



Trade and Agriculture **What's at Stake for Florida?**

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

Florida is an important producer and exporter of agricultural products. In 2002, Florida's cash farm receipts totaled \$6.7 billion. Florida ranked 14th among all 50 States in 2002 in the value of its agricultural exports, estimated at \$1.3 billion. Agricultural exports help boost farm prices and income, while supporting about 19,370 jobs both on and off the farm in food processing, storage, and transportation. Exports remain vital to Florida's agricultural and statewide economy. The State's reliance on agricultural exports was 19 percent in 2002.

Florida's top five agricultural exports in 2002 were:

- # fruits and preparations -- \$615 million
- # vegetables and preparations -- \$138 million
- # live animals and meat -- \$46 million
- # poultry and products -- \$32 million
- # seeds -- \$36 million

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

Florida Benefits From Trade Agreements

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

- # As one of the nation's leading orange and grapefruit producers, Florida benefits from the Uruguay Round as Japan and Korea make substantial tariff reductions on a wide range of fresh and processed fruits. From 1995 to 2000, Japan lowered its tariffs on fresh oranges to 16 percent (out-of-season) and 32 percent (in-season), and its tariffs on fresh grapefruit to 10 percent. During the same period, Japan also lowered its tariffs to 19.1-21.3 percent on fruit juices containing not more than 10 percent sucrose by weight.

South Korea established a tariff-rate quota for oranges, and is reducing its tariffs from 99 to 50 percent by 2004. As tariffs fall, U.S. orange exports have increased almost

ten times from \$5.3 million in 1995 to \$51.9 million in 2002. Korea is also reducing its lemon tariffs to 30 percent, and its tariffs on fresh grapefruit from 50 to 30 percent by 2004. Supported by lower tariffs, U.S. total fresh citrus exports to Korea jumped 266 percent from \$20.9 million in 1995 to \$76.6 million in 2002.

Under the 1999 U.S.-China Agricultural Cooperation Agreement, China lifted its import ban on citrus from this state. This agreement cleared away a major obstacle to trade with China. For the first time, U.S. exporters have direct access to the large central and northern coastal cities, creating a more efficient supply chain to meet China's demand for top-quality, fresh citrus.

- # As one of the nation's two leading fresh tomato producers, Florida benefited from an agreement with Japan that lifted all remaining restrictions on fresh U.S. tomatoes in 1999. As a direct result, U.S. fresh tomato exports to Japan jumped from \$31,000 in 1994 to \$1.1 million in 2002.

- # Under the Uruguay Round agreement, Florida benefits under the Uruguay Round agreement because Korea eliminated its import quotas on frozen chicken (whole and parts) in 1997, and is progressively reducing its tariffs to between 18 to 20 percent by 2004. These market-opening steps supported a rise in U.S. poultry exports to Korea from 22,000 tons valued at \$28 million in 1996 to 120,000 tons valued at \$79 million in 2002. The Philippines opened a tariff-rate quota for poultry meat of 16,701 tons in 1998, which will reach up to 23,500 tons by 2004. This arrangement permitted U.S. poultry exports to rise from 2,700 tons valued at \$3 million in 1997 to over 17,000 tons valued at \$14 million in 2002. Under the North American Free Trade Agreement, poultry products, except leg quarters, thighs, and drumsticks, are imported duty-free as tariff-rate quotas were eliminated on Jan. 1, 2003. The safeguard measure agreement between the United States and Mexico places a tariff-rate quota on leg quarters, thighs, and drumsticks until 2007. From 1993 to 2001, U.S. poultry exports to Mexico rose from 164,000 tons valued at \$188 million to 280,000 tons valued at \$258 million. U.S. exports to Mexico in 2002 were hampered by outbreaks of avian influenza and exotic Newcastle disease within the United States. Under the 1999 U.S.-China Agricultural Cooperation Agreement, China accepts all poultry meat that is certified wholesome by USDA. Since 1999, direct exports of U.S. poultry meat rose from 77,000 tons valued at \$48 million, to more than 100,000 tons valued at \$49 million.