

U.S. Agricultural Trade with the Western Hemisphere

Agribusiness in the Americas

Pan American Days

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April 17, 2001

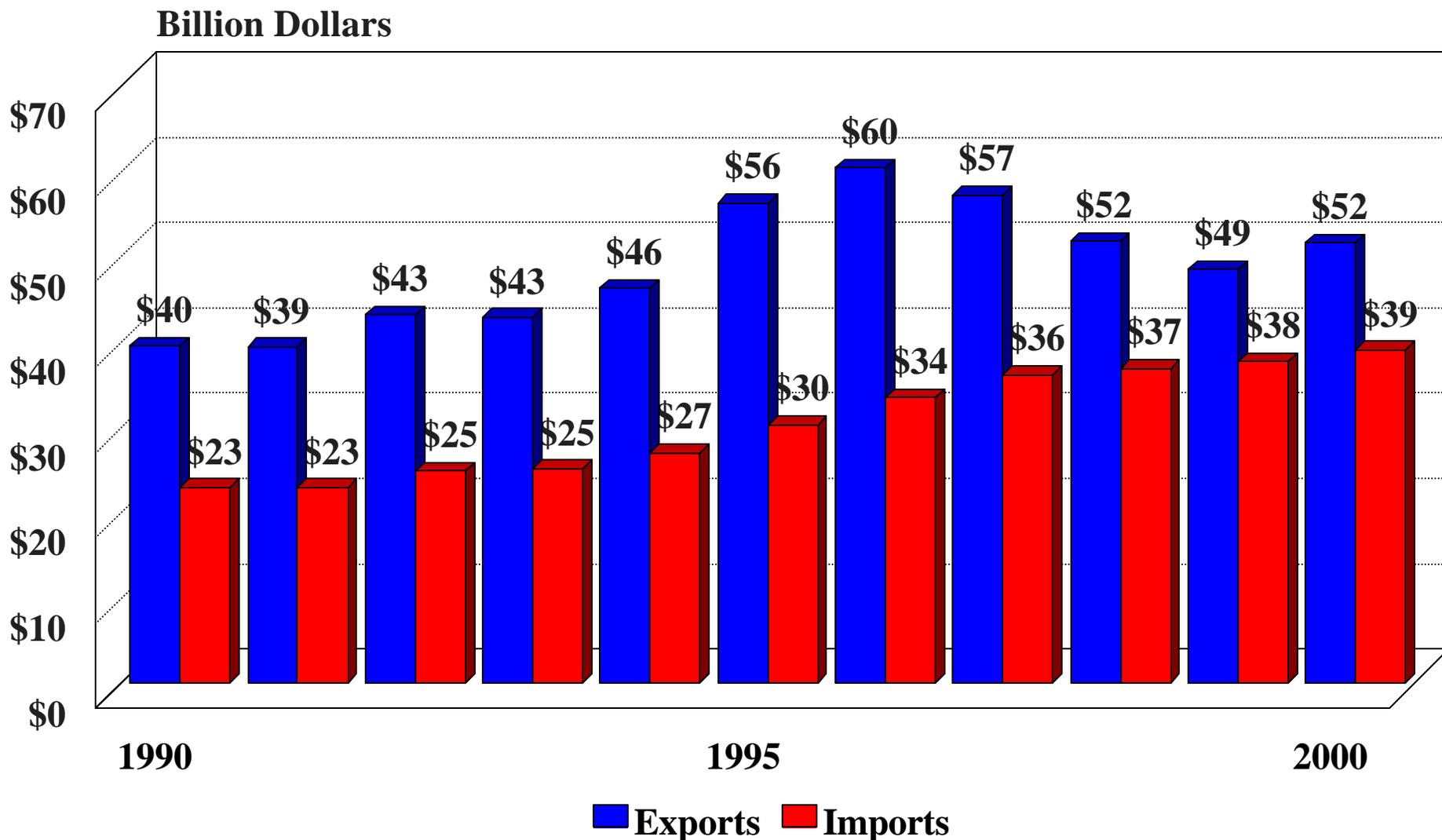


Overview

- & U.S. Agricultural Trade with the Western Hemisphere**
- & North American Free Trade Agreement**
- & Free Trade Area of the Americas**
- & Emerging Issues in Western Hemispheric Trade**

