

November 23, 2004

The Honorable Henry J. Hyde
U.S. House of Representatives
2110 Rayburn HOB
Washington, DC 20515

Dear Mr. Chairman:

We are writing to you concerning certain misperceptions that have apparently arisen in Colombia related to U.S. objectives in the Andean Free Trade Agreement negotiations. We are concerned that these misperceptions may have arisen from an inaccurate characterization of a recent letter that you wrote to members of the U.S. Administration supporting capacity building efforts in Colombia.

On Monday, October 11 an article appeared on the front page of El Tiempo, the largest newspaper in Colombia, indicating that a “powerful group of U.S. Congressmen” had expressed concern about the impact of the FTA negotiations on Colombian agriculture, and the possibility that the FTA could negatively affect joint U.S.-Colombian efforts to eradicate illicit cultivation and trade in drugs. The article specifically portrayed the U.S. Congressmen as concerned that any effort to eliminate the Colombian price band system for imports of agricultural products could put peasant farmers at the mercy of “narco-terrorists.” Several similar articles have appeared in other influential publications in Colombia. In addition, the U.S. agricultural attaché in Bogota warns that Colombian government officials are using the letter from the U.S. Congress as an expression of support for Colombia’s position on agriculture in the U.S.-Colombia FTA negotiations.

We believe these reports are almost certainly based on an inaccurate characterization of your September 22, 2004 letter to U.S. Agriculture Secretary Ann Veneman and the Administrator of the Agency for International Development, Andrew Natsios. That letter strongly encourages Secretary Veneman and Administrator Natsios to increase U.S. assistance to Colombia for a variety of initiatives aimed at assisting the Colombian agricultural sector. While the letter does encourage U.S. officials to view the current trade discussions in the context of the war on narco-terrorism, we note that at no point does the letter propose that the Colombian reference price system for imports of agricultural products be allowed to operate under a U.S.-Andean FTA.

As you may know, we are supportive of agricultural capacity building efforts in developing countries. Such efforts are particularly important when associated with U.S. free trade agreement negotiations, since they can act as an incentive for countries to move to the production of commodities where they truly have comparative advantage. However, it is our strongly held position that, in the context of any U.S. FTA negotiation, such assistance should be provided only in conjunction with binding commitments on the part of our trading partners for fully free trade in agriculture.

One of the biggest impediments to U.S. agricultural exports in the Andean region is the price band scheme used by Colombia and other Andean countries to restrict imports of a wide array of U.S. agricultural commodities. It would be impossible to achieve free

access to the Andean market with this system in place. Moreover, this scheme clearly operates in violation of World Trade Organization (WTO) rules. It is therefore essential, as a part of the U.S. effort to achieve fully free trade under the Andean FTA, that the price band scheme for imports of U.S. agricultural products be completely eliminated. U.S. negotiators are vigorously pursuing this goal in the current FTA negotiations with Colombia and other Andean countries.

We hope you share our view that U.S. assistance to agricultural development on the part of our FTA trading partners can only be conducted in conjunction with their commitment to free trade. The U.S. Administration has noted on many occasions, and we fully agree, that free trade agreements such as the one now being negotiated in Colombia will result in a significant net increase in employment opportunities. In the case of Colombia, a free trade agreement that results in truly free trade can only assist in the battle against illicit drug cultivation and trade in that country.

We look forward to working with you in the future on U.S. efforts to expand U.S. agricultural export opportunities through FTA negotiations.

Sincerely,

American Farm Bureau Federation
American Feed Industry Association
American Meat Institute
American Soybean Association
Corn Refiners Association
Grocery Manufacturers of America
National Association of Wheat Growers
National Barley Growers Association
National Cattlemen's Beef Association
National Chicken Council
National Corn Growers Association
National Grain and Feed Association
National Grain Sorghum Producers
National Grange
National Milk Producers Federation
National Oilseed Processors Association
National Pork Producers Council
National Renderers Association
National Turkey Federation
North American Export Grain Association
North American Millers' Association
Pet Food Institute
US Dairy Export Council
US Wheat Associates
USA Poultry & Egg Export Council
USA Rice Federation
Wheat Export Trade Education Committee