



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

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Georgia is an important producer of agricultural and wood products exported worldwide. In 2002, the State's cash farm receipts totaled \$4.5 billion. Georgia ranked 17th among all 50 States in 2002 in the value of its agricultural exports, estimated at \$1 billion. Agricultural exports help boost farm prices and income, while supporting 14,900 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports remain vital to Georgia's agricultural and statewide economy. The State's reliance on agricultural exports was 23 percent in 2002.

Georgia's top five agricultural exports in 2002 were:

- # poultry and products -- \$264 million
- # cotton and linters -- \$219 million
- # peanuts and products -- \$102 million
- # tobacco -- \$75 million
- # live animals and meat -- \$49 million

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

Georgia Benefits From Trade Agreements

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

- # As one of the nation's leading poultry producers, Georgia 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 to 20 percent by 2004. These market-opening steps supported a rise in U.S. poultry exports to Korea from 22,000 tons valued at \$28 million in 1996 to 120,000 tons valued at \$79 million in 2002. The Philippines opened a tariff-rate quota for poultry meat of 16,701 tons in 1998, which will reach up to 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 over 17,000 tons valued at \$14 million in 2002. Under the North American Free Trade Agreement, poultry products, except leg quarters, thighs, and drumsticks, are imported duty-free as tariff-rate quotas were eliminated on Jan. 1, 2003. The safeguard measure agreement between the United States and Mexico places a tariff-rate quota on leg quarters, thighs, and drumsticks until 2007. From 1993 to

2001, U.S. poultry exports to Mexico rose from 164,000 tons valued at \$188 million to 280,000 tons valued at \$258 million. U.S. exports to Mexico in 2002 were hampered by outbreaks of avian influenza and exotic Newcastle disease within the United States. Under the 1999 U.S.-China Agricultural Cooperation Agreement, China accepts all poultry meat that is certified wholesome by USDA. Since 1999, direct exports of U.S. poultry meat rose from 77,000 tons valued at \$48 million, to more than 100,000 tons valued at \$49 million.

- # As a major cotton producer, Georgia benefits under NAFTA with new rules of origin that increase demand for U.S. textiles in Canada and Mexico. Mexico's 10-percent tariffs on cotton have been eliminated. This tariff reduction supports U.S. cotton exports to Mexico, which rose from 558,000 bales to 2.2 million bales from marketing year 1995 to 2002. U.S. industry estimates that the Caribbean Basin Initiative and Africa Growth and Opportunity Act will increase annual cotton sales by 100,000 bales.

- # Under the Uruguay Round, Georgia benefits as Japan lowered its tariff on blueberries from 10 to 6 percent, U.S. exports of fresh wild and cultivated blueberries rose from \$2 million in 1998 to \$7 million in 2002.