



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

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Delaware produces agricultural products that are exported worldwide. In 2008, the State's total cash receipts from farming reached \$1.1 billion, and exports were estimated at \$248 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.

Delaware's top agricultural exports in 2008 were:

- poultry and products -- \$111 million
- wheat and products -- \$43 million
- soybeans and products -- \$35 million
- feed grains and products -- \$29 million
- vegetables and preparations -- \$12 million

World demand for these products is increasing, but so is competition among suppliers. If Delaware's farmers and food processors are to compete successfully for export opportunities in the 21st century, they need *fair trade* and *more open access* to growing global markets.

### **How Trade Agreements Benefit Delaware Agriculture**

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

As a soybean producer, Delaware benefits under the Uruguay Round agreement as South Korea reduced its tariffs on soybean oil by 14.5 percent from 1995 to 2004. Thus far, the tariff reduction has supported a threefold increase in export volume. The Philippines reduced its tariffs on soybean

meal from 10 to 3 percent during the same period. China's accession to the WTO has helped to raise our exports of soybeans to that country by over six fold from 1999 to 2004, surpassing \$2.4 billion this year.

As a vegetable exporter, Delaware stands to benefit from the U.S.- Australian FTA. Under the U.S. – Australian FTA, Australia's 5-percent tariff would be eliminated on a number of U.S. vegetable exports including mushrooms, potatoes (fresh, dried and flakes), and sweet corn (frozen and canned). From 2001 through 2003, U.S. suppliers annually shipped on average \$21.5 million worth of vegetable and vegetable products to Australia.