

**Testimony for the Hearing on the Pending Free Trade Agreements with Colombia,  
Panama, and South Korea and the Creation of U.S. Jobs**

**Ways and Means Committee  
U.S. House of Representatives  
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Mr. Chairman, Congressmen Camp, and distinguished Members of the Committee, I would like to thank you for the opportunity to testify before you today. My name is Patrick Boyle, president and CEO of the American Meat Institute, the largest and oldest meat and poultry trade association in the United States. AMI represents America's meatpackers and processors and their suppliers. Our member companies process 95 percent of red meat and 70 percent of turkey in the U.S. Headquartered in Washington, D.C., AMI monitors legislation, regulations and media activity that impacts the meat and poultry industry and provides rapid updates and analyses to its members to help them stay informed. In addition, AMI conducts scientific research through its Foundation, a 501(c) (3) organization, designed to help meat and poultry companies improve their plants and ensure the safety of their products.

The U.S. meat and poultry industry is defined to include not only the production of meat and poultry-based products, but meat distribution and retailing. A 2009 Meat and Poultry Industry Economic Study measured the combined impact of meat and poultry processing as well as hides, skins, leather and meat byproducts. This industry is a proud contributor of approximately \$832 billion to the U.S. economy, or just under 6 percent of U.S. gross domestic product (GDP) and, through its linkages, impacts firms in all 509 sectors of the U.S. economy. Our companies and their subsidiaries generate directly and indirectly 6.2 million jobs in the United States. Through direct employment of 1.8 million people, our industry pays \$45.5 billion in wages and benefits. The industry accounts for 524,000 jobs in production, packaging, trade operations, sales, packaging and direct distribution of meat and poultry products.

The meat and poultry sector is the largest sector of U.S. agriculture, however continued growth and sustainability is not guaranteed. As U.S. per capita meat consumption has leveled off or declined in recent years, we must look to export markets for our industry to thrive and expand. With the increasing economic strength of emerging and traditional markets such as China, the Middle East, Japan, Canada, Mexico and Russia and subsequent growth in consumer purchasing, consumers in these markets are demanding higher quality products with an emphasis on food safety. The United States is known for its high quality meat and poultry products and our reputation for and emphasis on food safety is solid.

Although the importance of exports is increasing to all sectors of our industry — with exports accounting for 18.9 percent of U.S. pork production, 19.8 percent of poultry production, and 9 percent of beef production in 2010 — U.S. meat exporters face significant trade barriers in overseas markets and competitors who are aggressively seeking new markets. The industry often faces unjustified and unscientific barriers to trade and spends a considerable amount of resources to combat these barriers. Simply put, loss of any of these potentially huge markets will mean the loss of growth opportunities throughout our industry here at home.

The future prosperity, growth and sustainability of America's meat and poultry sector is invariably linked to the success we have in expanding our markets abroad. The negotiation and

implementation of Free Trade Agreements (FTAs) and other trade expanding arrangements will produce jobs and increased opportunities for America's meat and poultry sector and offer new opportunities for rural America.

Unfortunately, time is of the essence, because our competitors are moving quickly to gain market access and consumer loyalty to many of the most lucrative export markets. If we are determined to avoid this opportunity cost while helping to contribute to the President's National Export Initiative of doubling exports in five years, we must pass, as soon as possible, the pending FTAs with Korea, Colombia and Panama. These three FTAs are the low hanging fruit on the tree, offering a relatively easy growth opportunity that is within our grasp to implement and start realizing benefits immediately.

The FTAs with South Korea, Colombia and Panama represent substantial and immediate growth opportunities in both revenue and jobs for America's meat and poultry sector. In 2010, although the final numbers are not available as of the date of this hearing, the value of U.S. exports of meat, poultry and related products is estimated at \$12.9 billion, up from \$9.4 billion in 2007. According to USDA's Economic Research Service (ERS), U.S. meat exports are predicted to rise to 7.1 million metric tons in 2019 up from 5.9 million metric tons in 2009. However, for this potential to be realized we must act now to secure access to key growth markets and demonstrate our commitment to reducing trade barriers and promoting open and fair trade.

In 2010, AMI worked closely with the National Pork Producers Council, Iowa State University, ERS, U.S. Meat Export Federation and the USA Poultry and Egg Export Council to derive estimates on the impact of full implementation of these three FTAs on U.S. exports and job creation. Results of the impact study found that passage of the three FTAs currently pending — with South Korea, Colombia and Panama — would represent an additional **\$2.3 billion in exports** and the creation of **29,524 new jobs**. Many of these jobs are in rural areas of the U.S. where prospects of true economic development are seldom presented. The chart below details the impact these FTAs would have on the meat and poultry industry:

Export and Job Creation Opportunities for the U.S. Beef, Pork, and Poultry Industries with Adoption of the Free Trade Agreements with Korea, Colombia, and Panama

Market	U.S. Exports 2009 (\$millions)	Potential U.S. Exports (\$millions)	Change (\$millions)	Jobs Created
FTA Beef Access (once FTAs are fully implemented and all duties eliminated)				
Korea **	216.0	1,600	1,384.0	17,577
Colombia	0.4	30.0	29.6	375
Panama	2.5	8.0	5.5	70
Total FTA Beef	218.9	1,638.0	1,419.1	18,022
<i>** Korea FTA potential is also impacted by expected recovery of pre-BSE export value</i>				
FTA Pork Access				
Korea	182.9	870.0	687.1	9,161
Colombia	7.1	76.0	68.9	919
Panama	2.5	18.5	16.0	213

