

**Statement of**  
**David Johnson, Vice President**  
**United Food and Commercial Workers International Union**  
**On**  
**Agricultural Trade and the U.S. Trade Deficit**  
**Before the**  
**U.S. Trade Deficit Review Commission**  
**Kansas City, Missouri**  
**April 26, 2000**

Mr. Chairman, members of the Commission- I appreciate this opportunity to present the views of the United Food and Commercial Workers International Union (UFCW) on Agricultural Trade and the U.S. Trade Deficit. The UFCW is the largest private sector union in North America. We represent more than 1.4 million workers in the United States and Canada. These workers are employed in a variety of industries including retail food, food processing and meat packing, insurance, health care, distillery, chemicals and textiles. In food manufacturing industries, such as meat packing and processing, poultry, and packaged and processed foods, nearly 200,000 workers are covered by UFCW contracts. In addition, one million UFCW members are engaged in the retail grocery business where most American consumers purchase the end products of our nation's agricultural production. All of our members, and food workers in particular, have a deep and abiding interest in seeing the development of an international trading system that contributes to the appropriate growth of the agriculture and food processing sectors to support increased employment and increases in real wages.

Last year the **merchandise trade deficit** rose to an **historic** high of \$347.1 billion, **an increase of 100% over the** deficit experienced five years earlier in 1995. Exports over **this period** increased 18.5%, while **imports** shot up 37%. **This unprecedented growth in the** deficit has caused hardship **for** millions of American workers in a broad **array of industries**. While job losses in many sectors have been significant, **the** impact has **also** been **felt** on **workers' incomes**. Certainly the **dramatic** increase /in imports has **served to** limit wage increases in the goods producing sectors- **Despite the** relative **health** of the U.S. economy, **working people are** laboring **longer** and harder for less reward **than** they did **two** decades ago. Even looking at **just the last** decade, a period of sustained overall economic growth, average **hourly** earnings **for workers** in the goods producing sector increased (in 1982 **dollars**) just three cents -- **from** \$8.76 per hour in March of 1990 to \$8.79 per **hour** in March **of this year**.

The surge in **the merchandise trade deficit** is also the major factor in the **dramatic worsening of the US)** net foreign debt **position**. Trade deficits over time have **transformed** the **U.S.** from a **net creditor** nation of \$350 billion in 1980 **to a net** debtor of an estimated \$1.6 **trillion** in 1999. While this massive **borrowing** helps to finance **U.S.** economic **growth** in the **short-term**, it poses **significant risks to the sustainability** of **that** growth in the long **run**. The debt must be serviced **and ultimately** repaid.

As noted earlier, **UFCW** members are employed in many industries, including food processing and **meatpacking**. Those workers produce a wide variety of **products** for both **the** domestic and international market. They have been impacted by **the vagaries of** the global economy. From 1995 to 1999 **U.S.** exports of the principal **end-use** category of Foods, **Feeds**, and Beverages decreased 10% to \$45.3 **billion**. Imports over that period increased 3 1% to \$43.6 **billion**. **Reasons for this deterioration in trade are numerous and** include unfair and discriminatory barriers to **U.S. exports**, a **strong U.S. dollar**, slow **growth or** recession in the **industrialized** world, and economic crisis in **much of** the developing world.

The **UFCW** supports **efforts** to establish fair and equitable rules for trade in **agricultural products**. We understand, however, that **this** task is among the most **difficult** and sensitive **facing** the international trading **system**. **Beyond** the simple issue of market **access**, questions of food **security**, food safety, rural **development**, and even **intellectual** property **loom** large. **While** these issues can be used to restrict access to **foreign** markets, they also represent **legitimate** concerns that need to be **addressed**.

For example, last year **the UFCW** opposed a **rule** by the U.S. Department of Agriculture (USDA) that now allows the importation of **poultry** products from regions in Mexico where <sup>As is</sup> **the avian virus Exotic Newcastle Disease (END)** exists. The rule permits the **export** of poultry **carcasses** from the U.S. to Mexico

for processing with the finished product then returned to the U.S. While the criteria for processing and handling enumerated in the rule purport to insure that END will not be introduced in the U.S., such a system can easily break down from human error, malfeasance; or greed- This rule was adopted in the name of free trade and open markets, yet poses serious risks for U.S. industry and workers. It also has the potential to damage the trust that American consumers have in the safety of our nation's food safety system. Here, in our judgment, restrictions in market access were appropriate, not protectionist.

Perhaps more important than unfair restrictions on market access for U.S. agricultural products is the economic crisis facing much of the world. Without sufficient income people simply can't purchase U.S. produced goods. In much of Asia, millions of workers who thought they were part of a rising middle class have found themselves thrust back into poverty. In Russia, workers are not paid for months at a time. In Mexico, workers have suffered a 40% reduction in purchasing power over the last five years — since the enactment of the North American Free Trade Agreement (NAFTA). And in China, despite the power of its authoritarian government, worker unrest due to falling incomes, joblessness, and corruption, is on the rise.

To begin to address these problems, the UFCW believes that it is essential to include enforceable standards on worker rights in the core of any trade and investment agreements. Workers need to gain a fair share of the wealth they

produce. Protecting freedom of association and the right to organize and bargain collectively is not only intrinsically right but will lead to a better distribution of income for our trading partners and more consumers for U.S. goods. As former UAW president Walter Reuther said, "You can't build an automobile economy on bicycle wages."

In addition, we need to address the financial problems faced by the developing countries directly by offering deep debt relief and development funds as part of an overall program of engagement and trade.

While the UFCW strongly supports steps to promote the export of U.S. agricultural and food products, it recognizes that even large export increases in that sector would only have a marginal effect on the overall U.S. trade deficit. It's important to continue those efforts, however, because the U.S. needs a viable farm sector that can deliver a high and rising standard of living for family farmers and food workers. It makes little sense to open the U.S. market to increasing imports of food, while our trading partners restrict access to their markets.

Mr. Chairman, on a personal note, I am also privileged to serve as President of the National Apparel, Garment and Textile Workers Council of the UFCW. The workers that I represent in this sector have been devastated by the

high volume of **textile** and **apparel** imports. **These** workers personify the negative **impact** of the global **economy** and the U.S. made **deficit**. Accord& to rhe Department of Labor (**DOJ**), over the **last** four years more than 240,000 workers have lost their **jobs**, **due** to imports or the transfer of **production** offshore. Scores of small **communities** have been devastated as major employers have closed **down**. **While** they are not **agricultural** workers, they are impacted **by trade and** by the **trade** deficit. All **workers have** a stake in this important issue. As you **consider** ways to improve this **country's trade deficit** I urge you to look at more than **just** the **numbers**. **The** people who lose **their** jobs in Celioa, Tennessee or **Seymour**, MO **are not just** numbers The hungry people in **Boaz**, AL **and** Housron, MO **pr** in our own **hometowns** are nor **just statistics**. They are people who need **jobs** and who need food. The LJFCW believes **that** we **can** achieve **those objectives** and we hope **that this** commission can help provide some of the answers.

Mr. Chairman, members of the Commission, **this** concludes my statement. If there are questions, I will be **happy** to respond or submit **them** to our **experts** for a **written** response.

Thank you.