Congress of the United States
Washington, DC 20515

June 8, 2011

Dear Governor Branstad,

Thank you for the bold stance you and your fellow governors have taken in support of the Colombia, Korea and Panama Free Trade Agreements (FTAs). We appreciate your willingness to support efforts in Congress to pass these agreements in a timely manner.

As you know, passage of these FTAs will have a significantly positive impact on Iowa's economy, especially our agricultural economy. Recently, the Iowa Farm Bureau's analysis (using economic data from the U.S. Department of Agriculture's Economic Research Service) estimated the three trade agreements will create more than 1,400 agriculture-related jobs in our state and will increase direct exports across all agricultural sectors in Iowa by $162.2 million per year. These trade agreements offer Iowa's farmers and agricultural producers a unique opportunity to see a significant and immediate increase in the demand for their products overseas.

At a time of continued high unemployment and sporadic domestic economic growth, the dollars these agreements will bring into our state and the more than 1,400 agriculture-related jobs they will help create will provide Iowans with a significant boost during these tough economic times.

These free trade agreements will benefit all Iowans - not just those who work in the agricultural sector of our state's economy. Every day Iowans produce goods highly desirable to consumers and industries around the world, resulting in more than 98,000 Iowa jobs being supported by exported goods, according to the Business Roundtable. Additionally, a January 2011 updated assessment of the Korea FTA's economic impact by those at the U.S. International Trade Commission (USITC) found that this number could grow by 10,877 with the full implementation of the Korea FTA alone. These are jobs with Iowa companies making turbines, factory machinery and aircraft engines and parts Korea imports along with agricultural products.

The president of the National Pork Producers Council says a Korea FTA alone adds more than $10.00 to the price of each hog and would create 9,000 pork industry jobs. A vice president of the National Corn Growers Association has warned that not passing a Korea FTA could allow our third largest corn market to slip away to other competitors. While the president of the American Farm Bureau Federation supports the passage of the Colombia FTA to benefit Iowa's and our nation's rural economy, he argues the benefits go beyond the farm and strengthen our transportation shipping services and industry.

It is imperative we quickly finalize these FTAs. While passage of the Colombia FTA has languished in the United States, many of our international competitors have secured or are seeking passage of their own agreements with Colombia. This leaves us behind and unable to fully engage Iowa's and our nation's competitive spirit and workforce. The USITC estimates a tremendous increase in U.S. exports from key sectors important to Iowa. Pork products are

PRINTED ON RECYCLED PAPER

expected to increase by over 72%, fabricated metal products by over 56.4%, processed food by over 36.2%, chemicals by over 22.6%, corn by 21% and machinery by almost 15%.

Upon implementation of the Colombia FTA, more than 59% of Iowa's exports to Colombia will be duty free. Tariff elimination and reduction would give Iowa exporters a tremendous cost advantage over competitors who have no FTA with Colombia. According to the Business Roundtable, some companies in Iowa would see their exports become completely duty free upon implementation of a Colombia FTA, including APC Inc. in Ankeny, Mold Tooling in Garner, ABA Express in Cedar Rapids, Pioneer in Johnston, Bridgestone Americas in Des Moines and Grain Processing Corporation in Muscatine. Continued inaction on the Colombia FTA alone could cost Iowa's economy $52 million a year.

As you know, passage of the Panama FTA is good for American manufacturers and workers. Panama has had one of the fastest growing economies in Latin America over the last four years with its GDP doubling in the last decade. Such rapid economic growth makes Panama a prime outlet for American manufactured goods. According to the National Association of Manufacturers (NAM) more than 7,250 small and medium-sized manufacturers currently export manufactured goods to Panama. This is 85% of the total of U.S. exporters. Last year, the United States exported $5.6 billion worth of manufactured goods to Panama, a 66% increase over 2007. An FTA with Panama will significantly benefit our small and medium-sized manufacturers by continuing to increase our exports to Panama - benefitting the American employers and workers who manufacture these exported goods.

We agree with you that it is unacceptable that these FTAs have lingered without serious action. Our economy needs to take advantage of every possible opportunity to boost employment and economic activity in both rural and urban America. We appreciate your willingness to work with your fellow governors to bring strong bipartisan support from the state executive level to the efforts to finalize these important economic measures. Iowa is well positioned to capitalize on the passage of the Colombia, Korea and Panama Free Trade Agreements. We are committed to making the potential benefits of these agreements a reality for Iowa's farmers, businesses and workers, and we are grateful for your partnership in this vital undertaking.

Sincerely,

Chuck Grassley

Senator Charles Grassley

Tom Latham

Representative Tom Latham

Steve King

Representative Steve King