

Texas Trade Issues



Parr Rosson

Center for North American Studies
Department of Agricultural Economics
Texas Cooperative Extension

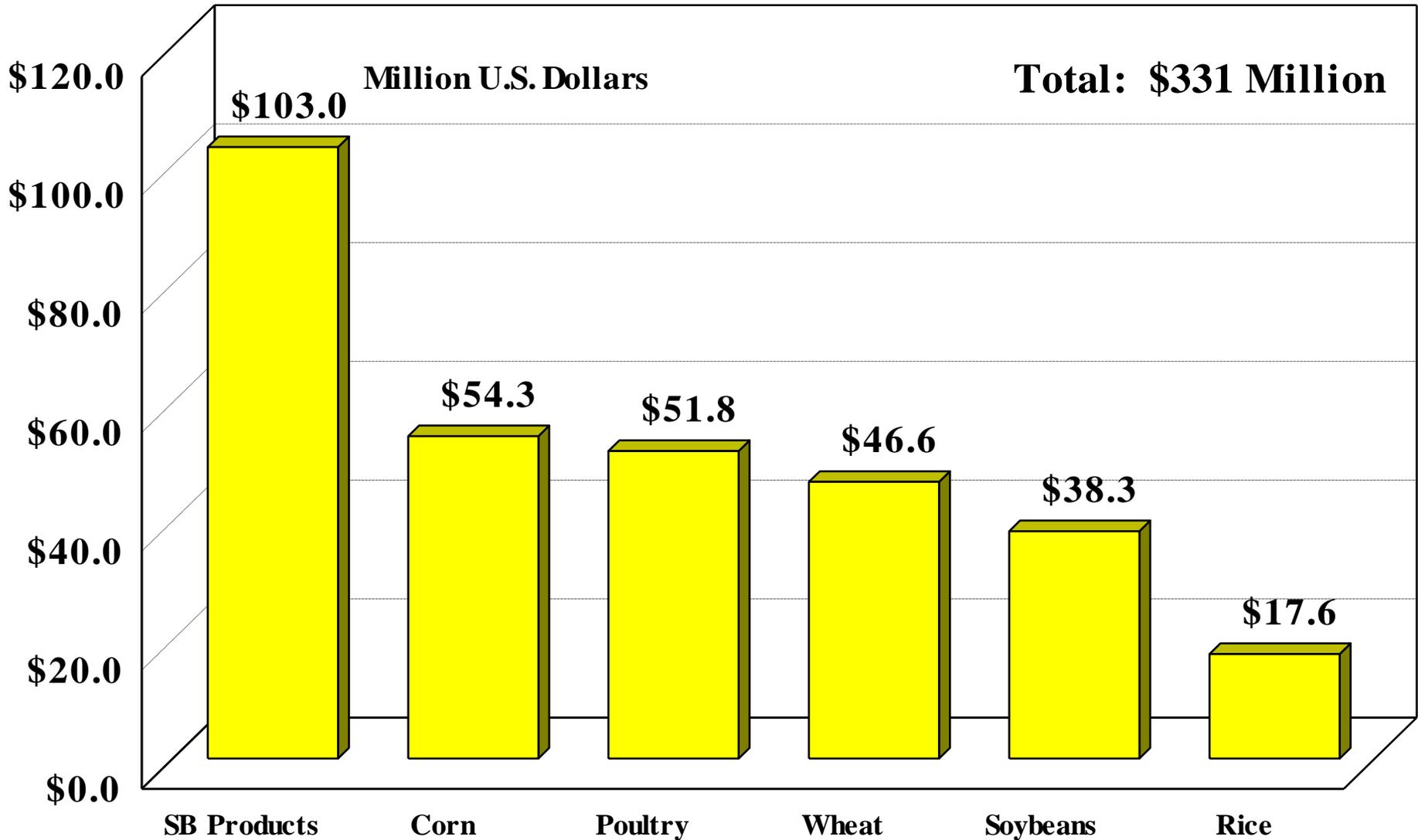
Texas Trade Issues

- Cuba
- BSE
- Trade Agreements

Cuba

- New Export Opportunities
- Texas Has Been A Major Player
- Potential for \$50-\$65 million/year in food/agriculture exports
- Creates New Jobs & Business Activity
- Higher Prices Likely as Market Expands

U.S. Ag Exports to Cuba, Major Products, Dec 2001 - Oct 2003



Bovine Spongiform Encephalopathy (BSE)

- U.S. Exports 9-10% of Beef Output
- Mega Markets Closed
 - Japan, Mexico, Korea (**80%**)
 - Canada (10%)
- Cattle Prices Down 20%-22%
- Corn Prices Down 7%, Soybeans 4%
- The Future?? Japan Says NO BEEF!
 - US Beef Demand Holding Steady
 - Associations & USDA Working to Restore Export Markets

