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ROLL NUMBER

DESCRIPTION

4017

2005 SENATE AGRICULTURE

SCR 4017

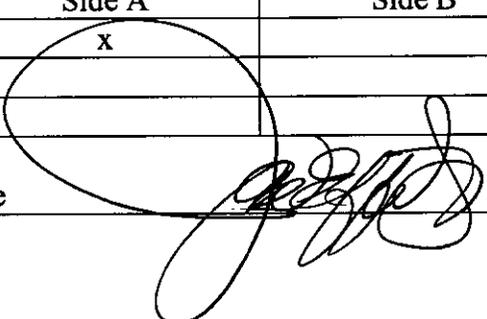
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4017

Senate Agriculture Committee

Conference Committee

Hearing Date February 4, 2005

Tape Number	Side A	Side B	Meter #
1	x		1728 - 4414
Committee Clerk Signature 			

Minutes:

Chairman Flakoll opened the hearing on SCR 4017, a resolution urging Congress not to ratify the Central American Free Trade Agreement until Congress can guarantee the citizens of this state and this country that the domestic sugar industry will not suffer economic hardship as a result of the agreement's provisions. All members were present.

Senator Thane introduced the resolution. One of the first committees he served on in 1971 was agriculture. This is an important issue and has tremendous impact on not only the sugar beet industry but the whole US sugar industry. Senator Thane has raised sugar beets from 1967 - 2000. He offered two minor amendments, to line 6 add Dominican Republic and to line 13 add Western North Dakota. He distributed a handout on the economic impact of Minn-Dak Farmers Cooperative.

Representative Wall testified in favor of the resolution. He echoes the same sentiments. We are allowing more Central American exports into North America and it would adversely affect the Red River Valley and other areas. (meter 1728)

Roger Johnson, Agriculture Commissioner, testified in favor of the resolution. (written testimony) (meter 2313)

Senator Flakoll asked if there is value in including some Minnesota districts.

Mr. Johnson said that would be a good addition. Perhaps Montana should be included too, along the Yellowstone.

Nick Sinner, Executive Director of the Sugar Beet Growers Association testified in favor of the resolution. (written testimony)

Senator Flakoll asked if Congress can guarantee that something won't affect our sugar industry. How does that play out. (meter 3424)

Mr. Sinner said one way to guarantee it is to maintain an orderly importation of sugar that is already coming into the US. We are an importer of sugar, we do not produce enough sugar in the US to meet our demands and we understand we need to bring sugar into this country. The sugar industry is doing their part. The amount of additional sugar brought into the US should be reasonable and not excessive.

Woody Barth, North Dakota Farmers Union, testified in favor of the resolution. (written testimony) (meter 3618)

Brian Kramer, North Dakota Farm Bureau, testified in favor of the resolution. Farm Bureau has a very specific policy regarding CAFTA and sugar. This should go through WTO. (meter 3765)

Senator Taylor asked about the tiff with American Farm Bureau policy.

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Senate Agriculture Committee

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Mr. Kramer said the tiff continues.

Francis Kutzberger, a sugar beet grower from Hillsboro, testified in favor of the resolution.

Sugar has enabled his family to stay in agriculture. CAFTA is about jobs and where we want to produce food.

Chairman Flakoll closed the hearing on SCR 4017.

Senator Klein moved the amendments 53012.0299.

Senator Taylor seconded the motion.

The motion passed on a roll call vote 6-0-0.

Senator Klein moved a do pass as amended on SCR 4017.

Senator Taylor seconded the motion.

The motion passed on a roll call vote 6-0-0.

Senator Erbele will carry the resolution.

53012.0299
Title.

Senate Agriculture Committee
February 4, 2005

PROPOSED AMENDMENTS TO SENATE CONCURRENT RESOLUTION 4017

NOT YET ADOPTED BY THE COMMITTEE

Page 1, Line 6, after the fourth comma insert "the Dominican Republic"

Page 1, Line 13, after "Valley" insert "and western North Dakota"

Page 2, Line 2, after the second comma insert "each member of the Montana Congressional Delegation, any member of the Minnesota Congressional Delegation who serves constituents along the border between North Dakota and Minnesota"

REPORT OF STANDING COMMITTEE

SCR 4017: Agriculture Committee (Sen. Flakoll, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SCR 4017 was placed on the Sixth order on the calendar.

