

April 22, 2004

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

Dear Ambassador Zoellick:

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 (ATAC) for Trade in Animals and Animal Products on the U.S.-Dominican Republic Free Trade Agreement reflecting consensus on the proposed Agreement.

Sincerely,

James R. Hoben, Chair
Agricultural Technical Advisory
Committee for Trade in Animals and
Animal Products

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

**Report of the Agricultural Technical Advisory Committee (ATAC) for Trade
in Animals and Animal Products**

April 2004

April 22, 2004

The Agricultural Technical Advisory Committee (ATAC) for Trade in Animals and Animal Products

Advisory Committee Report to the President, the Congress and the United States Trade Representative on the U.S.-Dominican Republic 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) 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.

The report of the appropriate sectoral or functional committee must also include an advisory opinion as to whether the agreement provides for equity and reciprocity within the sectoral or functional area.

Pursuant to these requirements, the Agricultural Technical Advisory Committee (ATAC) for Trade in Animals and Animal Products hereby submits the following report.

II. Executive Summary of Committee Report

Please refer to Section V of the report below

III. Brief Description of the Mandate of the Agricultural Technical Advisory Committee (ATAC) for Trade in Animals and Animal Products

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. The committee provides 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. This advisory committee provides valuable private sector input.

IV. Negotiating Objectives and Priorities of the Agricultural Technical Advisory Committee (ATAC) for Trade in Animals and Animal Products

A guiding principle for the Animals and Animal Products ATAC in bilateral, regional and multilateral trade negotiations is to improve export opportunities for U.S. dairy, livestock and poultry products through the elimination of unfair tariff and nontariff trade barriers, including veterinary and sanitary restrictions on imports that are not based on sound science.

V. Advisory Committee Opinion on Agreement

The Agricultural Technical Advisory Committee (ATAC) for Trade in Animals and Animal Products provides the following comments on the U.S.-Dominican Republic Free Trade Agreement (FTA).

Poultry

Although the FTA with the Dominican Republic was not negotiated as a part of the Central American FTA (CAFTA), it is, nonetheless, being viewed by U.S. poultry interests in context of the CAFTA model. The U.S. Trade Representative's Office understood the linkage with CAFTA and negotiated as best possible to achieve terms and conditions that are equal to or better than the FTA with Central America.

While U.S. poultry exporters would like to have initial tariff-rate quotas (TRQ) larger than the ones actually concluded in the FTA for such products as chicken leg quarters and mechanically deboned chicken, the annual growth rates and phase-out time schedules for these products are acceptable. One particular provision, if it can be fully implemented, will prove very beneficial to U.S. poultry exports. This provision, the most favored nation TRQ for poultry, should provide for freer trade on a more rapid time schedule.

Another important provision for poultry is the commitment to recognize USDA inspection system as "equivalent." In parallel with this provision is the Dominican Republic's commitment to eliminate discretionary import licensing and domestic absorption requirements in a timely manner. Removing these non-tariff and non-quota provisions are as important, if not more important, than the other negotiated terms and conditions for poultry.

In general, the trade commitments made by the Dominican Republic with respect to poultry varied somewhat from the CAFTA. While certain poultry provisions with the Dominican Republic can be viewed as not being as favorable as those with the CAFTA, on balance and taken as a package for poultry, the FTA with the Dominican Republic is good and worthy of the U.S. poultry industry's support.

Dairy

By including the Dominican Republic as part of CAFTA, U.S. negotiators have improved an already good agreement. This is a great opportunity to expand U.S. dairy exports.

The U.S. Trade Representative is to be commended for securing market access for milk products and for phasing out tariffs for all dairy products in the Dominican Republic. We believe this agreement will further promote reciprocal trade within the Hemisphere.

New access into the Dominican Republic will exceed that given by Central American countries. Our current exports of \$9 million to the Dominican Republic, currently a very restricted market, will be boosted by immediate access plus the phase-out of tariffs.

