



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

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Minnesota is one of the leading producers of agricultural products and a major exporter. The State's farm cash receipts totaled \$7.4 billion in 2002. Minnesota ranked seventh among all 50 States in 2002 with agricultural exports estimated at \$2.2 billion. Agricultural exports help boost farm prices and income, while supporting about 32,780 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are increasingly important to Minnesota's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 30 percent in 2002.

Minnesota's top five agricultural exports in 2002 were:

- soybeans and products -- \$625 million
- feed grains and products -- \$ 512 million
- Live animals and red meat -- \$238 million
- wheat and products -- \$203 million
- vegetables -- \$194 million

World demand is increasing, but so is competition among suppliers. If Minnesota'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.

### **Minnesota Benefits From Trade Agreements**

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

- Minnesota, one the nation's largest feed corn producers, benefited under the North American Free Trade Agreement when Mexico converted its import licensing system for corn to a transitional tariff-rate quota which will remain in effect until 2008. Under this new system, the volume of U.S. corn exports to Mexico has risen over 42 percent since 1994, reaching 120 million bushels valued at \$585 million in 2002. Under the Uruguay Round, the Philippines converted its import ban on corn to tariffs. Since then, the United States has exported well over 1 million tons of corn to the Philippines.
- The nation's third largest soybean producer and fourth largest sunflower producer, Minnesota benefits as South Korea reduces its tariffs on soybean oil by

14.5 percent from 1995 to 2004. Thus far, the tariff reduction has supported a three-fold increase in export volume with total sales reaching \$34 million in 2002. The Philippines is reducing its tariffs on soybean meal from 10 to 3 percent during the same period. This tariff reduction has supported a 27-percent increase in U.S. soybean meal exports topping \$146 million in 2002. China's accession to the WTO has helped to raise our exports of soybeans fourfold from 1999 to 2002, reaching nearly \$1 billion in 2002.

- Minnesota benefited under the Uruguay Round as Japan, 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. canned sweet corn exports to Japan topped \$52 million in 2002, up 24 percent since 1995. U.S. canned sweet corn exports to Korea hit \$14 million in 2002, up 40 percent from 1995.