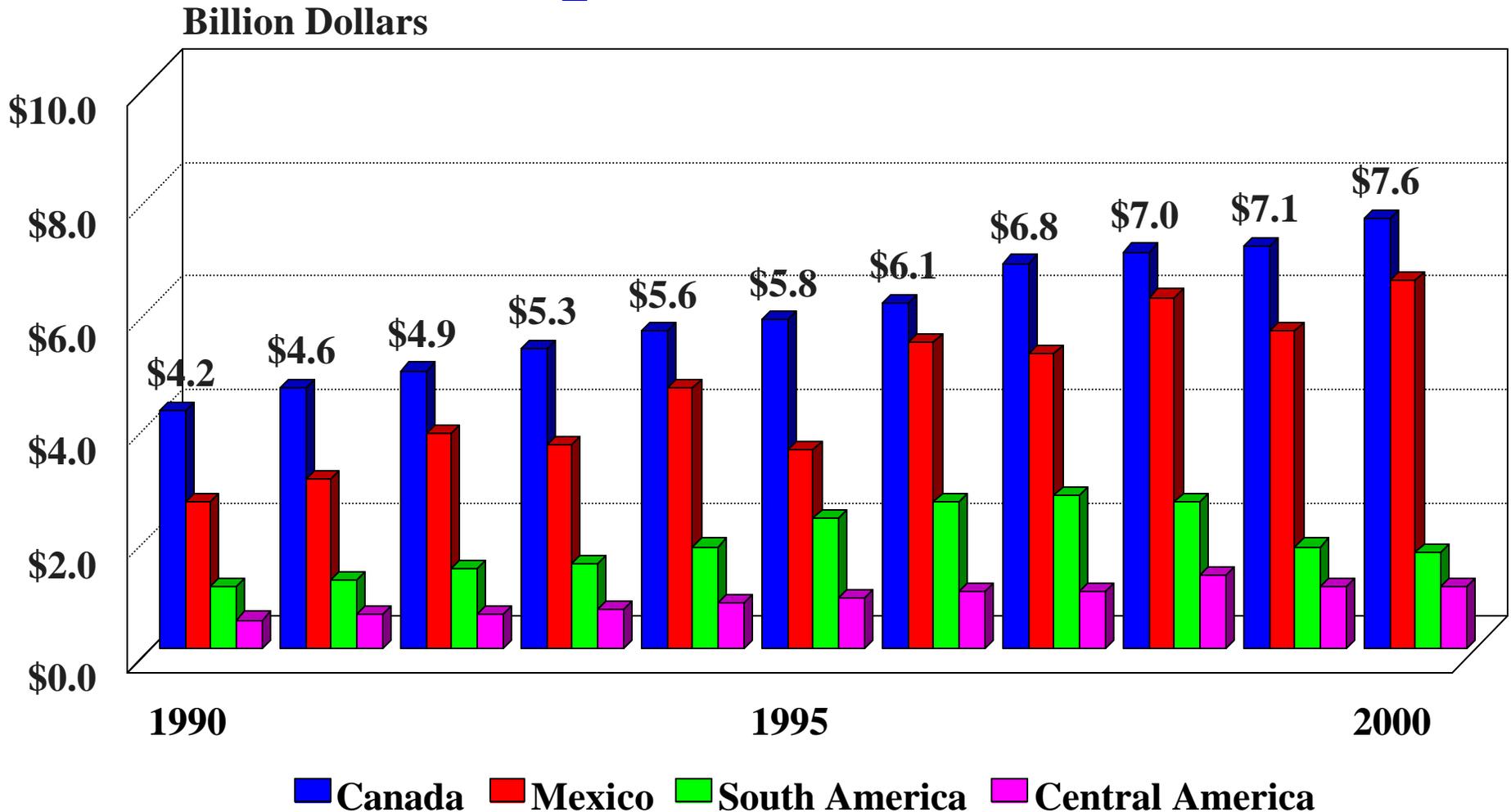


U.S. Agricultural Trade, 1990 - 2000



Source: *Foreign Agricultural Trade of The United States*, Calendar Year, USDA/ERS

