

GF&O REPORT ON U.S.-Bahrain FTA

July 14, 2004

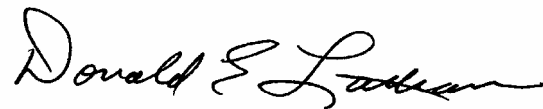
Honorable Robert B. Zoellick
United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Honorable Ann M. Veneman
Secretary of Agriculture
1400 Independence Avenue, S.W.
Washington, D.C. 20250

Dear Ambassador Zoellick and Secretary Veneman:

Pursuant to Section 2104 (e) of the Trade Act of 2002 and Section 135 (e) of the Trade Act of 1974, as amended, I am pleased to transmit the report of the Agricultural Technical Advisory Committee for Grains, Feed, and Oilseeds on the Free Trade Agreement with the Bahrain, reflecting a consensus advisory opinion on the proposed Agreement.

Sincerely,

A handwritten signature in black ink, reading "Donald E. Latham". The signature is written in a cursive style with a large, prominent initial "D".

Donald E. Latham
Chair
Grains, Feed, and Oilseeds ATAC

The U.S.- Bahrain Republic Free Trade Agreement (FTA)

Report of the
Agricultural Technical Advisory Committee for Grains, Feed, and Oilseeds

July 14, 2004

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Agricultural Technical Advisory Committee for Grains, Feed, and Oilseeds

Advisory Committee Report to the President, the Congress and the United States Trade Representative on the U.S. – Bahrain Free Trade Agreement

I. Purpose of the Committee Report

Section 2104 (e) of the Trade Act of 2002 requires that advisory committees provide the President, the U.S. Trade Representative, and Congress with reports required under Section 135 (e)(1) of the Trade Act of 1974, as amended, not later than 30 days after the President notifies Congress of his intent to enter into an agreement.

Under Section 135 (e) of the Trade Act of 1974, as amended, the report of the Advisory Committee for Trade Policy and Negotiations and each appropriate policy advisory committee must include an advisory opinion as to whether and to what extent the agreement promotes the economic interests of the United States and achieves the applicable overall and principle negotiating objectives set forth in the Trade Act of 2002.

Pursuant to these requirements, the Grains, Feed and Oilseeds ATAC hereby submits the following report.

II. Executive Summary of Committee Report

The Grain, Feed and Oilseeds ATAC endorses the FTA reached with the Kingdom of Bahrain.

With about the same population as the city of Washington, D.C, Bahrain is not a major importer of agricultural commodities. With some exceptions, the country has offered duty free access in the past on most grain and oilseed products. Under the FTA, all of the products of interest to this ATAC become duty free in Bahrain. This means that the very small amount of Bahraini imports of sorghum and soybean oil, which currently incur a five percent ad valorem duty, would in the future become duty free if sourced from the U.S.

III. Brief Description of the Mandate of the Grains, Feed and Oilseeds ATAC

The advisory committee is authorized by Sections 135(c)(1) and (2) of the Trade Act of 1974 (Pub. L. No. 93-618), as amended, and is intended to assure that representative elements of the private sector have an opportunity to make known

their views to the U.S. Government on trade and trade policy matters. They provide a formal mechanism through which the U.S. Government may seek advice and information. The continuance of the committee is in the public interest in connection with the work of the U.S. Department of Agriculture (USDA) and the Office of the U.S. Trade Representative. There are no other agencies or existing advisory committees that could supply this private sector input.

IV. Negotiating Objectives and Priorities of the Grains, Feed and Oilseeds ATAC

The principal objective of the Grains, Feed and Oilseeds ATAC is to advise the Administration on issues of importance in negotiating competitive opportunities for United States exports of agricultural commodities in foreign markets and achieving fairer and more open conditions of trade for grains, feed and oilseeds.

V. Advisory Committee Opinion on Agreement

Bahrain represents a very small part of the larger U.S. objective to engage the Middle East in a free trade regime that will foster both economic and political growth and development. This specific FTA is unlikely to have a large impact on U.S. grains, feed and oilseeds. However, furthering the economic development and political stability of the Middle East region will provide improved demand for agricultural products in countries like Bahrain where there is a growing, youthful population but negligible agricultural land.

Oilseeds: Oilseeds, edible oils and oilseed meals, most of which already have a MFN duty of only five percent, will all be duty free upon implementation. The same is true for soybean flour, soy concentrate and soy isolate. Although Bahrain is not a producer of soybeans, the U.S. will provide a ten-year linear staged reduction to zero percent in its duty on crude and refined soybean oil.

Feed Grains: Corn and barley currently enter Bahrain duty free but there has been a five percent duty on sorghum. Under the FTA, that duty immediately moves to zero.

