



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

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Kansas is an important producer of agricultural products and a major exporter. In 2006, the State's cash farm receipts totaled \$10 billion. Kansas ranked sixth among all 50 States in 2006 in the value of its agricultural exports, which reached an estimated \$3.2 billion. Agricultural exports help boost farm prices and income, while supporting about 38,100 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are increasingly important to Kansas' agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 32 percent in 2006.

Kansas' top five agricultural exports in 2006 were:

- wheat and products -- \$912 million
- feed grains and products -- \$558 million
- live animals and meat -- \$450 million
- feeds and fodders -- \$444 million
- hides and skins -- \$382 million

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

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.

Kansas, one of the nation's largest feed corn producers, benefited under the NAFTA when Mexico converted its import licensing system for corn to a transitional tariff-rate quota that 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.

Kansas, the nation's largest wheat grower, benefited from limits set on subsidized wheat exports as a result of the Uruguay Round agreement. These limits influenced the European Union's (EU) decision to change its Common Agricultural Policy, ultimately lowering internal EU market prices to world price levels. As a result, annual EU wheat exports dropped from 22 million tons to about 14 million tons as lower market prices stimulated domestic use, and 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.

### **Export Success Stories**

As a pork producing state, Kansas has from Market Access Program (MAP) 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.