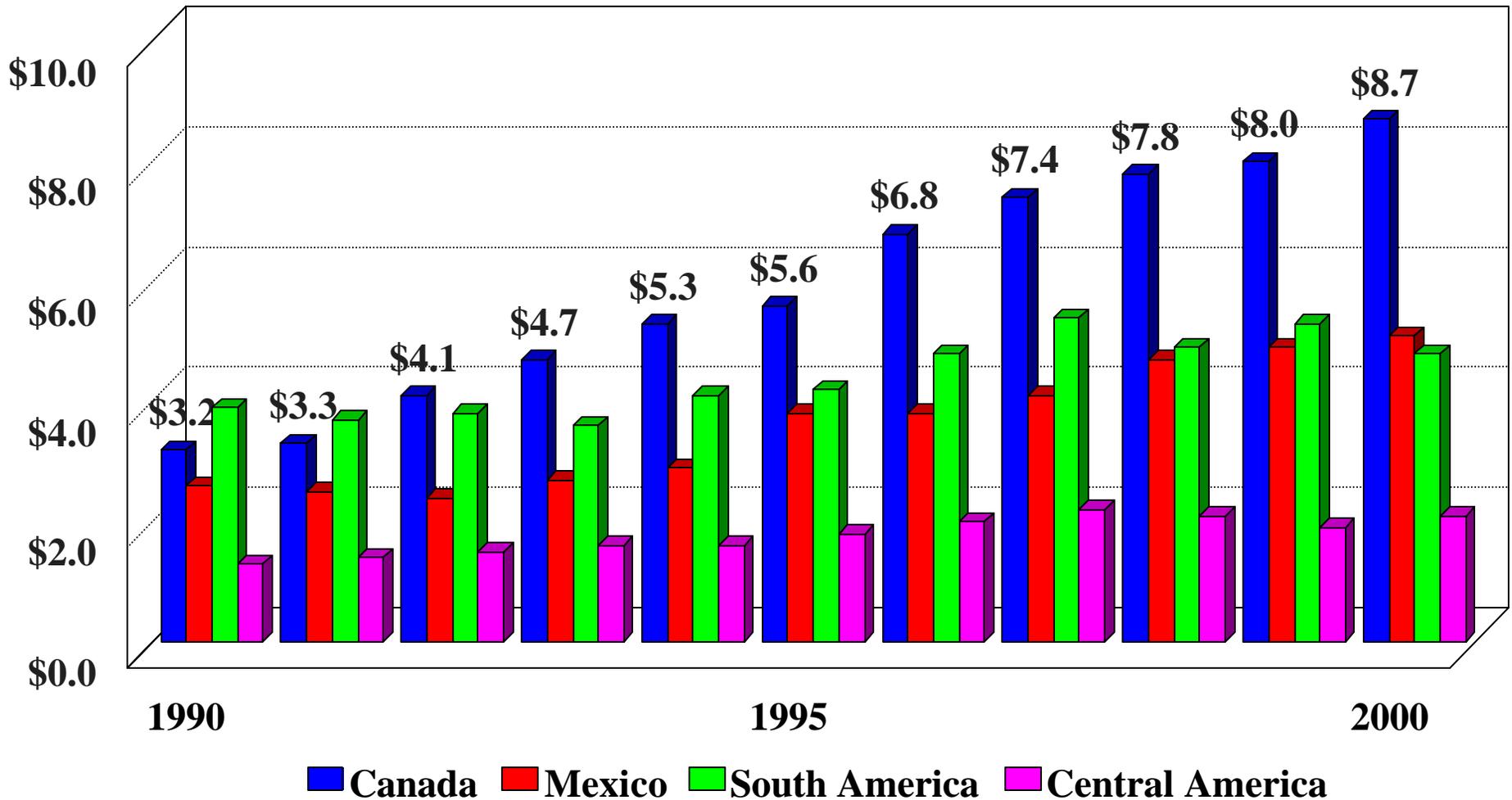
U.S. Agricultural Exports to Western Hemisphere, 1990-2000