Page 1, line 6, after the fourth comma insert "the Dominican Republic,"

Page 1, line 13, after "Valley" insert "and western North Dakota"

Page 2, line 2, after the second comma insert "each member of the Montana Congressional Delegation, any member of the Minnesota Congressional Delegation who serves constituents along the border between North Dakota and Minnesota,"

Renumber accordingly

2005 TESTIMONY

SCR 4017

Economic impact of Minn-Dak Farmers Cooperative on the local economy

Five-year revenue range	\$123,000,000 - \$165,000,000
Five-year beet payment range	\$73,000,000 - \$102,000,000
Real estate taxes for fiscal year 2003	\$491,000
Minn-Dak payroll for 2003	\$14,034,818
Number of Minn-Dak employees	263 full-time plus additional seasonal and harvest

Sweetener Impact

NORTH DAKOTA

CONSUMER BENEFITS:

- Like all Americans, consumers in North Dakota pay 22 percent less for sugar than consumers in other developed countries*.
- When sugar prices plunged by almost 30 percent during 1999 - 2001, injuring producers, industrial sugar users and retail grocers did not pass the savings onto consumers.
- North Dakota consumers rely on a strong beet sugar industry in their state to supply this essential food ingredient.

■ **TAXPAYER BENEFITS:** The proposed U.S. sugar program is designed and intended to operate at no cost to American taxpayers.

■ **JOBS:** **13,202 jobs*** in North Dakota are a portion of the **372,228 jobs nationwide** that rely on a strong U.S. sweetener industry.

■ **ECONOMIC IMPACT:** **\$1,061,300,000** in economic activity is generated in the state of North Dakota each year by the U.S. sugar and corn sweetener industries*. As part of the national sweetener industry, North Dakota is one of the **42 states** that help create **\$21.1 billion** in economic activity.

■ **SUGARBEET INDUSTRY:** Over 1800 growers produce over 5 million tons of beets from 270,000 acres. There are three sugarbeet processing facilities: Drayton and Hillsboro owned by American Crystal Sugar Co., a farmer-owned cooperative, and the Minn-Dak Farmers Cooperative, which is located in Wahpeton.

■ **CORN SWEETENER INDUSTRY:** Corn refiners add **\$12,900,000** to the value of the corn crop from North Dakota's corn farmers as a result of the corn refining industry*. The added demand for corn benefits each of the **2,328 farms** that raise **930,000 acres** of corn in North Dakota. About **760,000,000 bushels** of corn nationwide each year are used for making sweetener. This represents over 8 percent of the U.S. corn crop.

■ **EFFICIENT PRODUCERS:** Over 100 countries produce sugar and American producers are among the most efficient. More than half of the world's sugar is produced at a higher cost than in the U.S.

■ **A MAJOR IMPORTER:** The U.S. is the second or third largest importer of sugar in the world. The WTO and NAFTA trade agreements require the U.S. to import sugar from 41 countries, about 15 percent of our market, whether we need the foreign sugar or not.

■ **RESPONDING TO PREDATORY FOREIGN TRADE PRACTICES:** Virtually every sugar exporting country dumps its surplus onto the world market at prices below any country's cost of production. Until these unfair foreign trade practices are addressed we must maintain a domestic sugar policy that responds to these predatory practices.

U.S. SWEETENER POLICY BENEFITS AMERICA

* SOURCES: "RETAIL PRICES OF SUGAR AROUND THE WORLD IN 2002," LMC INTERNATIONAL LTD., February 2003.

"THE IMPORTANCE OF THE SUGAR AND CORN SWEETENER INDUSTRY TO THE U.S. ECONOMY," LMC INTERNATIONAL LTD., August 2001

ASA - Sweetener Impact: ND

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RESOLUTION NO. 3222
RESOLUTION OPPOSING FREE-TRADE AGREEMENTS
AFFECTING THE RED RIVER VALLEY SUGAR INDUSTRY

BE IT RESOLVED, by the City Council of the City of Wahpeton, North Dakota, as follows:

WHEREAS, the sugar industry in eastern North Dakota and Western Minnesota represents a major component in the region's economy; and

