Influencing the Global Trade Agenda:
Issues and Priorities for Southern Agriculture
and Rural Leadership

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Influencing the Global Trade Agenda: Issues and Priorities for Southern Agriculture and Rural Leadership

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Executive Summary

Influencing the Global Trade Agenda: Issues and Priorities for Southern Agriculture and Rural Leadership

The prospects for change emphasize the importance for agricultural leadership to become more aware of key issues affecting their business and how to respond. During April through July 1999, eleven southern states participated in an agricultural leadership survey to determine their attitudes and perceptions of important trade issues related to the upcoming negotiations in the World Trade Organization and the prospects for a Free Trade Area of the Americas. Participating states were Alabama, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and West Virginia. USDA/USTR listening sessions were attended by the authors in Winter Haven, Florida, Austin, Texas, St. Paul, Minnesota, and Sacramento, California. Faculty from the S-287 Regional Trade Research Project attended the session held in Memphis, Tennessee. The results are summarized.

Of those surveyed who identified their affiliation, 18 percent were from the public sector such as state departments of agriculture, Farm Service Agency, legislators and port authorities, 12 percent represented grains and oilseeds, 11 percent represented cattle, other livestock, beef and other meats, and general farm organizations.

Market access issues, including tariff barriers and non-tariff barriers and U.S. trade sanctions, were frequently mentioned as the top WTO and FTAA issue. Technical barriers to trade such as SPS and GMO issues were also cited as important.

Agricultural leaders appeared highly aware with most major trade issues. They were most familiar with “fast track negotiating authority” with 87 percent of those surveyed identifying that issue. The “Asian financial crisis” was next most important with 81 percent of participants having some awareness of the problem. Other leading responses included “U.S.-Mexico trade problems” (76 percent), “U.S. Canada agricultural trade problems” (75 percent), and the “U.S.-EU beef hormone dispute” (74 percent). “WTO issues” ranked sixth in importance as a trade issue.

The most prevalent issues in the South revealed during the listening sessions were perceptions that trading partners and competitors were using unfair trade practices, such as a lack of a “level playing field” where U.S. farmers are at some type of competitive disadvantage due to different labor, environmental, or other standards and regulations.

The need for scientifically based standards for SPS, acceptance of GMOs and biotechnology products was tied with unfair trade practices as a top issue. Import concerns, including the need for safeguard provisions protecting producers from excessive imports was next most importance, while concerns over export subsidies and state trading enterprises in other countries followed. The Florida session had concerns regarding import competition. One reason Florida’s session had a relatively high level of concern regarding unfair trade and import competition may be due to the production of trade sensitive products such as sugar, citrus, and other fresh produce such as tomatoes. These products have faced some of the most difficult challenges from freer trade.
Influencing the Global Trade Agenda: Issues and Priorities for Southern Agriculture and Rural Leadership
by Flynn Adcock and Parr Rosson

International trade is crucial to the future growth of the southern agricultural economy. Agriculture is four times more dependent on trade than the overall U.S. economy, with 28 percent of farm cash receipts generated by exports, compared to only seven percent of GDP attributed to exports for the entire economy of the United States. Further, less government involvement in markets means farms, agribusiness, and rural communities will need to rely more on their own comparative advantages to support future economic viability and to stimulate economic growth.

U.S. agriculture has undergone dramatic change in the 1990s. The 1996 farm bill removed part of the government safety net for some crops, leading to more dependence on markets, greater exposure to downside price risk, and unstable incomes. New trade policies under the North American Free Trade Agreement (NAFTA) and the Uruguay Round Agreements of GATT (URA) opened markets previously closed to some U.S. producers, but created additional import competition for others. Economic and political turmoil occurred in the former Soviet Union and other regions of Central and Eastern Europe. China emerged as a major force in world trade, while some other Asian economic powerhouses faltered. High farm prices in the mid-1990s spurred more production, leading to record supplies and stocks as international markets and demand weakened. These changes have had major impacts on Southern producers, while presenting opportunities for some and new challenges for others.

The prospects for more change in the future emphasize the importance for agricultural leadership to become more aware of key issues affecting their businesses and how to respond. During April through July 1999, eleven southern states participated in an agricultural leadership survey to determine applied research and extension education priority program areas related to the upcoming negotiations of the Millennium Round of the World Trade Organization (MR-WTO) and the Free Trade Area of the Americas (FTAA). Participating states were Alabama, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and West Virginia. One hundred farm, agribusiness, and association and organization leaders responded. The survey was a targeted sample designed to assess the relative importance of critical trade issues affecting these leaders, their organizations, and program priorities.

