

MR. JOHNSON: Thank you Mr. Chairman and members of the Commission, and especially President Dority, for allowing me to take his place here today. Unfortunately, he is not able to attend due to a previous commitment.

I appreciate this opportunity to present the views of the United Food and Commercial Workers International Union on agricultural trade and the U.S. trade deficit.

Let me first say that the United Food and Commercial Workers 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, 1 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 percent over the deficit experienced five years earlier, in 1995.

Exports over this period increased 18-1/2 percent, while imports shot up 37 percent. 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 20 years 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 U.S. 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 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 percent, to \$45.3 billion. Imports over that period increased 31 percent, 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 the 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 that allows the importation of poultry products from regions in Mexico where the avian virus, Exotic Newcastle Disease, 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 ensure that END will not be introduced into 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 the United States industry and workers.

It also has the potential to damage the trust that American consumers have in our nation's food safety system.

Here, in our judgment, restrictions on 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 percent reduction in purchasing power over the last five years, since the enactment of the North American Free Trade Agreement.

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 all trade 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 it 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 the President of the National Apparel, Garment and Textile Workers of the UFCW. I am the former international president of the United Garment Workers of America.

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. trade deficit.

According to the Department of Labor, over the last four years, more than 240,000 workers have lost their jobs due to imports, and scores of small communities have been devastated as a result of major employers closing down.

While they are not agricultural workers, they are impacted by trade and by the trade deficit. And all workers have a stake in this important issue. I think some of the earlier panelists made this point.

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 Celina, Tennessee or Seymour, Missouri are not just numbers. The hungry people in Boaz, Alabama and Houston, Missouri or in our own hometowns are not just statistics. They are people who need jobs and who need food.

The UFCW 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 any questions, I will be happy to respond.