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INTERNATIONAL MARKETING AND TRADE OF AGRICULTURAL PRODUCTS

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6.1 INTRODUCTION

Exports are important to the continued strength of American agriculture. They account for nearly one-fourth of agricultural GDP and support about one million American jobs. Agriculture is one of the most export dependent of all sectors of the economy with one-third of US agricultural production exported annually. It is one of the few sectors that consistently ran a positive balance of trade but that positive trade balance has recently evaporated. While American agriculture's dependence on exports will increase in the future, it is hoped that rising populations and strong economic growth in overseas markets will create additional opportunities for U.S. exports.

In the post-Uruguay Round and current Doha Round environment, American agriculture's ability to compete in an increasingly globalized economy is depending more than ever on market forces. However, the federal and state governments still play a critical role in ensuring American agricultural producers access to international markets that are operated in an equitable manner to our own. Obtaining market access for our agricultural products should be one of the highest priorities for the Administration and Congress.

A basic tenet of the free trade principles that underlie U.S. trade policy is open access to all markets on the basis of comparative advantage. Everyone benefits if the market determines who can produce the highest quality product at the lowest cost. In theory, if the market were permitted to operate in this fashion, there would be optimum use of resources and optimum general welfare.

Totally free and unencumbered markets do not, however, exist. Governments have historically intervened, and continue today to intervene, in various ways. Some examples of this are levying border taxes on imports; subsidizing particular groups by providing government funds or by requiring economic transfers from other sectors; imposing non-tariff restrictions such as quotas, licensing schemes or technical requirements; or regulating imports for health or safety purposes. The current international trading system — the GATT Agreement that has been in place for nearly fifty years and the more recent WTO Agreements augmenting it — attempt to minimize government intervention, and to make those interventions that are agreed as permissible, more predictable and transparent.

The fundamental thrust of GATT/WTO rules is to move the international trade system toward a "tariff-only" regime, eliminating trade distorting subsidies and non-tariff trade barriers by bringing further discipline on regulations to ensure they are necessary and based on objective criteria (e.g., sound science and appropriate risk assessment). Tariffs remain the principle legitimate type of government intervention, but are subject to negotiations and progressive reduction or elimination. Once a tariff level has been negotiated, it becomes "bound" under the rules — i.e., the country commits to apply that tariff level or lower, and not to raise that tariff again except in limited and unusual circumstances.

Prior to the Uruguay Round, the U.S. Schedule contained the greatest percentage of bound agricultural tariffs of any GATT nation, and the lowest average tariff levels. In the Uruguay Round negotiations, the United States proposed — and its trading partners ultimately accepted — that all agricultural tariffs would be bound and reduced on the basis of a standard formula. In addition, non-tariff barriers such as quotas, variable levies and discriminatory licensing schemes were eliminated and converted to tariff-equivalents which were bound and reduced. Countries that had previously imposed non-tariff barriers on agricultural goods were required to provide guarantees of minimum or current access through the use of tariff-rate quotas or comparable mechanisms. Among the non-tariff barriers that were converted to tariff-rate quotas was the U.S. section 22 program, which limits imports of certain “import-sensitive” products.

Despite the success of the Uruguay Round in addressing non-tariff barriers and in lowering all agricultural tariffs, there is not a level playing field. Even after the Uruguay Round results, the United States remains far more open to imports of agricultural products than any other country in the world. U.S. tariffs on agricultural products range, on average, between 5 and 8 percent ad valorem. Tariff levels for the rest of the developed world have been estimated to be, on average, in the range of 40-50 per cent ad valorem and for the developing world, over 80% ad valorem on average.

6.2 Expansion Of Trade Opportunities

As a result of the Uruguay Round Agreement, tariffs on agricultural products have been substantially reduced and most non-tariff barriers have been eliminated. The Uruguay Round Agreement was the impetus for the current tariff-rate quota system. NASDA supports refinement of the tariff-rate quota system to ensure market access and fair implementation of quotas in countries around the world. Further liberalization for trade in agricultural products should be achieved through the World Trade Organization and through regional free trade initiatives. Under the terms of the Uruguay Round Agriculture Agreement, multilateral talks on the continuation of the liberalization process began in 1999 under the Doha Round and are continuing.

