Trade and Agriculture
What's at Stake for Oregon?

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Oregon produces agricultural products that are exported worldwide. In 2000, the State's cash receipts from farming totaled $3.0 billion, and exports were an estimated $672.3 million. These exports help boost farm prices and income, while supporting about 8,700 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are increasingly important to Oregon's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 20 percent in 2000.

Oregon's top five agricultural exports in 2000 were:

- vegetables – $162.1 million
- fruits -- $112.3 million
- planting seeds – $144.2 million
- wheat and products – $57.1 million
- tree nuts – $25.2 million

World demand for these products is increasing, but so is competition among suppliers. If Oregon's farmers, ranchers, and food processors are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *more open access* to growing global markets.

Oregon Benefits From Trade Agreements

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

- Oregon, the sixth largest vegetable producer in the nation, benefits under the Uruguay Round as Japan, South Korea, and Thailand lower their tariffs on sweet corn. By 2004, Thailand will reduce its tariffs on canned and frozen sweet corn to 30 and 40 percent, and Korea will reduce its tariffs on frozen sweet corn from 60 to 54 percent. Japan reduced its tariffs on frozen sweet corn from 12.5 percent in 1995 to 10.6 percent in 2000. Supported by lower tariffs, U.S. frozen sweet corn exports to Japan increased 12 percent to $9 million from 1995 to 2000. Similarly, U.S. canned sweet corn exports to South Korea topped $22 million in 2000, up 120 percent since 1995.

- Oregon benefits under the North American Free Trade Agreement as Mexico phases out its in-quota tariff rate on frozen potatoes (initially at 15 percent in 1993) by 2003. At the same time, a special safeguard tariff rate quota of 1,800 tons will grow at a compound annual rate of 3 percent. These changes support U.S. french fry exports to that country, which rose from $9.6 million in 1994 to $21.9 million in 2000.

- Oregon, the fourth largest fruit producing state, benefitted under the North American Free Trade Agreement as Mexico eliminated its tariffs on fresh U.S. pears, quinces, plums, prunes, and apricots in 1998. U.S. exports of pears and quinces rose from $26.6 million in 1998 to $42.2 million in 2000. U.S. exports of fresh plums and prunes rose from $3.5 million to $4.4 million during the same period.

- Under the Uruguay Round agreement, Japan lowered its tariff on blueberries from 10 percent to 6 percent. As a result, U.S. exports of fresh wild and cultivated blueberries rose from zero to $6 million in 2000.

- Under the Uruguay Round agreement, the European Union reduced tariffs on wine by 20 percent, and Japan reduced its tariffs by 15 to 21.3 percent. Supported by lower tariffs, U.S. wine exports to the EU rose more than threefold from its 1995 level, reaching $293 million in 2000. Likewise, U.S. wine exports to Japan doubled during the same period, reaching $66 million. Under the 1989 U.S.-Canada Free Trade Agreement, Canada reduced its cost-of-service markup on U.S. wines. U.S. exports of wine and products to Canada rose from $19 million in 1989 to $104 million in 2000.

- Oregon, a large wheat producer, 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.