International Trade Issues & Texas Agriculture

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Center for North American Studies
Department of Agricultural Economics
Texas A&M University
Trade Issues & Texas Agriculture

- WTO Negotiations
- Complete NAFTA Implementation-2008
- Trade Agreements
- Cuba Export Opportunities
- Trade Disruptions
World Population

Billions

<table>
<thead>
<tr>
<th>Year</th>
<th>ME</th>
<th>AFR</th>
<th>LA</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td></td>
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</tr>
<tr>
<td>2000</td>
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<tr>
<td>2001</td>
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<tr>
<td>2006</td>
<td></td>
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<tr>
<td>F2010</td>
<td></td>
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<tr>
<td>F2015</td>
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<tr>
<td>F2020</td>
<td></td>
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</tbody>
</table>

Ind. + 8%, Dev. + 31%

NA
WE
I. ASIA
EE/FSU
D. ASIA

US Census Bureau
World Economic Output

GDP, Trillion 1997 Dollars

- NA
- WE
- I. ASIA
- EE/FSU
- D. ASIA
- ME
- AFR
- CSA

Ind. + 64%, Developing + 140%

World Average Agricultural Tariffs, 2002

Source: WTO & ERS/USDA
U.S. Agricultural Trade, 1970-2006 F

Doha Development Agenda (2001-06)?

Agreement on Reductions by April 30, 2006 Did Not Happen

Draft Schedules Due July 31, 2006?

Conclude Negotiations December 31, 2006??

Trade Promotion Authority Expires July 2007
Top 10 U.S. Ag Export Markets, 2005

Canada: $10.6 billion
Mexico: $9.4 billion
Japan: $7.9 billion
EU-25: $6.8 billion
China: $5.2 billion
Taiwan: $2.3 billion
Korea: $2.2 billion
CAFTA-DR: $1.9 billion
Turkey: $1.1 billion
Indonesia: $1.0 billion

Billion Dollars

USDA On-line database
Real Growth in U.S. Exports to China and Rest of World, 1990-2005

USDOC, Bureau of the Census. Index reflects change in exports based on year 2000 US dollars.

2001, China Joins WTO
Foreign Holdings of U.S. Treasury Securities


Japan
China/Hong Kong
Europe
Other

Billion Dollars

2002: $393
2003: $550
2004: $694

$393
$550
$694

$169 $141 $131 $223 $132 $155 $281 $17 $239

Real Growth in U.S. Ag Exports to China and ROW, 1990-2005

Index base year 1990=100, reflects changes in exports in year 2000 U.S. Dollars.

2001, China Joins WTO

Soybeans
Cotton
Hides/Skins
Wheat

China
Rest of World

0
100
200
300
400
500

1990
1995
2000
2005
Real Growth in U.S. Ag Exports to NAFTA and ROW, 1990-2005

Index base year 1990=100, reflects changes in exports in year 2000 U.S. Dollars. ROW excludes NAFTA and China.
Top 5 Ag Export States, 2004

Texas
$3363

Texas
$3363

Illinois
$3654

California
$9197

Nebraska
$3015

Iowa
$3676

USDA, Economic Research Service. Based on shares of national production and exports.
<table>
<thead>
<tr>
<th>Year</th>
<th>Texas Ag Exports ($ millions)</th>
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<tr>
<td>1990</td>
<td>$2,482</td>
</tr>
<tr>
<td>1995</td>
<td>$2,554</td>
</tr>
<tr>
<td>2000</td>
<td>$2,982</td>
</tr>
<tr>
<td>2004</td>
<td>$3,267</td>
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</tbody>
</table>

USDA, Economic Research Service. Based on shares of national production and exports.
Composition of Texas Ag Exports, 2004

USDA, Economic Research Service. Based on national shares of production and exports.

<table>
<thead>
<tr>
<th>Category</th>
<th>Million Dollars</th>
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</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>$1,108</td>
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<tr>
<td>Feed Grains</td>
<td>$706</td>
</tr>
<tr>
<td>Animals/Products</td>
<td>$694</td>
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<tr>
<td>Wheat/Products</td>
<td>$271</td>
</tr>
<tr>
<td>Horticulture</td>
<td>$138</td>
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<tr>
<td>Poultry</td>
<td>$136</td>
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<tr>
<td>Rice</td>
<td>$68</td>
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<td>Dairy</td>
<td>$46</td>
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<tr>
<td>Peanuts</td>
<td>$40</td>
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<tr>
<td>Other</td>
<td>$156</td>
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</tbody>
</table>

USDA, Economic Research Service. Based on national shares of production and exports.
Texas Ag Export Impacts

Business Activity ($ M) $6,558
Income ($ M) $2,724
Jobs (#) 88,875
## Economic Impacts of Texas Ag Exports, 2004

**IMPLAN and Center for North American Studies.**

<table>
<thead>
<tr>
<th>Congressional District</th>
<th>Ag Exports</th>
<th>Business Activity</th>
<th>Income</th>
<th>Employment</th>
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<tbody>
<tr>
<td>CD 19</td>
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<td>1689.1</td>
<td>400.4</td>
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<tr>
<td>CD 13</td>
<td>557.7</td>
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<tr>
<td>CD 11</td>
<td>238.5</td>
<td>438.4</td>
<td>156.7</td>
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<tr>
<td>CD 15</td>
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<td>145.1</td>
<td>246.1</td>
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<td>CD 14</td>
<td>140.1</td>
<td>222.4</td>
<td>94.4</td>
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<td>CD 1</td>
<td>119.6</td>
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<tr>
<td>CD 17</td>
<td>103.2</td>
<td>180.1</td>
<td>57.7</td>
<td>3243.0</td>
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</tbody>
</table>

- - - - - - - Million Dollars - - - - - - -

<table>
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<tr>
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<td>3243.0</td>
</tr>
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</table>
Observations

- Disparity in Population & Income Growth
- Disparity in Use of Trade Barriers
- Disparity in Agricultural Trade Growth
- China Emerging as Major Market & Economic Force
Observations

- Questions About Role & Future Importance of Trade
- WTO Agreement Important
  - Open Markets
  - Eliminate Export Subsidy Distortions
  - Minimize Litigation Over Farm Policy
  - Fruit/Vegetable Issues
- Ag Exports Important to Texas Economic Growth, but Concentrated in Certain Regions
Conclusions & Implications

- U.S. Market Is Open, Rest of World Is Not
  - U.S. Export Growth Lags Import Growth
- If Trade Growth is Important, Disparities Must Be Addressed
- Progress in WTO Important to U.S. & Texas for at Least 2 Reasons:
  - Markets
  - Farm Policy
Absent WTO Progress, Expect More Litigation in WTO Aimed at Farm U.S. Policy

Trade Agreements Likely Important Way to Address Market Access

Trade is Important Growth Component of Texas Economy