WHEREAS, the City of Wahpeton has contributed to the initiation of the sugar industry in southeastern North Dakota, supports its continuation, and is deeply concerned with the serious effects that would be realized with its discontinuation; and

WHEREAS, the farmers of southeastern North Dakota and throughout the Red River Valley have committed their talents and property to the production of sugar beets, have developed and purchased millions of dollars of specialized equipment to plant, cultivate, and harvest sugar beets; and

WHEREAS, communities and farmers joined together to provide the funding to construct and operate sugar beet plants in the Red River Valley; and

WHEREAS, operation of the Minn-Dak Farmers Cooperative Sugar Beet Plant provides jobs and fair wages to residents of Wahpeton, its sister City of Breckenridge, Minnesota, and residents of smaller communities throughout the surrounding area; and

WHEREAS, the income realized from sugar production and wages is vital to the well-being of small town America, its residents, retail and professional communities; and

WHEREAS, the Central American Free Trade Agreement (CAFTA) will allow large increases of duty-free import of sugar from foreign countries thereby reducing the income realized by sugar beet farmers; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Wahpeton, North Dakota, that it opposes the provisions of CAFTA that govern sugar importation, production, quotas and sales and that it urges the President of the United States, the United States Trade Representatives, and the Congress of the United States to seriously consider the adverse affects of additional duty-free sugar imports.

Dated at Wahpeton, North Dakota this 17th day of February, 2004.

CITY OF WAHPETON

By /s/Duane M. Schmitz
Duane M. Schmitz, Mayor

ATTEST:

/s/Shawn Kessel
Shawn Kessel, City Administrator

RESOLUTION NO. 11352-28/2004

RESOLUTION OPPOSING FREE-TRADE AGREEMENTS AFFECTING THE RED RIVER VALLEY SUGAR INDUSTRY.

WHEREAS, the sugar industry in Western Minnesota and Eastern North Dakota is a vital component to our region's economy.

AND WHEREAS, communities and farmers joined together to provide the funding needed to construct and operate sugar plants in the Red River Valley.

AND WHEREAS, the operation of the MinnDak Farmers Cooperative Sugar Beet Plant provides jobs with fair wages and benefits to the residents of Breckenridge and its sister City of Wahpeton, North Dakota.

AND WHEREAS, the sugar industry provides 2500 direct full time jobs with benefits and nearly 30,000 more secondary jobs in the Red River Valley and Southern Minnesota.

AND WHEREAS, the Central American Free Trade Agreement (CAFTA) will allow large increases of duty free sugar from foreign countries that lack the standard of living that we enjoy in United States of America thereby reducing the income realized by sugar beet farmers and their employees.

AND WHEREAS, the loss of income by the production of sugar and the wages generated would be devastating to small communities through out rural America; and

NOW THEREFORE, Be It Resolved by the City Council of the City of Breckenridge, Minnesota, as follows:

That it opposes the provisions of CAFTA that govern sugar importation, production quotas and sales and that it urges the President of the United States, the United States Trade Representative, and the Congress of the United States to seriously consider the adverse affects of additional duty free importation of foreign sugar.

Adopted this 15th day of March, 2004.

ATTEST:

CLIFFFORD W. BARTH, Mayor

BEVERLY R.C. WILSON, Deputy Clerk-Treasurer

**DAKOTA VALLEY ELECTRIC COOPERATIVE
RESOLUTION
Opposition to the Central American Free Trade
Agreement (CAFTA)**

WHEREAS, Dakota Valley Electric Cooperative provides electrical service to homes, farms, and businesses throughout southeast North Dakota and within the Red River valley region of the state, and

WHEREAS, Dakota Valley believes that it is important to the state and to the nation that the farms and businesses of our region prosper and grow and provide jobs and fair wages to the residents of our area, and

WHEREAS, sugar beet production and the refinement of beets into processed sugar and useful byproducts are important industries to our region, to the state, and to our nation, and

WHEREAS, provisions in the Central American Free Trade Agreement will allow imports of duty-free sugar which will harm our regional sugar industries and the economy of our area, and

WHEREAS, bilateral and regional trade agreements outside the multilateral nature of the World Trade Organization (WTO) appear to subject specific U.S. commodity markets to unfair import concessions, and serve to undermine the principle of comprehensive WTO negotiations,

NOW, THEREFORE, BE IT RESOLVED, that the Dakota Valley Electric Cooperative Board of Directors opposes ratification of the CAFTA, and

BE IT FURTHER RESOLVED, that Dakota Valley opposes using sugar or any other agricultural commodity as a negotiating tool to strike a bilateral or regional Free Trade Agreement.

