With less than 85 days until the Hong Kong Ministerial Conference, I am eager to hear from Secretary Johanns and Ambassador Portman the status of negotiations and what will need to happen in the coming days and weeks to reach a successful outcome. As the world's largest exporter of agricultural products, the United States has much to gain and lose in the negotiations. In some ways, the negotiations will define the future of U.S. agriculture and the balance sheet for millions of farmers and ranchers in the United States.

Most U.S. commodities and agriculture products depend on export markets and agriculture remains one of the few sectors in the U.S. economy that has a net trade surplus. In 2004, the value of agricultural exports was $61 billion versus almost $54 billion of imports. In addition, exports account for one-fourth of farm cash receipts and more than one out of every three acres of U.S. agricultural land is cultivated for exports. Thirty-six percent of exports are bulk products (grains, oilseeds, cotton and tobacco), 16 percent are livestock products, horticulture at 21 percent and the remainder in processed foods.

The importance of the current WTO negotiations is heightened by the fact that ninety-five percent of the world's population lives outside the United States and growth in developing countries will increase at a higher rate than in developed countries. While it is important to diversify the farm economy through new uses domestically, farmers and ranchers will be impacted by future demand and competition from customers and competitors abroad.

Key to future success will be the extent to which countries provide new market access by lowering tariffs, eliminate export subsidies and reducing barriers to trade, namely sanitary and phytosanitary requirements. China has 20 percent of the world's population, and agriculture exports to that country have grown from $1.7 billion to $6.1 billion since China entered the WTO. The Department of Agriculture projects an agriculture export surplus of $2 billion in 2005.

The assumption underlying support for the WTO negotiations is the expectation that farm income will continue to grow as more developing countries open their doors to our high quality food and fiber products. In return, the United States will have to commit to reform our domestic programs.

While the President's statements at the United Nations last week called for the elimination of, "all tariffs, subsidies and other barriers to the free flow of goods and services as other nations do the same," by 2010, we must be careful to do so while also providing a stable and secure safety net for America's farmers and ranchers. I believe it is possible to promote trade liberalization and reform of our domestic support programs at the same time, but we must do so very carefully while being mindful of what future programs will replace the ones we are eliminating. The Administration must make sure farmers and ranchers at the grassroots support its trade agenda.

As recent trade debates have illustrated, producers are more skeptical of the promises and predictions of future market access than in years past. Problems with Mexico, Russia, China, Canada, and Europe, among others, are often used by the opponents of trade to make the case for suspending future bilateral and multilateral negotiations. In order to quell this sentiment, farmers and ranchers will need to see for themselves the benefits of trade at the farm gate level. This is the greatest challenge that confronts us.

This Committee will be traveling to Hong Kong to view first hand the Ministerial. It is my hope that the talks leading up to Hong Kong accomplishes most of the work and the events at the Conference are ceremonial and capped by celebration. We will be watching closely the Ambassador's trip to Paris this week and are interested in the feedback from our witnesses regarding the visit last week of their European counterparts.

In closing, while I believe the negotiations are extremely important, my advice and counsel to the Administration is that the United States should not accept a deal in Hong Kong unless it provides tangible and real rewards for our agricultural sector. No deal is better than a bad deal.