Statement of
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On
Agricultural Trade and the U.S. Trade Deficit
Before the
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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 31% 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 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 an 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 an 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 US. 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 the Department of Labor (DOL), 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 or 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.