

Texas Agricultural Forum
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New Trade Negotiations:
What's at Stake For Texas Agriculture?

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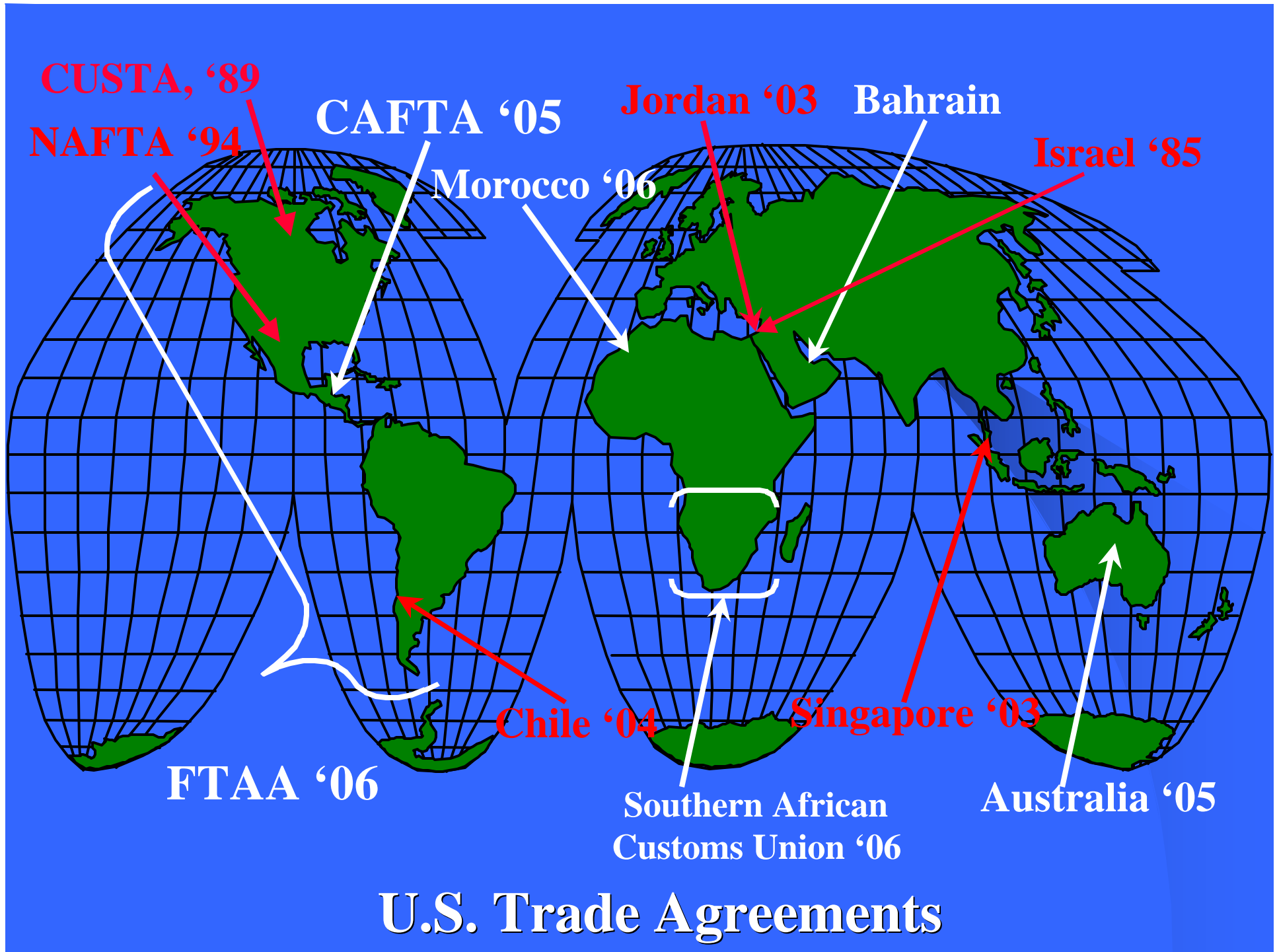


What's at Stake?

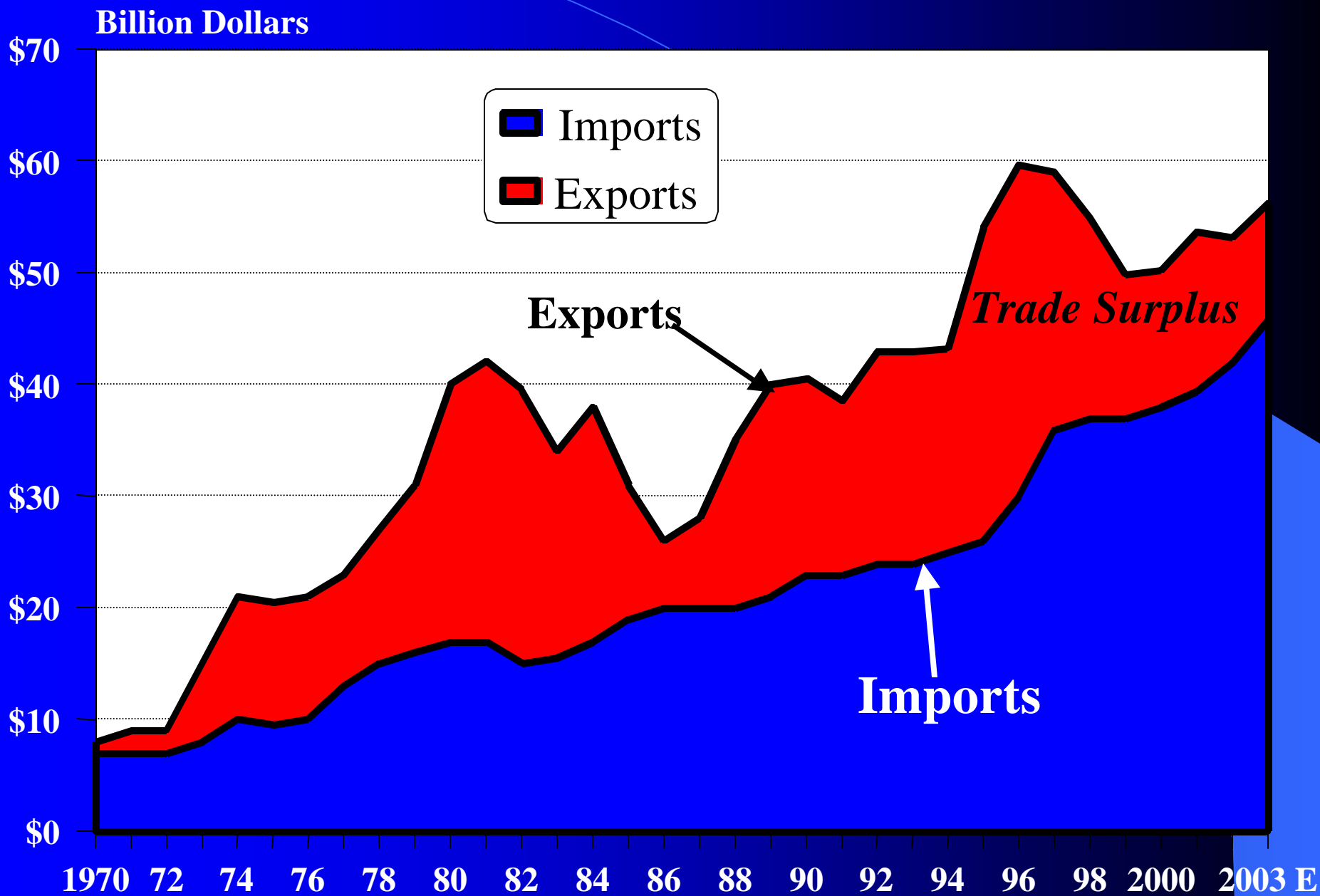
- **Market Access**
- **Secure Sources of Raw Materials & Inputs**
- **Gains & Losses to Trade**
- **Adjustment for Some Sectors**

U.S. Trade Negotiations

- GATT 1947-94
- US/Israel 1985
- Uruguay Round 1986-93 (GATT)
- Canada 1989
- NAFTA 1994 (Year 10)
- Doha Round 2000-05? (WTO)
- 3 Regionals *Completed* in 2002/03
- 6 Regionals Pending

