



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

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Maryland's agricultural goods are exported worldwide. In 2008, the State's farm cash receipts totaled \$1.9 billion, and its agricultural exports were estimated at \$529 million. Agricultural exports help boost farm prices and income, while supporting about 6,127 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are increasingly important to Maryland's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 28 percent in 2008.

Maryland's top agricultural exports in 2008 were:

- poultry and products -- \$119 million
- soybeans and products -- \$95 million
- wheat and products -- \$78 million
- feed grains and products -- \$71 million

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

As one of the leading states in poultry production, Maryland benefited under the Uruguay Round agreement when Korea eliminated its import quotas on frozen chicken in 1997, and reduced its tariffs to between 18 to 20 percent by 2004. These steps supported a rise in U.S. poultry to 120,000 tons valued at \$79 million by 2002. The Philippines opened a tariff-rate quota for poultry meat of 16,701 tons in 1998, which rose to 23,500 tons by 2004.

Under the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), all applied import tariffs on U.S. poultry meats that currently range between 30 and 164 percent will be eliminated over 10 to 18 years depending on the product and country. Each country also commits to adopting a "systems approach" to the recognition of the U.S. poultry inspection system, thereby eliminating plant-by-plant inspections and facilitating trade. From 2001 through 2003, U.S. poultry meat suppliers annually shipped on average 65,550 metric tons valued at \$61 million to all six countries combined.

As a soybean producer, Maryland benefits under the Uruguay Round agreement as South Korea reduced 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. The Philippines reduced its tariffs on soybean meal from 10 to 3 percent during the same period. China's accession to the WTO has helped to raise our exports of soybeans to that country by over six fold from 1999 to 2004, surpassing \$2.4 billion this year.

Export Success Stories

The American Soybean Association (ASA) in partnership with USDA and various producer organizations have successfully increased demand for U.S. soybeans and meal in a number of key markets in Asia. In China, ASA's technical assistance has increased demand for soy-based aquafeed; the Chinese aquaculture industry currently uses 3 million metric tons of soybeans, valued at \$616 million, compared to zero a decade ago. ASA's promotion of Full Fat Soybean Meal in Thailand has enhanced the competitiveness of buyers of U.S. soybeans by improving the quality of their product line; it is estimated that the target audience will consume an additional 60,000 metric tons of soybeans valued at \$16 million annually. ASA training programs for Taiwanese tofu and soymilk producers has enabled them to improve the quality and price of their products for high-end consumers; as a result there was a 50 percent growth in the consumption of specialty soybeans between 1997 and 2003 and US soybeans make up almost 98 percent of the food soybean market. ASA's work to distinguish the quality of U.S. dehulled soybean meal has enabled Korean importers to capitalize on the value-added US product, resulting in 79,000 metric tons of exports in 2003, more than triple the 2001 level. Technical training in feeding soyhulls in the swine industry in Malaysia has enhanced the competitiveness of U.S. soybeans and added an estimated \$37 million in US exports.