LAND STEWARDSHIP PROJECT

LSP *Myth Buster* #42

An ongoing Land Stewardship Project series on ag myths and ways of deflating them.

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➔ *Myth*: Free Trade is a Windfall for U.S. Ag

➔ *Fact*:

To hear agribusiness firms, commodity groups and their allies in Washington, D.C., tell it, we are constantly just one "free trade" agreement away from making rural America awash in riches. By cutting tariffs and loosening other restrictions on the free flow of agricultural products such as meat and grain, these agreements will open the door to markets U. S. farmers never dreamed of, goes this argument. In the larger landscape, trade produces jobs, cheaper goods and in general more economic activity, say its boosters.

Trade across international borders is an important part of our economy, particularly when agriculture is looking for a way to market surplus production. And for many of us, waking up in the morning would be virtually impossible without the knowledge that imported coffee is close at hand.

But there's a big difference between unfettered "free trade" and "fair trade" that benefits everyone equally. Large trade agreements involving numerous countries tend to be hammered out by a select group of corporations and their allies in government. That means they are set up to favor multinational firms that owe no allegiance to any country, state or community. Their goal is to get goods and services as cheaply as possible, with as few restrictions as possible. In such an environment, countries that are willing to use any means necessary to produce the cheapest product—sweat shop conditions, environmentally harmful practices and in general unsustainable production systems—have the upper hand. It truly is a race to the bottom.

The result is that major trade deals like the North American Free Trade Agreement (NAFTA) have been a boon to major corporations and a bust for farmers and others who are not part of the negotiating process. Among other things, NAFTA has resulted in the collapse of farming economies in Mexico and other countries, resulting in economic refugees seeking any work (at any price) they can get north of the border. And on the other side of the fence, NAFTA has made it easier to base meatpacking and other agricultural processing south of the Rio Grande, taking advantage of cheap labor and lax regulations.

The supporters of free trade at any cost are at it again. Firms like Cargill are now pushing for the approval of the Trans-Pacific Partnership (TPP), a 12-nation agreement that's been in the making since 2009. If approved, the TPP will cover 40 percent of the global economy, making it the world's largest trade agreement.

The TPP, as well as the push to approve it using "fast track" authority, is full of major risks for rural communities and even urban consumers seeking a safe, accountable source of food.

Backers of the TPP and fast track maintain that some of the downsides to unfettered free trade are worth it because of all the increased economic activity it will generate in this country. They also claim that modifications will be made to future trade agreements to avoid the job losses that NAFTA resulted in. Ironically, they are presenting as a model for the TPP the Korea Free Trade Agreement, which went into effect in 2011.

As with the TPP, backers of the Korea Free Trade Agreement ballyhooed it as a win-win for American business, particularly the livestock production sector. But as a recent analysis of U.S. International Trade Commission statistics shows, this agreement has been a disaster for farmers. The analysis, which was conducted by Public Citizen, found that in the approximately two years since the Korea Free Trade Agreement went into effect, U.S. exports to Korea are down 11 percent and imports from Korea are up, expanding our trade deficit with that country to 47 percent. This has cost the U.S. $9.2 billion in lost export income.

Agriculture has been hit particularly hard. Since the agreement went into effect, average monthly exports of U.S. farm products to Korea have fallen 41 percent—a decline of $125 million per month. If you're a livestock producer, this trade agreement has left a particularly bitter taste in your mouth:

- U.S. average monthly exports of pork to Korea have fallen 34 percent below the pre-trade agreement monthly average.
- U.S. beef exports have fallen 6 percent since the trade deal went into effect.
- America is selling 39 percent less poultry per month to Korea compared to what we marketed there before the trade agreement.

Groups such as the U.S. Meat Export Federation have tried to dismiss such statistics by saying, for example, a foot-and-mouth disease outbreak in Korea during early 2011 has skewed the numbers. But long-term export data shows Korea was a good customer for U.S. agriculture products during the past decade or more. In fact, since the trade agreement went into effect, U.S. pork exports to Korea have fallen 24 percent short of what pre-trade agreement analyses showed they should have been by this point. An even harder fact to swallow is that Korean per-capita consumption of chicken rose in 2012 and again in 2013, according to the USDA. People in Korea are in the market for food, just not ours. Meanwhile, our borders are becoming even more vulnerable to an increasingly one-way passage of cheap products, no matter what the hidden costs.

In the recent book, *Factory Man*, a Taiwanese businessman talks about Americans' attitude toward global trade this way: "If the price is right, you will do anything. We have never seen people who are this greedy—or this naïve."

➔ More Information

- The Public Citizen report, "Korea FTA Outcomes on the Pact's Second Anniversary," is at www.citizen.org/documents/Korea-FTA-outcomes.pdf.
- Details on LSP's work related to the TPP, fast track and other trade issues are at www.landstewardshipproject.org/organizingforchange/tpp.

This **Myth Buster** *is brought to you by the members and staff of the Land Stewardship Project, a private, nonprofit organization devoted to fostering an ethic of stewardship for farmland and to seeing more successful farmers on the land raising crops and livestock. For more information, call 612-722-6377 or visit www.landstewardshipproject.org.*