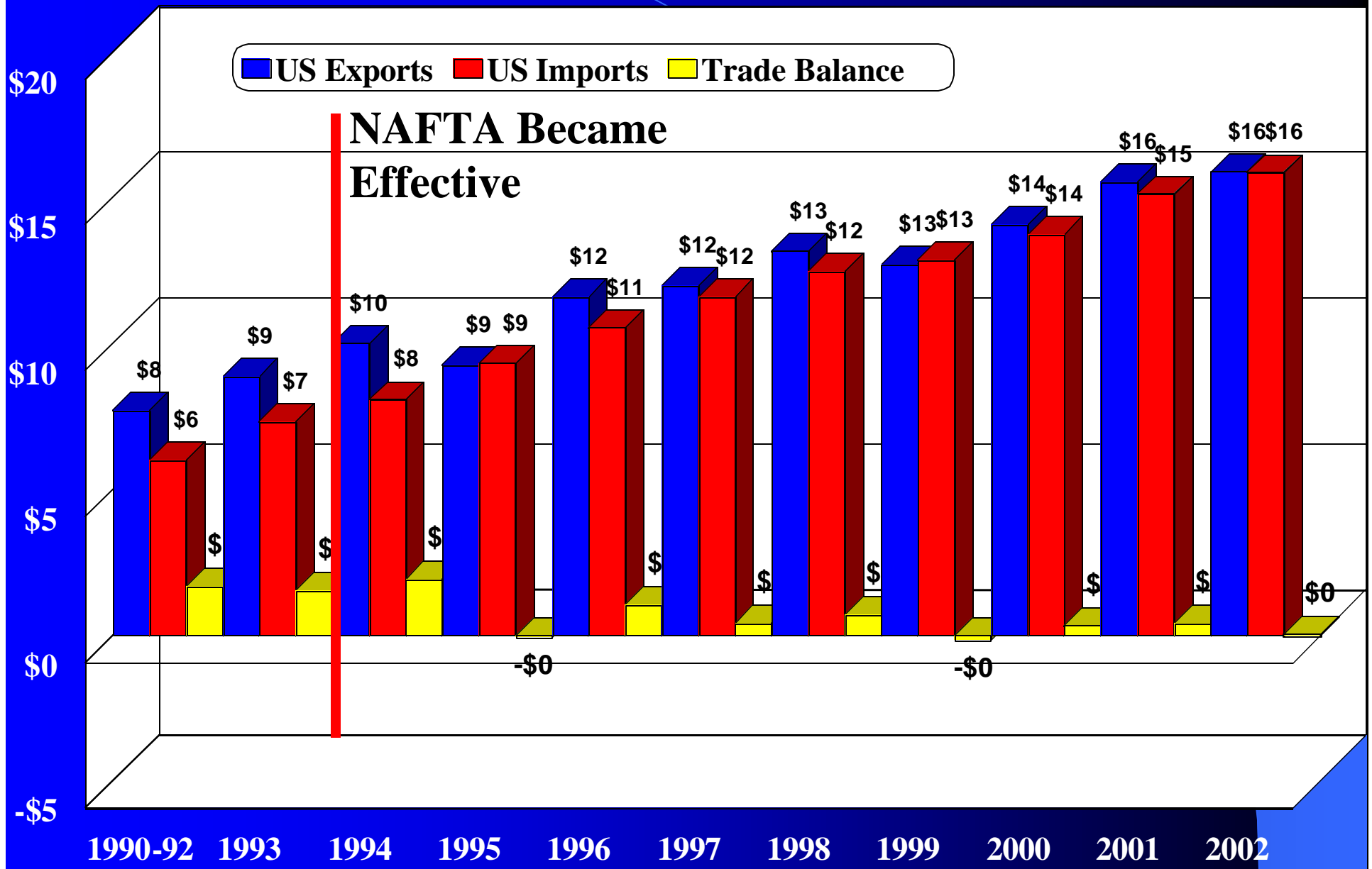


U.S. Agricultural Trade, 1970-2003 E



US Agricultural Trade with NAFTA

Billion US Dollars

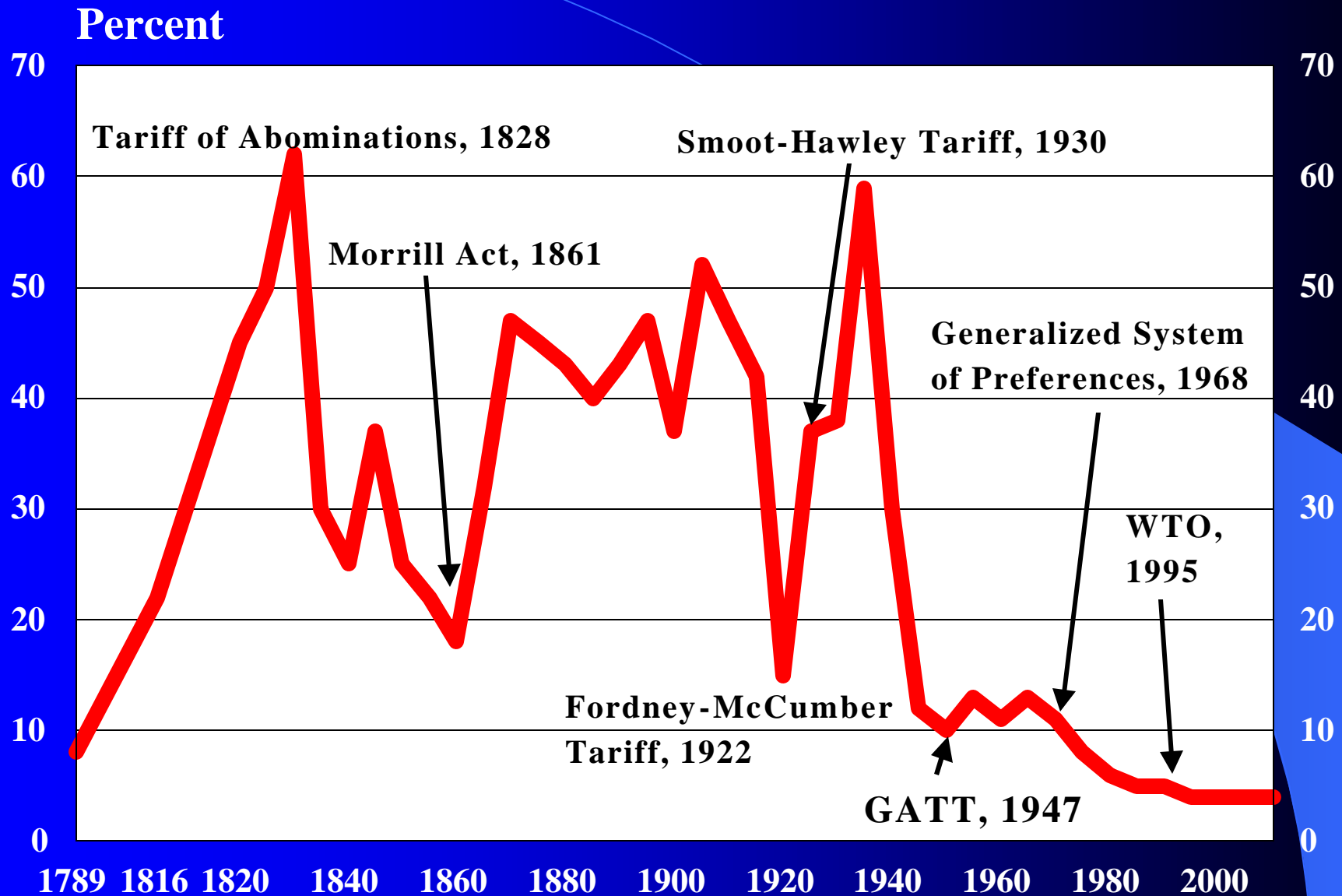


World Trade Organization “Doha Development Agenda”

- **Attempt to Restart is Underway**
- **‘Common Sense’ Letter, 1/12/04**
- **Export Subsidies, Trade Distorting Policies & Cotton/Cotton Textiles**
- **Retaining Protection of the Peace Clause Important for U.S. Agriculture & Open Markets**

