appear today and share with you Farm Bureau’s support for SCR 1626. I am Leslie Kaufman. I serve as the Assistant Director of Public Policy for Kansas Farm Bureau.

Our farmers want to farm for the market. We favor market-oriented agriculture. The 1996 Farm Bill, Freedom to Farm, envisioned a move away from government control toward a more market-driven agriculture industry. Our farmer and rancher members are living up to their end of the bargain and producing for a domestic and global market place. The federal government has, in our opinion, failed to fully live up to their end of the bargain in terms of eliminating trade barriers. These barriers, including sanctions on food and agricultural products, have a stifling effect on the agriculture industry.

We believe all agriculture products should be exempt from all embargoes and unilateral sanctions except in case of armed conflict. Should a trade embargo or restrictions be declared under such circumstances, the embargo should apply to all trade, technology and exchanges. An embargo should not be declared without the consent of Congress.

We encourage this committee and the full legislature to consider favorably SCR 1626 and its message that the executive branch’s unilateral trade sanction authority over food must be restricted. Thank you.

House Agriculture Committee
March 20, 2000
Attachment 2

STATE OF KANSAS

BILL GRAVES, GOVERNOR
Jamie Clover Adams, Secretary of Agriculture
109 SW 9th Street
Topeka, Kansas 66612-1280
(785) 296-3558
FAX: (785) 296-8389



KANSAS DEPARTMENT OF AGRICULTURE

House Committee on Agriculture

March 20, 2000

Testimony regarding Senate Concurrent Resolution 1626

John Garlinger, Public Information Officer

Good afternoon Chairman Johnson and members of the House Committee on Agriculture. I am John Garlinger, public information officer for the Kansas Department of Agriculture. I am here this afternoon in support of Senate Concurrent Resolution 1626, which urges Congress to remove the executive branch's unilateral trade sanction authority on food and medicine.

Our support does not mean that all sanctions should be prohibited. If faced with a choice between an effective, multinational sanctions regime or using military force to achieve our foreign policy goals, most of us would, at least initially, probably prefer multilateral sanctions.

The problem is we've generally been unable to agree with our allies on a multinational sanctions regime, instead resorting to ineffective, unilateral sanctions which change trade patterns, but do not change the behavior of the targeted country.

There are examples. After the 1980 embargo on Soviet grain, imposed when the Soviet Union invaded Afghanistan, France, Canada, Australia and Argentina moved in behind us to supply grain for export. To date, we haven't recovered from abandoning the former Soviet grain

House Agriculture Committee
March 20, 2000
Attachment 3

market.

There is also a cumulative loss. For more than 35 years, we have given up what once was a major market for U.S. rice and pork. I'm speaking about Cuba, of course, which sits some 90 miles from Miami. Thailand and China have captured the Cuban rice market; Denmark and the Netherlands have captured the Cuban pork market.

Mr. Chairman, there are three things that can happen when agricultural sanctions go into effect — and none of them are good. Exports drop, prices drop and farmers and ranchers lose their share of the world market.

Although there has been some lessening of restrictions within the past year, the U.S. prohibits or restricts exports of agricultural products as part of across-the-board economic sanctions on Cuba, Iran, Iraq, Libya, North Korea and the Sudan. These sanctions reduced U.S. Ag exports by \$500 million in 1996, reduced farm income by \$150 million and overall economic activity by \$1.2 billion.

What does all this mean to Kansas producers? Kansas farmers and ranchers are among the best — if not the most productive — in the world. We are the number one exporters of wheat and wheat products; second in live animals and meat, hides and skins and fats, oils and grease; third in feeds and fodders; fifth in feed grains and products; sixth in overall Ag exports; eighth in seeds; tenth in soybeans and products. In 1998, our total value of Ag exports topped \$2.8 billion. More than 90 percent of the customers for this bounty are outside of the United States.

Finally, Mr. Chairman, remember the unkept promises from *Freedom to Farm*, the most important of which was to use all the tools available to open markets to U.S. producers

SCR 1626
March 20, 2000
Page 3

Send a message, Mr. Chairman and members of the committee. Send a message to the Congress that we join them in rejecting unilateral trade sanctions, and favor a policy that food should not be used as a weapon — a weapon which harms our farmers and ranchers, while often having little effect on the targeted nation.

