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U.S. Meat Export Federation Board of Directors Meeting

Max S. Baucus

Remarks of Senator Max Baucus
U.S. Meat Export Federation Board of Directors Meeting
Wednesday, May 25, 2011

Thank you, Jim, for your kind introduction. And thank you for your distinguished leadership in Montana. Jim is the President of the Montana Senate, and a staunch ally of Montana ranch families.

And thank you to the U.S. Meat Export Federation (MEF). MEF opens markets for American meat producers, adding dollars and cents to their bottom line. MEF also serves as a vital resource for policymakers. It is a pleasure to join you today.

Winston Churchill once said:

"Success is not final. Failure is not fatal. It is the courage to continue that counts."

But Washington, D.C. is a town that keeps score. It too often revels in victory and agonizes in defeat. We ought to remember Churchill. We should not be distracted by fleeting victories and temporary defeats. We must stay focused on the task at hand. And pursue it with courage.

The challenges we face today require all of the focus and courage we can muster. We need to increase exports, strengthen our economy, and create jobs. We need a farm policy that supports farmers and ranchers and promotes rural development. And we need to rein in deficits and debt.

Trade

American farmers and ranchers depend on exports. In fact, about one-quarter of our agricultural economy is based on sales abroad. For some commodities, the ratio is much higher.

In Montana, about 80 percent of our wheat crop is exported – mostly to Asia. And Montana's share of beef exports was more than $230 million in 2010.

U.S. farm exports are booming. Last year, our exports reached nearly $109 billion. They supported more than 900,000 American jobs.

This year, exports are on pace to exceed $135 billion, with a trade surplus of nearly $50 billion.

But this success is not final. Our competitors are gaining ground. We must stay focused on the task at hand: removing barriers and opening new markets for our farmers and ranchers.

This year, Congress is poised to approve free trade agreements with three important partners: Colombia, South Korea, and Panama. It is estimated that these agreements, once implemented, will increase U.S. exports by more than $12 billion. And that they will increase U.S. GDP by more than $15 billion.

Colombia is the second largest destination in South America for U.S. farm products, including wheat, corn, cotton, and soybeans.

But our share of Colombia's farm imports has fallen by more than half since 2008. We have lost $1 billion in sales. We are losing market share to countries that have implemented – or will soon implement – free trade agreements with Colombia, especially Argentina, Brazil, and Canada.

We can regain lost sales and protect American jobs by approving our FTA with Colombia.

I pushed the Administration to resolve legitimate concerns about the rights and safety of Colombian workers that have delayed our approval of the FTA. I led a delegation of Montanans to Colombia to show our support for the agreement.

I will not rest until the agreement is approved. We must act now.

Our second partner, Korea, is a dynamic economy and growing market for U.S. exports. I have supported FTA negotiations with Korea for more than 10 years. But I have also expressed concern about Korea's unscientific restrictions on U.S. beef.

Earlier this month, with the help of MEF, I reached an agreement with the Administration on two important steps to address that concern.

First, I urged MEF to develop an ambitious, five-year plan to educate Korean consumers about the safety, quality, and value of U.S. beef. MEF did so, and it requested $10 million from USDA to help carry out that plan.

USDA welcomed this request and vowed to review it favorably when it makes its fiscal year 2012 awards later this year.

These funds would be in addition to the $1 million USDA provided for the campaign last month.

Second, at my urging, U.S. Trade Representative Ron Kirk announced that the United States will invoke its right under our existing beef import protocol with Korea to request consultations once the FTA enters into force. Under that protocol, consultations must begin within seven days of the request.

These two steps – educating Korean consumers and consulting the Korean government –will lay the groundwork for full access to the Korean market for U.S. beef.

Our third partner, Panama, is a hub for international trade and a center for global finance.

Although its economy is relatively small, Panama imports nearly as much from the United States as from Peru and Argentina.

In fact, our trade surplus with Panama is the second largest in the Western Hemisphere. And the Panama FTA will generate even more opportunities for U.S. ranchers and farmers.

According to the International Trade Commission, the FTA will increase U.S. pork exports by 96 percent and beef exports by 74 percent.

These three FTAs are being readied for Congressional approval. We are holding hearings. We are drafting implementing legislation. But we are not there yet. Our success is not final.

Trade Adjustment Assistance, or TAA, has been a cornerstone of American trade policy for almost 50 years. TAA helps American workers, firms, farmers, ranchers, and communities meet the challenge of global competition.

In 2009, Democrats and Republicans agreed to expand TAA to help farmers and ranchers develop export strategies and improve their competitiveness.

We also extended benefits to service workers and workers dislocated by competition from non-FTA partners, such as China and India.

Those benefits expired in February. They must be renewed now.