The second approach used to learn the views and concerns of agricultural leadership was through attendance at a series of “Listening Sessions” held around the United States. These fora were conducted by the U.S. Department of Agriculture (USDA) and the U.S. Trade Representative (USTR) during June and July of 1999. Sessions were attended in Winter Haven, Florida, Austin, Texas, Memphis, Tennessee, St. Paul, Minnesota, and Sacramento, California.

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This paper reports the results of both the agricultural leadership survey and selected WTO listening sessions. Further, the outcomes from the Minnesota and California listening sessions are included in order to compare and contrast the views of southern agricultural leadership with those in other parts of the country. Implications for applied research and extension programs are examined, emphasizing opportunities for program development.

**Part I. Southern Agricultural Leadership Survey: Analysis of Results**

Land grant university faculty in participating states conducted mail surveys of agricultural leadership to determine views regarding the upcoming negotiations of the Millennium Round of the World Trade Organization (MR-WTO) being held in Seattle and the Free Trade Area of the Americas (FTAA). Of those who identified their affiliation, 18 percent were from the public sector such as state departments of agriculture, Farm Service Agency, legislators and port authorities, 12 percent represented grains and oilseeds, 11 percent represented cattle, other livestock, beef and other meats, and general farm organizations (figure 1). Respondents representing forest products, cotton, edible nuts, other animals and products, and general farm organizations each had a participation rate of 7 percent. A copy of the survey instrument can be found in appendix along with a tables of the results.

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**Figure 1. Affiliation of Respondents in Agricultural Leadership Survey**

- Grains & Oilseeds: 12.0%
- Cattle, Beef, Meat: 11.0%
- General Farm Org.: 7.0%
- Forest Products: 7.0%
- Edible Nuts: 7.0%
- Cotton: 7.0%
- Other Animals/Products: 7.0%
- Poultry & Egg: 4.0%
- Horticulture: 4.0%
- Nursery: 4.0%
- Other: 12.0%
- Public Sector: 18.0%

73 respondents identified their affiliation (of 100 total respondents)
The first question determined respondents awareness of trade issues. Agricultural leaders were most familiar with “fast track negotiating authority” with 87 percent of those surveyed identifying that issue (figure 2). The “Asian financial crisis” was next most important with 81 percent of participants having some awareness of the problem. Other leading responses included “U.S.-Mexico trade problems” (76 percent), “U.S. Canada agricultural trade problems” (75 percent), and the “U.S.-EU beef hormone dispute” (74 percent). “WTO issues” ranked sixth in importance as a trade issue.

Most or all of the top five issues were represented in the top five responses for each of the participating states. Kentucky, South Carolina, Tennessee, Texas and West Virginia had the top five issues included in the top five for their responses, though not always in the same order. The top two responses, “fast track negotiating authority” and “Asian financial crisis” were included in each state’s top five responses. “U.S.-Mexico trade problems” was not included in the top five for Georgia, North Carolina, and Oklahoma. “U.S.-Canada agricultural trade problems” was not included in Georgia’s top five, and Alabama, Louisiana, Mississippi, and Oklahoma did not include the “U.S.-EU beef hormone dispute” in their top five.

Of those issues not listed in the top five the region, “WTO issues” was listed in the top five for Georgia, Oklahoma, Alabama, Louisiana, Mississippi and South Carolina, while “federal support to open more foreign markets for U.S. agriculture” was listed in the top five for Oklahoma, Alabama, Louisiana, North Carolina, Tennessee and West Virginia. Further, “Lifting sanctions on Cuba” was listed in the top five for Louisiana, Alabama, Mississippi, South Carolina and West Virginia, and “China, Russia, and former Soviet states joining the WTO” was listed in the top five for Georgia, Oklahoma, Louisiana, Mississippi and West Virginia. Of those states which included non-regional top five responses in at least a tie for the top five were Louisiana with six issues and Oklahoma and Mississippi with five. Only Kentucky and Texas had top five responses which were the same five issues as the region and no additional issues tied for a top five position.
The second question was designed to assess the interest in educational programs on issues asked about in the previous question. Of those issues, “U.S.-Mexico trade problems” was clearly the most preferred, with 65 percent of respondents expressing an interest (figure 3). The next most preferred programming area was “Free Trade Area of the America’s” at 56 percent, “federal support to open more foreign markets for U.S. agriculture” at 55 percent, and “U.S.-Canada agricultural trade problems” at 54 percent. These were the only trade issues which received an interest rating of greater than 50 percent. In the previous question concerning awareness, all but two of the fourteen issues received at least a 50 percent response.