Thank you for the opportunity to testify in favor of SCR 1626. I'll stand for questions at the appropriate time.

**K
A
N
S
A
S

G
R
A
I
N

&

F
E
E
D**

Association

**Statement of the
Kansas Grain and Feed Association
regarding
Senate Concurrent Resolution 1626
Presented to the
House Agriculture Committee
Rep. Dan Johnson, Chairman
March 20, 2000**

**KGFA, promoting a viable business
climate through sound public policy for more
than a century.**



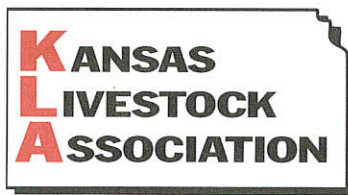
House Agriculture Committee
March 20, 2000
Attachment 4

Chairman Johnson and members of the House Agriculture Committee, I am Tom Tunnell appearing on behalf of the Kansas Grain and Feed Association (KGFA). The KGFA is a voluntary state association with a membership encompassing the entire spectrum of grain receiving, storage, processing and shipping industry in the state of Kansas. Our membership includes over 1,150 Kansas business locations and represents 99% of the commercially licensed grain storage in the state.

KGFA supports Senate Concurrent Resolution No. 1626, which calls for Congress to remove the executive branch's unilateral trade sanction authority on food and medicine. As you are well aware, today's Kansas grain producer, and the Kansas commercial grain storage industry that serves that producer, competes worldwide for marketing opportunities for cereal and feed grains. Currently, U.S. economic sanctions directly impede the ability of Kansas commodities to reach several countries around the globe, including Iran, Cuba, Libya, Sudan, North Korea and Iraq. While I will admit that none of the aforesaid countries are considered allies of the U.S., I believe it is imperative that Congress restrict the use of sanctions against agricultural products to situations where positive results are a certainty. To do otherwise only jeopardizes the economic viability of the Kansas and U.S. grain production industry.

With the adoption of new technologies in agricultural production, the ability of the Kansas farmer to grow a bountiful crop is greater than ever before. Our ability to produce must be matched by aggressive federal policy designed to create new markets and increase the United States' world market share of grain exports. Anything otherwise, only exacerbates the negative financial impact to producers in this state and negatively contributes to the excess grain carry-over stocks that lead to continued depressed prices and the current grain storage shortfall we have experienced in Kansas the past two year. I should point out that during the last two years alone, commercial grain operations in Kansas have had to store over 133 million bushels of grain under emergency conditions (typically on the ground) because of record crop production and weak foreign demand for those crops.

While I believe the members of the Kansas Congressional Delegation fully appreciate the need for a strong national policy that encourages rather than restricts the export marketing of our agricultural products, I do believe the adoption of this resolution sends an important message that they can share with their colleagues in Washington, D.C. Thank you for the opportunity to appear in support of S.C.R. 1626. I would be happy to stand for questions.



Since 1894

To: The House Agriculture Committee
Representative Dan Johnson, Chairman

From: Mike Beam, Executive Secretary, Cow-Calf/Stocker Division

Re: Support of SCR 1626 - Trade Sanctions on Food and Medicine

Date: March 20, 2000

Mr. Chairman and Committee members, I'm Mike Beam representing the Kansas Livestock Association (KLA). KLA supports this resolution.

Last year, we witnessed the first growth in domestic beef demand in 20 years. We hope this trend continues. As we strive to improve the demand in this country, we should not lose sight of the potential for exports. Over ninety five percent of the world's population lives outside the borders of the United States.

We must also realize the United States is not the only beef exporting country. Canada, New Zealand, and Australia are keen competitors. These countries would cherish the opportunity to steal our exporting business if the United States abruptly stopped exports to a particular country. Like any trading partner, if a competitor steps in to fill the needs of a past competitor it is most difficult for the former supplier to regain their customer's confidence and rebuild the business to the previous level. For that reason, we support efforts to remove the executive branch's unilateral authority to impose trade sanctions on food and medicine.

