



## *Trade and Agriculture* **What's at Stake for Wisconsin?**

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Wisconsin is a major producer and exporter of agricultural products. In 2002, the State's cash farm receipts totaled \$5.4 billion. Wisconsin ranked 12th among all 50 States in 2001 with agricultural exports estimated at \$1.4 billion. Agricultural exports help boost farm prices and income, while supporting about 20,860 jobs both on and off the farm in food processing, storage, and transportation. Exports remain important to Wisconsin's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 26 percent in 2002.

Wisconsin's top five agricultural exports in 2002 were:

- vegetables -- \$245 million
- dairy products -- \$224 million
- feed grains and products -- \$210 million
- live animals and red meats -- \$194 million
- soybeans and products -- \$147 million

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

### **Wisconsin Benefits From Trade Agreements**

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

- Wisconsin benefited under the Uruguay Round as Japan, Korea, and Thailand lower their tariffs on sweet corn. By 2004, Thailand will reduce its tariffs on canned and frozen sweet corn to 30 and 40 percent, and Korea will reduce its tariffs on frozen sweet corn from 60 to 54 percent. Japan reduced its tariffs on frozen sweet corn from 12.5 percent in 1995 to 10.6 percent in 2000. Supported by lower tariffs, U.S. canned sweet corn exports to Japan topped \$52 million in 2002, up 24 percent since 1995. U.S. canned sweet corn exports to Korea hit \$14 million in 2002, up 40 percent from 1995.

- Wisconsin also benefited under the North American Free Trade Agreement (NAFTA), when Mexico converted its import licensing system for corn to a transitional tariff-rate quota which 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.
- Wisconsin 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 NAFTA, Mexico eliminated its 15 percent tariff on live slaughter cattle, a 20-percent tariff on chilled beef, and a 25 percent tariff on frozen beef. In addition, a 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.
- Wisconsin benefits under the Uruguay Round as Korea reduces its tariffs on soybean oil by 14.5 percent from 1995 to 2004. Thus far, the tariff reduction has supported a three-fold increase in export volume with total sales reaching \$34 million in 2002. The Philippines is reducing its tariffs on soybean meal from 10 to 3 percent during the same period. This tariff reduction has supported a 27-percent increase in U.S. soybean meal exports topping \$146 million in 2002. China's accession to the World Trade Organization has helped to raise our exports of soybeans four-fold from 1999 to 2002, reaching nearly \$1 billion.