Source: *Foreign Agricultural Trade of The United States*, Calendar Year, USDA/ERS

U.S. Agricultural Imports from Western Hemisphere, 1990-2000

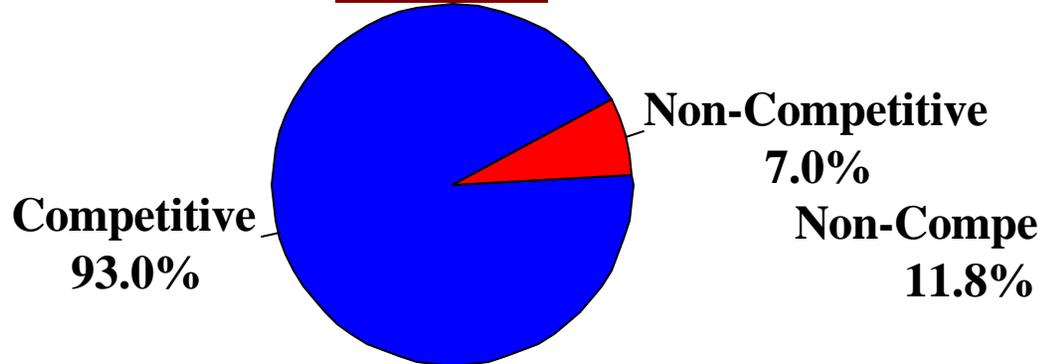
Billion Dollars



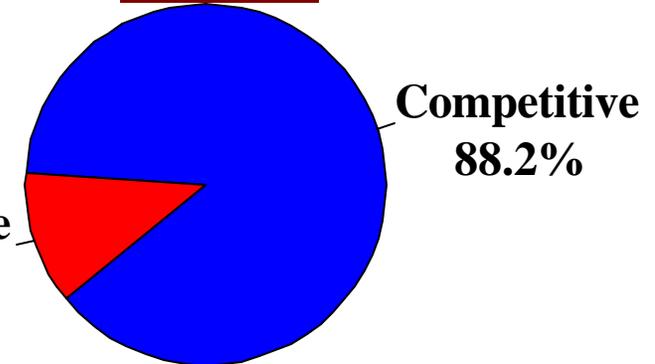
Source: *Foreign Agricultural Trade of The United States*, Calendar Year, USDA/ERS

Competitive vs. Non-competitive Agricultural Imports from Western Hemisphere, 2000

