



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

U.S. Department of Agriculture
Foreign Agricultural Service
September 2009

Michigan is an important producer and exporter of agricultural products. The State's farm cash receipts totaled \$6.6 billion in 2008 and its agricultural exports were estimated at \$1.7 billion. Agricultural exports help boost farm prices and income, while supporting about 19,691 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are important to Michigan's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 26 percent in 2008.

Michigan's top agricultural exports in 2008 were:

- soybeans and products -- \$457 million
- feed grains and products -- \$394 million
- fruits and preparations -- \$145 million
- vegetables -- \$144 million

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

As a soybean producer, Michigan 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 U.S. exports of soybeans to that country by over six fold from 1999 to 2004, surpassing \$2.4 billion this year.

Michigan, a large 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 U.S. – Australian FTA, Michigan's vegetable industry will benefit. Australia's 5-percent tariff would be eliminated on a number of U.S. vegetable exports including

mushrooms, 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

As a major soybean producer, Michigan has benefited from the efforts of the American Soybean Association (ASA), in partnership with USDA, and various producer organizations to increase demand for U.S. soybeans and meal in a number of key markets in Asia. For example, 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 U.S. soybeans make up almost 98 percent of the food soybean market.

As a result of USDA's Technical Assistance for Specialty Crops (TASC) program, the Michigan apple industry began shipping the first Michigan apples to Mexico on February 27, 2004. As of June 2004, approximately 12,000 cartons, valued at \$250,000, have been shipped. In the 2004/2005-season, trade is expected to reach almost \$2.1 million. The breakthrough was a result of the TASC program facilitating cooperation on the part of the concerned parties.