LCF04 [10] - Live Cattle

LAST: 73.90

CHANGE: ▼ 1.50

HIGH: 75.55

LOW: 73.90

1/6/2004



FCF04 [10] - Feeder Cattle

LAST: 81.30

CHANGE: ▼ 1.30

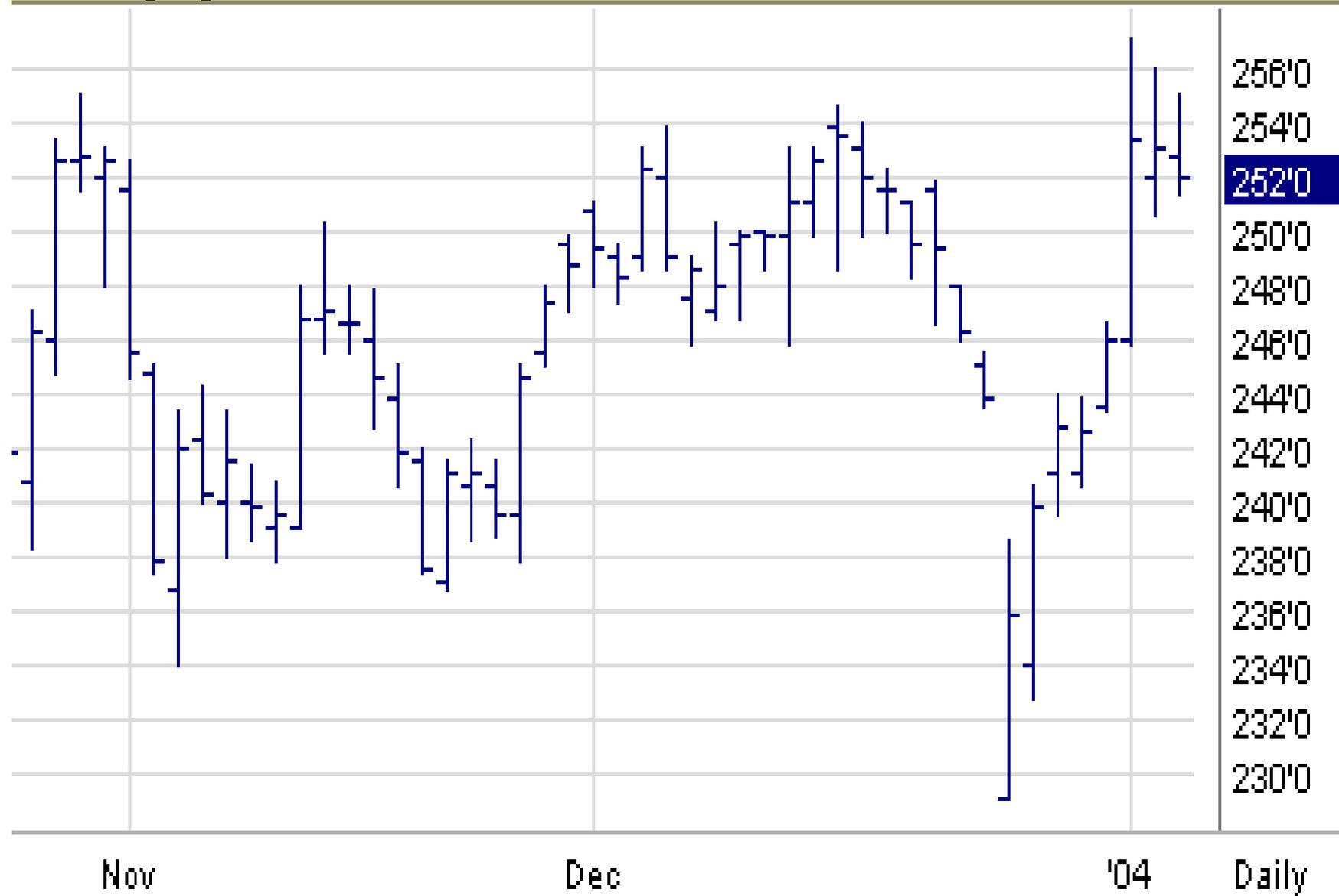
HIGH: 83.25

LOW: 81.10

1/6/2004



NCH04 [10] - Corn LAST: 252'0 CHANGE: ▼ 1'0 HIGH: 255'0 LOW: 251'2 1/6/2004

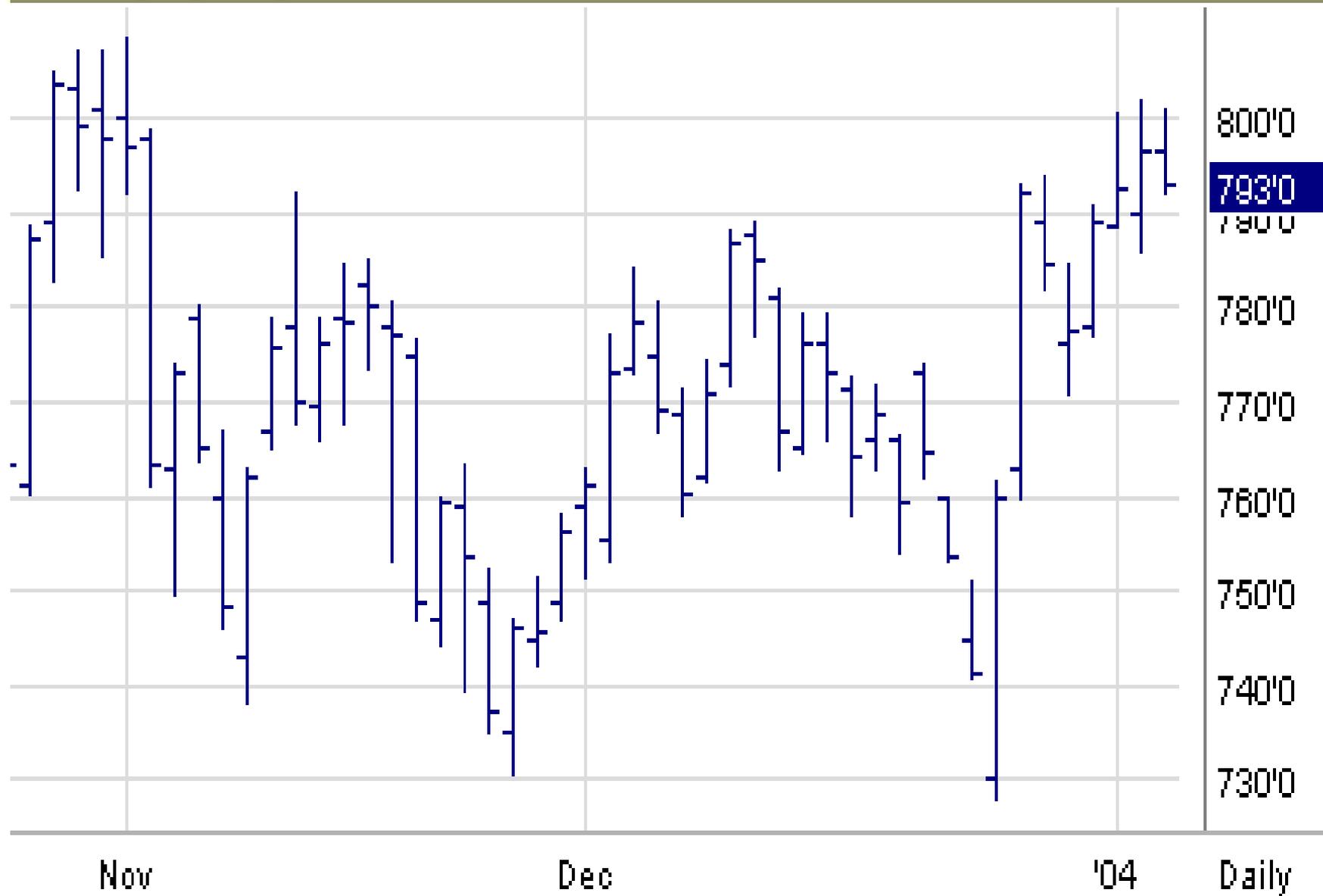


NSF04 [10] - Soybeans

LAST: 793'0

CHANGE: ▼ 3'6

1/6/2004



Trade Agreements

- NAFTA at Year 10
- Chile, Singapore, & Jordan Done
- Morocco, Australia, Central America, & Free Trade of the Americas in Process
- World Trade Organization Trying to Restart
 - Retaining Protection of ‘Peace Clause’ Crucial for U.S. Agriculture & Open Markets

CAFTA

- Central America Free Trade Agreement: El Salvador, Guatemala, Honduras, Nicaragua Included Now
- Costa Rican Representatives in D.C. This Week & Want to Be Included
 - Services & Agriculture Unresolved Issues
- Negotiations with Dominican Republic Next Week
- About ½ of Markets Open to U.S. Agriculture When Implemented (**Jan. 2005**)??
 - HQ Beef, Cotton, Wheat, Soybeans
- Rest Over 15 Years: Pork, Beef, Poultry, Rice, Corn, Dairy

Free Trade Area of the Americas

- Open Markets in Western Hemisphere
 - Average US Ag. Tariffs 12%
 - South America: 40%
 - Caribbean: 85%
- Negotiations Moving Forward, But Slower than Expected: Brazil a Sticking Point
- Target Date for Completion 1/05
- Target Date for Implementation 1/06

So What for Texas?

- More Markets, More Exports, Good Potential for Higher Prices
- Likely More Competition in Some Sectors
 - Oilseeds, Maybe Cotton
 - Meats-But Sanitary Issues Critical
 - Winter Vegetables & Some Fruit Products
- Opportunity for Input Into the Process

U.S. Trade Promotion Authority 'Fast Track'

- All Trade Agreements Submitted to Congress by President for Approval
- CAFTA Likely to Go Forward Soon
- Congress **MUST** Vote w/in 45 Session Days, Simple Majority
- No Amendments Allowed
- Key Committees:
 - House Ways & Means
 - Senate Finance
 - Agriculture