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Montana Public Lands Council

Max S. Baucus

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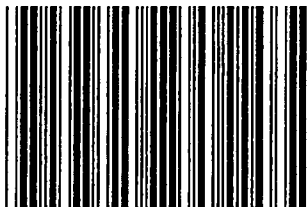
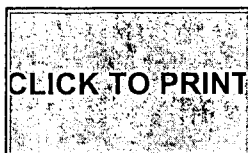
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(2) Subject* **Montana Public Lands Council**

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BAUCUS

United States Senate

WASHINGTON, DC 20510

Remarks of Senator Max Baucus
Montana Public Lands Council
Billings, Montana

December 8, 1993

Good afternoon. Thank you, Walt. I'm very happy to be here today, and to see you, Walt, and a lot of other old friends.

The Public Lands Council had a productive year and accomplished a great deal. Walt came out to Washington during the grazing fee debates. Lynn Cornwall too -- in fact, Lynn was in my office when Secretary Babbitt came over. So all of you in the Public Lands Council made your voice heard and your presence felt. And your role next year, as we approach the end of this debate, will be bigger and more important than ever.

Today I'll talk about how I see the grazing fees debate playing out next year, and how industry can make sure ranchers get fair treatment. I'll also say a few words about the broader international market developing for the beef industry. But I'll try and be brief, because I want to hear your views on the past year, and what you hope to accomplish in 1994.

CHANGES IN THE INDUSTRY

A few of the issues a stockman today deals with are the same as they were in the days of our parents and grandparents. Maintaining the land, dealing with the banks and the weather and the federal government. That hasn't changed and never will.

But today Montana ranchers serve a totally different market. Yesterday we fed America -- today we feed the world. Yesterday we competed with Kansas and Nebraska for the New York and Chicago markets -- today we fight with Argentina and Australia to feed China and Japan. Every stockgrower is an international business executive.

And the national picture has also changed quite a bit. Grazing fees, for example, have become a controversial national issue rather than strictly a Western concern. We may not like that, but it's the simple truth.

PLC members followed this debate as closely as anyone in the country, so I won't spend too much time reviewing the debate. The Senate did manage to delay the draconian increase Interior Secretary Babbitt proposed in February. We also blocked Senator Reid's slightly less burdensome legislative proposal.

But that won't last forever. The Senate gave ranchers a breathing space, but only for

the next few months. At this point, the Secretary of the Interior can raise the fees without legislation, and he can do it as early as next July or August.

So I think it's a sure bet grazing fees will go up next year. The questions are how much, and what other changes we will see in range management policy.

AIM FOR REFORM THAT HELPS EVERYONE

I do not think the status quo is an option. So I would like to see industry work very hard this year to come up with a united position. We should aim for a reform proposal with a few basic principles.

-- Reforms should promote good stewardship and should not penalize well-run operations. They should also provide an incentive to care for our natural resources, and penalties when an occasional bad actor misuses them.

-- They should have broad public support, and thus give ranchers who use public lands some confidence that grazing fees and policy will be stable and not subject to annual debates.

-- They should not impose an undue burden on small operations.

-- Finally, reform should be developed through a process that allows all sides to have input.

I am very much encouraged by the initiative the state of Colorado has taken on this issue. Governor Romer and Senator Campbell have brought together ranchers with environmentalists, scientists and even the Secretary of the Interior. They are holding weekly meetings for two months in a search for common ground and a consensus proposal.

This is a good model for the national public lands debate. We will not succeed through attempts to impose solutions on ranchers, through backroom deals or through no-compromise attempts to preserve the status quo.

So this winter, ranchers have to look very closely to decide which parts of the Secretary's proposal will work, and which will just hit the smaller producers too hard. Producers must have a united position and be engaged at every step if we hope to get a reform proposal instead of a punitive proposal.

ANIMAL DAMAGE CONTROL

Finally, before I leave the subject of public lands policy, we got some very good news on animal damage control this month. The Bureau of Land Management finally completed its assessment of the environmental effects of animal damage control activities on federal lands.

And as you've probably heard, the Bureau very sensibly concluded that animal damage control should continue at the same level as before it was shut down last April.