Another important accomplishment is the inclusion of Rules of Origin similar to those of the North American Free Trade Agreement. These rules will prevent transshipments of foreign-produced dairy items through the Dominican Republic or CAFTA countries.

The U.S. dairy industry has consistently supported trade agreements such as CAFTA that provide a net benefit for U.S. dairy industry as a whole.

Beef, Pork and Lamb

Meat industry representatives on the Committee are supportive of the agreement reached between the U.S. Government and the Dominican Republic. This agreement will allow U.S. beef, pork and lamb to have greater access to the Dominican Republic.

The agreement calls for greater access in the areas that were of critical importance to U.S. exporters of pork: boneless pork for processing, bone-in hams and deli items. As for beef, greater access is provided for high-quality cuts to the hotel and restaurant trade and upscale retailers. Duty free access under tariff-rate quotas will be established for beef and pork. Commercial grade product and variety meats will also be liberalized. Lamb will also be allowed greater access over the length of the agreement.

Of critical importance in this agreement is the understanding that the Dominican Republic will work to resolve sanitary barriers and licensing issuances to meat products. Without a transparent and workable system in these areas, the Dominican Republic will continue to limit U.S. meat and meat products from entering the market. It is essential that the United States work to assure that the market is not constrained by sanitary, licensing and inspection issues.

The Dominican Republic is the largest market in the Caribbean for U.S. meat and meat products. This market, however, has been limited due to the unscientific and bureaucratic constraints designed to limit the availability of imported goods. This agreement should resolve these issues and allow the U.S. meat exporters to take advantage of the U.S. competitive advantage to serving this market in beef, pork and lamb.

This agreement can also assist the Dominican Republic to improve their ability to service the tourism sector. By providing higher quality product to this industry, the Dominican Republic can further its own economic development and employment opportunities. In addition, the Dominican Republic's processing industry will grow with greater access to U.S. commodities.

VI. Membership of Committee

Name	Organization	City/State
Jaime Castaneda	National Milk Producers Federation	Arlington, VA
Tom Cook	National Renderers Association, Inc.	Alexandria, VA
Gregory Doud	National Cattleman's Beef Association	Washington, DC
Richard Ellinghuysen	Producers Livestock Marketing Association	Omaha, NE
Richard Fritz	U.S. Meat Export Federation	Denver, CO
John Hardin	John Hardin Farms	Danville, IN
Dana Hauck	Pike Trail Cattle Co., Inc.	Delphos, KS
James Hoben	Interra International, Inc.	Atlanta, GA
John Hogan	John Hogan, Attorney	Washington, DC
Gregory Ibach	Nebraska Department of Agriculture	Lincoln, NE
John Lincoln	Linholt Farm and New York Farm Bureau	Bloomfield, NY
Thomas May	Trugman-Nash, Inc.	New York, NY
Dennis McDonald	Open Spear Ranch	Melville, MT
David Meeker	Federation of Animal Science Societies	Arlington, VA
Daniel Meyer	American Dairy Products Institute	Elmhurst, IL
Toby Moore	USA Poultry and Egg Export Council	Stone Mountain, GA
Michael Mullins	Cargill, Inc.	Washington, DC
James Peterson	Jim Peterson Ranch	Buffalo, MT
John Reddington	American Meat Institute	Arlington, VA
William Roenigk	National Chicken Council	Washington, DC
Donald Schriver	Dairy Farmers of America	Kansas City, MO
Jane Shey	Shey & Associates	Annapolis, MD
Ray Souza	Mel-Delin Dairy	Turlock, CA
Thomas Suber	U.S. Dairy Export Council	Arlington, VA
Jeffrey Swain	BC Natural Foods	Evergreen, CO
James Tillison	Alliance of Western Milk Producers	Sacramento, CA
Gene Wiese	Wiese & Sons	Manning, IA
Dennis Wolff	Pen-Col Farms	Millville, PA
Robert Yonkers	National Cheese Institute	Washington, D.C.