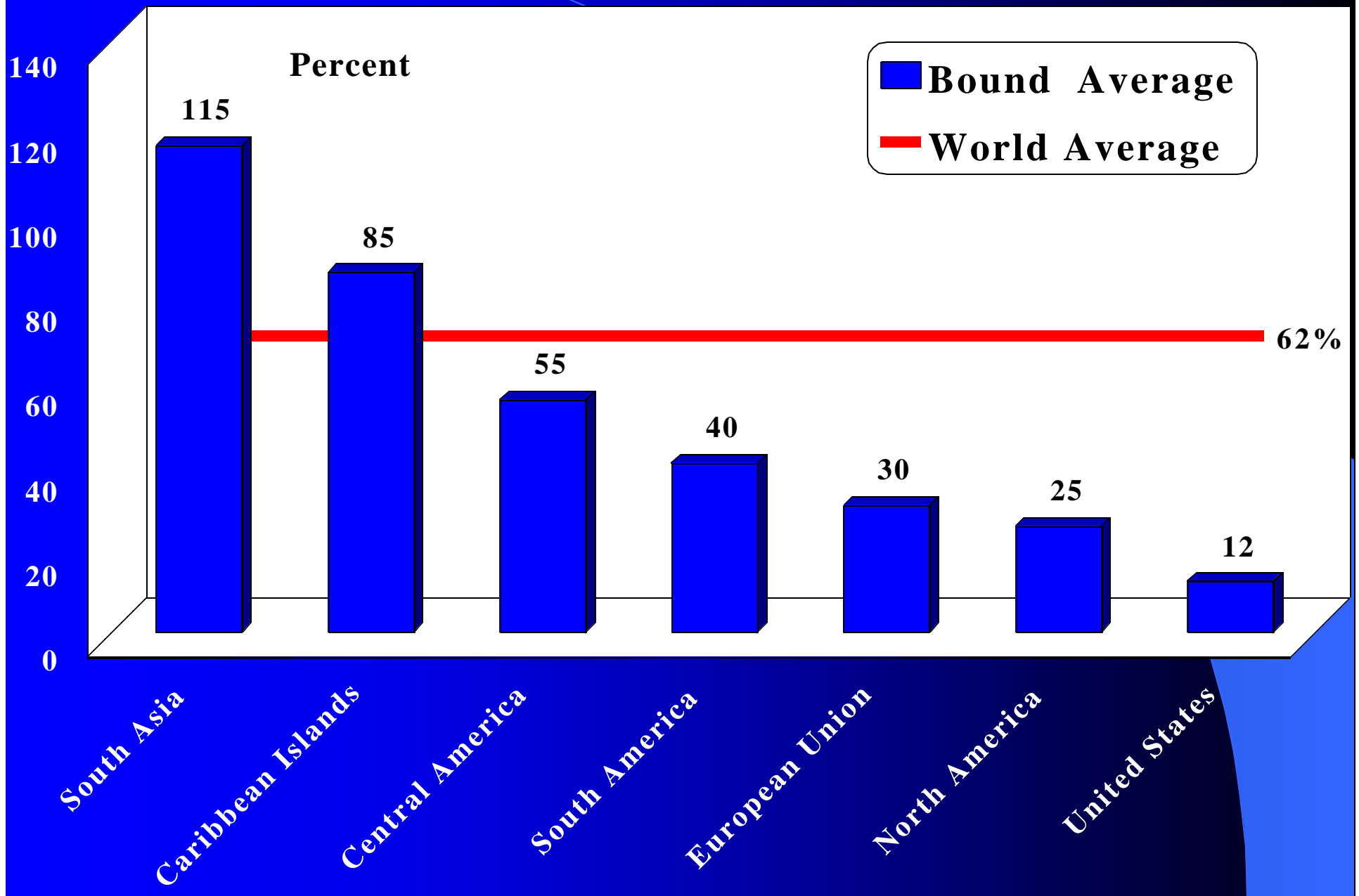
Market Access

U.S. Average Tariff, 1789-2002

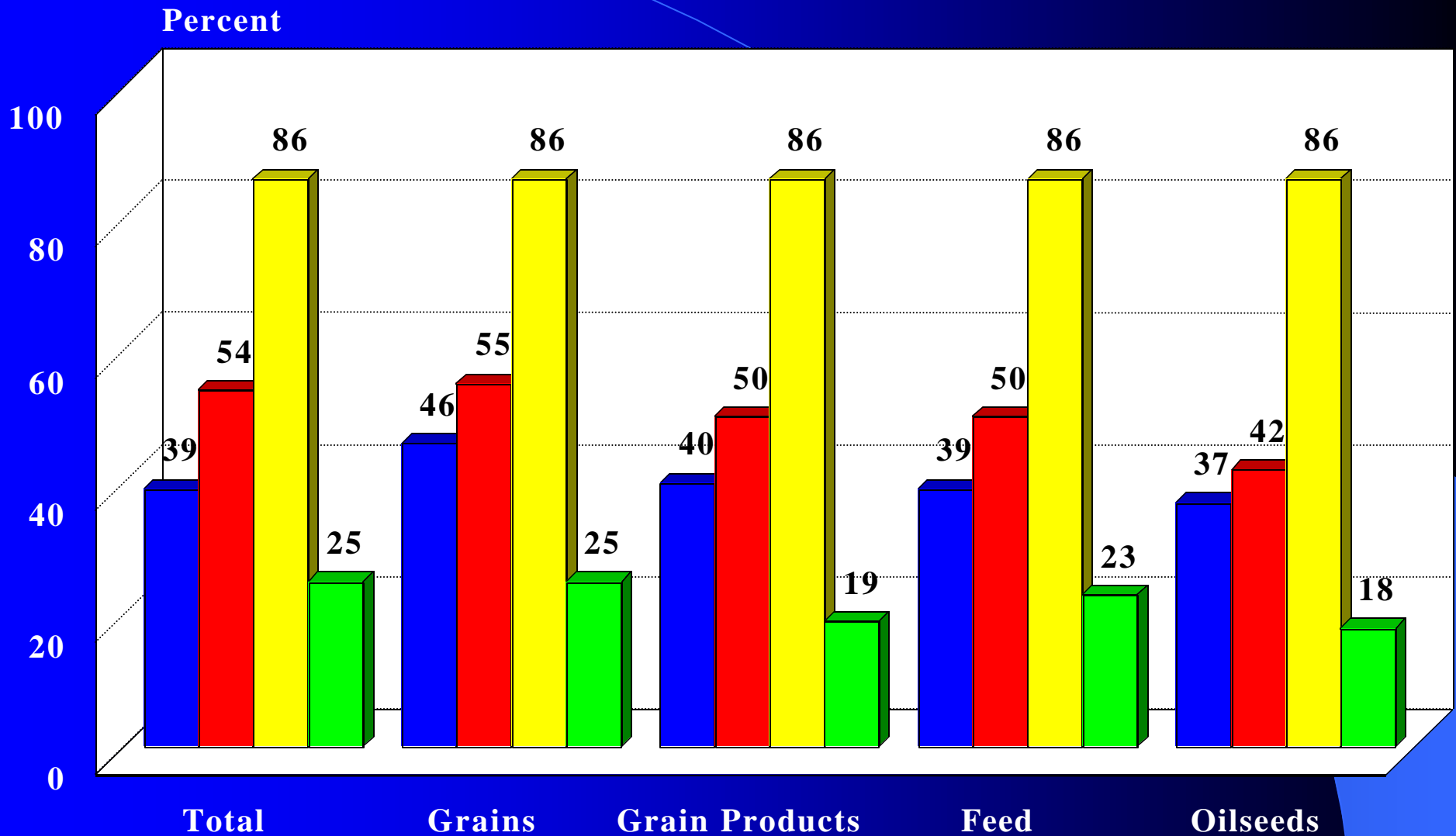


Statistical Abstract of the United States

World Average Agricultural Tariffs, 2000



Bound Tariffs for Selected Products

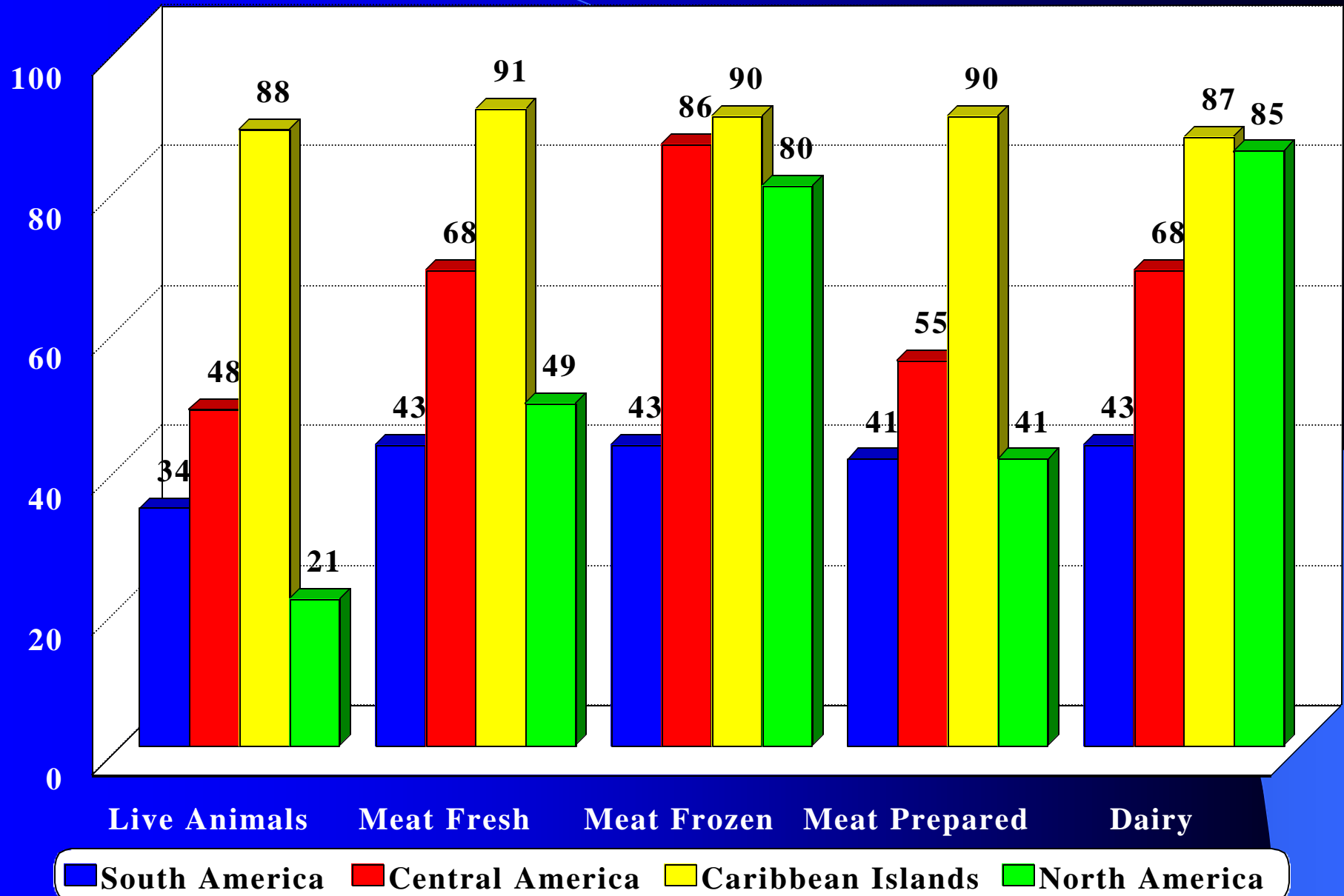


■ South America ■ Central America ■ Caribbean Islands ■ North America

Source: ERS/USDA

Bound Tariffs for Selected Products

Percent



Source: ERS/USDA

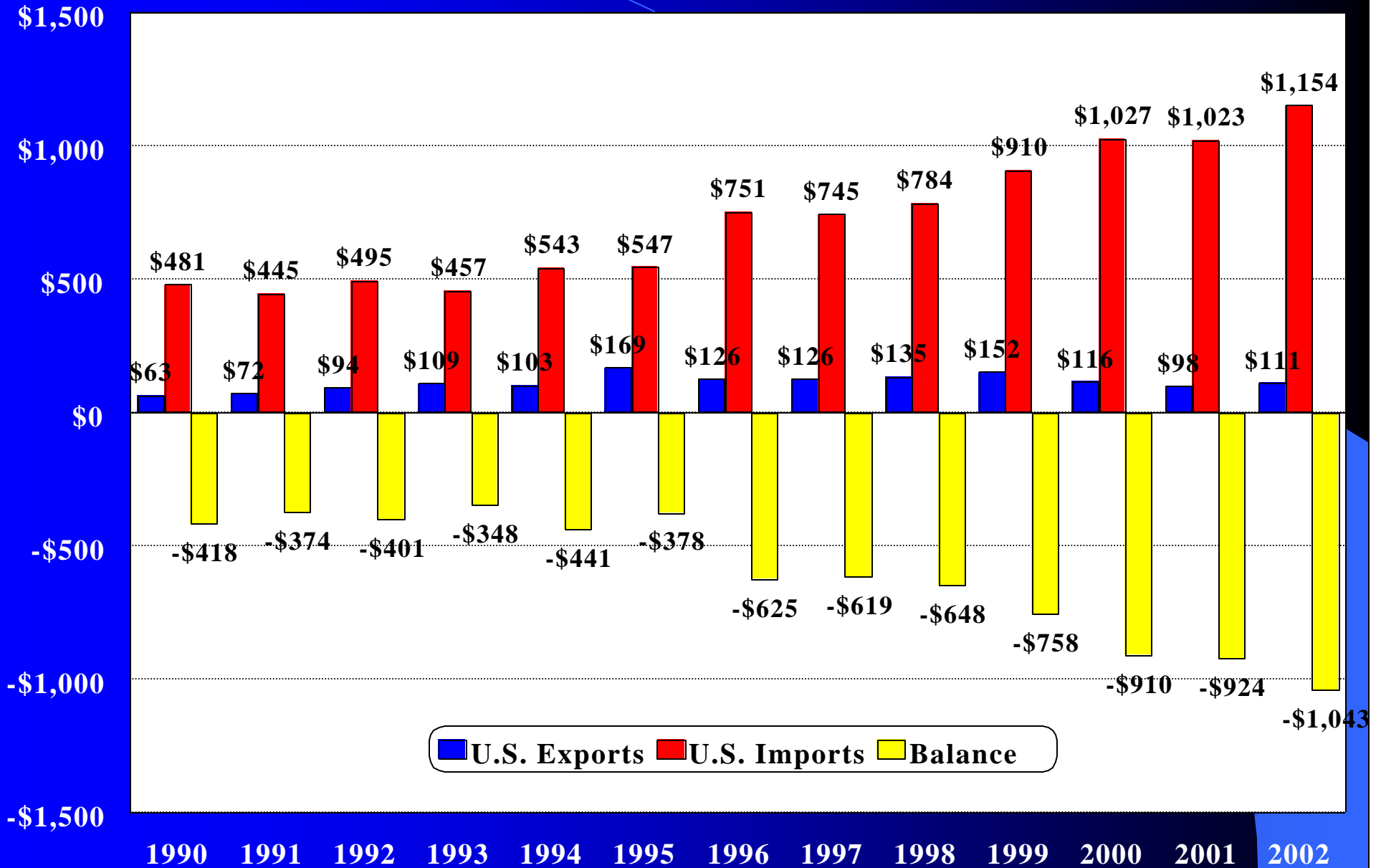
New Agreements

Chile

- **Effective January 1, 2004**
- **Tariffs Eliminated Immediately, or Over 4, 8, 10 or 12 Years**
- ***Chile's Price Band System on Wheat, Vegetable Oils, & Sugar Eliminated***
- ***U.S. Receives Preferential Access Compared to Canada & European Union***
- **U.S. Export Impacts Small (18-52%)**
- **U.S. Import Impacts Small (6-14%)**

