



**If you believe, belong.**

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July 26, 2010

Trade Promotion Coordinating Committee  
U.S. Department of Commerce  
Room C102  
1401 Constitution Avenue, N.W.  
Washington, D.C. 20230

Attn: NEI Comments

The American Soybean Association (ASA) is pleased to respond to the request for comments on the National Export Initiative published in the Federal Register on June 30, 2010. ASA represents all U.S. soybean producers on domestic and international issues.

Soybeans are the second largest agricultural commodity in the United States in terms of annual acreage and value, with 78 million acres planted and a farm-gate value of \$32 billion in 2009. Soybeans and soybean products are the most important U.S. export commodity, with sales exceeding \$21 billion last year. This represented over 50 percent of U.S. soybean production, and 21 percent of total U.S. agricultural exports in 2009. In short, soybean producers are in the vanguard of efforts to improve the U.S. trade balance.

The goal of the National Export Initiative (NEI) is to double the value of U.S. exports, including goods and services, in five years. From our perspective, prospects for continued growth in global demand for exports of U.S. soybeans, protein meal, and soybean oil remain strong. However, achievement of the NEI goal will require significantly expanding exports of other agriculture products, particularly from our livestock sector, as well as non-agriculture goods and services. ASA is ready and willing to support strategies for achieving the NEI goal in any way possible.

ASA has joined other agriculture-based organizations in separate comments in support of increasing funding in the 2012 Farm Bill for both the Foreign Market Development (FMD) Program and the Market Access Program (MAP), administered by USDA's Foreign Agricultural Service. These programs have been highly effective in enhancing the competitiveness of U.S. agricultural products and increasing exports over the last several decades.

In addition to expanding export promotion activities, ASA believes that achieving the NEI goal will require: (1) prompt approval of completed Free Trade Agreements (FTAs); (2) renewal of Presidential Trade Promotion Authority; (3) negotiation of new FTAs with countries that have the potential to significantly expand imports of U.S. products; (4) ensuring that other countries as well as the United States comply with existing and trade agreements; (5) removal of restrictions imposed by the United States that hinder food and agricultural sales to Cuba; (6) negotiation of a balanced and commercially meaningful Doha Round WTO agreement; and (7) taking action against the use of Differential Export Taxes used by our competitors to effectively subsidize the export of processed products. Each of these actions will require forging effective domestic and international alliances in order to overcome current anti-trade sentiments in both the U.S. and abroad.

As of June 2010, 186 Free Trade Agreements had been negotiated and reported to the WTO by other countries. Another 134 agreements are currently in negotiation, for a total of 320 FTAs in which the U.S. is not engaged. In contrast, the U.S. has 17 Free Trade Agreements in place, three awaiting Congressional approval, and only the Trans-Pacific Partnership (TPP) currently under negotiation. Clearly, much of the rest of the world is moving forward rapidly to expand bilateral trade while the U.S. is at a virtual standstill. This must change quickly if the NEI is to have any chance of success.

The last Administration concluded FTAs with Colombia, Panama, and South Korea several years ago. While the South Korea FTA had substantive trade issues that needed to be resolved, approval of the Colombia and Panama FTAs has been delayed by concerns with labor rights and environmental standards. These issues are not addressed in other U.S. FTAs, or in FTAs negotiated by other countries. As a result of these delays, the U.S. has lost market share in both countries. In Colombia, a decline in the value of U.S. soybean meal imports of 69.1 percent, from \$98.9 million in 2008 to \$30.6 million in 2009, was responsible for an overall reduction in U.S. exports of soy and livestock products of 34 percent, from \$244.1 million to \$161.1 million. In Panama, U.S. soybean meal imports fell by 12.2 percent, from \$59 million in 2008 to \$51.8 million in 2009, accounting for a 6.9 percent decline in U.S. soy and livestock sales.

In order to move forward on the NEI agenda, the Administration needs to reach consensus with Congress on the scope of FTAs and the priority of approving these concluded agreements as soon as possible. Current expectations are that the South Korea FTA will be submitted to Congress for consideration during an anticipated lame duck session in November. The Administration should signal its resolve to accelerate the FTA agenda by submitting the Colombia and Panama FTAs for approval at the same time.