Further, all states except North Carolina had fewer issues with high interest in educational programs than awareness. Extreme examples of this were Kentucky, Mississippi, and West Virginia. Each of these states had between nine and twelve issues with awareness of at least 50 percent, but only between one and three issues with an interest in educational programming response rate of 50 percent or more. Two possible explanations for this could be that the respondents either feel comfortable enough with their level of knowledge on these issues that additional education is unnecessary, or programs on trade issues are not as important to their group’s membership as programs on other issues.

The next two questions were open-ended, requesting the respondents views on the three most important issues affecting their organization with respect to both the WTO and the FTAA. The responses were grouped into one of six categories, and a response could be included in more than one category. Market access issues, including tariff barriers and non-tariff barriers and U.S. trade sanctions, were frequently mentioned as both WTO and FTAA issues, as was technical barriers to trade such as SPS and GMO issues (figures 4 and 5). The only real disparities were that 39 responses in the FTAA question dealt with U.S. domestic programs and import competition while only 25 related to the WTO question. Thirty-two responses in the FTAA question concerned domestic programs and import protection in foreign countries, while only 15 responses in the WTO question addressed such issues.
Survey participants were asked what type of educational programs they or their membership would prefer in the future. Most indicated a preference for “Awareness programs on the agricultural trade situation” (70 percent), indicating that even though respondents reported high awareness on many trade issues, they were interested in learning about the basic trade situation (figure 6). “Awareness programs on environmental issues related to agricultural trade” at 60 percent was the next most preferred type program, followed by “Research results on issues identified by your organization as important” (54 percent). “Programs with opportunities to share thoughts with leaders of other agricultural organizations/organizations, educators and Congressional aides from your state and other states in the region” (54 percent), and “Trade and Trade Agreement Impacts on Farmers” (53 percent). “Awareness
Programs on Food Safety Issues Related to Agricultural Trade” (52 percent) was the next most important response.

![Figure 6. Types of Future Educational Programs of Interest](image_url)

When reviewing the results for this question by state, at least five of the eleven educational program options were preferred by a minimum of 50 percent of the respondents. Kentucky and Mississippi, which had indicated low interest regarding educational programs on specific trade issues in the earlier question, had at least a 50 percent response rate for 5 and 7 of the issues, respectively. West Virginia respondents had a significant desire only for “Awareness programs on the agricultural trade situation,” consistent with their lack of interest in educational program on agricultural trade issues.

Finally, respondents were asked if they would be interested in participating in programming via interactive video conference. Surprisingly, 80 percent of participants responded favorably, given a convenient time and location. This will be important when planning future applied research and extension programs highlighting agricultural trade issues.

### Part II. WTO Listening Sessions

A series of eleven “Listening Sessions” conducted by the Foreign Agricultural Service, USDA and the U.S. Trade Representative (USTR) were held around the United States during June and July of 1999. Sessions were attended by the authors in Winter Haven, Florida, Austin, Texas, St. Paul, Minnesota, and Sacramento, California. Faculty from the S-287 Regional Trade Research Project attended the session held in Memphis, Tennessee. Participating in the sessions were commodity group representatives, producers, producer organization representatives, federal and state legislators and other policy makers, and educators. A summary of the session results is presented.
The three sessions held in the South covered Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee and Texas. Ninety participants spoke, including representatives from USDA, USTR and U.S. Department of State. About 500 pages of double-spaced, 8 ½” by 11” pages of testimony, once standardized, resulted from the sessions. Results are based on the actual number of pages of testimony containing references to trade issues or perceptions. This approach was taken in an effort to minimize duplications in the text. The authors estimate that duplication of citations due to multiple notations in the same paper is limited to a maximum error fifteen percent.

The most prevalent issues in the South were perceptions that trading partners and competitors were using unfair trade practices, such as a lack of a “level playing field” where U.S. farmers are at some type of competitive disadvantage due to different labor, environmental, or other standards and regulations (figure 7). The “level playing field” issue accounts for about one-third of the 144 pages of testimony containing fairness concerns. Scientific issues such as the need for scientifically based standards for SPS, acceptance of GMOs and biotechnology products, cited on 143 pages, was tied with unfair trade practices. Import concerns, including the need for safe-guard provisions protecting producers from excessive imports was next with 83 citations, while concerns over export subsidies and state trading enterprises in other countries had 77 citations. The need for increased market access and opportunities and competition created by China’s accession to the WTO appeared on 62 and 60 pages of testimony, respectively.