NASDA supports efforts to liberalize world trade in agriculture that we believe should continue through the multilateral process and through regional free trade agreements. NASDA believes the federal government should work to end export subsidies across all countries and applauds proposals the United States government has put forward in this regard within the context of the World Trade Organization. Until that is goal is achieved, however, NASDA believes that the federal government should utilize export subsidies to the fullest level allowed under our current WTO commitments. As we seek to expand market access and liberalize world trade in agriculture, we must carefully conduct formal risk assessments and focus intensified inspections on the countries and traded items that present the most severe risk to importation of pests and diseases. Ensuring adequate staffing and resources as well as directed focus of port personnel can protect and prevent damage to domestic U.S agriculture as we liberalize trade.

U.S. concerns about maintaining market access have also focused on the threat of displacement in third country markets posed by subsidized exports. The United States implemented a number of export programs designed to maintain U.S. market access abroad. Congress authorized more than a half-billion dollars annually in direct subsidies to increase exports under the Export Enhancement Program (EEP), the Dairy Export Incentive Program (DEIP) and two smaller programs to encourage exports of oilseed products. The expressed purpose of these programs was to maintain market access for U.S. agricultural products by meeting subsidized competition from other origins.

The export success of the United States’ world-competitive agricultural and food sectors is primarily dependent upon their ability to gain and maintain access to foreign markets, and to compete fairly without facing highly subsidized competition. The Uruguay Round Agreements began the process of improving market access and reducing subsidies and the Doha Round negotiations are attempting to build on these achievements but that work is far from complete. NASDA applauds the Administration on their pursuit of further trade liberalization in the current round of multilateral negotiations and encourages continued efforts on this issue. NASDA believes the primary emphasis in the Doha Round negotiations should be on complete elimination of export subsidies within a time certain, elimination of non-tariff trade barriers, and increased market access for competitive American products.

Trade with Cuba — Current U.S. economic sanctions against Cuba allow for U.S. food and agricultural sales to an island that's only 90 miles from Florida, but include very challenging and specific licensing and financial provisions to which U.S. exporters must adhere.

As Cuba's economy responds to increased investment, incomes will increase and in turn cause an increase in food consumption - especially processed food products. An increase in tourism along with the reform of Cuba's economy is expected to increase demand for imported foods even more.

The United States, with its variety of products, does have a trade advantage with Cuba given its close proximity to Florida. NASDA urges the Administration and the various U.S. government agencies to interpret the Trade Sanctions Reform and Export Enhancement Act as broadly as possible, especially the financial terms so companies can compete with other countries in the global marketplace.

NASDA further urges the Administration and the U.S. Congress to reexamine U.S. policy towards Cuba and lift the current embargo against Cuba. Since 2004, the United States has annually averaged $370 million in agricultural export sales to Cuba. Forty years ago 60 percent of Cuba's food imports came from the United States. Current U.S. trade policy provides great inefficiencies to both United States farmers and the Cuban government. Third party currency exchanges further compounds trade activity problems. Further, U.S. trade policy to Cuba is inconsistent with trade policy to other countries. Therefore a major change in policy is appropriate.

The U.S. should eliminate the "Cash Only" sales provision of the current law as well as extend trade to other areas besides food and medicine. Laws and regulations related to visa and license requirements should be streamlined to better promote trade activities. Long term contracts should be allowed, which will provide more efficiencies for both parties. We further believe exchange of biotech research would have a benefit to both countries. Importation of Cuban products into the U.S. should be allowed on the condition that there are appropriate safe guards for our domestic markets, particularly for import-sensitive commodities. In addition, it is critical that Cuba be held to the same sanitary/phytosanitary standards as the rest of the world trading community. Tourism restrictions for both countries should be lifted.