Wheat: The duty on all U.S. sales of wheat to Bahrain has been at zero percent and remains that way under the FTA.

Rice: The duty on all U.S. sales of rice to Bahrain, milled and unmilled, has been at zero percent and remains that way under the FTA.

Export Subsidies: The proposed FTA provides that neither party is to introduce agricultural export subsidies into the market of the other party. Moreover, each country will refrain from introducing export subsidies provided the importing country takes action against subsidized imports from any third country supplier.

U.S. and Bahrain Tariff Commitments					
HTS	Description	US Tariff Before (cents/kg)	US Tariff After	Bahrain tariff before (%)	Bahrain tariff after
10019020	Wheat	.35	A	Free	C
10011000	Durum	.65	A	Free	C
10030000	Barley	.15	A	Free	C
10030020	Barley Malt	.1	A		
10030040	Other				
10040000	Oats	Free	C	Free	C
10051000	Corn	.05	A	Free	C
10061000	Rice	1.8	A	Free	C
	Brown Rice			Free	C
10063010	Milled Rice	11.2	A	Free	C
10070000	Sorghum	.22	A	5	A
12010000	Soybeans	Free	C		
12081000	Flour and meals of soybeans	1.9	A	5	A
12092100	alfalfa seed	1.5	A		
12141000	alfalfa meal and pellets	1.4	A	Free	C
15071000	Crude soybean oil	19.1	B	5	A
15079000	Refined soybean oil	Free	C	5	A
15079040	Soy oil, not crude	19.1	B		
23040000					
32040000	Oil cake				
Staging Categories					
A	Immediate				
B	10 yr linear				
C	Continues duty free				

VI. Grain, Feed and Oilseed ATAC Membership

Name	Organization	City/State
Mr. Donald Latham (Chairman)	Latham Seed Company	Alexander, IA
Mr. Mark Anderson	Anderson Hay and Grain Co., Inc.	Ellensburg, WA
Mr. Gary Blumenthal	World Perspectives, Inc.	Washington, D.C.
Mr. David A. Bossman	American Feed Industry Associates	Arlington, VA
Mr. Kyd Brenner	DTB Associates, LLP	Washington, D.C.
Mr. Tom Buis	National Farmers Union	Washington, D.C.
Mr. Robert E. Cummings, Jr.	USA Rice Federation	Arlington, VA
Mr. Steve Daugherty	Pioneer Hi-Bred International, Inc.	Des Moines, IA
Mr. Dennis R. DeLaughter	U.S. Rice Producers Association	Edna, TX
Mr. Neal Fisher	North Dakota Wheat Commission	Bismark, ND
Mr. Dwain Ford	American Soybean Association	Kinmundy, IL
Mr. John Gordley	Gordley Associates, Inc.	Washington, D.C.
Mr. Paul B. Green	North American Millers' Association	Washington, D.C.
Mr. John Hansen	Nebraska Farmers Union	Lincoln, NE
Mr. Kenneth Hobbie	U.S. Grains Council	Washington, D.C.
Mr. Mark Hodges	Oklahoma Wheat Commission	Oklahoma City, OK
Mr. Lurlin L. Hoelscher	Hoelscher Ag Dist., Inc Agri Ltd. By Hoelscher	Alden, IA
Mr. Herbert Karst	Montana Grain Growers Association	Sunburst, MT
Mr. Alan Kemper	Indiana Soybean Growers Association	Lafayette, IN
Mr. Larry Kleingartner	National Sunflower Association	Bismarck, ND
Mr. David Lyons	Louis Dreyfus Corporation	Washington, DC
Mr. Tim D. McGreevy	USA Dry Pea & Lentil Council	Moscow, ID
Dr. Owen J. Newlin	Agronomic Science Foundation	Des Moines, IA
Mr. John Reed, Jr.	Archer Daniels Midland Company	Washington, D.C.
Mr. Robert Reeves	Institute of Shortening and Edible Oils	Washington, D.C.

Mr. Mark Rokala	Cornerstone Government Affairs	Washington, D.C.
Ms. Candace A. Roper	CoBank	Englewood, CO
Dr. C. Parr Rosson III	Texas A&M University	College Station, TX
Mr. Michael Rue	Farming Enterprise	Marysville, CA
Mr. Robert Rynning	National Barley Growers Association	Kennedy, MN
Mr. Ladd Seaberg	MGP Ingredients, Inc.	Atchison, KS
Ms. Barbara P. Spangler	Wheat Export Trade Education Committee	Washington, D.C.
Mr. Stephen Tolman	National Corn Growers Associates	Chesterfield, MO
Ms. Margaret Ann Tutwiler	Int'l Food & Agricultural Trade Policy Council	Washington, D.C.