



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

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Arizona is an important producer and exporter of agricultural products. In 2008 the State's cash farm receipts totaled \$3.5 billion. As for exports, Arizona shipped an estimated \$660 million in agricultural products in 2008. Agricultural exports help boost farm prices and income, while supporting about 7,644 jobs both on and off the farm in food processing, storage, and transportation. Exports remain important to Arizona's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 18 percent in 2008.

Arizona's top agricultural exports in 2008 were:

- cotton -- \$148 million
- wheat and products-- \$103 million
- vegetables and preparations -- \$100 million
- live animals and meat -- \$62 million
- fruits and preparations -- \$44 million

World demand for these products is increasing, but so is competition among suppliers. If Arizona'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.

### **How Trade Agreements Benefit Arizona Agriculture**

Arizona's cattle and calf industry accounts for nearly 20 percent of the state's farm cash receipts. Arizona agriculture has benefited as some of the top international markets significantly reduced tariffs on cattle and beef. Under the NAFTA, Mexico eliminated its 15 percent tariff on live slaughter cattle, its 20-percent tariff on chilled beef, and its 25 percent tariff on frozen beef. Mexico is one of the fastest growing markets for U.S. beef. U.S. beef exports to Mexico rose from the 1993 pre-NAFTA level of 39,000 tons valued at \$116 million to 207,000 tons valued at \$596 million in 2002.

Under the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), Arizona's vegetable industry will benefit. Under the FTA, Australia will immediately eliminate a 5-percent duty on U.S. vegetable exports including potatoes (fresh, dried and flakes), sweet corn (frozen and canned), and spinach. From 2001 through 2003, U.S. suppliers annually shipped on average \$21.5 million worth of vegetable and vegetable products to Australia.

## **Export Success Stories**

An Arizona citrus company recently participated in a Western U.S. Agricultural Trade Association (WUSATA) sponsored trade mission to Chile. This company has initial expectations of selling about \$50,000 of Arizona grapefruit in 2005 but is very confident that "after the first year the volume will grow exponentially...."

As a result of U.S. Wheat Associates marketing efforts, the largest durum mill in Switzerland purchased its very first cargo of U.S. Desert Durum during 2003. This purchase followed USWA-sponsored durum trade team visit to Arizona and several years of relationship building efforts.