Trade with China — China is a growing market for U.S. agriculture. In 2003 the United States exports of bulk, intermediate and consumer-oriented products set a record of over $5 billion dollars, making China the 4th largest market overall. The market could be even larger if more Chinese buyers could visit U.S. suppliers. On many occasions United States visas have been delayed and often denied to prospective China buyers. The result has been lost sales and decreased U.S. competitiveness in the China market. The Secretary of State should issue visas for temporary entry into the United States of Chinese nationals who demonstrate a full itinerary of purchasing activities.

The broadening trade agreements with China present an opportunity to expand sales overseas, particularly forest products. China suffered devastating wildfires which reduced its capability to provide the forest products needed for the next growth cycle. The United States is currently growing more timber than the market is capable of utilizing. The support of establishing a trade agreement emphasizing forest products would provide the ability to maintain forest health while providing benefits to forest landowners. NASDA urges the Administration to continue to seek changes in the way China values their currency to ensure domestic producers are not competitively disadvantaged due to currency manipulations.

Unilateral Sanctions — Unilateral sanctions that limit the commercial, government-assisted, or humanitarian movement of agricultural products have proven to be ineffective mechanisms to further foreign policy and are disruptive to international food trade. NASDA opposes any unilateral sanctions pertaining to agricultural exports.

Trade Promotion Authority — Under trade promotion authority, the President is able to negotiate trade agreements and submit them to Congress for a simple up or down vote. The Congress then has a limited time period in which to approve or reject the agreement without any amendments. NASDA supports fast track trade negotiating authority for the Administration. As the current authority expired in 2007, it should be reauthorized to allow flexibility for U.S. negotiators but include consideration for import-sensitive commodities.

The most recent legislation granting Trade Promotion Authority to the President also created the Office of Chief Agricultural Negotiator, an Ambassador level position, within the Office of the U.S. Trade Representative. NASDA supports the continuation of this position and urges the Agricultural Negotiator to ensure NASDA is included in stakeholder consultations during trade negotiations. NASDA further encourages the Agricultural Negotiator to work closely with USDA's Foreign Agricultural Service given their long history of promoting the sale and consumption of domestic agricultural products abroad.

It is important that trade liberalization continue so that the agriculture industry can compete fairly in the global market place. Our trade negotiators must have the ability to enter into trade negotiations without reservation. Serious trade negotiations will be hindered by other countries knowing that the United States Congress may alter whatever agreements are reached. The United States should have the tools necessary to continue to play a role in the trade liberalization process. Simply stated, trade is paramount to the success of agriculture. NASDA strongly recommends that the United States Congress once again grant Trade Promotion Authority (TPA) for the President.

Sanitary and Phytosanitary Measures — Despite the adoption of the Uruguay Round Agreement on Sanitary and Phytosanitary Measures (SPS), a number of WTO member countries continue to impose sanitary and phytosanitary measures which lack a sound scientific basis. These questionable SPS measures create tremendous barriers to market access abroad for U.S. agricultural products.

An increased emphasis on facilitating international trade has resulted in increases in detections of plant and animal pests and diseases at our borders despite the shift of agriculture inspectors to the Department of Homeland Security. Budget and staffing constraints coupled with technological challenges have hampered the Department of Homeland Security from being able to provide adequate border inspections and surveillance efforts leaving the enforcement of federal inspections, in large part, to State governments. Lack of enforcement of basic SPS measures in other countries coupled with inadequate border and port inspections will have devastating economic consequences for U.S. agricultural producers. Our trade negotiators must work to ensure all our trading partners are enforcing legitimate science-based sanitary and phytosanitary measures on both imports as well as exports and not allow them to use non-tariff trade barriers to impact our agricultural exports. To that end, the NASDA urges negotiators to avoid at all costs opening the SPS Agreement at the current and future WTO rounds and to actively seek trade remedies when the Agreement is not being adhered to.

