COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

CONAGRA FOODS SUPPORTS RAPID PASSAGE AND IMPLEMENTATION OF FREE TRADE AGREEMENTS WITH COLOMBIA, PANAMA AND SOUTH KOREA

This statement is filed by ConAgra Foods, headquartered in Omaha, Nebraska, and one of America's leading food companies.

I. EXECUTIVE SUMMARY

ConAgra supports the Congressional approval and implementation of the pending free trade agreements (FTAs) with Colombia, Panama, and South Korea. The elimination of tariff barriers on U.S. exports included in these agreements will serve to boost U.S. export competitiveness and support U.S. jobs. For ConAgra Foods, the U.S. FTAs with Colombia, Panama and South Korea would principally benefit the company's Lamb Weston division, one of the world's largest producers of frozen french fried potatoes, with production facilities in Washington, Oregon, Idaho, Minnesota and North Carolina. The enactment of these FTAs will reduce tariff barriers to U.S. french fry exports, serving to promote ConAgra's business and securing and creating U.S. jobs.

II. ABOUT CONAGRA / LAMB WESTON

ConAgra is a Fortune 500 company with net sales totaling $12+ billion in Fiscal 2010 while employing more than 24,000 people. The company is a rich source of U.S. jobs beyond its own employees, supporting tens of thousands of U.S. jobs as one of the largest customers of U.S. agricultural and farm products.

ConAgra Lamb Weston is a leading supplier of frozen potato, appetizer and vegetable products to restaurants and consumers throughout the world. Lamb Weston's products are sold in over 100 different countries on all seven continents. ConAgra Lamb Weston employs approximately 5,000 U.S. workers at facilities in five states and supports additional U.S. jobs through sourcing from U.S. potato farmers.

III. PENDING U.S. FREE TRADE AGREEMENTS

The elimination of the high tariffs facing U.S. frozen french fry exports in South Korea (which imposes an 18% duty), Colombia (a 20% duty) and Panama (a 20% duty) are critically important to expanding U.S. exports to these countries.

A. U.S.- South Korea (KORUS) FTA

The KORUS FTA provides for immediate elimination of South Korea's 18% tariff on U.S. frozen french fries, which would give U.S. exporters a significant advantage over global competitors.

1. Serving A Growing Market

South Korean french fry demand is satisfied entirely by imports. South Korea is the fifth largest export market for U.S. french fries, with 2009 exports of 34,000 MT valued at $32.1 million. Since 2005, U.S. french fry exports to South Korea have increased 48% in volume and nearly doubled in value, reflecting growing demand.

2. Facing A High Tariff

South Korea's 18% tariff on frozen french fries is prohibitive by both global and regional standards. It is among the highest in Asia, compared to 8.5% in Japan, 5% in Indonesia and 0% in Malaysia. Duty-free access would yield about $5.8 million in savings per year for U.S. exporters, exclusive of expected export growth with the elimination of the 18% duty.

3. Competitive Challenge

Implementing the KORUS FTA would provide U.S. suppliers preferential market access that is needed due to South Korea's ongoing trade liberalization with other french fry exporting economies, such the European Union and Canada. The EU-Korea FTA grants the EU an immediate elimination of the 18% tariff upon enactment of that agreement, which is expected in July 2011. The conclusion of Canada-Korea FTA negotiations ahead of KORUS FTA implementation would greatly benefit Canadian-based McCain Foods Limited, one of ConAgra's main global competitors.

B. U.S-Colombia FTA

Implementation of the U.S.-Colombia FTA would result in the immediate elimination of Colombia's 20% duty on frozen french fries.

1. U.S. Exports Supplying A Growing Market

U.S. french fry exports to Colombia in 2010 were a record 3,100 MT, valued at $2.8 million. Since ConAgra filed its initial comments on the Colombia FTA with USTR in 2004, U.S. exports have increased 64% in volume and 75% in value.

ConAgra Lamb Westons's exports to Colombia have been rising even with the tariff barrier, as local growing conditions are not favorable to the domestic production of french fries. At about $25 million in consumption, Colombia's french fry market is growing at 5% annually. With the 3rd largest population in Latin America and a vibrant economy, Colombia has seen a proliferation of quick-service restaurants (both locally-owned and U.S.-based chains) serving french fries.

2. Competitive Challenge

A delay in implementing the U.S.-Colombia FTA would introduce a significant competitive disadvantage to U.S. exporters. Colombia has also been working towards completing FTAs with other major french fry exporters, including Canada and the EU. Canada and Colombia signed an FTA in 2008 that will result in Colombia's 20% tariff being phased out on Canadian imports over five years. Colombia's Vice President Angelino Garzon recently stated that the FTA with

Canada will take effect in the spring of 2011. With potential implementation in 2011, the Canada-Colombia FTA will give Canadian suppliers a major competitive advantage unless the U.S.-Colombia FTA is approved by Congress.

