



## *Trade and Agriculture* **What's at Stake for Pennsylvania?**

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Pennsylvania produces agricultural products that are exported worldwide. In 2000, the State's cash receipts from farming totaled \$4.0 billion, and exports were estimated at \$620 million. These exports help boost farm prices and income, while supporting about 8,900 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are increasingly important to Pennsylvania's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 15 percent in 2000.

Pennsylvania's top five agricultural exports in 2000 were:

- # live animals and red meats – \$181.7 million
- # dairy products – \$58.5 million
- # poultry and products – \$58.1 million
- # hides and skins – \$41.4 million
- # feed grains and products – \$38.7 million

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

### **Pennsylvania Benefits From Trade Agreements**

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

- # Pennsylvania benefitted under the North American Free Trade Agreement when Mexico converted its import licensing system for corn to a transitional tariff rate quota that remains in effect until 2008. Under this system, the volume of U.S. corn exports to Mexico has nearly tripled since 1994, reaching 197 million bushels valued at \$486 million in 2000. Under the Uruguay Round agreement, the Philippines converted its import ban on corn to tariffs. This change helped support additional demand for 51 million bushels of U.S. corn from 1995 to 2000.
- # As one of the nation's larger commercial apple producers, Pennsylvania benefits under the U.S.-Israel Agreement on Trade in Agricultural Products as Israel expands access to its apple market from 1,600 tons (duty-free quota) in 1995 to 1,855 tons in 2001.

# Pennsylvania, a major supplier of processed meats, benefits under the Uruguay Round agreement because South Korea eliminated its import quotas on frozen chicken (whole and parts) 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.