

Free trade may cut deep

With Americas agreement likely to bring foreign beef, U.S. ranchers worry their livelihoods could be at risk

Delicate Deals

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Cattle ranchers like Chuck Kiker long ago traded in their cowboy hats and horses for baseball caps and pickup trucks. But they still consider themselves traditional cowboys, and they don't want the government to trade away their way of life.

That's what many cattlemen fear will happen if U.S. officials sign trade agreements with beef powerhouses like Australia, Argentina and Brazil.

"Beef is a generic product in the United States," said Kiker, who wore a cap stamped with the slogan, "Beef, it's what's for dinner," as he stood at the Oak Knoll Farm in Fannett, the headquarters of his 300-head cattle operation that he has run for more than 20 years. "The U.S. consumer would prefer U.S. beef."

Negotiations for the 34-nation Free Trade Area of the Americas agreement continue to sputter along as Brazilian officials lead other nations in calling for an end to U.S. subsidies on many agricultural products.

If approved, the regional trade agreement would give beef producers like Argentina and Brazil — which together raise 240 million head of cattle, compared with more than 96 million in the United States — greater access to the U.S. market. For now, an outbreak of foot-and-mouth disease in Argentina and Brazil prevents them from sending many beef products and live cattle to the United States.

"They represent a very formidable threat once their disease state is cleared up," said Bill Bullard, chief executive officer of Ranchers-Cattlemen Action Legal Fund United Stockgrowers of America.

Meanwhile, U.S. and Australian trade negotiators signed off on their pact last month. It's up to Congress to vote on the deal with Australia, where more than 27 million cattle grazed last year, according to Billings, Mont.-based R-CALF.

The agreement benefits American manufacturers because it slashes Australian tariffs on U.S. electronics. But cattle ranchers said the pact will harm them by driving down red meat prices after duties on U.S. beef imports begin to fall.

"We're the designated industry to be outsourced in the agreement," said Gilles Stockton, a

rancher in Grass Range, Mont.

Supporters of the pact, like U.S. Rep. Kevin Brady, R-The Woodlands, said different industries win and lose with every trade negotiation. With this agreement, U.S. negotiators refused to loosen restrictions on sugar imports from Australia, losing leverage when it came to beef.

"In Australia, I think we made a mistake when we took sugar off the table," Brady said. "The beef portion of that is not as positive as I would like."

However, cattlemen won in another trade round with the Central American Free Trade Agreement, Brady said. Congress probably will not vote on that divisive agreement until after the presidential election, but Brady said if it's approved, Central American consumers will buy more American hamburgers and steaks.

Some economists downplay ranchers' concerns since the trade talks with Latin America progress slowly and Australian beef tariffs will take nine years to begin to be phased out until disappearing in 18 years.

"I don't think it's going to be a devastating impact on the U.S. market," said Parr Rosson, an economist with Texas A&M University's Center for North American Studies.

These new trading partners could increase exports to the United States, Rosson said, but he doesn't expect a flood of beef products or cows from Australia or Latin America.

Ranchers said they're not opposed to trade agreements as long as beef products are clearly labeled with their country of origin so consumers know if the beef they're eating comes from an animal that's born, raised and processed in the United States. Ranchers believe that such labels could help U.S. beef products compete with imported meat.

While Kiker is worried about the beef industry's future, he conceded that cattlemen are enjoying profitable times after last December's beef scare when a Canadian cow with mad cow disease was found in Washington state.

The U.S. government reacted by blocking most Canadian cattle and beef imports. No other cases of mad cow were detected in the United States, although the beef industry went through a period of uncertainty, and some companies and ranchers lost money.

Recently, beef prices have surged, helped by the popularity of low-carbohydrate, high-protein diets and the ban on imports of most Canadian cows and beef.

And Kiker is worried that those good times may permanently disappear if Canada's herd of more than 13 million cattle regains access to the United States, possibly followed by imports of Australian and Latin American beef.

"This is the first good time I've seen in the cattle industry where you're actually making money," Kiker said.