C. U.S.-Panama FTA

Implementation of the U.S.-Panama FTA will result in a significant improvement of market access for U.S. frozen french fry exporters. The agreement provides for a 5-year phase out of Panama's 20% tariff, coupled with immediate duty-free access under a tariff rate quota (TRQ).

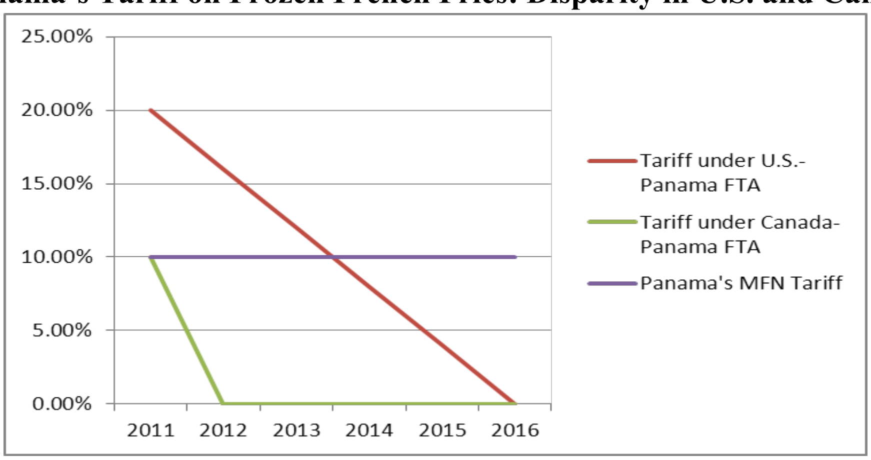
1. Expanding Market for Exporters

While small, Panama is an important and fast-growing market for frozen french fries, which are not produced in Panama. As recently as 2007, U.S. exporters supplied over $6 million of frozen french fries.

2. Competitive Challenge

In 2010, Canada and Panama signed an FTA which, once implemented, will immediately eliminate Panama's 20% duty on Canadian imports. This will introduce a potentially devastating competitive disadvantage for U.S. suppliers, who must wait five years from implementation to benefit from a duty-free market. U.S. suppliers, such as Lamb Weston, compete for market share in Panama with Canadian supplier McCain. The Canada-Panama FTA is expected to be implemented by July 1, 2011. Under this scenario, Canada will secure an advantage over the United States for unfettered access to Panama's market as follows:

Panama's Tariff on Frozen French Fries: Disparity in U.S. and Canada FTAs



IV. FTA BENEFITS FOR CONAGRA'S SUPPLIERS AND JOBS

It is important to understand that the tariff phase-outs on frozen french fries included in the U.S. FTAs with South Korea, Colombia and Panama will not only benefit ConAgra and its Lamb Weston division, but also our U.S.- based competitors (such as J.R. Simplot Company, which has potato processing plants in Idaho, North Dakota and Washington) and to the numerous farmers and suppliers that provide U.S.-grown potatoes to our operations. Considering that each pound of processed french fries requires two pounds of fresh potatoes, an increase of exports of U.S. french fries will benefit potato-growing farmers in states such as Idaho, Washington and Oregon.

ConAgra estimates that KORUS FTA could result in increased annual U.S. exports of $10 million, or about 24 million pounds of frozen french fries per year. This will require the annual purchase of about 50 million pounds of U.S. raw potatoes, leading to increased jobs. Given the strong Colombian demand for U.S. frozen french fries and the existing high level of import protection, the U.S.-Colombia FTA could result in increased U.S. exports of $5 million (about 15 million pounds of frozen French fries), requiring about an extra 30 million pounds of U.S. potatoes annually. The US-Panama FTA will allow us to be able to fight to secure our position in the market against our Canadian competitors, who will see their 20% tariff eliminated upon implementation of the Canada-Panama FTA in July.

V. RAPID FTA IMPLEMENTATION VITAL FOR U.S. EXPORTERS AND JOBS

As outlined above, the implementation of U.S. FTAs with Colombia, Panama and South Korea will greatly enhance the competitiveness of U.S. french fry exporters, benefiting U.S. workers along the supply chain. If the passage of implementing legislation for these FTAs is delayed, it will only allow foreign competitors to gain preferential market access to these markets at the expense of U.S. suppliers. In order to expand U.S. jobs, we must maintain U.S. export competitiveness though enactment of the Colombia, Panama and South Korea FTAs in 2011.

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