



Trade and Agriculture **What's at Stake for New Jersey?**

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New Jersey produces and exports agricultural products. The State's farm cash receipts totaled \$821 million in 2002. New Jersey's agricultural exports were estimated at \$118 million in 2002. Agricultural exports help boost farm prices and income, while supporting about 1,788 jobs both on the farm and off the farm in food processing, transportation, and manufacturing. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 14 percent in 2002.

New Jersey's top agricultural exports in 2002 were:

- vegetables -- \$27 million
- fruits -- \$12 million
- wheat and products -- \$8.3 million
- soybeans and products -- \$8 million

World demand for agricultural products is increasing, but so is competition among suppliers. If New Jersey's industries are to compete successfully for export opportunities in the 21st century, they need *fair trade* and *more open access* to growing global markets.

New Jersey Benefits From Trade Agreements

New Jersey benefits from a number of trade agreements. While there is still much to be done, examples of market opportunities include:

- Under the Uruguay Round, New Jersey 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.
- New Jersey benefited under the Uruguay Round as Thailand cuts tariffs 50 percent on tomato juice and mixed vegetable juices from 1995 to 2004.
- New Jersey benefited from limits set on subsidized wheat exports during the Uruguay Round. These limits influenced the EU's decision to make changes to 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.

- New Jersey has also benefited from NAFTA and could benefit from China's accession to the WTO. Under NAFTA, Mexico eliminated import licensing for wheat and is phasing out tariffs. Since 1994, average annual U.S. wheat exports to Mexico have more than tripled from 23 million bushels to 85 million bushels valued at \$349 million in 2002. China agreed in its WTO accession to lock in tariff rate quotas and lower tariffs, and ends export subsidies B all concessions that provide an opportunity to increase U.S. wheat exports. This should facilitate trade in future years, but has had little impact in the past year or so because of ample domestic production in China.