Good afternoon. I am Cal Dooley, President and CEO of the Food Products Association, based in Washington, D.C. FPA is the largest trade association serving the food and beverage industry in the United States and worldwide, and our laboratory centers, scientists and professional staff provide technical and regulatory assistance to member companies and represent the food industry on scientific and public policy issues involving food safety, food security, nutrition, consumer affairs and international trade.

FPA strongly supports the Free Trade Agreement with Central America and the Dominican Republic, or CAFTA-DR. The evidence is clear that this Agreement will provide new market opportunities for U.S. agricultural products, including processed foods and beverages.

Taken together, CAFTA-DR countries represent our 12th largest trading partner. It is estimated that CAFTA-DR could expand U.S. farm exports by $1.5 billion a year.

Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua already have one-way access to the U.S. market through trade preference arrangements. In fact, more than 80 percent of the food and agriculture products imported into the United States from CAFTA-DR nations enter duty-free.

By contrast, U.S. exporters to Central America face duties of 11 percent on average. Certain food products - such as cheese and yogurt - face prohibitive tariffs in excess of 60 percent in a number of CAFTA-DR countries.

Under the Agreement, tariffs on most food products will be phased out within 15 years. Many food products - like pet foods, cereals, soups and cookies - will become duty-free immediately. Others, such as certain canned or frozen fruits and vegetables have immediate or 5-year phase out.

Because the U.S. market is already largely open to agricultural imports from CAFTA-DR countries, the Agreement will result in little additional import competition.

FPA's colleagues at the Grocery Manufacturers of America (GMA) recently commissioned a study to quantify CAFTA-DR related benefits for their members' food and beverage products. The study found that potential savings from the tariff reductions and quota expansions alone will be nearly $8.8 million on the first day of the agreement. This figure grows to nearly $28 million annually upon full implementation of the agreement.

The study also measures the potential aggregated increase in exports to the five Central American countries and the Dominican Republic one year after the elimination of tariffs on certain products. GMA's trade flow analysis suggests that upon elimination of tariffs, exports could increase from $359 million to $662 million - an 84% increase over current exports to the region. The study also projects strong growth in particular sectors as a result of the agreement. For example, exports of snack foods, confectionary products, and soups could each nearly double to around $30 million annually as a result of the CAFTA-DR.

I understand that GMA is submitting a complete copy of the report, "GMA's Processed Foods

Demand Model," for the hearing record.

The Agreement will foster economic stability and regional cooperation. The countries in the CAFTA-DR region are our neighbors and friends, and they want access to high-quality U.S. food products. It is a ready-made market for our country's food exports.

It also is particularly important to point out that CAFTA-DR is specifically designed to improve the enforcement of labor and environmental laws in Central America:

The agreement requires that countries effectively enforce their labor and environmental laws. Countries in the region have already taken numerous, concrete steps to improve labor law enforcement.

CAFTA-DR contains ground-breaking environmental provisions, including a process designed to identify and correct trade-related environment problems. Additionally, CAFTA-DR establishes a forum for addressing technical and sanitary concerns, to ensure the safety of food products in the international market and to quickly resolve emerging technical trade barriers.

FPA is not alone in its support for CAFTA-DR; far from it. Support has been voiced by food and agriculture organizations throughout the food chain, from growers to food processors to the retail community.

We should not allow the few sectors of our economy unwilling to compete internationally to deny this market opportunity for the vast majority of U.S. food and agriculture sector willing and eager to compete in the international marketplace.

With respect to sugar - It is a travesty that this one commodity is unwilling to allow a minimal increase in sugar imports and is willing to hold hostage the benefits this agreement provides to so many other sectors of the economy. Consider these three points:

? The increased market access for sugar is equal to about a day's production in the United States.

? The over quota tariff remains unchanged.

? Finally, I know of no other commodity covered by this agreement that has a "safe harbor" provision allowing the United States to provide alternative compensation to CAFTA-DR country exporters in exchange for imports of sugar.

The sugar industry itself is not united in its opposition to CAFTA-DR. For example, Imperial Sugar has been a vocal supporter of CAFTA-DR and its benefits.

Moreover, failure to pass CAFTA-DR could have dire implications for the future of other important trade agreements, including the DOHA round of the WTO, the Andean Free Trade Agreement, and Free Trade Area of the Americas.

The export trade in processed and packaged foods has been a bright light for our nation's economy, now accounting for more than 40 percent of U.S. agricultural exports. CAFTA-DR promises to increase the trade in such products, which in turn will lead to growth in production and the creation of new jobs in the United States.

So, in closing, I join with the many other organizations in the food and agriculture sector who support CAFTA in urging prompt consideration by the U.S. Senate of this important trade agreement.

Thank you for the opportunity to speak today on this important issue.