Approved: April 26, 2004

CERTIFICATE

I, Thomas Mund, do hereby certify that I am the Secretary of Dakota Valley Electric Cooperative, Inc. (hereinafter called the "Cooperative"), that the above is a true and correct copy of the resolution duly adopted by the board of directors of the Cooperative at the regular meeting held April 26, 2004, and entered into the minutes of the Cooperative, and that the meeting was duly and regularly called and held in accordance with the bylaws of the Cooperative.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Cooperative this 26th day of April, 2004.

Secretary

(CORPORATE SEAL)

Roger Johnson
Agriculture Commissioner
www.agdepartment.com



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**Testimony of Roger Johnson
Agriculture Commissioner
Senate Concurrent Resolution No. 4017
Senate Agriculture Committee
Roosevelt Park Room
February 4, 2005**

Chairman Flakoll and members of the Senate Agriculture Committee, I am Agriculture Commissioner Roger Johnson. I am here today in support of SCR 4017, urging Congress not to ratify the Central American Free Trade Agreement (CAFTA).

The U.S. sugar industry opposes the inclusion of sugar in CAFTA because it would lead to sugar imports greatly in excess of U.S. needs, make the no-cost sugar policy inoperable, and lead to the destruction of the U.S. sugar industry. American Crystal Sugar Company indicates that CAFTA would more than double CAFTA countries' duty-free access to the U.S. sugar market over 15 years. The U.S. is currently negotiating free trade agreements with 23 other sugar-exporting countries. Doubling the current duty-free access of all these countries implies an increase in imports of about 1 million tons per year.

The United States-Central American Free Trade Agreement is a trade agreement negotiated between the United States and six countries: Costa Rica, El Salvador, Guatemala, Honduras, and

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Nicaragua - the Dominican Republic joined on August 5, 2004. CAFTA proposes to further liberalize agricultural trade between Central America and the United States. The United States and the six countries included in the agreement primarily use tariffs and quotas to protect agricultural sectors.

One of the primary concerns with CAFTA is the impact additional sugar imports will have on the domestic market. According to Public Citizen's Trade Watch, 90,000 additional metric tons of sugar would enter the U.S. market under the first year of CAFTA. This will undoubtedly pressure prices and begin the process of destroying the domestic sugar industry.

Sugar provisions agreed to in CAFTA will set a precedent for subsequent bilateral and regional trade agreements, including the Free Trade Areas of America (FTAA). Rather than handing a "sweet deal" to countries involved in the CAFTA negotiation, the United States should continue to press for this issue to be addressed as part of a global trade deal using the World Trade Organization (WTO) negotiation process.

According to NDSU (Agribusiness and Applied Economic Report No. 532, Bangsund and Leistritz, 2004), total direct economic impacts from sugarbeet production and processing in North Dakota, Minnesota, and eastern Montana were estimated at \$1.1 billion in 2003. Total direct impacts in North Dakota were estimated at \$342.3 million (\$120.2 million from processors

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and \$222.1 million from growers) for the same time period. Tax revenue generated in 2003 by the sugarbeet industry in North Dakota included \$12.8 million in sales and use taxes, \$4.4 million in personal income taxes, and \$1.7 million in corporate income taxes. The sugarbeet industry employed 2,628 full-time equivalent workers and supported an additional 29,258 jobs in the tri-state area. NDSU estimates that for every dollar the sugarbeet industry spent in the tri-state area, \$1.85 in additional business activity was generated. NDSU also estimates that each acre of sugarbeets planted generated nearly \$3,948 in total business activity and each ton of sugarbeets processed generated about \$211 in total business activity.

Other commodities will be impacted by CAFTA. According to the Congressional Research Service, U.S. agricultural exports in 2002 to Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic totaled \$1.6 billion. Leading U.S. exports to this region included coarse grains, wheat, soybean meal, rice, and animal fats. In 2003, U.S. agricultural imports from CAFTA countries equaled \$2.3 billion; including bananas, raw coffee, fresh fruit, sugar, and processed fruit and vegetables.