Harmonization of International Standards — For the last quarter century, the world trading system has struggled with the question of how to prevent technical standards from becoming non-tariff barriers to international trade. Technical standards are requirements, in the form of either product characteristics or process-and-production methods, imposed by importing. Generally, such technical standards can be important to achieving certain legitimate public goals: e.g., the protection of life and health, the prevention of deceptive practices, the protection of the environment, necessary standardization for delivery of common services, etc. However, it has long been recognized that technical standards can also be — and have been — imposed for protectionist purposes.

The WTO Agreement on Sanitary and Phytosanitary Measures (SPS Agreement) requires countries to base health and safety measures affecting products in international trade on sound science and appropriate risk assessment. NASDA views the SPS Agreement as striking the correct balance in providing for the protection of public, animal, and plant health while at the same time improving conditions of trade. NASDA urges the U.S. not to agree to reopen the SPS Agreement in either the current or any future WTO negotiations.

Despite the adoption of the SPS Agreement, unjustified non-tariff barriers characterized as SPS measures continue to be maintained by some of our trading partners in contravention of international trade rules. NASDA urges the U.S. government to make the elimination of such barriers a priority and to take all appropriate actions, consistent with our international rights and obligations, to redress this problem.

The SPS Agreement anticipates increased harmonization of sanitary and phytosanitary measures on the basis of standards, guidelines and recommendations of the Codex Alimentarius Commission, the Office International des Epizootics and the International Plant Pest Convention. The United States actively participates in the standard-setting activities of all three organizations and commits considerable manpower and resources to these activities. At the same time, U.S. regulatory agencies rarely accept these standards as domestic standards for the United States. NASDA notes the SPS Agreement obligation to "harmonize [SPS] measures on as wide a basis as possible" and to "base [SPS] measures on international standards, guidelines and recommendations, where they exist…" To this end, NASDA urges U.S. regulatory bodies to adjust their policies and practices in a manner that would permit increased harmonization with international standards, consistent with their duty to protect public, animal and plant health of the United States.

NASDA urges U.S. regulatory bodies to work on a bilateral or multilateral basis with other trading partners interested in the increased harmonization of SPS measures to reach agreements that would permit trade, as appropriate, on the basis of mutual recognition, equivalence or reciprocal agreement on the adoption of international standards.

Technical standards and requirements that are not sanitary or phytosanitary measures (e.g., certain labeling requirements) can also affect international trade in food and agricultural products. The international trade rules applicable to these types of standards are contained in the WTO Agreement on Technical Barriers to Trade (TBT). NASDA is concerned that the TBT Agreement does not currently provide for greater international harmonization of standards, and does not contain the types of enforceable disciplines that would permit U.S. exporters to effectively challenges protectionist trade measures. NASDA urges the U.S. government to pursue a stronger and clearer TBT Agreement in multilateral negotiations.

Increased international trade in agricultural products requires increased commitment to, and resources for, the regulatory systems that protect U.S. public, animal and plant life and health. Increased international trade, while presenting additional economic opportunity, also poses potentially increased risks from exotic diseases and pests. U.S. trade policy must reflect a balance between the commitment to science-based international rules, and the continuing obligation to protect the American public and the U.S. agricultural producing sector.

Genetically Modified Organisms (GMOs) — Genetically modified organisms (GMOs) and other biotechnology products hold promise for agriculture's future. However, the movement of genetically modified organisms (GMOs) to the international market has been constrained by the unwillingness of some foreign governments to accept these products. Further, labeling of genetically modified products has been proposed by many foreign governments as a condition for accepting these products.

NASDA believes that the United States should ensure that the same sanitary and phytosanitary measures and standards are applied to genetically modified organisms in the international market place. Labeling of such products should conform with international standards and should not be construed in a way that acts as a barrier to trade.

NASDA supports the Administration's recently circulated position to the WTO entitled, "Measures Affecting Trade in Agricultural Biotechnology Products." As representatives of an economically viable industry in the United States, NASDA is tremendously concerned that our trading partners' approval system for biotechnology products is a process rooted in hysteria and lacking transparency.

