Trade and Agriculture
What's at Stake for Illinois?

U.S. Department of Agriculture
Foreign Agricultural Service
September 2003

Illinois is an important producer and exporter of agricultural products. In fiscal year 2002, the State's cash farm receipts totaled $7.3 billion. Illinois ranked second among all 50 states in 2002 with agricultural exports estimated at $3.3 billion. Agricultural exports help boost farm prices and income, while supporting about 49,170 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports remain important to Illinois' agricultural and statewide economy. The State's reliance on agricultural exports was 45 percent in 2002.

Illinois' top five agricultural exports in fiscal year 2002 were:

soybeans and products -- $1.2 billion
feed grains and products -- $1.1 billion
live animals and red meats -- $274 million
feed and fodders -- $56 million
seeds -- $49 million

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

Illinois Benefits From Trade Agreements

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

Illinois is the nation's second largest soybean producer, and the state benefits under the Uruguay Round agreement 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 threefold 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 that topped $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 the latest year.

Illinois, the nation's largest feed corn producer, benefited under the NAFTA when Mexico converted its import licensing system for corn to a transitional tariff-rate quota that will remain in effect until 2008. Under this 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 agreement, 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.

Illinois benefited as some of the top international markets significantly reduced tariffs on chilled and frozen beef. In 2001, South Korea eliminated its import quotas on chilled and frozen beef, and will reduce its tariffs to 40 percent by 2004. Supported in part by these changes, South Korea=s imports of U.S. beef rose from 60,000 tons valued at $227 million in 1994 to 213,000 tons worth $610 million in 2002.

Under the North American Free Trade Agreement (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. Its 20-percent tariff on beef offal was eliminated in 2003. Mexico has been one of the fastest growing market for U.S. beef, supported in part by the elimination of tariff barriers. 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.