

Trade Adjustment Assistance (TAA)

- Provides producers of raw commodities, who have been adversely affected by import competition, free technical assistance to all applicants, and cash payments of up to \$10,000 per year and access to job retraining benefits to those applicants who have experienced a decline in net income.

Authority

- On August 6, 2002, Congress amended the Trade Act of 1974 to include TAA for Farmers. Previously, the Trade Act provided TAA coverage only to workers and firms.
- Congress appropriated \$90 million for TAA for fiscal years 2003 through 2007.

Producer Coverage

- TAA covers farmers, ranchers, and fishermen, who compete with imported aquaculture products. It does not cover the forest products industry.

Certification of Eligibility

- A group of producers petitions USDA for TAA on behalf of all producers in their sector.
- USDA certifies the producers covered by the petition as eligible for TAA within 40 days.
- Producers apply individually for benefits within 90 days.

Criteria for Certifying a Petition

- Producer prices must be <80% of the average of prices received during the previous 5 marketing years.
- Increases in imports of like or directly competitive products “contributed importantly” to the decline in prices.

Certifications Required for Cash Benefits

- Technical assistance received.
- Net farm (fishing) income declined.
- Annual TAA payments not more than \$10,000.
- Average adjusted gross income below \$2.5 million.

Subsequent Qualifying Years

- USDA may re-certify producers of commodities that still satisfy TAA eligibility criteria.
- USDA will notify producers to re-apply for benefits.
- Producers, who did not apply in previous years, may apply for benefits in subsequent qualifying years.

Why Me?

- 2002 Director of FAS Import Policies and Programs Division.
- Foreign Service Officer.
- 30 years in USDA.
- Commodity analyst in 1970's.
- Agricultural trade policy in 1980.s
- Trade exhibition programs in 1990's.

Where did TAA come from?

- Trade Expansion Act of 1962.
- Trade Act of 1974.
- 2002: Merger of TAA for workers and firms and TAA for Farmers bill introduced in Senate.
- TAA and TPA.

Fishermen?

- Trade Act provided for feasibility study of TAA for Fishermen.
- Proposed rule published April 23, 2003 includes aquaculture.
- Alaska salmon industry not covered.
- Political intervention.
- Agricultural commodity includes articles that are directly competitive with aquaculture products found in chapter 3 of the HTS.

Certifying Petitions in 40 Days

- Price and import data must be collected and assessed.
- Market factors affecting supply and demand must be analyzed and evaluated.
- Bureaucratic process must be followed and documented.

Step by Step

- FAS provides to ERS the HTS codes of the agricultural commodity and the imported articles.
- ERS prepares report in 20 days.
- Price check.
- Import check.
- Import and market analysis.

Petition Review Committee

- Recommends to the FAS Administrator whether or not to certify the petition.
- Committee of 4 career economists.
- Work is facilitated by:
 - Standardized ERS report format.
 - Same economists review all petitions.
 - Committee conducts hearings.

Like or Directly Competitive Imports

- Must be resolved before trade impact analysis.
- Generally means products falling under the same HTS number used to identify the commodity in the petition.
- Simplifies the “import test.”
- Definition too restrictive in some situations.
- Hearings.

Technical Assistance

- Offered to producers within 180 days.
- Extension Service prepares a seminar and technical assistance package that includes information about:
 - World markets.
 - Ways to increase crop value.
 - Marketing alternatives.
 - Evaluating the farm's viability.
 - Other government training programs and employment services.
 - Other relevant information.

Intensive Technical Assistance

- Optional.
- 18-24 months.
- Applicable to the producer's individual situation.
- Budgeted at \$2,000 per producer.

Lessons Learned

- Producer expectations not met with respect to cash payments and technical assistance.
- Sunset provisions: They work!
- Not all producer associations support filing TAA petitions.
- Program originally intended for major crops has instead benefited fishermen and horticultural producers.