NASDA will continue to advocate for global market access for genetically modified organisms in all WTO countries. However, NASDA is cognizant of the fact that while market access may be negotiated between countries, nothing short of a series of expensive education campaigns can guarantee that foreign consumers will purchase genetically modified organisms.

Efficiency of Highway Trade Corridors and Border Crossings — Producers and shippers of agricultural and agri-food products rely heavily on the transportation system to move their foods to market destinations in an efficient and cost-effective manner. Increasingly, agricultural products are being transported by truck, particularly as value-added processing becomes more popular. Highway corridors and international border crossings should be seamless so as to ensure the lowest transportation costs for continental trade in agricultural products and to enhance the competitiveness of North American exports to world markets. Differences in trucking standards between the three NAFTA countries have created inefficiencies and increased transportation costs borne by producers and shippers.

NASDA supports the implementation of the trucking provisions contained in NAFTA and the elimination of transportation system barriers. Consideration should be given to harmonizing trucking standards among the three countries, streamlining the obtainment of interstate and international trucking permits, and establishing one-stop, joint vehicle inspection facilities.

Cargo Preference Laws/Jones Act — The Cargo Preference Laws require up to 75 percent of U.S. food aid shipments be shipped on U.S. flag vessels. Since freight charges on U.S. flag vessels are generally higher than those on non-U.S. flag vessels, the cargo preference requirements increase the cost of shipping food aid and reduce the quantity of food aid that can be made available to needy countries.

The Jones Act requires all goods carried from one point in the United States to another to be carried on vessels built and repaired in the United States, owned by U.S. citizens, manned by U.S. citizen crews, and registered in the United States. The Jones Act is estimated to cost the American consumers and manufacturers from $3.6 billion to $9.8 billion per year.

These laws create a competitive disadvantage for American agriculture, as compared to our foreign counterparts. NASDA supports repeal of the Cargo Preference Laws and the Jones Act.

State Trading Enterprises (STEs) — Trade distorting enterprises such as state trading enterprises (STEs) risk undermining trade liberalization objectives. State trading enterprises can have the effect of obstructing and distorting trade in the world market place. These enterprises disrupt the market place for they serve as subsidized entities which enjoy monopoly buying authority. Market distortions that result from the participation of state trading enterprises in the international market place have a tremendous negative affect on agricultural producers in the price they are paid for their products.

NASDA believes the federal government should ensure that future trade agreements address the trade distorting effects of state trading enterprises (STEs) to end monopoly rights and exclusive import rights. The United States should require that the activities of state trading enterprises be transparent and that the practice of subsidizing these enterprises be eliminated so as to remove price discrimination in the market place.

Perishable and Seasonal Commodities — While the U.S. produces a variety of crops, a great number of the commodities produced in our states are seasonal and perishable in nature. Presently, no specific rules exist to deal with the trade of perishable and seasonal commodities.

Because U.S. farms and ranches produce a tremendous number of fruits and vegetables as well as live animal agriculture, NASDA urges the Administration to acknowledge the need to develop trade rules, particularly related to dispute resolution, for these valuable perishable and seasonal commodities. Failing to do so guarantees the producers of non-traditional crops across the country are being left behind.

Canadian Ministerial Exemption System — U.S. producers have long lamented the Canadian system of ministerial exemptions, or "easements" that control the importation of U.S. produce, in particular potatoes. Typically, U. S. growers negotiate and sign contracts with Canadian potato processors in the fall proceeding the growing season. These sales contracts have a contingency that the Canadian Food Inspection Agency (CFIA) must issue "exemptions" that allow shipment under these contracts. The exemption defines a shipping window and volume that, in turn, establishes the paperwork necessary to cross the border into Canada.