The negative impacts on our state of adoption of such an agreement would be devastating. I have attached additional information regarding the economic disparities among CAFTA countries.

Chairman Flakoll and committee members, I urge a do pass on SCR 4017. I would be happy to answer any questions you may have.

CAFTA by the Numbers: What Everyone Needs to Know

Economic Disparities Among CAFTA Countries (2003)

GDP	GDP per capita	Country
\$11 trillion	\$37,800	United States
\$56.5 billion	\$4,100	Guatemala
\$35 billion	\$9,000	Costa Rica
\$31 billion	\$4,800	El Salvador
\$17.5 billion	\$2,600	Honduras
\$11.5 billion ¹	\$2,200 ²	Nicaragua

5 days Approximate time it takes for the U.S. economy to produce the combined annual GDP of Honduras, Costa Rica, El Salvador, Nicaragua and Guatemala.

\$1.6 billion U.S. goods trade deficit with Central America in 2003.³

CAFTA Countries: Farmers, Food and Agriculture

5.5 million	Number of Central American workers dependent on agriculture for their livelihoods. ⁴
44	Percentage of Nicaraguan workers dependent on agriculture for their livelihoods.
60	Percentage of Guatemalan workers dependent on agriculture for their livelihoods.
21	Percentage of Costa Rican workers dependent on agriculture for their livelihoods. ⁵
1.5 million	Estimated number of Mexican <i>campesino</i> farmers who lost their livelihoods under NAFTA's agricultural terms – on which CAFTA's agricultural provisions are based.
100,000	Estimated number of small farmers that mobilized in Mexico City on January 31, 2003 to demand renegotiation of NAFTA's agricultural provisions.
111,000	Current metric ton limit on the amount of Central American sugar entering the U.S. market duty-free. ⁶
90,000	Additional metric tons of sugar that would enter the U.S. market under the first year of CAFTA. ⁷
\$4 billion	Estimated loss of revenues to 5,980 U.S. sugar beet and cane farmers under CAFTA. ⁸
33	Estimated percentage of El Salvadoran sugarcane workers under the age of 18. ⁹
10-13 years	Estimated age at which children start working in the El Salvadoran sugarcane fields. ¹⁰
\$842 million	U.S. agricultural goods trade deficit with CAFTA countries in 2002. ¹¹
47	Estimated percent reduction in the U.S. agricultural trade surplus with Mexico, 1994-2000.

New Rights For Foreign Corporations

\$57 billion	Payment that the Harken Oil Company is demanding from the government of Costa Rica on the grounds that Costa Rica's environmental impact laws (under which Harken's oil exploration plan was halted) interfere with their investor rights.
\$14.3 billion	Amount claimed by corporations in the 24 cases filed to date under NAFTA's "Chapter 11" process, which is the model for CAFTA's even stronger foreign investor protections.

CAFTA by the Numbers: What Everyone Needs to Know

Public Health

165,000	Number of persons in Central America living with HIV-AIDS. ¹²
8	Percentage of Costa Rican health-care budget currently spent on pharmaceuticals.
45	Estimated percent of Costa Rican health-care budget for pharmaceuticals under restricted generics competition required by CAFTA. ¹³
800	Estimated percent increase in the cost of medicines in Costa Rica under CAFTA intellectual property provisions. ¹⁴

CAFTA Countries: Wages, Jobs and Labor Rights

\$16.01	Average hourly earnings of U.S. production workers in manufacturing, March 2004. ¹⁵
90 cents	Average hourly wage for Honduran workers producing goods for the U.S. market. ¹⁶
42	Percent national unemployment rate in El Salvador. ¹⁷
1:70,270	Ratio of labor (enforcement) inspectors to workers in El Salvador. ¹⁸
0	Number of CAFTA countries found to be in compliance with basic International Labor Organization standards. ¹⁹
30,000	Number of workers currently employed in Nicaragua's state-sponsored Free Trade Zone.
3	Unionized percentage of workers in Nicaragua's state-sponsored Free Trade Zone. ²⁰
10-15	Number of U.S. textile mills that would close <i>immediately</i> if CAFTA came into effect, costing thousands of U.S. jobs. Total mill closures and job losses would be significantly higher. ²¹

¹ All GDP figures from CIA World Factbook, online at <http://www.cia.gov/cia/publications/factbook/index.html>.