U.S.-Chile Agricultural Trade, 1990 - 2002

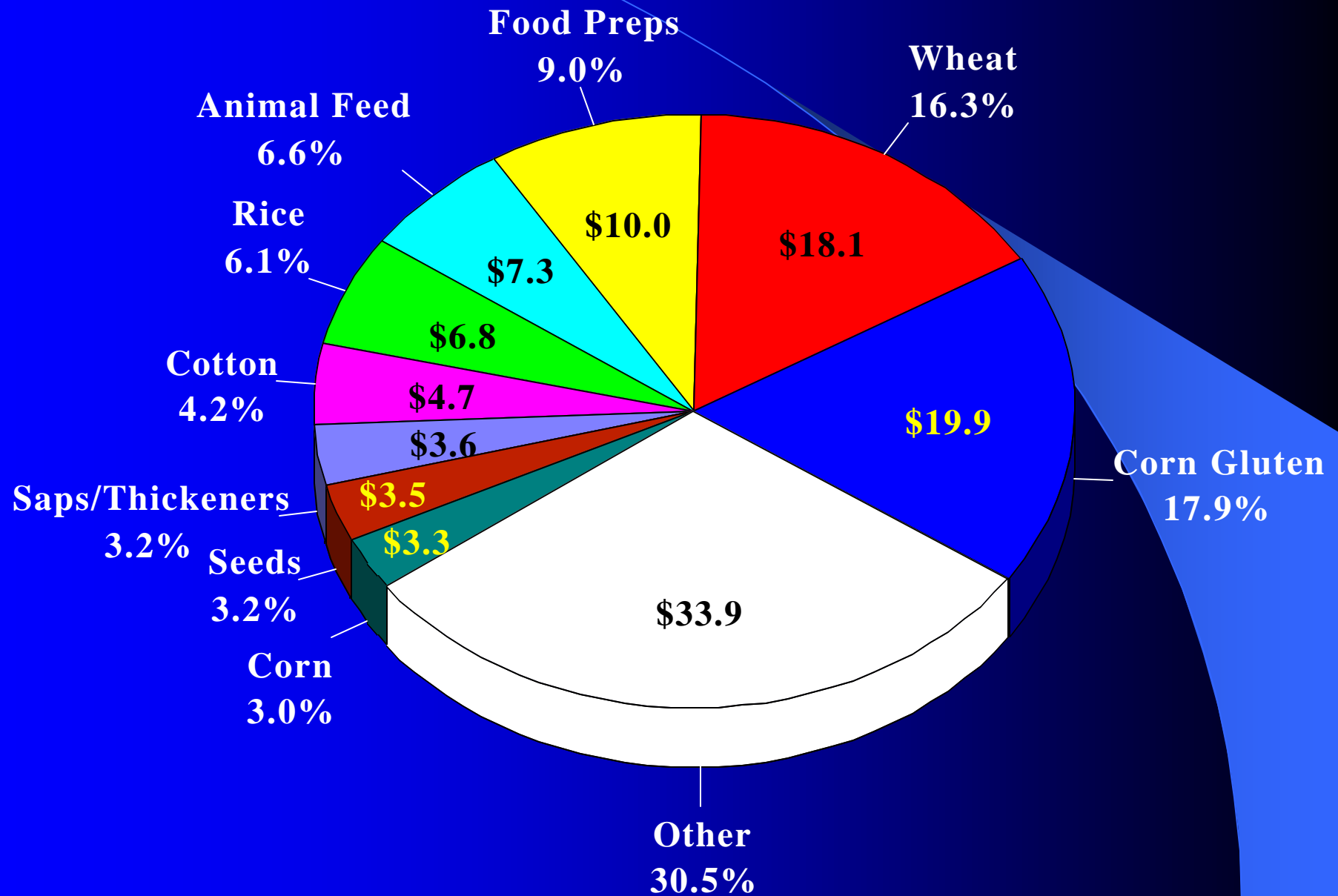
Billion U.S. Dollars



Chile's Access to U.S. Market		
Immediate	4 Years	10 Years
Pork	*Beef, with TRQ	Poultry, with TRQ
Some Fruits	Some Fruits	
Some Vegetables	Some Vegetables	
Some Tree Nuts	Some Tree Nuts	
Wheat		
Corn	8 Years	12 Years
Rice	Some Fruits	Some Fresh Vegetables
Other Grains	Some Vegetables	Dairy, with TRQ
Wheat Flour	Some Processed Foods	Tobacco, with TRQ
Soybeans/Products		Some Sugar/Products, with TRQ
*Cotton		Some Processed Foods
Some Sugar/Products		
U.S. Access to Chile		
Immediate	4 Years	10 Years
Pork	*Beef, with TRQ	Chicken Parts, with TRQ
Fresh Fruits	Chicken, Whole	
Fresh Vegetables	Some Dairy	
Tree Nuts	*Corn (2 Years)	12 Years
Other Grains		Wheat
Soybeans/Products		Rice
*Cotton	8 Years	Wheat Flour
Tobacco	Some Dairy	Vegetable Oils
		Sugar/Products
		Processed Foods

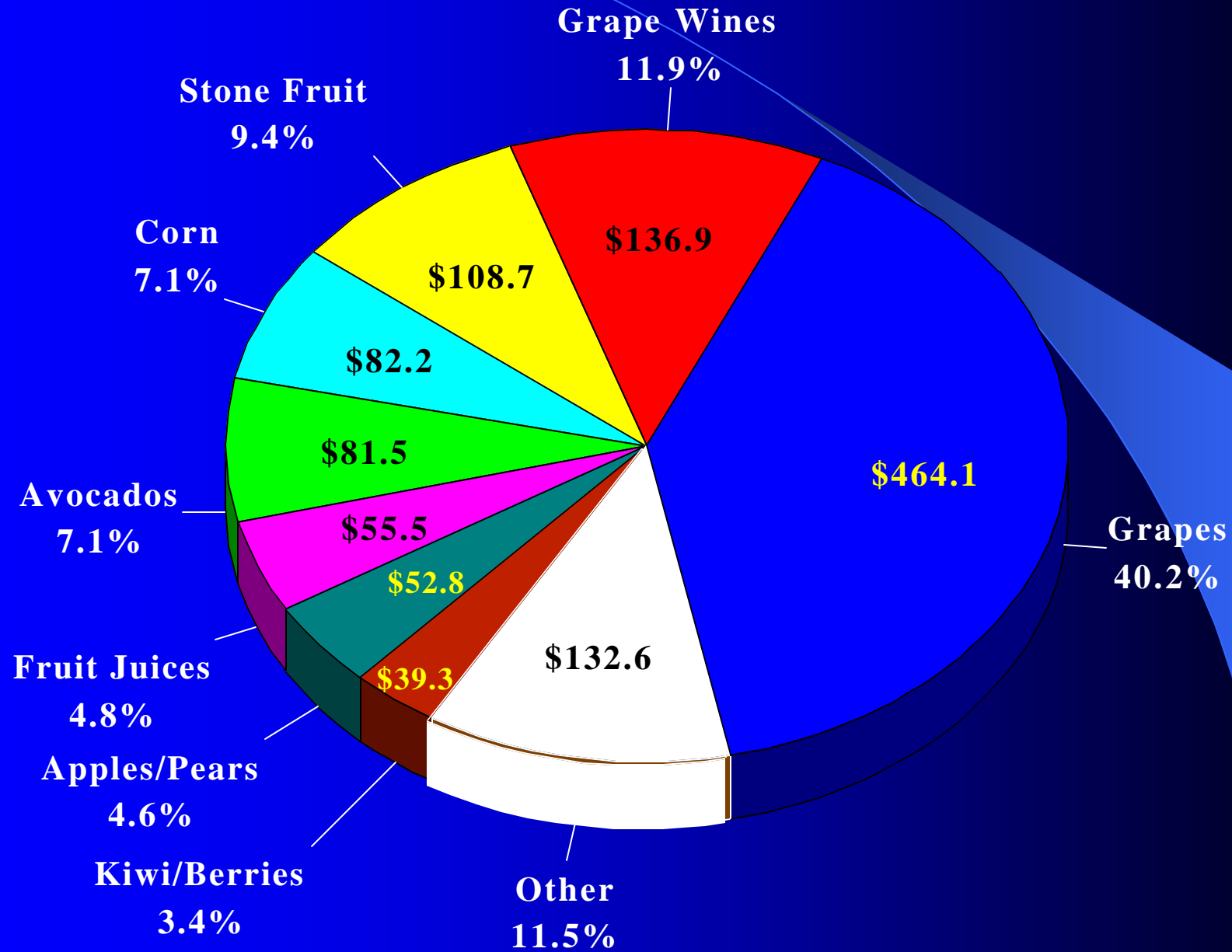
U.S. Agricultural Exports to Chile, 2002

Total: \$111.1 Million



U.S. Agricultural Imports from Chile, 2002

Total: \$1,154 Million



Central America Free Trade Agreement

CAFTA

- WHO so Far? El Salvador, Guatemala, Honduras, Nicaragua
- Costa Rica & Dominican Republic to be Added w/in Months
- About 1/2 of Markets Open to U.S. Agriculture When Implemented (Jan. 2005)??
 - HQ Beef, Cotton, Wheat, Soybeans
- Rest Over 15-20 Years: Pork, Beef, Poultry, *Rice*, Corn, *Dairy*

