Texas Trade Issues

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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

Million U.S. Dollars

$103.0

Total: $331 Million

<table>
<thead>
<tr>
<th>Product</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>SB Products</td>
<td>$103.0</td>
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<tr>
<td>Corn</td>
<td>$54.3</td>
</tr>
<tr>
<td>Poultry</td>
<td>$51.8</td>
</tr>
<tr>
<td>Wheat</td>
<td>$46.6</td>
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<tr>
<td>Soybeans</td>
<td>$38.3</td>
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<tr>
<td>Rice</td>
<td>$17.6</td>
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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