



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

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Iowa is an important producer of agricultural and wood products exported worldwide. In 2008, the State's cash farm receipts totaled \$25 billion. Iowa ranked second among all 50 states in 2008 with agricultural exports estimated at \$7.8 billion. Iowa continues to lead all states in the exports of soybeans and feed grains. Agricultural exports help boost farm prices and income, while supporting 90,347 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports remain important to Iowa's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 31 percent in 2008.

Iowa's top five agricultural exports in 2008 were:

- soybeans and products -- \$2.9 billion
- feed grains and products -- \$2.9 billion
- live animals and red meats -- \$1.5 billion
- feeds and fodders -- \$177 million
- poultry -- \$78 million

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

### **How Trade Agreements Benefit Iowa Agriculture**

As the nation's largest soybean producer, Iowa 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.

Iowa benefited under the NAFTA when Mexico converted its import licensing system for corn to a transitional tariff-rate quota. It will remain in effect until 2008. Under this 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 U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), U.S. prime and choice cuts of beef gain preferential access as applied tariffs of 15 to 30 percent are immediately eliminated (except the Dominican Republic) while those applied to other cuts are phased-out over 15 years. Tariffs on beef offal and other beef products are phased out over 5 to 10 years. As part of the agreement, all six countries are working toward the recognition of the U.S. meat inspection and certification systems, which would replace the existing policy of plant-by-plant inspections and approval. From 2001 through 2003, U.S. suppliers annually shipped on average 4,094 metric tons valued at \$9.8 million to all six countries combined.

### **Export Success Stories**

As a major soybean producer, Iowa has benefited from the efforts of the American Soybean Association (ASA), in partnership with USDA, and various producer organizations to increased demand for U.S. soybeans and meal in a number of key markets in Asia. For example, ASA's promotion of Full Fat Soybean Meal in Thailand has enhanced the competitiveness of buyers of U.S. soybeans by improving the quality of their product line. It is estimated that the target audience will consume an additional 60,000 metric tons of soybeans valued at \$16 million annually.

Iowa pork companies benefited from USDA's market development funding in Japan where marketing efforts conducted by the U.S. Meat Export Federation contributed to a 32 percent increase in U.S. pork exports by volume and 34 percent increase by value for the first seven months of 2004 compared to the same period in 2003.