CENTRAL AMERICA



Mexico

Belize

Houston,
1,300 Miles
NW

Guatemala

Honduras

Dominican
Republic,
800 Miles
NE

El Salvador

Nicaragua

CARIBBEAN SEA

PACIFIC OCEAN

Costa Rica

North

Panama

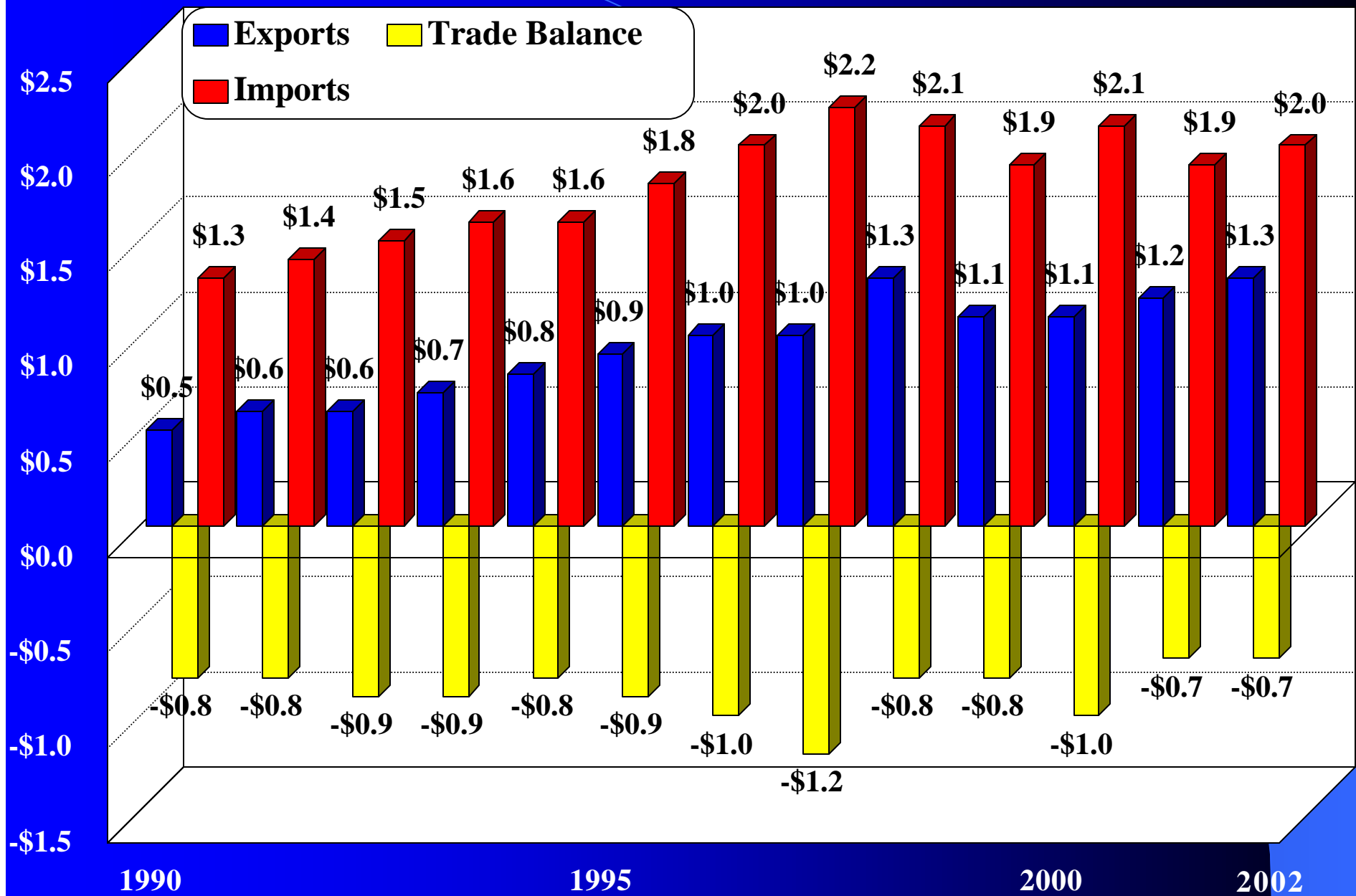
CAFTA Demographics

Country	Pop. (mil)	GDP/ Person	Poverty %	Lit. %	Ag. Pop. %
Costa Rica	3.9	\$8,300	20.6	96	20
El Salvador	6.5	\$4,600	48	80.2	30
Guatemala	13.9	\$3,900	75	70.6	50
Honduras	6.7	\$2,500	53	76.1	34
Nicaragua	5.1	\$2,200	50	67.5	42
Dom. Rep.	8.7	\$6,300	25	84.7	17

