



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

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Montana produces and exports agricultural products worldwide. The State's farm cash receipts totaled \$2.9 billion in 2008. The State's agricultural exports reached an estimated \$1.2 billion in 2008. Agricultural exports help boost farm prices and income, while supporting about 13,899 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are important to Montana's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 41 percent in 2008.

Montana's top five agricultural exports in 2008 were:

- wheat and products -- \$889 million
- feeds and fodders -- \$154 million
- feed grains and products -- \$85 million
- vegetables and preparations -- \$75 million
- seeds -- \$18 million

World demand is increasing, but so is competition among suppliers. If Montana'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 Montana Agriculture

One of the nation's top wheat producers, Montana benefited from limits set on subsidized wheat exports as a result of the Uruguay Round agreement. These limits influenced the European Union's decision to change its Common Agricultural Policy and ultimately lowered internal EU market prices to world price levels. Annual EU wheat exports dropped from 22 million tons to about 14 million tons as lower market prices stimulated domestic use. Meanwhile, annual EU wheat imports jumped from 1.5 million tons to 7 million tons as the levied margin of protection fell. This translates to an 11-percent reduction in global export competition and a 5.5-million-ton increase in EU wheat imports, a third of which is supplied by the United States.

Montana, a 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.

Export Success Stories

Montana's lumber industry benefited from a wood-frame housing construction license signed between China's Ministry of Construction and Tecsun (Suzhou) Homes Co., Ltd., a subsidiary of Federal Tecsun Inc., of the United States. The license helps builders avoid the bureaucratic red tape that was needed in the past to build wood-frame structures. The U.S. wood industry, through activities funded by USDA's Market Access Program, participated extensively in China's building code revision process over the last ten years to gain approval for residential wood-frame construction. The new code should create additional opportunities for exports of U.S. wood-frame construction materials.