



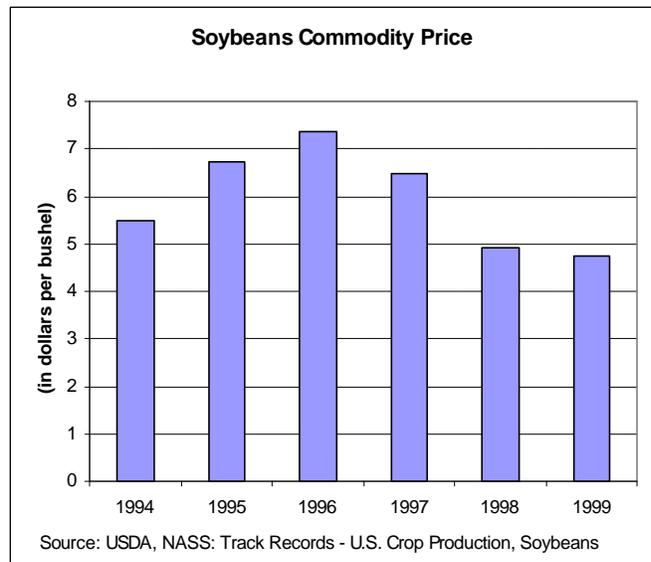
FAST TRACK WILL EXACERBATE NAFTA'S DAMAGE TO U.S. SOYBEAN GROWERS

Coming Fast Track Battle is a Referendum on NAFTA's Seven Year Record

President George W. Bush has asked Congress for Fast Track powers to expand NAFTA to 31 countries in Latin America and the Caribbean through a proposed Free Trade Area of the Americas (FTAA). President Bush and his principal trade advisors have announced that the debate about Fast Track is a referendum on NAFTA — and so it should be. Given Fast Track's purpose to expand the NAFTA model hemisphere-wide through the FTAA, the seven-year track record of NAFTA for family farmers and ranchers bears close review.

During the 1993 debate over the fate of NAFTA, U.S. farmers were promised that NAFTA would provide a path to lasting economic success through rising exports. Consumers were promised lower food prices. These promised benefits never materialized during seven years of NAFTA: farm income has declined and consumer prices have risen while some agribusinesses — which lobbied hard for NAFTA and are avidly promoting Fast Track — have seen record profits.

Granting President Bush Fast Track to expand NAFTA will only increase the damage suffered by cereal and grain farmers, including soy farmers, under NAFTA. The U.S. grain and cereals trade surplus with the world has slid by a third since 1995, with the soy surplus declining 5%. The majority of representative U.S. farms are projected to be in poor financial condition by 2005, including 86% of feed grain farms. The gross farm income for commodity growers in the U.S. is projected to be significantly lower in 2000 than the average gross farm income before NAFTA between 1990 and 1995. 2000 gross income per soybeans acre was projected to fall 15.9% below the crop years between 1990 and 1995.



U.S. Soy Growers Face Growing Competition

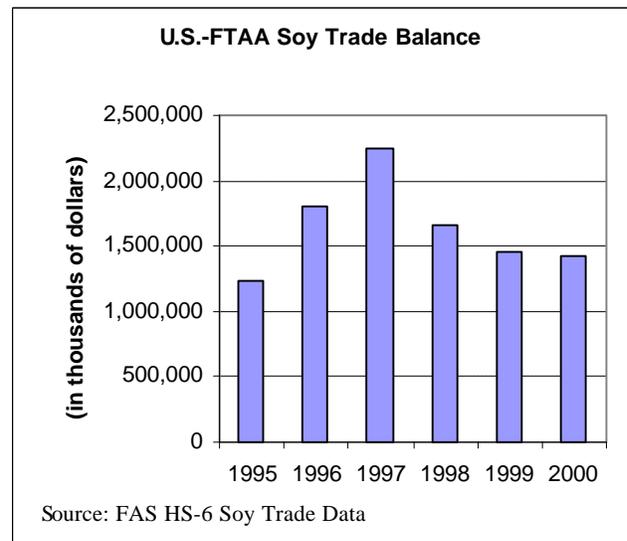
NAFTA already has had a damaging effect on soy farmers — FTAA, which would include soy export powerhouses Brazil and Argentina, would only accelerate the NAFTA problems. Already soy commodity prices have plummeted in the U.S. market, which has been glutted by imports. Even though the volume of U.S. soybean exports increased 16%, the total U.S. soybean crop value declined 2% because the per-bushel price farmers are paid for soybeans fell by 15%. Between 1996 and 2000, the \$1.6 million soy surplus with Argentina had turned into a \$2.8 million deficit. Over the same period, the \$53 million surplus with Brazil became an \$843,000 deficit as exports were increasingly overwhelmed by competitive imports.

