Texas Trade Issues

• Cuba
• BSE
• Trade Agreements
Cuba

• New Export Opportunities
• Texas Has Been A Major Player
• Potential for $50-$65 million/year in food/agriculture exports
• Creates New Jobs & Business Activity
• Higher Prices Likely as Market Expands
U.S. Ag Exports to Cuba, Major Products, Dec 2001 - Oct 2003

Source: Foreign Agricultural Service, USDA

Total: $331 Million

Million U.S. Dollars

SB Products: $103.0
Corn: $54.3
Poultry: $51.8
Wheat: $46.6
Soybeans: $38.3
Rice: $17.6

Source: Foreign Agricultural Service, USDA
Bovine Spongiform Encephalopathy (BSE)

- U.S. Exports 9-10% of Beef Output
- Mega Markets Closed
  - Japan, Mexico, Korea (80%)
  - Canada (10%)
- Cattle Prices Down 20%-22%
- Corn Prices Down 7%, Soybeans 4%
- The Future?? Japan Says NO BEEF!
  - US Beef Demand Holding Steady
  - Associations & USDA Working to Restore Export Markets
Trade Agreements

• NAFTA at Year 10
• Chile, Singapore, & Jordan Done
• Morocco, Australia, Central America, & Free Trade of the Americas in Process
• World Trade Organization Trying to Restart
  – Retaining Protection of ‘Peace Clause’ Crucial for U.S. Agriculture & Open Markets
CAFTA

• Central America Free Trade Agreement: El Salvador, Guatemala, Honduras, Nicaragua Included Now

• Costa Rican Representatives in D.C. This Week & Want to Be Included
  – Services & Agriculture Unresolved Issues

• Negotiations with Dominican Republic Next Week

• About ½ of Markets Open to U.S. Agriculture When Implemented (Jan. 2005)??
  – HQ Beef, Cotton, Wheat, Soybeans

• Rest Over 15 Years: Pork, Beef, Poultry, Rice, Corn, Dairy
Free Trade Area of the Americas

• Open Markets in Western Hemisphere
  – Average US Ag. Tariffs 12%
  – South America: 40%
  – Caribbean: 85%

• Negotiations Moving Forward, But Slower than Expected: Brazil a Sticking Point

• Target Date for Completion 1/05
• Target Date for Implementation 1/06
So What for Texas?

• More Markets, More Exports, Good Potential for Higher Prices

• Likely More Competition in Some Sectors
  – Oilseeds, Maybe Cotton
  – Meats-But Sanitary Issues Critical
  – Winter Vegetables & Some Fruit Products

• Opportunity for Input Into the Process
U.S. Trade Promotion Authority ‘Fast Track’

- All Trade Agreements Submitted to Congress by President for Approval
- CAFTA Likely to Go Forward Soon
- Congress MUST Vote w/in 45 Session Days, Simple Majority
- No Amendments Allowed
- Key Committees:
  - House Ways & Means
  - Senate Finance
  - Agriculture