Trade and Agriculture
What's at Stake for South Carolina?

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South Carolina produces agricultural products that are exported worldwide. In 2006, the State's cash receipts from farming totaled $1.8 billion, and exports were estimated at $482 million. Agricultural exports help boost farm prices and income, while supporting about 5,700 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are important to South Carolina's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the state's reliance on agricultural exports was 27 percent in 2006.

South Carolina's top five agricultural exports in 2006 were:

- cotton -- $92 million
- poultry and products -- $83 million
- tobacco leaf -- $59 million
- wheat and products -- $46 million
- soybeans and products -- $29 million

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

How Trade Agreements Benefit South Carolina Agriculture

As a poultry producer, South Carolina 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.

South Carolina benefits under NAFTA with new rules of origin that increase demand for U.S. textiles in Canada and Mexico. Mexico's 10-percent tariff on cotton has been eliminated. This tariff reduction supports U.S. cotton exports to Mexico, which rose from 558,000 bales to 2.2 million bales from marketing year 1995 to 2002. U.S. industry estimates that the Caribbean Basin Initiative and Africa Growth and Opportunity Act will increase annual cotton sales by 100,000 bales.

Export Success Stories

Since its launch in 2000, Cotton Council International (CCI) and Cotton Incorporated's COTTON USA Sourcing Program, funded by FMD and checkoff resources, has dramatically enhanced the level of U.S-made cotton textile exports to the Caribbean Basin. Cotton yarn exports to the region increased from $30 million in 1999 to $205 million in 2003. Meanwhile, knit fabric exports skyrocketed from $21 million to $618 million. CCI and Cotton Incorporated achieved these results by partnering the two organizations and their respective marketing and technical strengths, and by market development outreach to the supply chain and retail industries in the United States and supplying countries. The resulting business contacts have now become established trading relationships that compete favorably with products from anywhere in the world.