

National
Grain and Feed
Association



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U.S. Grain Industry Commends Efforts to Jump Start WTO Ag Trade Negotiations

WASHINGTON – The nation’s two major grain organizations today (Jan. 13) commended efforts to jump start negotiations in 2004 on agricultural trade reform under the Doha Development Agenda of the World Trade Organization (WTO).

The National Grain and Feed Association (NGFA) and the North American Export Grain Association (NAEGA), which are co-located and have a joint operating and services agreement, said it is imperative that 2004 not be a “lost year” for the WTO negotiations.

“This bold initiative is well-timed from a global perspective,” said NAEGA President Gary C. Martin and NGFA President Kendell W. Keith. “While significant progress is being made by the United States in achieving bilateral and regional free trade agreements, the true benefits of open agricultural trade will only be achieved by a sweeping global free trade agreement through the WTO.”

The two grain trade association executives were reacting to an initiative launched by U.S. Trade Representative Robert Zoellick in a Jan. 11 letter to WTO trade ministers from more than 140 countries, in which he outlined an approach for resuming WTO negotiations on trade in agriculture, goods and services and announced he would be visiting fellow trade ministers early this year to “explore every avenue to make 2004...a year of accomplishment for the Doha Agenda and the WTO.”

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“Admittedly, as strong supporters of aggressive trade liberalization in agricultural markets – and as advocates of the ambitious reforms contained in the initial U.S. proposal presented in July 2002 that would substantively reduce or eliminate major trade-distorting policies in a relatively short time frame – the approach outlined by Ambassador Zoellick still leaves open to negotiation the precise definitions and reductions in trade-distorting practices that are to be achieved,” said Keith and Martin. “Our hope is that the participating nations will use this opportunity to adopt substantial and meaningful reductions to bring real reform to world agricultural trade.”

The two grain organizations noted that worldwide agricultural subsidies currently are approaching \$350 billion annually. “To the extent that such subsidies encourage overproduction and production in areas that are not efficient distorts trade and penalizes efficient agricultural production and marketing systems around the world,” the NGFA and NAEGA said.

“The only way for the global agricultural sector to reap the same benefits of improved growth and economic performance from free trade enjoyed by other economic sectors is to substantially shrink and eventually eliminate on a global basis the institutional barriers to trade, such as export subsidies, market-distorting domestic supports and market access for agricultural products,” the NGFA and NAEGA said.

Non-agricultural trade has grown at a much faster pace than agricultural trade in the last four decades, the NGFA and NAEGA noted. Export subsidies, tariffs and other trade-distorting policies in agricultural markets are substantially higher than those in non-agricultural markets, as substantial progress toward free trade has been made in those markets in previous General Agreement on Tariffs and Trade (GATT) and WTO rounds.

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The United States stands to benefit from more open world agricultural trade, the NGFA and NAEGA said. Currently, the United States exports about 50 percent of its wheat; 50 percent of its soybeans as either raw, processed or meat-equivalent products; and about 30 percent of its corn and corn value-added products. Exports also have been a major engine of growth for the meat sector, with U.S. beef, pork and poultry exports tripling in the 1990s, during which the U.S. share of world meat trade more than doubled. Meanwhile, the United States has only about 5 percent of the world's population but 20 percent of its agricultural production capacity.

The NGFA and NAEGA also said they will be encouraging grain-based trade organizations in other countries to support movement by their respective governments in reinvigorating the WTO negotiations and making meaningful and substantial progress toward agricultural trade reform in 2004. "We continue to look forward to the opportunity to advance trade liberalization in the WTO, and in working with our colleagues in other countries to achieve a positive outcome," said the NGFA and NAEGA.

The NGFA, established in 1896, consists of 1,000 grain, feed, processing, exporting and other grain-related companies that operate about 5,000 facilities that handle more than two-thirds of all U.S. grains and oilseeds. The NGFA's membership encompasses all sectors of the industry, including country, terminal and export elevators; feed manufacturers; cash grain and feed merchants; end users of grain and grain products, including processors, flour millers, and livestock and poultry integrators; commodity futures brokers and commission merchants; and allied industries. The NGFA also consists of 36 affiliated state and regional grain and feed associations, as well as two international affiliated associations. The NGFA also has established strategic alliances with the Pet Food Institute and the Grain Elevator and Processing Society.

NAEGA, established in 1912, is a not-for-profit trade association comprised of private and publicly owned companies and farmer-owned cooperatives involved in and providing services to the bulk grain and oilseed exporting industry. NAEGA member companies ship practically all of the bulk grains and oilseeds exported each year from the United States. The Association's mission is to promote and sustain the development of commercial export of grain and oilseed trade from the United States. NAEGA acts to accomplish this mission from offices in Washington D.C., and in markets throughout the world.