² All GDP per capita figures from CIA World Factbook, online at <http://www.cia.gov/cia/publications/factbook/index.html>.

³ Compiled by Public Citizen using U.S. Census Bureau, "Foreign Trade Statistics: Country Data," online at <http://www.census.gov/foreign-trade/balance/index.html>.

⁴ Oxfam, "The Central American Free Trade Agreement: Three Reasons for Congress to Vote No," Press Release, Jan. 22, 2004.

⁵ Agricultural employment figures from Oxfam, "Make Trade Fair for Central America," Briefing Note, Sept. 2003.

⁶ Cited in *Northern Wyoming Daily News*, "Sugar Deal May Not Be So Sweet for U.S. Producers," Jan. 8, 2004.

⁷ *Northern Wyoming Daily News*, Jan. 8, 2004.

⁸ Cited in Mikkel Pates, "Report: CAFTA Won't Just Hurt Sugar," *Grand Forks (N.D.) Herald*, Jan. 13, 2004. (From American Sugar Alliance Study).

⁹ Human Rights Watch, "El Salvador: Child Labor on Sugar Plantations," Press Release, Jun. 10, 2004.

¹⁰ Ibid.

¹¹ Calculated by Public Citizen from U.S. International Trade Administration, "U.S. Total Agricultural Trade Balances with Individual Countries, 1996-02," online at <http://www.ita.doc.gov/td/industry/otea/usfth/aggregate/H02T20.html>.

¹² Oxfam press release, Jan. 22, 2004.

¹³ Oxfam press release, Jan. 22, 2004; from an analysis by the National Chamber of Generic Products in Costa Rica.

¹⁴ Oxfam Briefing Note, "Make Trade Fair for Central America," Sept. 2003; estimate by the Costa Rican pharmaceutical industry.

¹⁵ U.S. Bureau of Labor Statistics, "National Employment, Hours and Earnings," series ID CES3000000006, extracted Jun. 21, 2004.

¹⁶ Edward Alden, "Workers Bar Way to Free Trade in Central America," *Financial Times*, Dec. 4, 2003.

¹⁷ Elizabeth Becker, "Amid a Trade Deal, A Debate Over Labor," *New York Times*, Apr. 6, 2004.

¹⁸ Human Rights Watch, "Deliberate Indifference: EL Salvador's Failure to Protect Workers," report Vol. 15, No. 5(B), Dec. 2003.

¹⁹ International Labor Organization, "Report on Fundamental Principles and Rights at Work: A Labour Law Study," Sept. 2003.

²⁰ Cited in written testimony regarding the Central American Free Trade Agreement, prepared by the International Labor Rights Fund.

²¹ American Textile Manufacturers, "ATMI Opposes CAFTA as Jobs-Destroying Agreement," Press Release, Dec. 23, 2003.

North Dakota Farmers Union

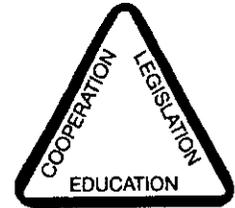
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SCR 4017
Senate Agriculture

Chairman Flakoll and members of the Senate Agriculture Committee,

My name is Woody Barth; I am here representing over 35,000 members of North Dakota Farmers Union. I am here to testify in support of SCR 4017.

We believe that our state needs to send a message telling Congress not to ratify the CAFTA Agreement. North Dakota Farmers Union believes that we need fair profitable trade—not free trade.

- Proponents of free trade tend to over-estimate the potential benefits of U.S. agricultural exports in virtually every proposed trade agreement. The promise usually far exceeds the performance. Expect no less from CAFTA.
- CAFTA nations represent small populations and limited incomes with which to purchase U.S. farm products. U.S. exports to CAFTA countries represent less than 2.8 percent of our exports while their exports amount to more than 5 percent of our imports.
- CAFTA proponents ignore the impact of increased agriculture imports of competitive products, which have grown nearly 20 percent since 1998. In fact, the United States may become a net agriculture importer as early as 2007.
- If the dollar remains strong, the exchange rate issue alone could easily result in no export gain over the 20-year implementation period while imports would continue to expand.
- CAFTA provisions, including the Dominican Republic, will result in a one-third increase in sugar quotas in the first year and will increase by another 50 percent over 15 years. These provisions will likely become a precedent for other trade agreements including the proposed agreement with Panama and the Free Trade Area of the Americas.
- This will not only decimate the U.S. sugar production industry and its infrastructure but will also result in increased production of alternative crops such as wheat, corn, soybeans and potatoes causing a reduction in their prices.