You and I worked very hard to find an interim solution, and I think the BLM's conclusion proves us right. But I think nobody here needs to be reminded that opponents of ADC will not be pleased with the decision and will not go away. We will have to continue watching the issue closely.

NAFTA

So we have big decisions to make on public lands policy in the coming months. I need to hear your ideas on how to proceed, and what you believe we can achieve next year. But today I also want to underline my conviction that the biggest issue ranchers face today is opening up markets and export opportunities.

The NAFTA is a good example. This agreement will be good for Montana ranchers and good for America. It isn't perfect -- but if you're waiting for a perfect agreement, you'd do better to pick up a shovel and dig for gold. There's irrefutable evidence that NAFTA will create a net gain of tens or hundreds of thousands of new jobs all across the economy.

Mexico's agricultural tariffs now average 16%. NAFTA brings them all to zero, and abolishes Mexico's import licenses, unscientific inspection standards and other unfair trade practices. Overall, American agriculture will export \$2 to \$2.5 billion more a year if NAFTA passes, and farm income will rise by up to three percent.

Stockgrowers will be among the biggest winners of all. NAFTA eliminates a 15% tariff on live cattle, a 20% tariff on fresh beef and a 25% tariff on frozen beef. And the problems NAFTA will solve go beyond tariffs. For example, NAFTA forces Mexico to abandon its use of unscientific sanitary and phytosanitary standards, which can block out beef at any price. NAFTA means a terrific new opportunity for exports.

NEW TRADE OPPORTUNITIES

This raises a bigger point -- ranching has gone international for good. In 1992 American ranchers exported more than ten percent of the value of American beef production. In the future, with American demand for beef unlikely to rise dramatically, our opportunities for growth are abroad.

A week from today we can conclude a GATT agreement opening markets all over the world. It could raise exports for American farmers by \$6.5 billion a year.

Several issues remain to be resolved in the next week. To begin with, the final agreement must have a strong sanitary and phytosanitary framework -- like the NAFTA's -- which can take issues like the EC ban on bovine growth hormone out of the hands of French

agricultural lobbyists and put them into the hands of scientists. If we can make governments base these standards on sound science, American ranchers can compete with anybody.

Second, we need more cuts on beef tariffs and guarantees against dumping of subsidized beef. You and I worked very hard a few years ago to open Japan's market to American beef. And we've kept at it -- last summer Japanese agricultural bureaucrats tried to reimpose a quota. I made a special visit to the Minister of Agriculture, Mr. Hata, and they haven't done it yet.

A good GATT can make sure they never do. It can also extend the opportunity we have there today. Japan has offered to cut its tariff from 50% to 40%. Not enough. I agree with the industry that it should go to 32%. We should also reaffirm the EC's pledge not to sell subsidized beef in East Asia, and we should fully open the Korean beef market by 1997.

Finally, a good GATT agreement will open up a huge export opportunity in China. China wants very badly to join the GATT. Given all the hotels going up on the coast, the demand for high-quality beef could exceed that of Taiwan and Hong Kong combined by the turn of the century. China also has an absurdly high tariff that -- counting in all costs -- can go as high as 70%. A good GATT agreement, with serious tariff cuts, will force China to abandon that policy.

CONCLUSION

So whether it's exports or public lands policy, we've got a lot to think about in the next year. We have good opportunities and big challenges. And particularly on public lands, we have to work very hard to get our concerns heard. We have to make Washington understand what these issues really mean to people on the ground in the West.

The grazing fees debate in particular has not been easy. It has been very difficult to get people back in Washington to think through what a drastic increase in fees would mean to rural economies and our communities.

There's been a lot of talk about a "war on the West." I don't see that. I don't see hostility. But what I do see quite often is indifference. Many people are just unwilling to think about the viewpoint of ordinary people trying hard to make an honest living.

I feel this very deeply, and it makes me angry. But to be fair, it works both ways. Easterners feel the same way about some of the positions we've traditionally taken on issues like the Brady bill or assault weapons. And we have to listen to them if we want them to listen to us.

The only solution on these issues -- or any issues -- is for both sides to listen a bit more. To look at problems with an open mind instead of an opinion carved into granite. And sometimes to make a compromise. If we do this more often, I think all of America will

be better off for it.

Thank you very much.