

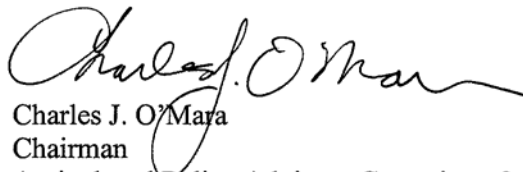
April 27, 2007

The Honorable Susan C. Schwab
United States Trade Representative
Executive Office of the President
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Schwab:

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 Policy Advisory Committee for Trade on the U.S.- Korea Free Trade Agreement, reflecting consensus on the proposed Agreement.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles J. O'Mara". The signature is fluid and cursive, with a long horizontal stroke at the end.

Charles J. O'Mara
Chairman
Agricultural Policy Advisory Committee for Trade

THE U.S.-KOREA FREE TRADE AGREEMENT

**Report of the
Agricultural Policy Advisory Committee for Trade**

April 27, 2007

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Agricultural Policy Advisory Committee for Trade (APAC)

Agricultural Policy Advisory Committee for Trade Report to the President, the Congress, and the United States Trade Representative on the U.S.-Korea 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, Congress, and the U.S. Trade Representative 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 principal 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 APAC hereby submits the following report.

II. Executive Summary of Committee Report

It is the majority opinion of the APAC that the U.S.-Korea Free Trade Agreement (KORUS FTA) will benefit U.S. farmers and ranchers by increasing export opportunities through the elimination of tariff and non-tariff barriers.

However, we are disappointed that rice was excluded from the agreement and note that the benefits will only occur for the beef industry if meaningful science based trade is fully restored prior to the approval of this agreement by Congress. The APAC continues to believe that highest priority must be given to comprehensive agricultural trade reform by reinvigorating the Doha Development Agenda round of negotiations.

III. Brief Description of the Mandate of the APAC

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, which could supply this private sector input.

IV. Negotiating Objectives and Priorities of the APAC

The highest priority of the APAC is to improve the market opportunities for U.S. agricultural products by obtaining fairer and more open conditions of trade. The ultimate objective is the elimination of agricultural trade barriers through negotiations at the multilateral, regional, and bilateral levels.

V. Advisory Committee Opinion on Agreement

It is the opinion of the APAC that the U.S.-Korea Free Trade Agreement (KORUS FTA) will clearly benefit U.S. farmers and ranchers by increasing export opportunities through the elimination of tariff and non-tariff barriers.

This agreement covers virtually all agricultural products and will immediately eliminate all duties for almost two-thirds of current Korean imports from the U.S. Korea is currently the 5th largest agricultural export market at \$2.9 billion in 2006 for the United States. Korea, which currently offers duty-free access to only \$14 million of U.S. agricultural imports, will immediately eliminate duties on wheat, corn, soybeans for crushing, hides and skins, cotton, almonds, frozen potatoes, and other products. The KORUS FTA will eliminate over 90 percent of Korea's tariffs within 15 years, including many in 5 years or less (e.g. orange juice, alfalfa, sweet corn, chocolate and chocolate confectionary, prunes, wine, and pistachios). In addition, many U.S. farm products will benefit from expanded market access opportunities that will provide immediate duty-free access within tariff-rate quotas, including skim milk powder, whey for food use, cheese, dextrins and modified starches, barley, popcorn, and soybeans for food use. However, confirmation of all concessions agreed to by Korea, including the full TRQ negotiated for corn starch, must be resolved satisfactorily.

Recognizing that the beef sanitary and phytosanitary (SPS) talks and the free trade agreement (FTA) negotiations have not been tethered and opening the Korean beef market and the FTA have always been on separate but parallel tracks, APAC members feel strongly that the Korean beef market must be completely open to U.S. beef consistent with science-based international guidelines. There are three key issues that still must be addressed:

1. Beef (plant inspection) "equivalency",
2. Korean import certificate language, and

3. Very importantly, Korean recognition of USDA Process Verified Programs (PVP's) as approved by the Agricultural Marketing Service (AMS).

Also, while a majority supports the overall KORUS FTA, APAC members are, nevertheless, disappointed that rice was excluded from the agreement and concerned with the precedent the exclusion creates for rice and other U.S. products in future trade negotiations. APAC members are further concerned about the 50% duty on U.S. oranges (September 1 - March 1). It is essential that negotiators work within the WTO to phase this duty out and/or work to increase the volume of U.S. oranges allowed by the TRQ beyond its annual 3 percent expansion from the current small base.

The APAC members believe that this agreement achieves U.S. negotiating objectives of eliminating tariffs and securing market opportunities for U.S. agricultural products.

The APAC takes this opportunity to reiterate its belief that highest priority must be given to comprehensive agricultural trade reform in the Doha Development Agenda round of negotiations. The APAC strongly encourages the U.S. Government to work to reinvigorate the talks while continuing to insist that our trading partners provide genuine market access. A WTO agreement is more likely to deliver equitable reforms in market access, domestic support and export subsidies. Some APAC members are concerned that a proliferation of FTAs, which only address market access, may have a negative impact on negotiating equitable reform across the three pillars identified in the Doha negotiations. The APAC encourages FTAs be negotiated so as to work in concert with the U.S. objectives in the WTO negotiations. Some members are also concerned that Congressional support for trade liberalization could erode through fatigue from constant trade debates over individual FTAs.

VI. Membership of Committee

Agricultural Policy Advisory Committee for Trade

NAME	COMPANY
Charles J. "Joe" O'Mara (Chairman)	O'Mara and Associates
Roger J. Baccigaluppi	RB International
Brent A. Baglien	ConAgra Foods
James P. "Patrick" Boyle	American Meat Institute
Carl W. Brothers	Riceland Foods, Inc.
James P. Camerlo	Dairy Farmers of America
Jon D. Caspers	Self-employed pork producer
Stephen L. Censky	American Soybean Association
Thomas M. Cook	National Renderers Association
Leon C. Corzine	LPC Farms, Inc.
Paul A. Drazek	DTB Associates, LLP
Michael D. Dykes	Monsanto Company
Audrae Erickson	Corn Refiners Association, Inc.
Thomas A. Hammer	National Oilseed Processors Association
Lucian J. "Jack" Hunt, III	King Ranch, Inc.
Kenneth R. Johannes	Hill's Pet Nutrition, Inc.
Robbin S. Johnson	Cargill, Inc.
John R. Keeling	John R. Keeling National Potato Council
Alan R. Kemper	Alan R. Kemper Kemper Farms
Will C. Kinzel	Case New Holland, Inc.
Robert P. Koch	Wine Institute
Mark D. Lange	National Cotton Council of America
Andy LaVigne	American Seed Trade Association
Gary C. Martin	North American Export Grain Association

Thomas A. Nassif	Western Growers
Jean-Mari Peltier	National Council of Farmer Coops
Karen B. Ross	California Association of Winegrape Growers
Christian E. Schlect	Northwest Horticultural Council
Christopher E. Schaffer	S. Lightning Farms
Thomas H. (Hunt) Shipman	Cornerstone Government Affairs
Mary C. Sophos	Grocery Manufacturers of America
Roy R. "Bob" Stallman, Jr.	American Farm Bureau Federation
Michael J. Stuart	Florida Fruit & Vegetable Association
James H. Sumner	USA Poultry & Egg Export Council
Robert L. Thompson	University of Illinois
Constance E. Tipton	International Dairy Foods Association
Ann B. Wroblewski	International Paper