Fighting for the U.S. Cattle Producer!
R-CALF USA

**R-CALF United Stockgrowers of America**
P.O. Box 30715
Billings, MT 59107
Fax: 406-252-3176
Phone: 406-252-2516
Website: www.r-calfusa.com
E-mail: r-calfusa@r-calfusa.com

October 10, 2011

Dear Member of Congress:

With the economy of Rural America at stake, we urge you to flatly reject President Obama's free trade agreements with Colombia, Panama, and South Korea.

We make this request on behalf of our thousands of family farmer- and rancher-members whose rural cattle businesses in 45 states likely will be seriously harmed by yet another NAFTA- and CAFTA-styled free trade agreement.

The U.S. cattle industry suffers a horrendous, long-term deficit in the trade of live cattle, beef, beef variety meat and processed beef (cattle and beef) under free trade agreements (FTAs) the U.S. already has with 17 countries. In 2010, our trade deficit in cattle and beef with those 17 FTA countries exceeded $2 billion. The cumulative 22-year deficit with those 17 countries was $41 billion, which relegated the U.S. to become a net importer during 15 of the past 22 years.

Under NAFTA, the United States' cumulative 22-year trade deficit in cattle and beef was $23 billion, with nearly $1.3 billion contributed in 2010 alone. Also in 2010, the U.S. suffered a trade deficit of nearly $99 million with the six CAFTA countries.

The U.S. cattle industry is America's largest agricultural segment – it is the economic lifeblood of rural communities all across America. The U.S. cattle herd has been shrinking since the mid-90s and is now the smallest since the 50s. The U.S. is losing rural small businesses that raise and sell cattle at the rate of over 11,000 operations per year, and has been since the mid-90s. Alarmingly, our cattle industry shrinks even when domestic beef consumption increases.

The U.S. is operating without a national trade policy and the U.S. cattle industry is suffering as a result, with billions of dollars being drained each year. Consequently, rural communities across America are being hollowed out and President Obama's three new FTAs will only accelerate Rural America's demise.

President Obama's FTAs are oblivious to the fundamental truth that prices for domestic products must include the environmental, social and safety costs inherent to the United States' social and political economy – costs that are not similarly inbuilt in developing countries.

For example, in March 2011, the price of fat cattle in Colombia was $0.79 per pound and wholesale beef sold for $1.78 per pound. During that same month, the price of fat cattle in the United States was $1.15 per pound and wholesale beef sold for $2.78 per pound.

Another FTA with an exceptionally low-cost global beef and cattle exporter like Colombia would cause the price of cattle and beef to equalize between our two countries. Colombia's cattle price is nearly one-third less than the U.S. price and equalization would necessarily lower U.S. prices, which would further decimate the infrastructure of the U.S. cattle industry and lead the United States to become dependent on foreign sources for beef.

Indeed, Colombia is poised to become a major global exporter of beef. Colombia's cattle herd of more than 27 million head already is the $7^{th}$ largest in the world – larger than Australia's, Canada's or Mexico's – and Colombia's production in excess of consumption already ranks $7^{th}$ among the United States' largest beef importing countries.

Combined with Panama's cattle herd size of about 1.6 million, the two South American countries chosen by President Obama in his FTA requests are poised to impart tremendous price-depressing import pressure on the already ailing U.S. cattle industry.

While South Korea is characteristically different than the two less-developed countries, the South Korean FTA contains the same fatal flaws as do the FTAs with Colombia and Panama:

1. None of the three FTAs contain special rules to address the perishable and cyclical nature of the U.S. cattle industry as Congress had promised in the Trade Act of 2002.

2. None of the three FTAs contain rules of origin that require beef to be derived from cattle actually produced in the exporting country, which means Chinese cattle could be exported to South Korea and the resulting beef exported duty-free to the United States.

3. None of the three FTAs contain adequate safeguards based on price and quantity *for both live cattle and beef* to protect U.S. farmers and ranchers against import surges.

4. None of the three FTAs provide an upward harmonization of import health and safety standards and, instead, they each threaten to expose U.S. consumers to unsafe food not produced under health and safety standards identical to U.S. standards.

Admittedly, R-CALF USA is looking out for its members' self-interests when asking you to flatly reject all three of President Obama's FTAs. The self-interests of our members include preserving a strong and viable U.S. cattle industry that will continue for generations to provide safe and affordable beef to U.S. consumers and economic opportunities for small businesses in rural communities all across America.

Media reports dated last week indicate U.S. beef exports to South Korea have increased six-fold over the past four years. *This tremendous increase has occurred without a free trade agreement.* Obviously, the United States' ability to increase beef exports is not at all dependent on agreements that effectively limit U.S. sovereignty, as do President Obama's three FTAs.

We urge you to help us achieve our self-interests – which happens to be the right thing to do for all of America – by flatly rejecting President Obama's three misguided FTAs.

Sincerely,

Bill Bullard