Total/Avg 44.8 \$4,633 45.3 79.2 32.2

U.S. Agricultural Trade with Central America

Billion Dollars

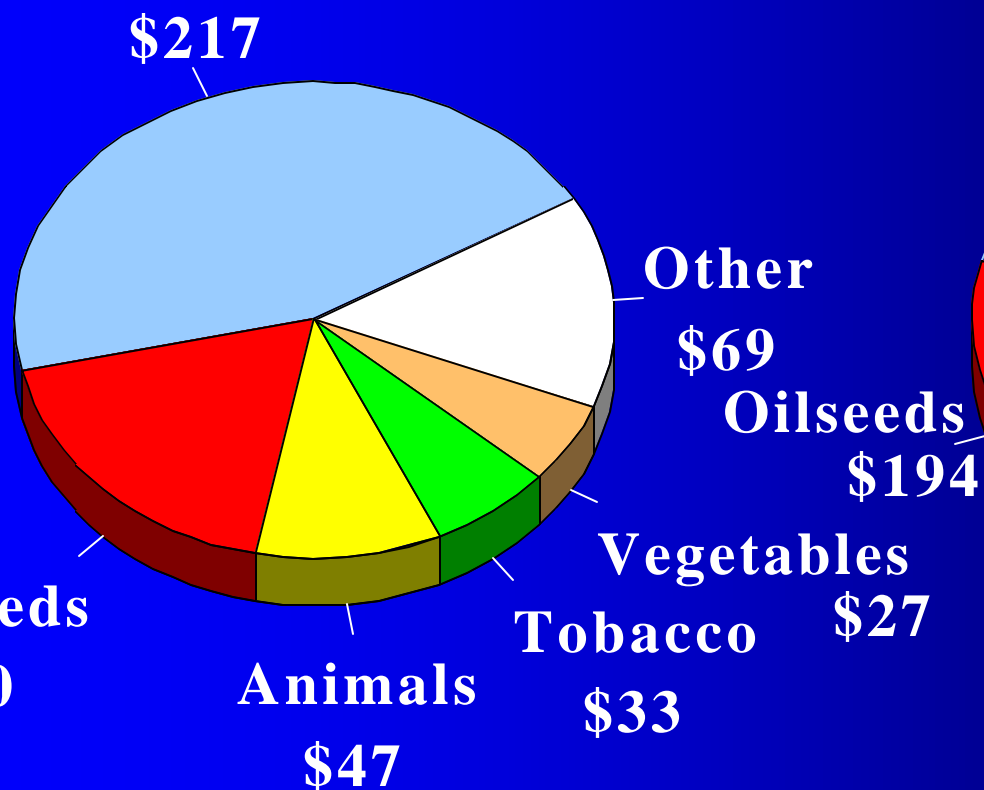


U.S. Agricultural Exports to Central America

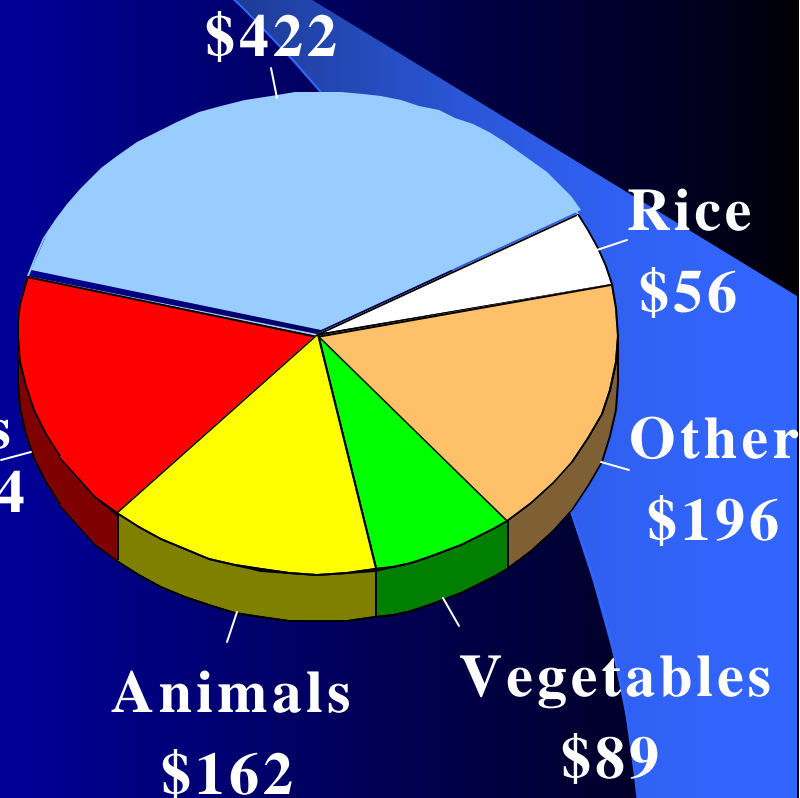
Total, 1990: \$482 million

Total, 2000: \$1118 million

Grains & Feeds

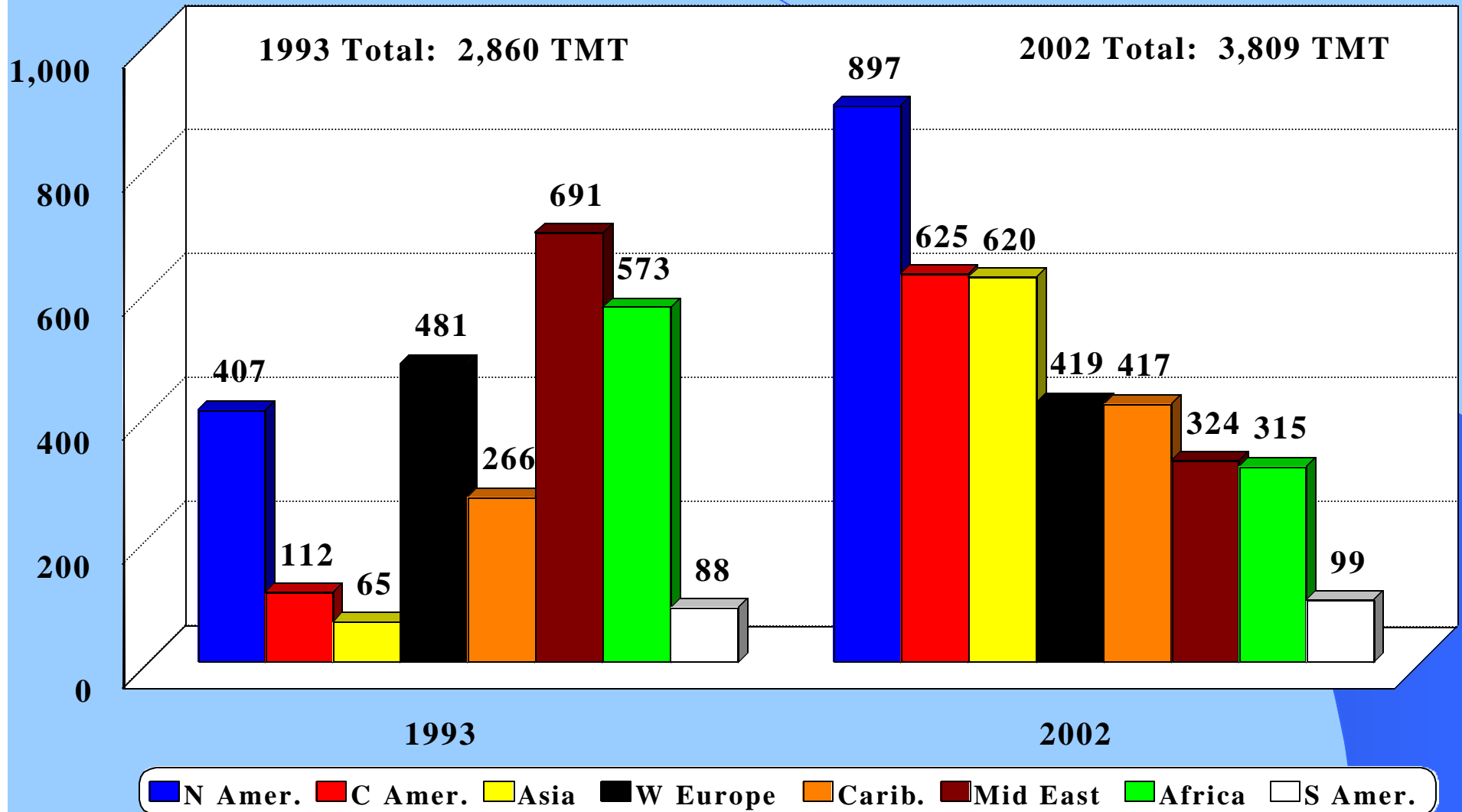


Grains & Feeds



U.S. Rice Exports, 1993 and 2002

Thousand Metric Tons

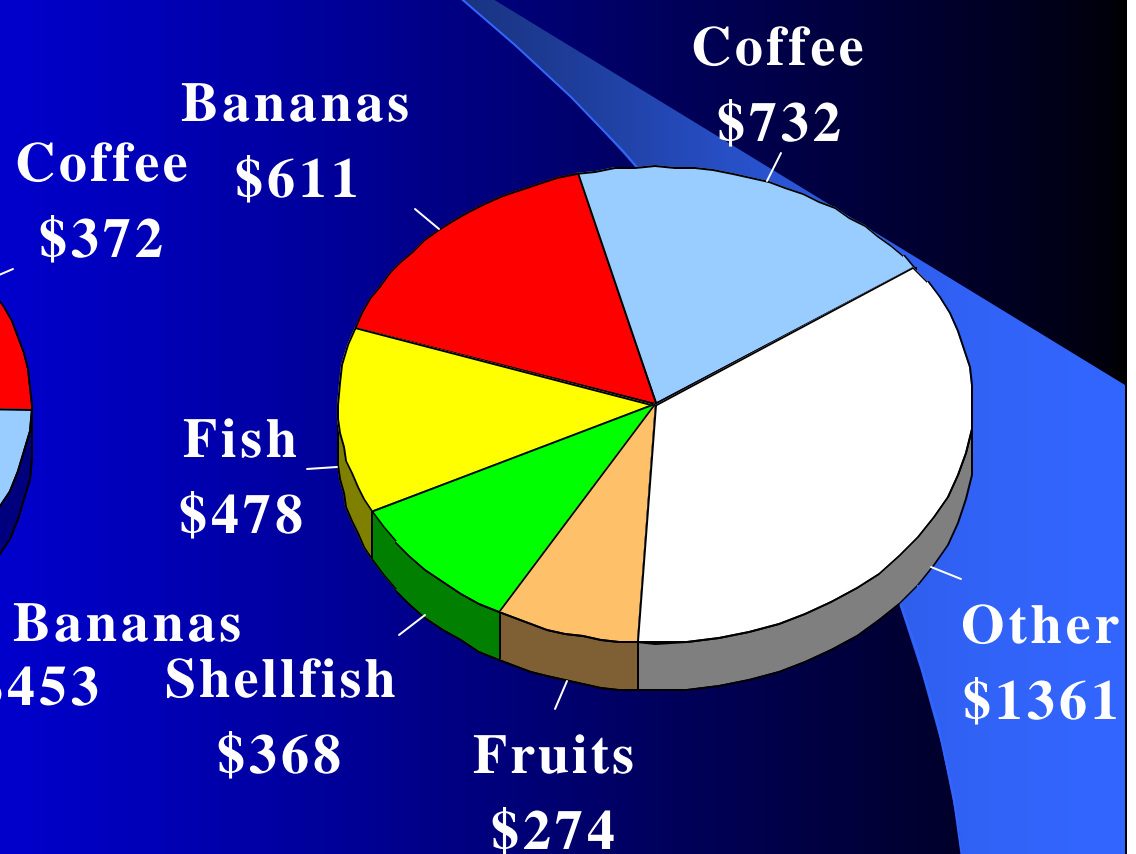
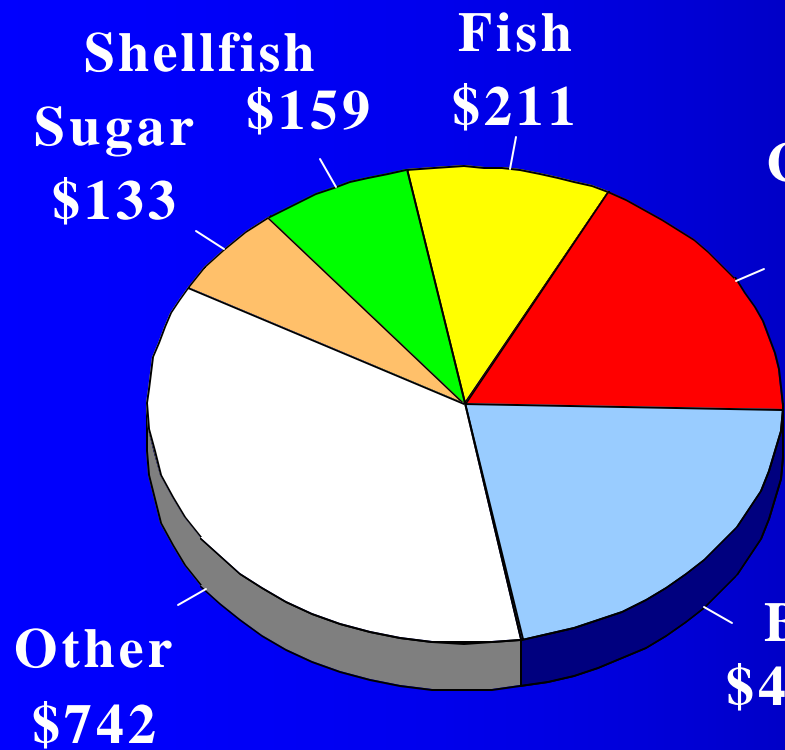


