Agricultural Talking Points
Aurora, Nebraska
Saturday, April 8, 2000

Nebraska farmers are preparing for the upcoming planting season. Many questions exist in the minds of producers:

- What is Washington doing about crop insurance?
- Where are we on Sanctions and trade reform?
- What will happen with the vote on PNTR with China?
- How do the decisions we make in the 2000 elections impact Nebraska’s agricultural economy?

Agriculture

- **Crop insurance:** The House and Senate Conferees started their meetings this week. I was an original co-sponsor of the Roberts/Kerrey bill which will help producers “buy-up” on crop coverage. This will give producers greater protection for their crops. Also included are pilot programs for specialty crops and livestock.

- In regard to conservation programs, this week I requested a $330 million increase in funding for technical assistance staffing by the Natural Resources Conservation Service (NRCS). These funds will guarantee farmers and private landowners the technical advice they need to maximize conservation efforts in federal programs such as CRP, EQIP (Environmental Quality Incentives Program) and WRP (Wetlands Reserve Program). We must add staff.
- I am a co-sponsor of Senator Brownback's new bill, the Conservation Reserve Program (CRP) Tax Fairness Act. This Act clarifies the intent of Congress that the CRP program was not to be subject to self employment social security taxes, despite a recent ruling from the 6th Circuit Court of Appeals. We need to reduce taxes on farmers.

- I have called for continued funding for temporary employees in USDA's Farm Service Agency (FSA). Last month, I sent a letter to Senator Thad Cochran -- Chairman of the Senate Appropriations Subcommittee on Agriculture, Rural Development and Related Agencies -- and asked for an extra $20 to $25 million in supplemental federal spending to retain these temporary FSA workers. They were hired last fall after worsening agricultural conditions left many FSA offices shorthanded.

- The House has passed an emergency supplemental spending bill to the tune of $13 billion dollars. Included in this package is emergency funding for the Farm Service Agency. Senator Lott has stated that he will not be bringing a supplemental package to the Senate. We will consider emergency funding in the FY2001 Ag Appropriations bill.
ENVIROMENTAL ISSUES:

• EPA and the USDA’s recent announcement to phase out MTBE is good news for Nebraska corn and sorghum producers. It’s important to create as many markets as possible for our agricultural commodities. Increased processing of Nebraska corn and sorghum at the seven ethanol processing plants in Nebraska including Nebraska Energy LLC right here in Aurora translates into more income for our farmers, and more jobs for Nebraskans. At a time when we find ourselves 56% dependent on foreign oil, it makes sense to see growth in renewable fuels, especially the important ethanol industry.

• I recently joined some of my colleagues in a letter to EPA Administrator Carol Browner urging her to withdraw EPA's proposed regulations that would unduly burden small animal feeding operations. EPA's proposed rule changes for Total Maximum Daily Loads (TMDL) and National Pollutant Discharge Elimination Systems (NPDES) would limit the capacity of small feedlot operations to manage their wastes. This would add another layer of regulation to what are already considered significant state regulations. EPA should work with Congress to address TMDLs when Congress reauthorizes the Clean Water Act (in a Republican administration).
TRADE:

- On March 23, the Foreign Relations Committee approved a foreign assistance bill that included the Hagel-Ashcroft sanctions reform bill. Last year, I introduced (with Sen. Ashcroft) S. 1771, the Food and Medicine for the World Act. Our bill would end the practice of including food and medicine in unilateral economic sanctions.

- Sen. Ashcroft and I offered our Food and Medicine for the World Act as an amendment to the Agriculture Appropriations bill last fall. Our amendment passed overwhelmingly by a vote of 70-28. However, it was removed in conference at the insistence of the House Leadership. My bill has overwhelming support in Congress and I hope that we will get the job done this year.

- Unilateral economic sanctions almost never work. They do not isolate the countries to which they're targeted. We only isolate ourselves and lose export markets for our farmers, producers and businesses. It is time to end this folly. I am the lead cosponsor of S. 757 introduced by Sen. Lugar. This bill would establish a deliberative process, including the requirement for a cost-benefit analysis, before any new unilateral sanctions proposed by either Congress or the President could go into effect.
SANCTIONS STATISTICS:

- In 1997, the President's Export Council listed 73 countries subject to some form of U.S. unilateral sanction.
- A CRS report on January 22, 1998 listed 97 total unilateral sanctions now in place. (New sanctions, not countries.)
- A study by the National Association of Manufacturers found that from 1993-1996, the U.S. imposed unilateral sanctions 61 times against 35 countries. These 35 nations make up 42% of world population and 19% of world's export market ($790 billion).

TRADE WITH CHINA:

- One of the most important international issues facing us today is how America will deal with the development of the People’s Republic of China (PRC) as a new world power. The U. S. has two general choices: containment or engagement. I believe we must engage China, but with our eyes wide open and with a clear understanding of the limitations, dangers and realities of this relationship. To do otherwise would isolate the United States economically and geo-politically from the world’s largest and fastest-growing market. But more important for the long term, failing to engage China would encourage it to move along a path contrary to America’s overall interests in Asia. This is something we must avoid.
Congress will soon face a critical vote on whether to grant Permanent Normal Trade Relations (PNTR) to China. I support granting China PNTR. It is clearly in the best interests of our country. China’s entry into the World Trade Organization (WTO) is inevitable. It will happen. WTO membership will force the Chinese government to implement far-reaching domestic economic reforms and strengthen the rule of law. This is the China we must encourage. The accession agreements that China has negotiated for WTO entry contain wide-reaching market-access provisions. America must grant PNTR to China to enjoy the benefits of these provisions. American businesses and agriculture producers will be able to compete in every segment of the Chinese market for goods and services, which we already accord to China in our own market. We give up nothing, and gain everything. If we fail to grant PNTR to China, our European and Japanese competitors will rush to fill the vacuum. We must not lock ourselves out.

There is a question as to whether granting PNTR to China will result in American companies exporting jobs to China. It is important to remember that American companies invest overseas mainly to build and anchor overseas markets, not to exploit cheap foreign labor.

American investments overseas actually stimulate a huge volume of exports from the U.S. to these new markets.
That's because American subsidiaries abroad buy products and services from their parent companies and other American companies located here. In fact, American companies overseas buy about 63% of all goods exported by the U.S., far more than they export back to America. So trade and overseas investment increase job opportunities in the U.S., rather than the reverse.

- What about the U.S. agriculture sector? The U.S.-China agreement requires the Chinese government to cut average tariffs on U.S. agriculture products from 31% down to 17.5% by 2004. For U.S. priority products, the tariffs will go down to 14%. American agriculture producers will be free to select their buyers and distributors in China, instead of being forced to go through state-owned trading companies or middlemen.

- The Chinese will have to eliminate export subsidies for their agriculture products. They have also agreed to eliminate quarantine and sanitary barriers that are not based on scientific evidence. All this means that our competitive agriculture producers finally can have a go at this huge potential market. And if the Chinese do not comply with their commitments under the agreement, they will face a WTO dispute settlement panel. There are strong enforcement provisions in this agreement.
• It is important to the world and to the Chinese people that China become integrated into the global trading system. China’s economy will open up to foreign exports and investments, increasing the Chinese people’s interaction with the rest of the world and their standard of living. These developments will have a positive effect on the human rights situation in China, and at the same time provide growth opportunities to American businesses and farmers. And it will help stabilize a very important region of the world.