Trade and Agriculture
What's at Stake for New Mexico?

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New Mexico produces agricultural products that are exported worldwide. In 2002, the State's cash receipts from farming totaled almost $2.3 billion. Exports in 2002 were estimated at $100 million. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 4 percent in 2002.

New Mexico's top five agricultural exports in 2002 were:

- vegetables -- $15.1 million
- wheat and products -- $14.6 million
- cotton – $14.0 million
- feed grains and products -- $12.6 million
- tree nuts -- $11.8 million
- live animals and red meats -- $9.3 million
- feeds and fodders -- $8.0 million

World demand is increasing, but so is competition among suppliers. If New Mexico's farmers, ranchers, and food processors are to compete successfully for opportunities of the 21st century, they need *fair trade* and *more open access* to growing global markets.

New Mexico Benefits From Trade Agreements

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

- New Mexico 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 Mexico 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.

- New Mexico benefited under 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 new 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, 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.