CFIA consults with domestic producers in Canada to judge how big the domestic crop is and how close Canadian producers are to harvest before the exemption is issued. With a good carryover from the previous year's Canadian crop and a good harvest anticipated, CFIA can slow down the exemption process. In short, the exemption process serves to protect Canadian producers from competition and supply from the United States.

Ten years into NAFTA, U.S. producers cannot understand how this trade distorting system is allowed to continue. Ministerial exemptions have become an annual battle that our producers have been fighting for over ten years. U.S. producers are actively engaged with the U.S. Department of Agriculture, U.S. Trade Representative and their congressional representatives to negotiate the removal of the ministerial exemption system.

NASDA agrees that the Canadian ministerial exemption system inhibits trade for U.S. producers and urges the U.S. Trade Representative and the U.S. Department of Agriculture to include the ministerial exemption system on the agenda for bilateral trade negotiations, and seek its removal to facilitate agricultural trade between the United States and Canada.

CAFTA-DR—The Marketing and International Trade Committee passed the following policy amendment which was voted on and supported by a minority of members in the full NASDA assembly, (13 in favor, 25 opposing and 4 abstentions).

Domestic agricultural producers have seen an agricultural trade surplus become a trade deficit in the last year and regional or bilateral trade agreements are unlikely to produce significant benefits to domestic agricultural producers. Import-sensitive commodities should only be included in a multilateral trade agreement that sets a level playing field for all producers of that commodity rather than putting our domestic producers at a competitive disadvantage. The Central American-Dominican Republic Free Trade Agreement (CAFTA-DR) allows the increased importation of import sensitive commodities such as sugar; therefore, NASDA opposes the passage of the CAFTA-DR.

6.3 FEDERAL DOMESTIC POLICIES AFFECTING TRADE

Foreign Agricultural Service (FAS) — USDA's Foreign Agricultural Service (FAS) has provided tremendous assistance to state departments of agriculture, agricultural producers, and farmers in promoting the sale and consumption of United States grown agricultural products. Through a variety of programs, including foreign market development, market promotion, outreach, direct credits and loan guarantees, the FAS assists U.S. producers of both bulk commodities and high valued food products in establishing and maintaining markets around the world.

With the passage of the North American Free Trade Agreement (NAFTA), the creation of the World Trade Organization and the Administration's active pursuit of regional and bilateral trade agreements, the activities of the Foreign Agricultural Service are more important now than ever. Maintaining an effective government focus and commitment to agricultural export development, consistent with treaty obligations, is critical.

NASDA believes the Foreign Agricultural Service's expertise in developing markets for agricultural products is invaluable to the industry. We support FAS programs aimed at meeting the objective of expanding trade for agricultural products.

Market Access Program and the Foreign Market Development Program — American producers compete in an aggressive foreign market. A USDA/ERS report shows the European Union and other foreign competitors outspend the U.S. by twenty to one on agriculture export subsidies and market promotion. They are spending more than $100 million just to promote sales of their agricultural products into the U.S. alone. To promote a long term sustained economic recovery, promotion of U.S. agricultural products to foreign markets is of utmost importance to domestic agriculture. To counter this imbalance, U.S. exporters have relied on several market promotion programs: the Foreign Market Development (FMD or "Cooperator Program) and the Market Access Program (MAP, previously known under the acronyms TEA or MPP) under which the government assists in conducting food fairs, advertising of U.S. products, and other general promotional activities.

The MAP helps U.S. agricultural producers, exporters, private companies and other organizations finance promotional activities overseas. The program encourages the development, maintenance, and expansion of commercial export markets for agricultural commodities. The FMD Cooperator Program provides cost-share assistance to help boost U.S. agriculture exports. Market promotion efforts make an important contribution to expanding U.S. agricultural exports by introducing new firms to exporting and experienced exporters to new markets. MAP gives producers an opportunity, they might not otherwise have, to broaden their market base to include overseas market. Continuing these efforts will enhance the competitiveness of U.S. agricultural products in export markets particularly as price supports to farmers are phased out in the coming years.

