Trade and Agriculture
What's at Stake for Utah?

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Utah produces agricultural products that are exported worldwide. In 2002, the State's cash receipts from farming totaled $1.1 billion, and exports were estimated at $254 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 23 percent in 2002.

Utah's top five agricultural exports in 2002 were:

- live animals and red meats -- $72 million
- hides and skins -- $62 million
- wheat and products -- $60 million
- dairy products -- $15 million
- feeds and fodders -- $13 million

World demand for agricultural products is increasing, but so is competition among suppliers. If Utah'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.

Utah Benefits From Trade Agreements
Trade agreements benefit all Americans. The North American Free Trade Agreement and the Uruguay Round Agreement have resulted in annual gains of between $1,260 and $2,040 for the average American family of four. Free trade and open markets provide real benefits: lower prices, more choices, and higher incomes.

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

- Utah benefited as some of the top international markets significantly reduced tariffs on chilled and frozen beef. In 2001, South Korea eliminated its import quotas on chilled and frozen beef, and will reduce its tariffs to 40 percent by 2004. Supported in part by these changes, South Korea's imports of U.S. beef rose from 60,000 tons valued at $227 million in 1994 to 213,000 tons worth $610 million in 2002. Under the North American Free Trade Agreement, Mexico eliminated its 15-percent tariff on live slaughter cattle, its 20-percent tariff on chilled beef, and its 25-percent tariff on frozen beef. Its 20-percent tariff on beef offal was eliminated in 2003. Mexico has been one of the fastest growing markets for U.S. beef, supported in part by the elimination of tariff barriers. U.S. beef exports to Mexico rose from the 1993 pre-NAFTA level of 39,000 tons valued at $116 million to 207,000 tons valued at $596 million in 2002.

- Utah 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.

  Utah 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, lower tariffs, and end 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.