U.S. soybean growers are increasingly at a competitive disadvantage: Iowan growers must spend \$1.50 more than their Brazilian counterparts to produce a bushel of soy — 20% more. They also must pay \$2.38 per bushel more for farmland, according to an Iowa State University study. **Over the last five years, the U.S.’ share of world soybean exports has fallen 27%, to about 53% of the global market while Brazil has more than doubled its share of the world market, reports the *New York Times* (Jul. 10, 2001).**

NAFTA Has Been Used to Justify Shredding Farm Safety Nets for Soy Farmers

Using NAFTA both as a sales pitch and as the political instrument to force policy change, corporate and political lobbyists in Washington set about eliminating domestic farm programs aimed at safeguarding growers, including soy farmers. The 1996 Freedom to Farm Act, part and parcel of implementing the export-oriented NAFTA agriculture model, hit soy growers particularly hard, reports the *New York Times*: “Since the 1996 farm bill did away with such supports, presuming that farmers would export their way to prosperity.”

Moreover, many agribusiness concerns operating in North America took advantage of the new rights of market access for agricultural products (and actual requirements to import agriculture products) and NAFTA’s new investor protections and began rapid consolidation, moved plants to Mexico or both. Cargill subsidiary, Cargill de Mexico, has invested \$184 million in facilities in Mexico, including a vegetable oil refinery and a \$30 million soybean processing plant built in 1997 in Tula, Hidalgo.



FTAA Will Expand NAFTA’s Attack on Soy Farmers

If Congress passes Fast Track for FTAA, U.S. soy growers will face stiffer competition for export markets from soy growers in Brazil and Argentina. Already, Brazilian soy is displacing U.S. export opportunities abroad. Worldwide, U.S. exports, after rising 40% to \$10.0 billion between 1995 and 1997, are down 32% \$6.8 billion in 2000 from the 1997 peak. Over the same periods of time, exports to the Caribbean, after rising 23% to \$171 million, are down 24% to \$130 million. Exports to South America, after rising 226% to \$698 million, are down 76% to \$164 million. Soy can be produced more cheaply in other countries. Even before an FTAA might grant new import rights into the plum U.S. consumer market, Archer Daniels Midland and others have invested heavily in Brazil and elsewhere to expand soybean operations to reduce costs of production, reports the *New York Times*.

Fast Track Is Unnecessary and Will Further Harm Independent Farmers

The only way to ensure that U.S. trade policy suits the needs of U.S. soybean farmers is for Congress and the public to play a more prominent and continual role in the entire policy process. Congress must be involved in setting the U.S. agenda, selecting appropriate prospective trade partners with whom to negotiating, and ensuring the negotiations are obtaining U.S. goals. Then, only agreements that meet U.S. goals should be approved and implemented. This level of involvement and oversight is impossible under the Fast Track process because Congress’ delegation of its Constitutional trade authority allows the Executive branch to promise the world and deliver only woe.

For more information, contact Public Citizen’s Global Trade Watch 202-546-4996
(See, Public Citizen’s Global Trade Watch study, *Down on the Farm: NAFTA’s Seven-Years War on Farmers and Ranchers in the U.S., Canada and Mexico*, at www.tradewatch.org)