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State's D.C. legislators pushing export growth Targeting trade barriers part of effort

BY ALEX DANIELS, ARKANSAS DEMOCRAT-GAZETTE

WASHINGTON - Viewing export growth as the quickest route out of the economic doldrums, members of both major political parties during the early months of the current session of Congress have pushed to expand U.S. foreign trade.

Sen. Mark Pryor, a Democrat from Arkansas, on Wednesday introduced a bill to require that U.S. ambassadors develop plans to open foreign markets to U.S. goods, encourage private sector companies to work with the federal government on identifying business opportunities and revamp a federal export website.

Arkansas' U.S. Rep. Rick Crawford, a Republican cofounder of the Congressional Rice Caucus, has written to Iraq's trade minister in an effort to stem steeply declining U.S. rice exports to that country and has pledged to advocate on behalf of U.S. rice growers in multiparty trade talks with countries in the Pacific Rim.

While the push to open new markets for U.S. goods could help add jobs, trade experts warned that an increased focus on trade enforcement could exacerbate the country's already-prickly trade relationship with China, its largest trading partner.

On Feb. 28th, President Barack Obama announced the creation of an Interagency Trade Enforcement Center to "identify, reduce or eliminate foreign trade barriers and unfair foreign trade practices." The effort is part of Obama's initiative, first announced in his 2010 State of the Union speech, to double U.S. exports within five years.

On Tuesday, the House overwhelmingly passed a bill that would reinstate a duty on certain goods originating in "non-market economies" such as China, where, critics say, U.S. competitors face unfair trade practices. Each of Arkansas' representatives voted for the measure, which previously passed in the Senate.

"It's time for us to stand up and tell China they've got to play by the rules," said U.S. Rep. Mike Ross, a Democrat from Arkansas.

Daniel Ikenson, a free-trade advocate at the **Cato Institute**, a libertarian research and advocacy group in Washington, said Obama was "lukewarm" on pressing for new trade deals for the first two years of his term.

Ikenson said Obama did little to press for ratification of trade agreements with Colombia, Panama and South Korea, which Congress passed last year, until Republicans gained control of the House.

But, he said, Obama has focused on enforcement, reflected both in his newly created interagency group and in an increase in trade disputes that the United States has raised for resolution at the World Trade Organization. President George W. Bush's administration litigated five such cases in his two terms. So far, the Obama administration has taken seven cases to the international body.

"In an election year, enforcement of trade gets you more mileage," Ikenson said.

He warned, however, that taking a tough stance would encourage China to retaliate.

The day after the House passed the duty legislation aimed at China, China's Commerce Minister Chen Deming said his country abided by World Trade Organization rules, adding that "the U.S. always likes to point a finger at China," according to China Daily, a large Chinese newspaper published in English.

Seeing U.S. farm subsidies as creating an unfair advantage for U.S. poultry growers, China imposed duties on U.S. chickens. In September, the U.S. responded by initiating dispute-settlement proceedings at the WTO.

Any hitches in the United States-China trade relationship could have an effect on states like Arkansas that rely heavily on agricultural exports.

Airplanes and airplane engine parts, worth \$486 million, were Arkansas' top exports in 2011, according to a survey conducted by the Census Bureau. Chicken, cotton and rice were the next three top categories.

China is the largest export market for U.S. producers, said David Salmonsens, a trade specialist at the American Farm Bureau. Last year, China imported \$20 billion in U.S. farm products, a dramatic increase over the \$1 billion it imported in 2000.

But Salmonsens downplayed the importance of the recent tough talk on both sides.

"With the growth of any large trading relationship, you have bumps," he said.

Over the past several weeks, members of Arkansas' congressional delegation have pushed to open markets for the state's agricultural goods.

In February, Ross spent a week in Taiwan to promote U.S. beef products.

In ongoing trade talks with the United States, the Taiwanese have sought to restrict U.S. beef exports.

Taiwan is the 13th-biggest export market for Arkansas products and commodities.

"I'd like to see them make the top 10," said Ross, who met with that country's president and members of parliament during his visit, which he said was paid for by the Fu Jen Catholic University of the Republic of China (Taiwan).

Crawford, of Jonesboro, sent a letter this week to Iraq's trade minister, Khair Alla Babaker, urging him to change an Iraqi requirement that rice be shipped in packages rather than in bulk. In the past year since the shipping rules took effect, Crawford said, U.S. rice shipments to Iraq have dropped 77 percent.

Crawford said he would continue to advocate for rice growers as the U.S. and countries throughout the Pacific Rim attempt to hammer out a free-trade pact called the Trans-Pacific Partnership.

Rice was not included in a free-trade pact with South Korea that was completed last year, as Korean rice producers wielded their clout to limit U.S. exports there. Letting U.S.-grown rice into their country, they said, was a nonstarter.

"U.S. rice farmers really took it on the chin in the South Korea agreement," Crawford said.

Arkansas Gov. Mike Beebe, a Democrat, is also turning his attention to trade.

For the first two weeks of April, Beebe plans to lead a trade mission to China to encourage trade. His spokesman, Matt DeCample, said details of the trip are still being worked out.

Arkansas' U.S. Rep. Tim Griffin, a Republican, said he favors pushing for new trade pacts and increasing enforcement of trade treaties. But, he said, the best way to increase exports is to reduce tax rates and get rid of regulations on businesses to make the United States an attractive place for industry.

"We need to focus on our competitiveness," he said.