The pending bills in Congress seem to have broad support from agriculture state lawmakers. Senators Roberts and Brownback sponsor the Senate version, S.1771. The objective of the bill is to exclude agriculture and medicine from U.S. sanctions. The President may not sanction food and medicine unless Congress authorizes such action.

Again, we support this legislation and support SCR 1626. I would be happy to respond to any questions or comments. Thanks you.

House Agriculture Committee
March 20, 2000
Attachment 5



P.O. Box 1266 • Manhattan, KS 66505-1266 • (785) 587-0007 • FAX (785) 587-0003

Good afternoon Chairman Johnson and members of the House Ag Committee, my name is Brett Myers and I am the Executive Vice President of the Kansas Association of Wheat Growers. I am here today in support of Senate Concurrent Resolution 1626 urging Congress to remove the executive branches unilateral trade sanction authority on food and medicine.

Issue Background

Much of the agricultural commodities produced in the US have always been exported. Even today, despite a significant decline in 1998, agricultural trade remains one of the few positive contributors to the US global balance of trade. Historically, commodities have been shipped around the world. However, beginning in the mid-1970's and escalating in the early-1980's, several important markets were "cut-off" by US policy makers through the establishment of both unilateral and, in some cases multi-lateral, embargoes or sanctions.

Beginning in the early 1990's, with US production skyrocketing, farmers and farm organizations turned their attention towards expanding foreign markets and reclaiming those lost by sanctions. These efforts took front stage in 1997 following the decline in US domestic prices and the drop in exports caused by the Asian financial crisis. The fight to exempt agriculture from sanctions is now joined by almost all-major farm organizations.

Status

Several important developments have recently changed the sanctions reform picture. Currently in play are agricultural sanctions on the following countries:

India and Pakistan. Both countries were sanctioned following nuclear tests conducted last summer. The sanctions were imposed in accordance to the Glenn Amendment and do not forbid commercial sales. However, the sanctions do forbid the use of government credit programs for the purchase of agricultural commodities. Since both nations import food almost exclusively through credit arrangements, the Glenn Amendment sanctions effectively cut off both markets. The sanctions were temporarily suspended by Congress as part of the FY1999 Omnibus Appropriations Act (through October 1, 1999) as they relate to agriculture.

Iraq. Following the Gulf War, the United Nations established a "Oil for Peace" program which allows Iraq to sale a limited amount of oil on the global market provided that the receipts are spent to purchase food, medicine or other humanitarian items. This is a multilateral sanction based on national security issues and lies outside the current debate.

Iran, Libya and the Sudan. Prior to April 28, 1999, all three nations were subject to unilateral sanctions that prohibit almost all commercial sales. On April 28, the Administration announced the establishment of a new procedure that would, in theory, authorize the sale of agricultural and other food products. To complete a sale, US exporters would be required to secure a contract and then apply for a special license from the Office of Foreign Assets Control within the US Department of the Treasury. The necessary regulations and forms have yet to be propagated by the administration.

Cuba and North Korea. Both nations are the subject of unilateral sanctions that forbid almost all-commercial activity, including the sale of agricultural commodities.

Talking Points

- Food should never be used as a weapon.
- There is something fundamentally unfair about asking US farmers to carry the burden of foreign policy decisions made in Washington.
- Unilateral sanctions only hurt us. Foreign powers still buy what they need on the world market – usually from our "friends" like Canada – and often do so at a lower, subsidized price.
- Have you ever heard about a hungry dictator? Military leaders, politicians and the elite always find a way to eat, even in the poorest of nations. Those targeted by sanctions are the general public and the less fortunate.
- US farmers are the most efficient, most advanced farmers anywhere. If allowed to compete fairly, US farmers would dominate the global marketplace. The government should aide our farmers, not stand in their way.

Again, the Kansas Association of Wheat Growers supports Concurrent Resolution 1626 and we would ask that you do the same. Thank you for your presence and I would be happy to take questions at the appropriate time.