



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

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U.S. Department of Agriculture  
Foreign Agricultural Service  
September 2003

Wyoming produces agricultural products that are exported worldwide. In 2002, the State's total cash receipts from farming reached \$889 million and the State's overseas sales were estimated at \$37 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.

Wyoming's top agricultural exports in 2002 were:

- live animals and red meats -- \$9.1 million
- feed grains and products -- \$7.3 million
- feeds and fodders -- \$7.2 million
- wheat and products -- \$5.4 million

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

### **Wyoming Benefits From Trade Agreements**

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

- With a large portion of its farm receipts coming from live animals and meat, Wyoming 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 (NAFTA), Mexico eliminated a 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.

- Wyoming benefited under 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.
- Wyoming 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.
- Wyoming's wheat exports have 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.