Neither the FMD nor the MAP are considered to be an export subsidy. Although they are considered to be "domestic support measures," they fall into the so-called "Green Box" category and therefore do not have to be reduced or changed as a matter of WTO rules. NASDA supports the objectives of the MAP and believes the federal government and the Congress should support this critical resource for agricultural producers and promote an equitable international market place for agricultural products. NASDA supports fully funding both programs at the authorized levels. It is equally important that funding be provided to FAS to administer the MAP program now that the authorized funding levels have increased for the program. This will ensure proper administration of the program and secure sufficient staff and resources to monitor and oversee the program. Any budget reductions for FAS operations impede access by American agriculture.

Export Financing & Credit Guarantees — Programs have been designed to increase or maintain U.S. agricultural exports by assisting customers in foreign markets with the purchase of such commodities. These programs operate in countries where credit is necessary to increase or maintain U.S. exports and where private financial institutions may be unwilling to provide financing without a guarantee. These programs also serve as a safety net for exporters reluctant to ship products to new overseas markets. Under these programs, a federal agency simply acts as the guarantor of financing for sales of U.S. agricultural commodities in foreign markets.

NASDA believes that export financing and credit guarantee like GSM 102 and 103 programs are important resources for agricultural producers entering the foreign market place. We believe these programs should be expanded to cover transportation costs from the U.S. border to export destinations. This expanded coverage would fulfill the programs' stated purpose of assisting foreign buyers with the purchase of U.S. agricultural commodities, thereby furthering the goal of maintaining or increasing the export of such products.

Export Enhancement Program — Current U.S trade policy favors the elimination of export subsidies and the United States has put forth an ambitious proposal in the current round of multilateral trade negotiations to eliminate export subsidies completely with reductions phased in over a five-year period in equal annual increments.. The formulation of the Export Enhancement Program (EEP) and similar policies became necessary because U.S. exporters faced unfair and highly subsidized competition from the European Union — which currently provides 85% of the world's export subsidies. NASDA would support the elimination of the EEP and similar programs if it is part of a world-wide commitment to end export subsidy practices. If export subsidy elimination is included in a multilateral agreement, the implementing legislation for that agreement should also allow for up to 50 percent of unused EEP funds to be used for related market development and promotion activities.

6.4 INTERNATIONAL FOOD AID

International food aid program budgets have been reduced over the years due to fiscal constraints. NASDA believes that providing humanitarian assistance in the form of food is important and should continue to be supported by the United States.

6.5 THE GLOBAL ECONOMY

Global economic conditions impact the value and volume of trade. It is in the United States' interest to promote and ensure a financially stable global marketplace so that trade between nations is not disrupted. To that end, NASDA supports efforts to promote and improve economic and financial stability in the global marketplace.

6.6 COUNTRY OF ORIGIN LABELING

Federal law requires most imports, including many food items to bear labels informing the ultimate purchaser of their country of origin. By expanding country of origin labeling requirements, American consumers will be made aware of the source of the retail food supply and include that knowledge in selecting their purchases. Further, as we continue to shift toward a global economy and marketplace, imports will likely continue to increase. Consumers have the right to be made aware of the origin of the food products they purchase. NASDA supports country of origin labeling.

Rules of origin should also be clarified with respect to the transshipment and processing of animals. The origin of a product should specifically be where the animal is born and raised. Further processing of the animal should not change the status of origin.

6.7 DISPUTE RESOLUTION

Trade is paramount to American agriculture. Under current U.S. law, the federal government has certain legal means and remedies in place to address concerns with agricultural trade. NASDA supports these laws and rules and encourages their use by the USTR's office to ensure our domestic producers are not competitively disadvantaged by unfair trade practices. Further, a special rapid dispute resolution mechanism should be established for use specific to perishable commodities.

6.8 MONETARY VALUATION AND EXCHANGE RATES

International monitoring tools should be established to address the possible trade-distorting manipulation of monetary valuation and exchange rates.