Trade and Agriculture

What's at Stake for Oklahoma?

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Oklahoma produces agricultural products that are exported worldwide. In 2008, the State's farm cash receipts totaled $5.8 billion, and exports were an estimated $1.6 billion. Agricultural exports help boost farm prices and income, while supporting about 18,532 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are increasingly important to Oklahoma's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 27 percent in 2008.

Oklahoma's top five agricultural exports in 2008 were:

- wheat and products -- $860 million
- live animals and red meat -- $261 million
- cotton -- $96
- poultry and products -- $94 million
- feed grains and products -- $80 million

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

Oklahoma, the fifth largest wheat-producing state, 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, ultimately lowering internal EU market prices to world price levels. As a result, annual EU wheat exports dropped from 22 million tons to about 14 million tons as lower market prices stimulated domestic use, and 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 imports, half of which is supplied by the United States.

Under the North American Free Trade Agreement, 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.

As one of the leading states in poultry production, Oklahoma 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.

Export Success Stories

The Oklahoma wheat industry has benefited from the efforts of the U.S. Wheat Associates to market U.S. hard red winter wheat to Nigeria. Currently 90 percent of this wheat variety imported into Nigeria comes from the United States.