Let me be clear. The FTAs will not move forward unless we can agree on a long-term, robust TAA extension.

As we open markets and expand trade, we must also give American ranchers, farmers, firms, and workers the tools they need to compete and win. It's the right thing to do.

Farm Bill

As we seek to expand our agricultural exports abroad, we must also craft a farm policy that supports our farmers, ranchers, and rural communities here at home.

The Farm Bill is a hot topic. And a key question is timing. Some claim that the Senate will be the first to pass a Farm Bill next year.

Historically the Farm Bill has started in the House. But many of the new members of the House Agriculture Committee are not strong supporters of traditional farm programs. So it might make sense to start in the Senate.

I expect that the Senate Agriculture Committee will soon hold hearings in Washington and across the country. I have been holding Farm Bill listening sessions in Montana to find out what's working – and what is not.

But before we sit down to tackle the Farm Bill, we first have to ensure that funding for agriculture will be adequate. During the current discussions of the overall budget, USDA's funding has been in the crosshairs.

I think we all can agree that deficit reduction must be a top priority. But we can also agree that we should not balance the budget on the backs of our seniors, people living in poverty, or those who live in rural America.

The Department of Agriculture's main mission is to help rural America prosper and promote strong rural communities.

Unfortunately many are looking at USDA's budget to take a disproportionate level of cuts. And that is something I will not stand for.

But it is also clear that when we rewrite the Farm Bill we will need to do more with less.

Outside the current budget talks, we have other funding issues that the Agriculture Committee must address.

The 2008 Farm Bill has 37 programs that will expire at the end of 2012. Extending all 37 programs would cost around $9 billion.

These programs include the disaster assistance programs that I helped write in the last Farm Bill.

I know not all of the disaster programs have worked perfectly. But I also know that disaster assistance is an important tool for producers when they need it most.

Just look at the weather conditions across the country. Right now, 32 states are under some type of federal disaster declaration.

Farmers have faced flooding in the Mississippi River basin, while drought has affected winter crops and spring planting in the Southern Plains.

And two weeks ago, agricultural officials in Texas estimated that their state will experience more than $3 billion in agricultural losses this year.

With the current weather volatility, a permanent disaster package in the next Farm Bill is vital to production agriculture in the United States.

Budget

The budget will be a critical issue in the 2012 Farm Bill, just as it is today in our efforts to put together a budget for the next fiscal year.

In fact, addressing America's significant deficits and debt will be a major consideration in agricultural policy – and for every issue – for years to come.

The deficits and debt projected over the next ten years and beyond threaten our economic security. Right now, the debt held by the public is 69 percent of our Gross Domestic Product, or GDP. And it is projected to continue growing.

Our debt is due in part to the recession. But today our economy is growing again.

We still have a long way to go, but once the economy has fully recovered, we will still face large deficits. Deficits we need to address over the medium and long term.

Another budgetary consideration we need to address is ensuring we can legally pay the debts we already have. To do that, we need to raise the limit on the amount of debt the Treasury Department can issue. And we need to do it by August 2nd of this year.

If we don’t raise it by then, the Treasury Department will be unable to pay the interest we owe on our existing debt, and it will not be able to pay all the bills that come due. Never in the history of the United States has the federal government defaulted on its payments.

If we do default, the economic effects will be catastrophic. Interest rates will rise dramatically and loans will be hard to get.

Default would erase the economic progress we have made and thrust our economy back into a recession. More Americans would lose their jobs and the unemployment rate would go up.

Some people want Americans to believe that legislation to raise the debt ceiling is legislation to increase spending. That's not the case. Raising the debt ceiling only allows us to make payments on dollars we've already planned to spend. And it is critical that every American be clear on that distinction.

We have to address our current fiscal challenges, like the debt ceiling. And we have to find a way to significantly lower our future deficits and debt.

But we cannot use the possibility of default as leverage in our efforts to work together to reduce the deficit. Because our economy absolutely cannot withstand a default.

So what is happing right now? My colleagues in Congress and I have started bipartisan meetings with the Vice President. We are working together to produce a budget package that will reduce future deficits.

This group takes deficit reduction seriously. We have made good progress. And I believe that with the good-faith effort everyone has contributed thus far, we can be successful.

Protecting rural America will be a priority for me in our deficit reduction efforts. Our deficit reduction plan must not make rural America bear an unfair burden of sacrifice.

As we move forward, we will face significant challenges. We will have achievements, milestones, and breakthroughs. We will also have setbacks, frustrations, and disappointments. But we must remember Churchill's words. Success is not final. And failure is not fatal.

Let us stay focused on the task at hand and pursue it with courage. Let us open new markets for American farmers and ranchers and create jobs. Let us craft a farm policy that strengthens rural America. And let us work together to rein in deficits and debt.

Thank you.