Source: Foreign Agricultural Service, USDA, www.fas.usda.gov/ustrade

U.S. Agricultural Imports from Central America

Total, 1990: \$1699 million

Total, 2000: \$2977 million



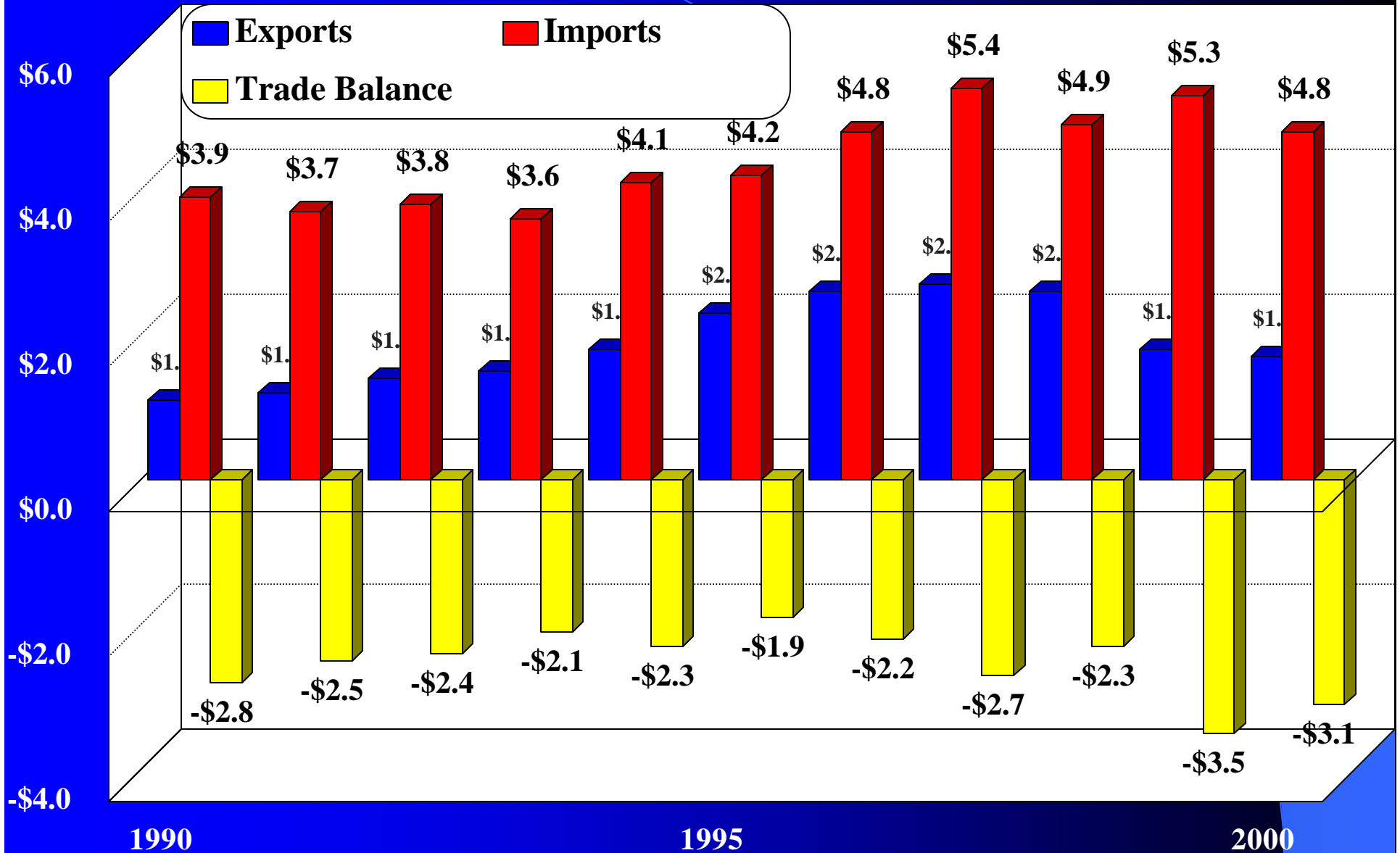
Free Trade Area of the Americas

FTAA

- **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**

U.S. Agricultural Trade with South America

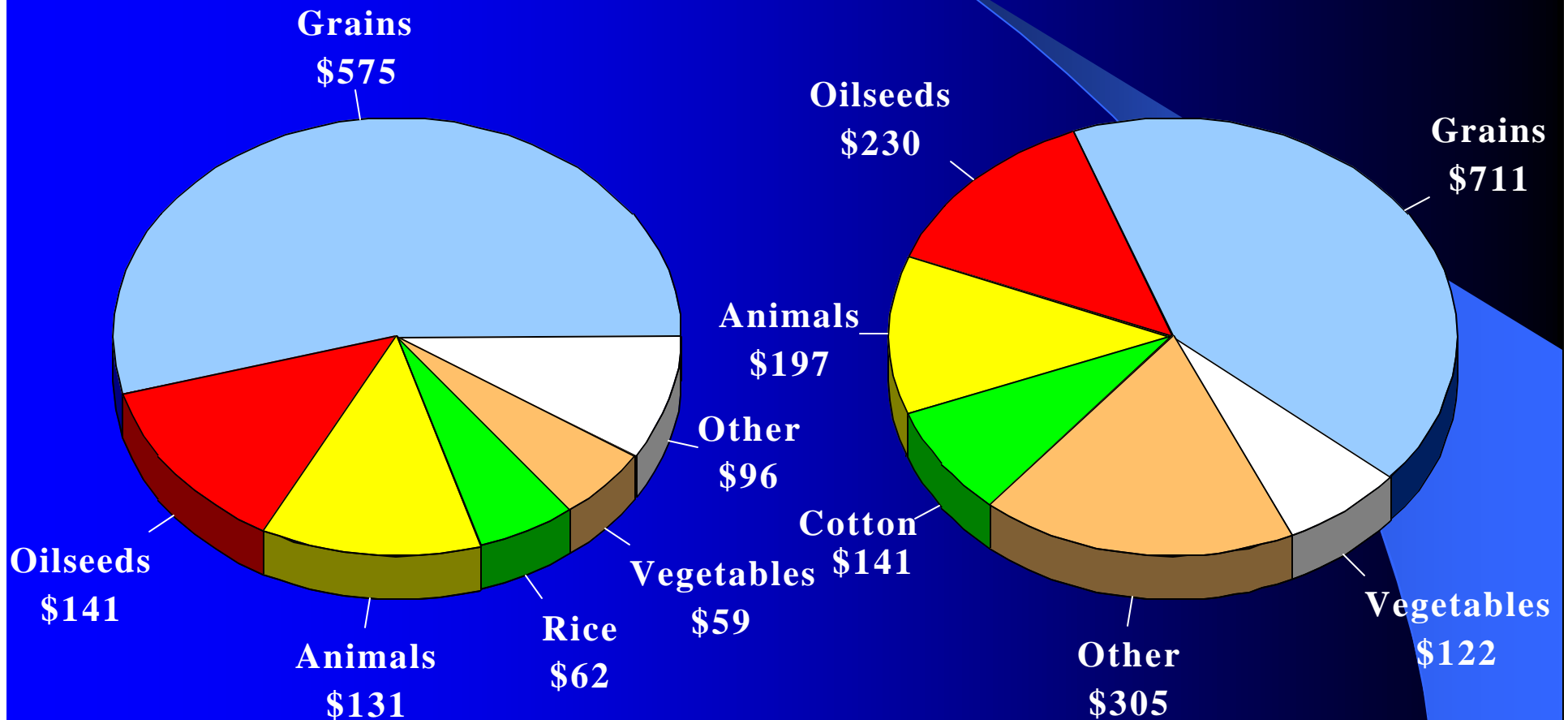
Billion Dollars



U.S. Agricultural Exports to South America

Total, 1990: \$1062 million

Total, 2000: \$1706 million

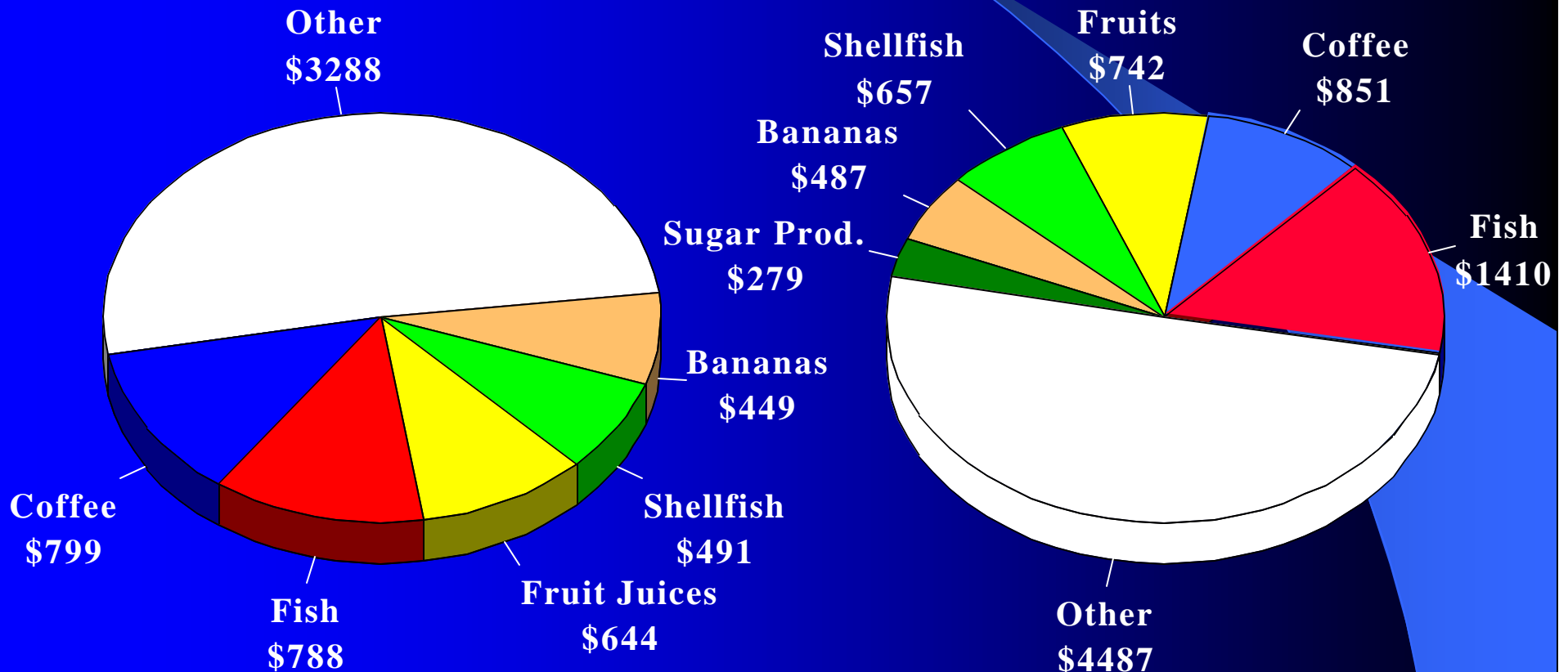


Source: *Foreign Agricultural Trade of The United States* , Calendar Year, USDA/ERS

U.S. Agricultural Imports from South America

Total, 1990: \$5179 million

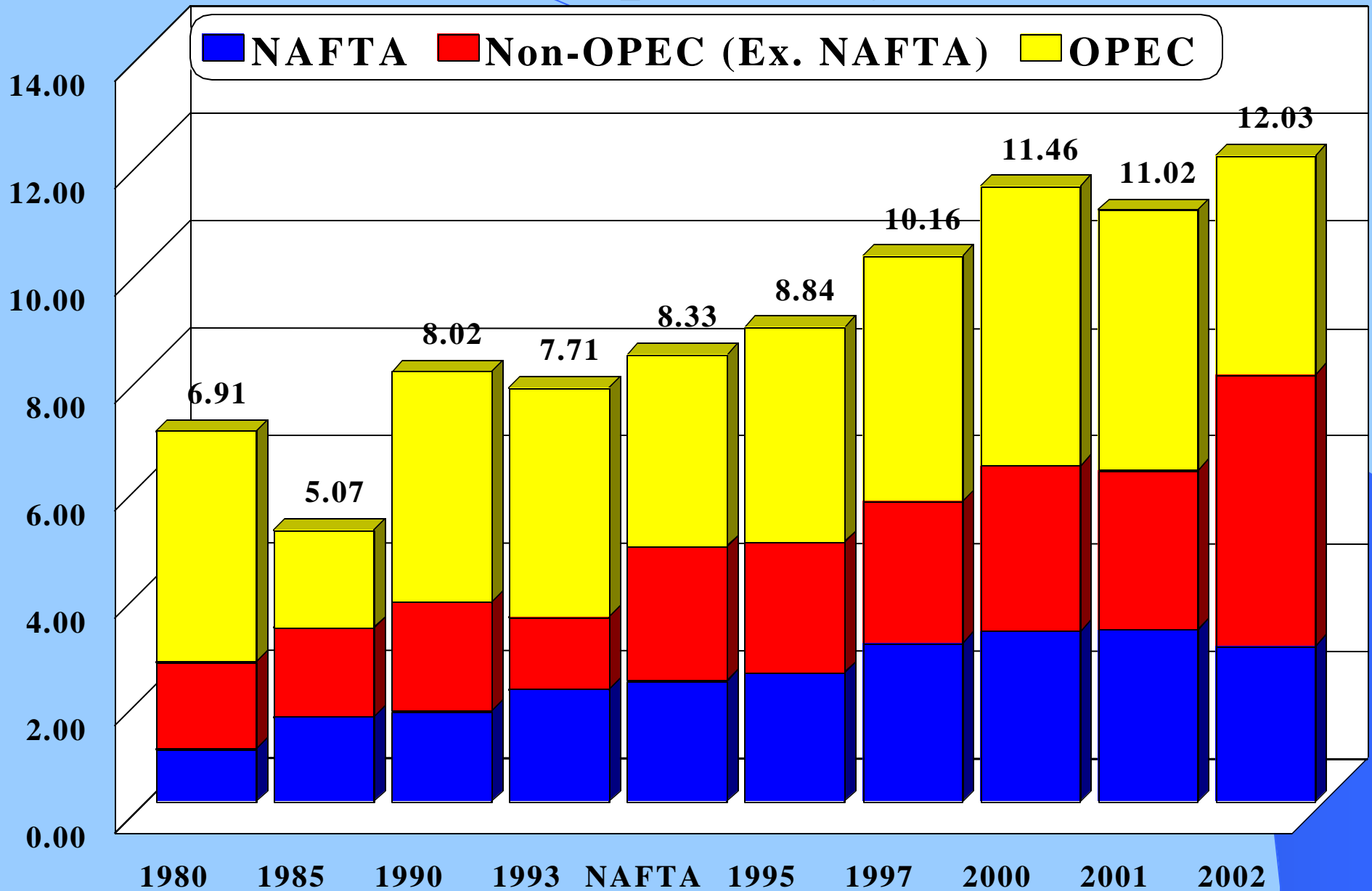
Total, 2000: \$6847 million



Source: *Foreign Agricultural Trade of The United States*, Calendar Year, USDA/ERS