Total FTA Pork	192.5	964.5	772.0	10,293
FTA Poultry Access (potential in five years w/o trade issues)				
Korea	40.0	98.0	58.0	687
Colombia	12.0	40.0	28.0	332
Panama	9.0	25.0	16.0	190
Total FTA Poultry	61.0	163.0	102.0	1,209
Total FTA Beef, Pork, Poultry	472.4	2,765.5	<b><u>2,293.1</u></b>	<b><u>29,524</u></b>

Contributors: U.S. Meat Export Federation, National Pork Producers Council, USDA Economic Research Service, USA Poultry and Egg Export Council, American Meat Institute

The data reveal that passage of the agreements could increase U.S. exports of beef by \$1.4 billion, pork by \$772 million and poultry by \$102 million. The jobs resulting from this growth, both in the commodity groups and downstream, would include an estimated 18,000 jobs in the beef industry, 10,300 jobs in the pork industry and 1,200 jobs in the poultry industry. Trade numbers are based on projections from the respective commodity groups. Job creation data is based on employment multiplier projections from ERS and industry groups which estimate:

- For every \$1 billion in beef exports, 12,700 jobs are created.
- For every \$1 billion in pork exports, 13,333 jobs are created.
- For every \$1 billion in poultry exports, 11,853 jobs are created.

The recent progress made on the FTA with Korea (KORUS) is a sign that with perseverance, there is promise of progress. KORUS, if ratified, would be the biggest shot in the arm to the meat and poultry industry since the passage of the North American Free Trade Agreement (NAFTA) in 1994. In a nutshell, the agreement will phase out all tariffs on meat and poultry products over the next 12-15 years, and ensures that Korea recognizes the equivalence of the U.S. food safety inspection system for meat and poultry. KORUS puts U.S. producers and processors on an equal playing field with their competitors abroad who have already forged these treaties. Other third-country suppliers recognize the time-sensitive opportunities available when completing an FTA with Korea and are working aggressively to get to the finish line before we do.

For the pork industry, passage of KORUS will mean that by the time tariffs are phased out, Korea will be the largest U.S. export market, doubling the amount of pork we currently sell to our largest foreign customer, Japan. In the U.S. this would result in an additional \$825 million worth of pork exports, creating an additional 11,000 U.S. jobs.

For the poultry industry, it's an equally appealing picture. Passage of KORUS could triple U.S. poultry exports to Korea to more than \$150 million, or 125,000 tons annually. Over the first 10 years of this agreement, \$720 million in exports are expected to be generated along with the creation of 8,500 new American jobs.

For the beef industry, which is still working to regain what was lost when BSE was first discovered in the U.S. in 2003, KORUS represents a promise of hope. Recent export numbers underscore the fact that Korean consumers are regaining their faith in the safety of U.S. beef and

are purchasing our products. Beef exports are expected to surpass 100,000 MT in 2010, at a value of over \$450 million — nearly quadruple what was sold in 2006. Passage of the FTA would mean an additional \$1.3 billion in beef exports, creating an additional 17,000 badly needed American jobs.

However, the trade expansion deals between the U.S. and South Korea, as well as the deals with Panama and Colombia have been awaiting Congressional approval for years, and as I mentioned earlier, our competitors are taking advantage of our hesitation to get these agreements signed. Australia is aggressively working to beat us to the finish line and get a FTA with Korea, ensuring that exports of Australian meat and poultry products, in addition to other agricultural goods, will have immediate market-access advantage over U.S. products in the Korean market. The unfortunate reality of trade is that while we sit on our hands, our competitors are seizing market shares that could be ours and will be difficult to win back later.

The restrictionists and isolationists here in the U.S. who are busy building walls to keep these agreements from ever being passed must sooner or later realize that there is a booming world outside of the borders of the United States and those 6.5 billion consumers are quickly gaining affluence and seeking to consume more quality meat and poultry products, as well as other American goods. If they don't buy them from us, there are plenty of other suppliers out there who will be happy to sell to them.

In the economic times in which we find ourselves, when opportunity knocks, if you do not open your door before your competitor does, then you will miss an opportunity. In his first State of the Union address, President Obama correctly insisted that, "Jobs must be our number-one focus in 2010." We agree with him and believe that this also applies to 2011. He also correctly noted that the "more products we make and sell to other countries, the more jobs we support right here in America." The tables we provided on passage of the three FTAs underscore the truth of those words as well.

Mr. Chairman, Congressmen Camp and Members of the Committee, we appreciate the time that you have taken to listen to this testimony and your efforts to plot a steady course forward on expansion of trade opportunities. Hopefully, Congress will be able to push past the political barriers that have blocked passage of these agreements in the past and demonstrate that our leaders in Washington have enough faith in the determination and ingenuity of the American people to allow us the opportunity to compete fairly in these highly sought after global markets. If Congress fails to do so, American agriculture will lose these opportunities to our competitors in other countries. Thank you again for your time and commitment to increasing U.S. agricultural exports.