



Trade and Agriculture **What's at Stake for Delaware?**

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Delaware produces agricultural products that are exported worldwide. In fiscal year 2000, the State's total cash receipts from farming reached \$741 million, and exports were estimated at \$103 million. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation.

Delaware's top agricultural exports in fiscal year 2000 were:

- # poultry and products -- \$64 million
- # vegetables -- \$17 million
- # soybeans and products -- \$14 million
- # wheat and products -- \$8 million

World demand for agricultural, fish, and wood products is increasing, but so is competition among suppliers. If Delaware's industries are to compete successfully for export opportunities in the 21st century, they need *fair trade* and *more open access* to growing global markets.

Delaware Benefits From Trade Agreements

Delaware is already benefitting from a number of trade agreements. While there is still much to be done, examples of market opportunities include:

- # With most of its farm receipts coming from the poultry industry, Delaware benefits under the Uruguay Round agreement because South Korea eliminated its import quotas on frozen chicken in 1997, and is progressively reducing its tariffs to between 18 and 20 percent by 2004. These market-opening steps supported a rise in U.S. poultry exports to South Korea from 22,000 tons valued at \$28 million in 1996 to 83,000 tons valued at \$52 million in 2000. The Philippines opened a tariff rate quota for poultry meat of 16,701 tons in 1998, which will reach 23,500 tons by 2004. This arrangement permitted U.S. poultry exports to rise from 2,700 tons valued at \$3 million in 1997 to 17,000 tons valued at \$14 million in 2000.

Under the North American Free Trade Agreement, Mexico converted its import licensing regime for chilled and frozen poultry to a transitional tariff rate quota that will be phased out by 2003. From 1993 to 2000, U.S. poultry exports to Mexico rose from 164,000 tons valued at \$188 million to 281,000 tons valued at \$243 million.

With soybeans and products its third largest farm export, Delaware benefits under the Uruguay Round agreement as South Korea reduces its tariffs on soybean oil by 14.5 percent from 1995 to 2004. The tariff reduction has supported a threefold increase in export volume, with total sales reaching \$32 million in 2000. The Philippines is reducing its tariffs on soybean meal from 10 to 3 percent during the same period. This tariff reduction has supported a 40-percent increase in U.S. soybean meal exports that topped \$160 million in 2000.

Delaware benefitted from limits set on subsidized wheat exports as a result of the Uruguay Round agreement. These limits influenced the European Union's decision to change its Common Agricultural Policy, ultimately lowering internal EU market prices to world price levels. As a result, annual EU wheat exports dropped from 22 million tons to about 14 million tons as lower market prices stimulated domestic use, and annual EU wheat imports jumped from 1.5 million tons to 4.5 million tons as the levied margin of protection fell. This translates to an 11-percent reduction in global export competition and a 3-million-ton increase in the EU market, half of which is supplied by the United States.

Under the North American Free Trade Agreement, Mexico eliminated import licensing for wheat and is phasing out tariffs. Since 1994, average annual U.S. wheat exports to Mexico have more than doubled, from 20 million bushels to nearly 50 million bushels. In 2000, exports reached 66 million bushels valued at \$200 million.