Differences in opinions across the South also existed. For instance, while the southern sessions each had a similar number of citations related unfair trade, the Tennessee and Texas sessions each had more than twice as many citations related to scientific issues when compared to the Florida session (figures 8, 9 and 10). Further, the Florida session, which covered only Florida, even had more concerns regarding import competition than scientific issues. One reason Florida’s session had a relatively high
level of concern regarding unfair trade and import competition may be due to the production of trade sensitive products such as sugar, citrus, and other fresh produce such as tomatoes. These products have faced some of the most difficult challenges from freer trade. Other countries, especially Mexico, produce these products with lower farm wages, environmental and labor regulations which are not enforced as stringently, and, as in the case of Brazil and Mexico, exchange rate depreciations which made their exports relatively cheaper in the U.S. market. The Texas session, by contrast which included speakers from Oklahoma and Louisiana, had more citations related to export subsidies and STEs, while the speakers at the Tennessee session, covering the other southern states, were relatively more concerned about market access and China accession to the WTO.

**Figure 8. Most Prominent Issues in Florida USDA/USTR WTO Listening Session, June 4, 1999**

Number of Pages of Testimony Where Issue Mentioned, Total=155

**Figure 9. Most Prominent Issues in Tennessee USDA/USTR WTO Listening Session, June 16, 1999**

Number of Pages of Testimony Where Issue Mentioned, Total=170
States covered include TN, GA, AL, KY, NC, SC, MS, and AR
Scientific issues related to trade merits further examination. Figure 11 reveals that of the four sub-issues, scientifically based standards, cited on 47 pages of testimony from southern sessions, had nearly one-third of the total citations. Biotechnology and GMO issues were next, each being mentioned in 34 citations, and SPS issues were last with 28 citations. When comparing the sessions by scientific issue, Tennessee and Texas were most concerned about standards, while Texas was most concerned about GMOs. Florida interest in both issues was extremely low, while Tennessee was most concerned about biotech and SPS issues.
When comparing perceptions from the southern listening sessions to the views expressed in sessions held in Minnesota and California, it is apparent that both of these sessions have similar patterns of concern based on the number of citations (figure 12). Presenters at the Minnesota and California sessions were most concerned about non-scientific use of trade barriers. Unfair trade practices, export subsidies and STEs, market access, and China accession followed in importance. With respect to the Minnesota session concerns about export subsidies and STEs are logical because most of these mechanisms are found in grains, which the states involved in the Minnesota session have as primary crops. Finally, of the southern sessions, the Texas session most closely resembled the two non-southern sessions. This may be explained in part because Texas has a more similar commodity production mix and is located on an international border similar to California, Arizona, Minnesota and North Dakota.

**Figure 12. Most Prominent Issues in Minnesota & California USDA/USTR WTO Listening Sessions, June 7 and 29, 1999, respectively**

- **Fairness in Trade**: Minnesota 56, California 94
- **Scientific Issues**: Minnesota 17, California 94
- **Import Concerns**: Minnesota 6, California 16
- **Export Subsidies/STE**: Minnesota 41, California 27
- **Market Access**: Minnesota 16, California 16
- **China Accession**: Minnesota 15, California 16

Number of Pages of Testimony Where Issue Mentioned, Total=170 in MN; 210 in CA
States covered include MN, ND, SD, WI in MN; CA, HI, AZ in CA

**Summary and Conclusions**

Southern agricultural leaders seem to be knowledgeable about most critical trade issues. While there is not agreement over which are the most important issues across the region, each survey respondent and listening session participant highlighted concerns, opportunities, or both resulting from increased expansion of trade agreements. While the Florida listening session was anti-trade and emphasized the negative aspects of trade liberalization, most other states had a fairly balanced approach to trade agreements, with many in favor of further negotiations.

The survey revealed that numerous agricultural leaders and groups are interested in agricultural trade education programs, whether awareness-based or issue-based. Also, it is important to present not only the expanded market opportunities or competitive challenges created by fewer international trade barriers, but both. There are indeed both economic gains and losses associated with trade liberalization. Even those in agribusiness supportive of more liberalized trade must realize that they need to remain
competitive, and become even more so, as the MR-WTO, FTAA and other negotiations proceed and agreements are reached.

Developing programs with a focus on trade policies of other countries, the depth and concern of GMO and other scientific issues, the threat of import competition, and the consequences of increased market access will be priority topics for the agricultural economics profession as the global trade agenda advances. Applied research and extension economists have a major role to play as the agricultural economy adjusts to these and other forces. Producers and producer organizations need to become more aware of the opportunities created by expanded trade, as well as the resultant competitive pressures. Trade creates more efficiency, even for firms operating only within the United States. Education will be critical to enhance the understanding of trade if these efficiencies are to be realized by a broad base of producers and agribusiness.

References

Foreign Agricultural Service, USDA. Internet homepage, WTO Public Hearings section.


Appendices are found in accompanying spreadsheets.

Appendix A: Tabulated Survey Results: Regional and State Totals

Appendix B: Summary of Results from USDA/USTR Listening Sessions
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