Approval of new FTAs will require Congressional renewal of Presidential Trade Promotion Authority (TPA). While negotiations can be initiated prior to renewal of TPA, U.S. resolve to conclude and implement new FTAs would be greatly strengthened if the Administration requested and Congress acted promptly to put it in place. If the NEI goal is to be achieved within a five-year time frame, the Administration should request TPA renewal and seek Congressional approval this year.

With regard to identifying countries for new FTAs, the Administration should focus on countries with the greatest potential to expand imports of U.S. products. Several of our existing FTAs are with important trading partners, including Canada, Mexico, Australia, and Chile. Others were negotiated more for geopolitical than for trade reasons. U.S. soybean producer priorities for the first group of countries to engage in new negotiations include the ASEAN Countries of Indonesia, Thailand, Malaysia, Philippines, and Vietnam either collectively through ASEAN or individually; India; Turkey; and Egypt.

As a prerequisite for initiating negotiations on new FTAs, we encourage the Administration to address and resolve any outstanding sanitary and phytosanitary issues that may exist with each negotiating partner. This is important to ensure that countries do not use these issues as non-tariff barriers following implementation of an FTA, negating its benefits.

For the same reason, we believe that achievement of the NEI goal must include ensuring compliance with existing trade agreements, including the agriculture provisions in the current Uruguay Round agreement as well as existing FTAs. This includes not only other countries' compliance with the terms of trade agreements, but also United States compliance. The U.S. – Mexico trucking dispute provides a good example of the substantial trade and economic costs of non-compliance. As a result of the United States' non-compliance with the terms of the North American Free Trade Agreement (NAFTA), Mexico has been authorized to withdraw tariff concessions on \$2.4 billion in U.S. trade with Mexico. To achieve the NEI goal and boost U.S. export value by \$2.4 billion in a single action, the United States should quickly come into compliance with our obligations under the NAFTA with respect to trucking.

We also strongly encourage the Administration and Congress to remove financial, travel, and market development restrictions imposed by the United States that hinder food and agricultural sales to Cuba. These restrictions, which do not apply to sales to other countries, hinder our ability to compete in and complete cash sales to a market in close proximity to the United States.

Looking beyond the NEI's five-year "window," it is important for the Administration to find a way to move the Doha Round of WTO trade negotiations forward in order to ensure longer-term improvement in U.S. exports. The current draft agriculture modalities framework proposal, known as the Falconer text, was opposed by ASA and many other farm organizations because it provides little assurance of improved market access in exchange for major concessions to reduce trade-distorting domestic support. In the absence of major structural

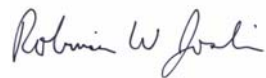
changes in the Falconer text, this imbalance will need to be offset by addressing market access and other issues through bilateral negotiations with developing countries, including emerging economies and countries with world-class agriculture production and exporting sectors. ASA will continue to work with the Administration to resolve these concerns in order to complete a balanced and meaningful Doha agreement.

Finally, in order to expand exports, the Administration also should take action against Differential Export Taxes (DETs) utilized by Argentina and a number of other countries which prevents U.S. exporters of soybean products from participating in the growing market for these products. DETs effectively provide a subsidy to processors to export processed commodities over the raw commodity. Independent analysis has conservatively estimated that the potential increase in the export value of U.S. soybean sector products as a result of the removal of the Argentine system of differential export tax rates is US\$400 million annually.

None of the actions described in this statement can be easily taken, and each will require an important measure of political will and compromise. In today's political climate, prospects for achieving any of these steps are easily discounted. Nonetheless, if the NEI goal to double U.S. exports by 2015 is to be seriously pursued, we believe all of them are necessary. ASA is ready to work with the Administration and with Congress to make this important objective a reality.

The American Soybean Association appreciates the opportunity to comment on the National Export Initiative.

Sincerely yours,

A handwritten signature in cursive script that reads "Robinson Joslin".

Robinson Joslin  
President