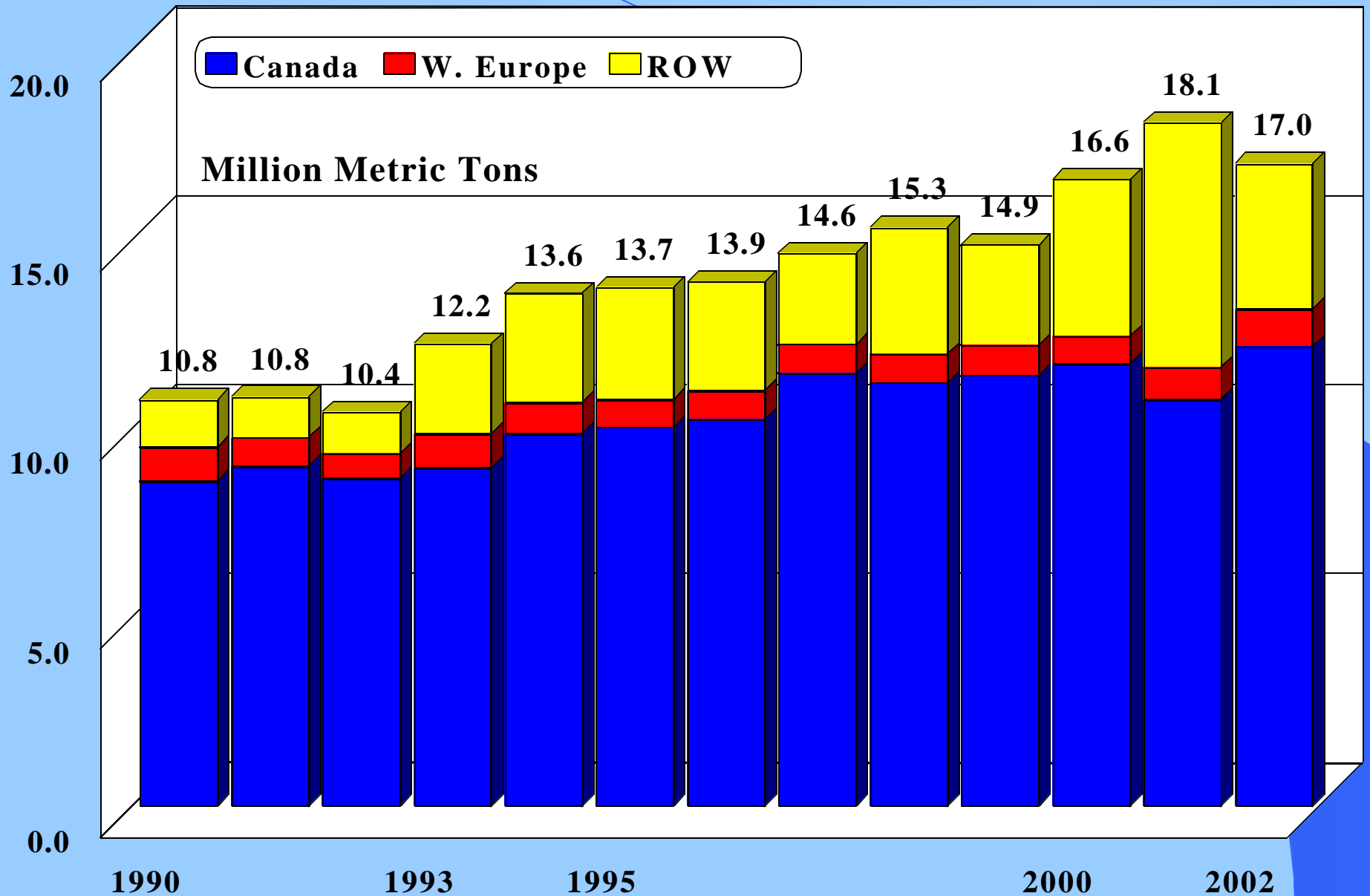
Raw Materials & Inputs

U.S. Oil Imports by Source

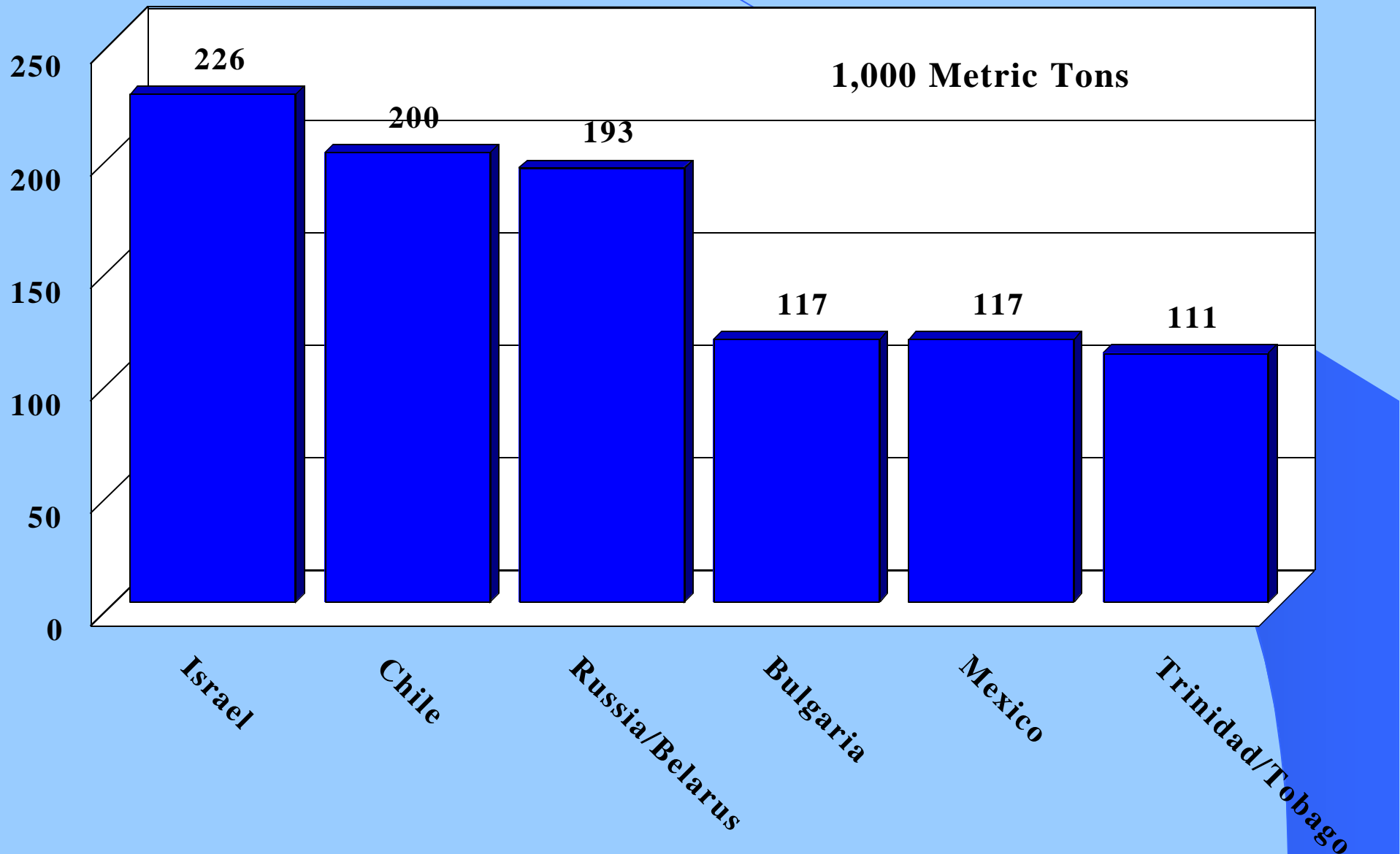


Petroleum Imports by Country of Origin, 1960-2001. USDOE, EIA, Annual & Monthly Reports

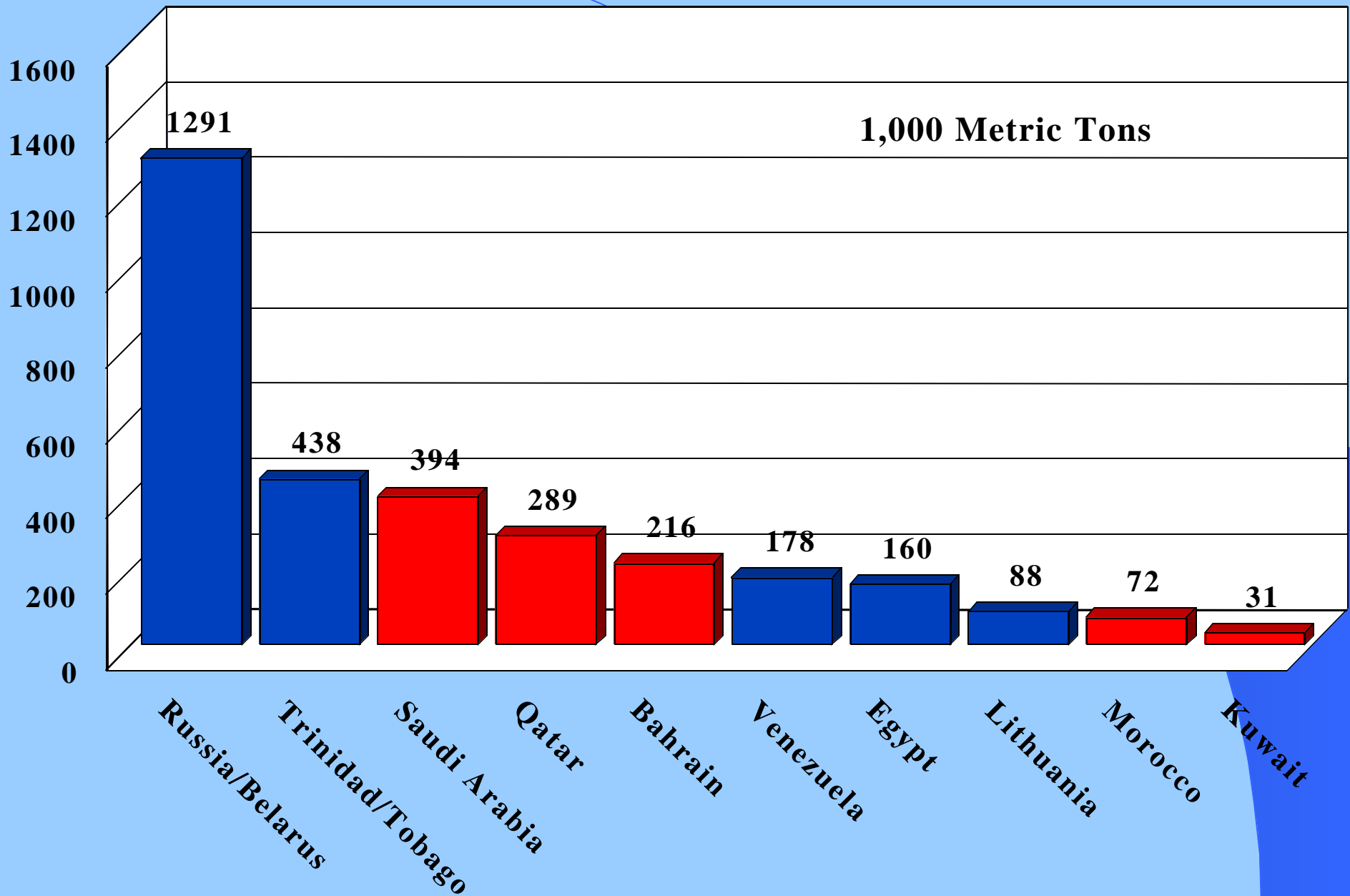
U.S. Fertilizer Imports



U.S. Fertilizer Imports from ROW Annual Average 1990-92



U.S. Fertilizer Imports from Row, 2002



Gains to Trade

The background is a solid blue color with a subtle gradient. A thin, light blue curved line starts from the top left and arcs towards the right. On the right side, there is a dark blue triangular shape that points towards the center, partially overlapping the main blue area.

Exports, Imports, Farm Income

- **U.S. Agricultural Exports to W.H. Countries Up 8% After Full Phase-In to \$600 million**
- **U.S. Agricultural Imports from W.H. Countries Up 6% to \$850 Million**
- **U.S. Farm Income Up \$200 Million/Year**

Sector Impacts

- **More Exports of Corn, Soybeans, Cotton**
- **More Imports/Competition for Sugar, Peanuts, Citrus, Some Vegetables**
- **FTAA Likely to \$4.0 Billion to U.S. GDP/Year**

So What for Texas?

- **More Exports & Potential for Higher Prices**
- **Access to Lower Cost Inputs**
- **More Competition in Some Sectors**
 - **Sugar, Peanuts, Textiles, Maybe Cotton**
 - **Meats-But Sanitary Issues Critical**
 - **Winter Vegetables & Some Fruit Products: SPS Important**
- **Opportunity for Input on Agreements as 'Fast Track' is Implemented**

Issues for Texas

- **Are More Trade Agreements a Desirable Outcome?**
- **Without CAFTA & FTAA, U.S. Market Access Limited**
- **Even with Agreements, No Guarantee of Strong Export Growth**
- **Political & Economic Stability Disrupt Trade**
- **With or Without Agreements, More Trade Disputes Certain**

Center for North American Studies



*“Informed Decisions for Global
Change”*

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