

U.S.-CAFTA-DR Free Trade Agreement **Wyoming Farmers Will Benefit.**

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Exports of farm products help boost Wyoming's farm prices and income. Such exports help support about 632 jobs both on and off the farm in food processing, storage, and transportation. In 2003, Wyoming's farm cash receipts were \$874 million, and agricultural exports were estimated at \$44 million, putting its reliance on agricultural exports at 5 percent. Implementation of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) will increase Wyoming's exports of agricultural products.

Wyoming Benefits From the U.S.- CAFTA-DR Free Trade Agreement (FTA)

Despite over \$1.6 billion in U.S. farm exports in 2003, CAFTA-DR countries continue to impose high tariffs and other barriers on most agricultural products, including Wyoming's key exports. A primary U.S. objective was to change the "one-way-street" of duty-free access currently enjoyed by most CAFTA-DR exports into a "two-way-street" that provides U.S. suppliers with access to these markets and levels the playing field with other competitors. This objective was achieved. Over 50 agricultural industry and farm groups, including the American Farm Bureau support the FTA.

Beef. With cattle and calve operations the top source of farm cash receipts at over \$630 million, Wyoming cattle and calf operators benefit from the FTA.

- Current import duties on U.S. beef exports are as high as 30 percent, and the WTO permits duties as high as 79 percent.
- Duties on the products most important to the U.S. beef industry – Prime and Choice cuts – will be eliminated immediately in Central American countries, while the Dominican Republic will establish a zero duty TRQ of 1,100 metric tons which expands annually as duties are eliminated.
- Some immediate duty-free access will be provided by certain countries on other beef cuts through an initial TRQ totaling 1,165 metric tons, expanding annually until duties are fully phased-out.
- Duties currently applied to other beef products and beef offals will be phased-out in 5 to 10 years.
- CAFTA-DR countries are working toward the recognition of the U.S. meat inspection and certification systems in order to facilitate U.S. exports.
- *The American Meat Institute, the National Cattlemen's Beef Association, the National Renderers Association, and the U.S. Meat Export Federation have expressed support publicly for the CAFTA-DR FTA.*

Wheat and Barley. With farm cash receipts from wheat and barley exceeding \$34 million, Wyoming wheat and barley producers benefit from the FTA.

- U.S. grain suppliers will benefit from zero duties immediately on wheat and barley in all six countries, as well as on some processed grain products.

- The WTO generally permits duties up to 60 percent, but can exceed 100 percent.
- *The National Association of Wheat Growers, the National Grain and Feed Association, the National Grain Trade Council, the North American Export Grain Association, the U.S. Grains Council, the U.S. Wheat Associates, the Wheat Export Trade Education Committee, the North American Millers Association, and the National Barley Growers Association have expressed support publicly for the CAFTA-DR FTA.*

Pork. As the 5th largest source of state farm cash receipts, Wyoming pork producers benefit from the duty-free access on pork cuts for each CAFTA-DR country.

- U.S. pork exporters currently face duties as high as 47 percent, and the WTO permits duties as high as 60 percent.
- The opportunity for trade created through the TRQs total 13,613 tons, expanding by 5 to 15 percent per year until duties are eliminated.
- Central American countries will immediately eliminate duties on bacon and some offal products, while the Dominican Republic will establish TRQs for bacon and fat that expand annually.
- All CAFTA-DR duties will be eliminated within 15 years and certain products will be subject to safeguards in some countries.
- CAFTA-DR countries are working toward the recognition of the U.S. meat inspection and certification systems in order to facilitate U.S. exports.
- *The National Pork Producers Council, the American Meat Institute, the U.S. Meat Export Federation, and the National Renderers Association have expressed support publicly for the CAFTA-DR FTA.*

Dried Beans. With over \$11 million in farm cash receipts, Wyoming dried bean producers benefit from the FTA.

- All duties will be eliminated within 15 years, with immediate duty-free access for some dried beans, and phase out of other duties in 5 to 15 years. The Dominican Republic will provide a duty-free TRQ for mung, red, and kidney beans, of 8,560 metric tons, growing at a rate of 7 percent. All duties will be eliminated in 15 years. Currently, import duties in CAFTA-DR countries are as high as 89 percent, and the WTO permits duties as high as 110 percent.
- *The United States Dry Bean Council has expressed support publicly for the CAFTA-DR FTA.*

Sugar. The 1.9 percent of Wyoming farms engaged in sugar production will face no cuts in the over 100 percent out-of-quota duty on U.S. sugar that currently protects domestic producers.

- The United States will establish TRQs for CAFTA-DR countries, starting at 107,000 metric tons. In the first year of implementation, increased market access in sugar will amount to about 1.2 percent of annual U.S. sugar consumption. This amount grows very slowly by 2 percent a year into perpetuity, so that by year 15 of FTA implementation the increased access on sugar (about 151,000 metric tons) amounts to about 1.7 percent of consumption. The United States will also establish a quota for specialty sugar goods of Costa Rica in the amount of 2,000 metric tons annually.

- Provisions will ensure only net surplus exporting countries in the region have access to the new access, and provisions have been agreed to allow alternative forms of compensation to be established to facilitate sugar stock management by the United States.
- *The Sweetener Users Association, the National Confectioners Association, the Grocery Manufacturers of America, and the National Food Processors Association have expressed support publicly for the CAFTA-DR FTA.*

Sugar Production in Wyoming - Map