

BLOWING AWAY SMOKE,
LAYING OUT FACTS

Say

YES

to

JOBS

TRADE

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AGRICULTURE

RESPONSE: Farm income is projected to increase under NAFTA. Studies vary on the degree of income growth. Many studies indicate that income will be reduced by NAFTA.

NAFTA

BLOWING AWAY SMOKE, LAYING OUT FACTS

There are a lot of questions being raised about NAFTA. That's good. Many of them are legitimate. They need to be carefully considered, responded to, addressed prior to ratification of NAFTA and the side agreements that will support it and uphold it.

Unfortunately, a lot of questions and a lot of the smoke being blown at NAFTA is designed to provoke fear and distrust.

In these few pages we intend to explode some myths. Respond to myths with factual information. We'll address many of the questions being raised by opponents. We want people to have the facts on NAFTA. Some apparently want to obscure them. We hope you find the following factual information helpful as we go about exploding some myths, puncturing the balloon of NAFTA opponents and clearing away the smog and smoke of their rhetoric.



MYTH: NAFTA is going to drive down U.S. farm income.

RESPONSE: Farm income is projected to increase under NAFTA. Studies vary on the degree of income growth. Vary as to commodities. No major study . . . repeat, no major study has indicated U.S. farm income will be reduced by NAFTA.

Q: Didn't a recent Congressional Budget Office (CBO) report say that NAFTA could raise the cost of farm support programs?

A: No. Wrong again. The CBO report indicates - and all other major studies that have looked at farm program support systems in relation to NAFTA indicate **NAFTA will likely reduce the cost of farm support programs** by giving producers another market for their products. The studies show farm program supports go up when supply exceeds demand. NAFTA opens wide, for producers of agricultural commodities, a major and growing market.

Mexico is the third largest and most rapidly growing export market for U.S. farm commodities. This country already enjoys a \$1.5 billion trade surplus with Mexico in agriculture. The U.S. International Trade Commission estimates **U.S. exports to Mexico could increase by 27 percent** with ratification of NAFTA.

MYTH: Support for NAFTA means many U.S. farmers will be forced out of business.

RESPONSE: More than 100 agricultural organizations . . . general farm organizations, commodity groups, agri-business entities . . . support NAFTA in order to keep as many farmers as possible in business and on the farm. Unless we develop new markets for our commodities agriculture in this country will face a downsizing at a rapid pace. That's going to push farmers off the farm.

NAFTA will maximize the length of the transition period for products that are sensitive to import competition. Ten to 15 years should help producers adjust to any competition.

Q: Why support NAFTA when the various wheat associations oppose it?

A: Many wheat growers support NAFTA. They see it as an opportunity to expand an already excellent market. They see it as an opportunity for mutually advantageous trade. They see it as not having to face subsidized competition from the European Community!!

You will like the fact that **under NAFTA, Mexican import restrictions will be eliminated** for U.S. wheat. They will remain in place for wheat from other suppliers, except for Canada, the third member of the North American Free Trade Agreement.

There is a genuine risk that U.S. rejection of NAFTA could cause Mexico to turn entirely to Canada and other wheat-supplying countries. That would cause U.S. wheat farmers to lose the 15 to 20 million bushel market we have in Mexico, or become a supplier of last resort.

Q: What about rumors that U.S. meat packing plants will move to Mexico?

A: The Meat Industry Trade Council . . . which is made up of all major segments of the U.S. meat industry . . . has said the suggestion that NAFTA will create a mass exodus of meat processing activity south of the border is contradicted by facts. What are those facts?

Nothing is stopping plant relocation right now. But it hasn't happened! The reason: labor costs are only a part of the much larger business equation that includes labor productivity, raw materials availability, and dozens of infrastructure considerations involving transportation, distribution, communications and so on.



MYTH: Mexico permits the use of many pesticides - some say as many as 58 - banned in the United States. Mexico uses DDT indiscriminately. NAFTA will result in a less-safe food supply in the United States.

FACT: NAFTA does not change U.S. food safety laws or inspection requirements.

The U.S. Government Accounting Office (GAO) has discredited the "DDT scare" by researching and describing the authorized use of DDT to control mosquito's that carry malaria. It's done in the southern part of Mexico. It does not affect Mexican food production exported to the United States.

NAFTA will encourage Mexico to strengthen, not weaken its enforcement of **pesticide laws.** GAO said their laws are already similar to ours.

Mexico does need to do something about water quality. It takes a more developed country to come to that realization. Improving Mexico's economy through NAFTA will advance this environmental effort.

MYTH: U.S. firms are going to move their operations to Mexico to avoid strict U.S. environmental laws.

FACT: Mexico's General Law of Ecological Equilibrium and Environmental Protection - enacted in 1988 - is about the same as U.S. laws and regulations. In 1992, the Mexican Congress created the Secretariat of Social Development, the governmental agency charged with environmental policy formulation and enforcement. Essentially, the Mexican EPA.

Since he took office, Mexican President Carlos Salinas has increased Mexico's environmental budget by **700 percent!** The number of environmental inspectors has increased to more than 300. There have been suspensions of operating licenses and closures of 1,926 facilities for noncompliance with environmental regulations. More than 10) **facilities have been closed permanently** in Mexico City in order to help curb pollution.

These are not the actions of a country unconcerned with environmental rules, regulations and protection.

Q: If NAFTA is so good, why did a court rule that there must be an environmental impact statement before NAFTA can be implemented?

A: That's a good question. Why is the court trying to step in?

The Constitution gives the President of the United States the right and authority to negotiate treaties. It gives the responsibility to Congress to ratify treaties. There are many who

Those who sought the court ruling are in the minority in the environmental movement. Only two environmental groups joined in the initial suit demanding an environmental impact statement.

SMOKE SCREEN: NAFTA is going to “suck jobs south,” resulting in an exodus of U.S. jobs to Mexico, including agricultural processing jobs.

This is particularly important for small and medium-sized U.S. companies that have not been able to sell to Mexico in the past.

Here's the real question the myth generators should answer: If NAFTA is killed, where will the rapidly expanding Mexican population go for jobs? If there are no jobs in Mexico, won't the tendency be to cross our borders more readily . . . come up and **take U.S. jobs?**

FACT: Wage rates are only one factor in production and distribution of agricultural commodities. Other factors are far more important, for example the productivity of U.S. farmers and agricultural labor. Look at resource availability. We have it in the U.S. Infrastructure . . . roads, highways, barge traffic, loading, unloading. We have it. The cost of capital. A decided advantage for U.S. farmers in each of these areas.

Mexico has an advantage in some products . . . mostly horticultural. In grains and livestock . . . **ADVANTAGE United States.**

Want to counter their arguments? Ask them to tell you the answer to this: If wage rates are so important, why does the U.S. already have a growing trade surplus with Mexico in agriculture? Since Mexican import barriers are high, won't U.S. farmers be even better able to compete when those barriers are lifted?

Ask them also: Why would anyone prefer to farm in Mexico with lower worker productivity, water shortages, unreliable electricity, and other services, lack of refrigeration, interest rates at 20 percent, poor transportation, inadequate infrastructure?

Ask them to respond to this: Isn't it true that, with half of Mexico's population under the age of 15, the growing demand for food in Mexico will absorb the vast majority of Mexico's future production and will require an increasing quantity of U.S. exports or someone else's if we don't **ratify NAFTA**?

Support NAFTA - it means jobs and economic growth for Americans.

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