MR. SWENSON: Thank you. And it's a pleasure to be before you.

As Paul Harvey says, And now you'll hear the rest of the story. And I really want to present it that way in regard to the challenges facing agriculture.

The National Farmers Union is a general farm organization that represents about 300,000 independent family farmers and ranchers.

Not small by any sense of the context of size, but I want to stress the importance of independence and that they attempt to make their own decisions of what they want to produce, how they want to produce it, and hopefully, how they can market it. Now, that's diminishing.

Our policy priorities lie in the area of domestic ag policy, the issue of competition or concentration -- we see that as probably the second issue to that of price today -- and the issue of trade policy. They're linked together. You cannot separate them anymore in the nature of how they interrelate.

We want to recognize also the importance of fair trade. I want to emphasize fair trade. There will never be such a thing in this world as free trade.

But what are going to be the rules of fair trade that are established in the movement of commerce, and how does it come back to impact agricultural producers?

And let me emphasize that agricultural producers, very few are traders, but they produce product that is traded.

There are some that may be members of cooperatives that trade product, but the majority of producers out there are producers of commodities that are either sold directly and/or processed into product that is traded.

As we take a look at what's happened in the last 30 years -- I want to emphasize this, that exports, even though we've seen a lot of trade agreements that come and go -- especially a lot of them come -- NAFTA, GATT, and so forth -- we have seen minimal change in the volume of exports.

I will share, from 1975 to '79, annual average of exports of corn, 1.9 billion bushels. In

1999, it's expected to be 1.9 billion bushels. Wheat, 1.2 billion bushels; 1999, 1.2 billion bushels. Soybeans, .7 billion bushels; 1999, .9, slight increase.

We want to take a look at cotton. All cotton bales, '75 to '79, 5.8; '99 projection, 5.5.

Rice is the only one in which we've seen some significant improvement in exports. From '75 to '79, we had an export million CWT of 70.6, going to 85. That's the only one that's had an increase.

Where does the demand increase come from? The domestic market.

Our domestic market has had increases on an average of 50 percent to 80 percent for the commodities that have been produced. That's where our demand has come.

So I want to really emphasize that trade agreements haven't been the panacea that everyone has believed that they were going to be for production agriculture here in the United States.

Well, we're a high-risk type of production system. We have limited ability to influence production costs. That brings us back to concentration. Concentration is changing the structure of agriculture tremendously.

Tremendous concentration in the livestock sector. We're even seeing direct contracting in the areas of grains right now.

We're seeing that technology transfer around the world, capital around the world. We're no longer the cheapest producer of commodities in the world.

We may be the most productive per acre, but we're not the cheapest producer anymore because of land and labor costs and the nature of capital movement.

Let me just say that, as we take a look at agriculture today, we're in a deep crisis, as mentioned by today's Chairman.

We're looking at 2000 net farm income to be down about $7.7 billion.

Now, you've mentioned that's been offset by some Government payments that weren't established in the Farm Bill, and that's the only way that many producers have survived.

I want to point out one of the unique things about agriculture. We may lose people -- and I heard Harry Cleberg say they're going to displace 500 million people in China, but it doesn't displace the resource of land.

Even though we've displaced thousands and thousands of producers in American agriculture, we haven't displaced the resource, the land on which to produce.

And so we've had production continue, which has resulted in the demand and the impact on what we deal with in the export market as well in the domestic market.

Let me just say, as we take a look at agricultural markets, we talk about one in three acres being exported. That's been about the volume of exports.

What's happened under the trade agreements is that we have now seen that level continue, but we've seen an import of competing products that's displaced about 15 percent of that export.

So now we're only getting a benefit today of about 10 percent in volume, because now we have livestock coming in, we have wheat coming in from Canada, we have other products. And so that growth in exports hasn't materialized, and in fact, the growth of imports has.

I want to emphasize, then, as we take a look at trade negotiations -- and I'm in the last part of my comments here -- but I want to emphasize that, in the area of trade, we're headed toward a negative trade balance in agriculture if we continue in the same direction. That's where we're headed. And we've got to do something to stop that.

First of all, we've got to deal with inadequacies of our current trade agreements before we move to additional trade agreements.

We've got to make sure that trade agreements deal with the impact on the producer. Does it just advance the benefit of interfirm trading? And we could say what's the impact on workers with what we deal with in trade agreements.

I want to point out to you, as we take a look at the issues facing us in agriculture in regard to international trade, probably the number one is currency. The number one issue is currency.

The second issue is the dispute resolution process. I'll just tell you that I have no confidence, and producers -- I don't care if they're Farm Bureau, Farmers Union members -- R-CALF members have no confidence in the WTO.

We do not believe that it's an appropriate dispute resolution process that brings benefit back to producers.

I say that because now we've got PNTR, and the process of dispute resolution if they're not going to comply with the agreement is going to go to the WTO, when we've been bottled up in a European dispute with beef for three years?

And we have companies now paying farmers less for beef today than what they did before, saying, Oh, we can't access the European market.

I don't know if they would have accessed it anyway, but they use that as a means by which to pay the producers less.

And if that's going to happen on GMO products and it's going to happen on other products, and the WTO is the only dispute resolution process, producers are going to be harmed economically, be driven out of business, and the land will still be produced on. I want to emphasize that.

So number one is currency, number two is the dispute resolution process.

We've also got to take a look at domestic as well as export policy transparency and equity.

You know, they talk about the Canadian Wheat Board, no transparency. We don't have it in our own market. We have now got contract production in beef and in pork and now coming out in grains of which there is no price transparency on what product coming to the market.

We have a smaller and smaller portion of what we're producing here in the United States that is part of a price discovery system and/or transparent within the market system.

If we're going to emphasize international price transparency, let's also have an emphasis on the domestic market, as well.

We could also deal with many of the other points that have been raised. Export subsidies should be eliminated. We should have a scientific basis on trade. We've got to deal with tariff and tariff rate quota reductions.

We've got to deal with harmonization.

I believe we've got to include labor and environment, because if we're having capital move out of our country to invest in other countries that don't meet the same labor and environmental regulations we must meet in the production of our food and fiber, we are not going to compete in the global market.

Put that on top of currency, we won't compete.

We've got to deal with unilateral actions. I'm not one that believes that the sanctions have reduced exports -- our exports have occurred even though sanctions have come and gone.

I remember Carter getting blamed for the soybean export. We still sold as many soybeans even with the embargo, we just sold them somewhere else.

If we're going to deal with reliable supplier issues, we're going to have to deal with them on a global basis.

One, I believe all exporting countries should participate in the humanitarian effort. We shouldn't pit one country against another on who can afford to give humanitarian assistance on a global basis. We should do that together, through an international structure.

Secondly, I believe we're going to need to look international for some type of food reserve system. We cannot depend upon the private system to be the food reserve system for the world.

And so I share those with you. And I've got 29 seconds left. Thank you, Mr. Chairman and members of the Commission, to share the other side of the story.

MR. ANGELL: The Chair would like to clarify my previous request. If these three organizations could look back over the last four years and develop your data on a country-by-country export basis, I think it would be very helpful in dealing with the question as to whether or not we're following a trend decline or whether we hit a pothole and we're about to be back on smoother roads.

That would be very helpful. In other words, we'd like you to provide written testimony -- a written follow-up to your testimony.

Mr. David Johnson is Vice President of the United Food and Commercial Workers International Union, and he is here to testify on agriculture trade and the U.S. trade deficit.

Mr. Johnson.