The members of North Dakota Farmers Union urge a do pass on the SCR 4017 and lets tell Congress to vote NO on CAFTA.

Thank you Chairman Flakoll and members of the committee. I will answer any questions at this time.

TESTIMONY IN SUPPORT OF SENATE CONCURRENT RESOLUTION NO. 4017

Mr. Chairman, members of the committee, my name is Nick Sinner, I am the Executive Director of the Red River Valley Sugarbeet Growers Association, and I am here to speak in support of Senate Concurrent Resolution No. 4017 which urges Congress to NOT "ratify the Central American Free Trade Agreement until Congress can guarantee the citizens of this state and this country that the domestic sugar industry will not suffer economic harm as a result of the agreement's provisions."

I would like to thank Senators Thane, Lindaas, and Tallackson for sponsoring this Resolution. It shows an understanding of the importance that agriculture in general and sugar beets specifically play in this state. We realize that Sugarbeets are not the number one crop in the state of North Dakota, but they do have a vital roll in maintaining the economic well being for some producers in this state.

A recent study titled "Economic Contributions of the Sugarbeet Industry in Minnesota, North Dakota, and Eastern Montana", which was conducted by Dean Bangsund and Larry Leistriz of the Department of Agribusiness and Applied Economics at North Dakota State University, reported the economic impact that the Sugarbeet industry has on our region and this state.

This study showed the total economic impact in 2003 on our region from Sugarbeet production was \$3.1 billion. This includes a direct economic impact of \$1.1 billion and a secondary impact of \$2 billion. Based on planted Sugarbeet acreage in this three state region, North Dakota is responsible for approximately 32% of the total impact. That means that Sugarbeet growers in North Dakota are responsible for over \$342,000,000 of economic activity in this state.

Tax collections are another important measure of the economic impact that the Sugarbeet industry has on our state. The study looked at the tax collections in each of the three states in our region. The tax revenue generated by the Sugarbeet industry in North Dakota included \$12.8 million in sales and use taxes, \$4.4 million in personal income taxes, and \$1.7 million in corporate income taxes, for a total of over \$18.9 million.

The Sugarbeet industry also provides jobs. The study showed that this industry was directly responsible for over 2600 full-time equivalent jobs and indirectly supported an additional 29,000 full-time equivalent jobs. In this age when rural areas are looking for economic development and ways to keep people on the land, I am proud to say that the sugar industry is doing just that and all at no cost to the federal government.

As sugar producers we oppose CAFTA because it will send American Sugar Farmers to the unemployment line. The federal government's own economic projections admit that CAFTA will put thousands of sugar farmers out of work.

CAFTA is not only a bad trade deal for America's sugar farmers – it's simply a bad trade deal. A trade deal that threatens 146,000 American sugar related jobs for minimal access to a market that is only 2/3 the size of Minneapolis/St. Paul and would actually increase our trade deficit with Central America to \$2.4 billion is a bad for America.

North Dakota has very good producers in this state. Most of the commodities produced here need to find a home outside our borders. All of the sugar farmers also produce other crops so we understand the need to export. But we don't see the need, when negotiating trade agreements, that they have to be all or nothing.

We already import sugar from Central America and the Dominican Republic. Even without CAFTA, they are already our largest supplier.

The United States currently imports sugar from 41 countries and is the fourth largest net importer in the world. In fact we are the only major sugar-producing country in the world that is a net sugar importer.

That is a far cry from being protectionist.

All we're saying is that we don't need any more Central American sugar. Our supply currently exceeds our demand. And every ton of unneeded subsidized sugar we're forced to import represents one more ton our farmers are not allowed to produce.

In closing I want to thank the committee for the opportunity to share my views on CAFTA. By taking this initiative, North Dakota is joining a growing number of state governments and legislatures that are examining and opposing this trade deal. Please support this resolution and help keep sugarbeets profitable in North Dakota. - Thank you.