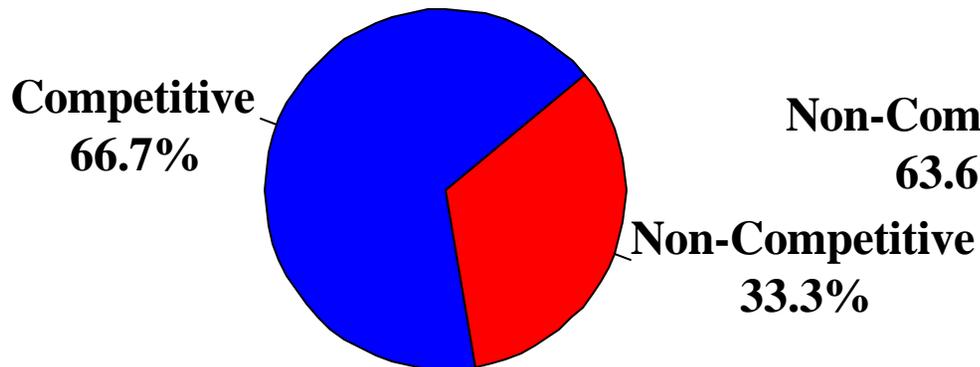
Canada



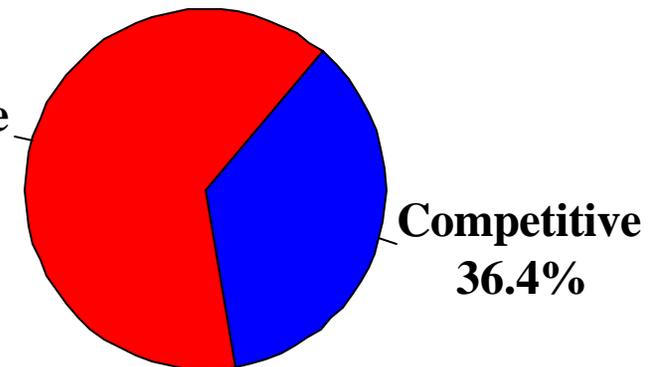
Mexico



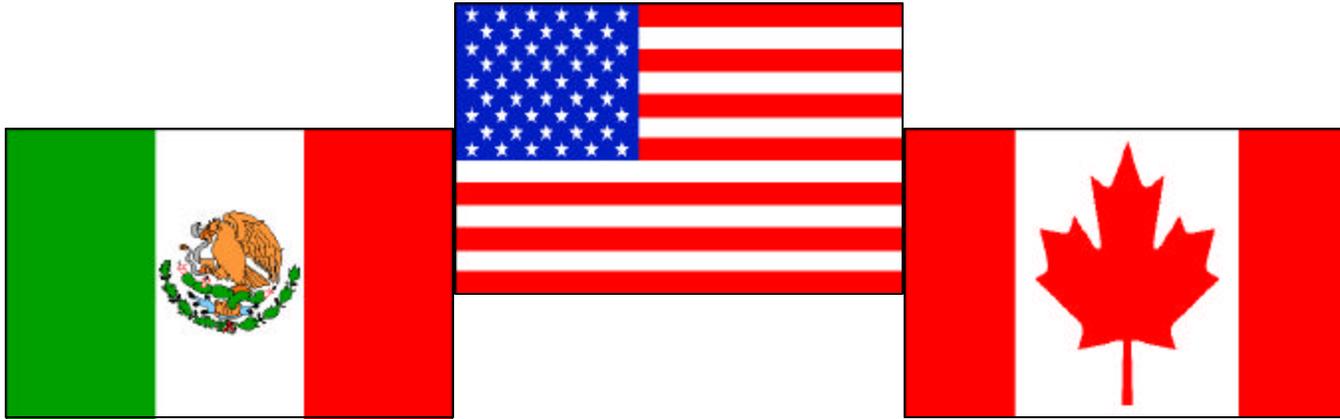
South America



Central America



Source: *Foreign Agricultural Trade of The United States*, Calendar Year, USDA/ERS



The North American Free Trade Agreement



NAFTA

- & NAFTA was implemented January 1, 1994.**
- & NAFTA decreases and eliminates tariffs and nontariff barriers between U.S. and Mexico and Canada and Mexico**
- & Tariffs between U.S. and Canada were decreased by CUSTA, which began January 1, 1989**
- & Trade among NAFTA nations now over \$662 billion**
- & NAFTA countries now account for 31 percent of U.S. Agricultural Trade (\$28 billion out of \$90 billion)**



NAFTA

- & Most agricultural trade among North American countries now duty free.**
- & Canada still protects poultry and dairy industries through high tariffs (200 - 300%)**
- & The U.S. protects dairy, sugar, cotton, and peanut industries**
- & The U.S., Mexico and Canada have increased their use of antidumping and countervailing duty cases against each other**



Examples of Impacts of NAFTA

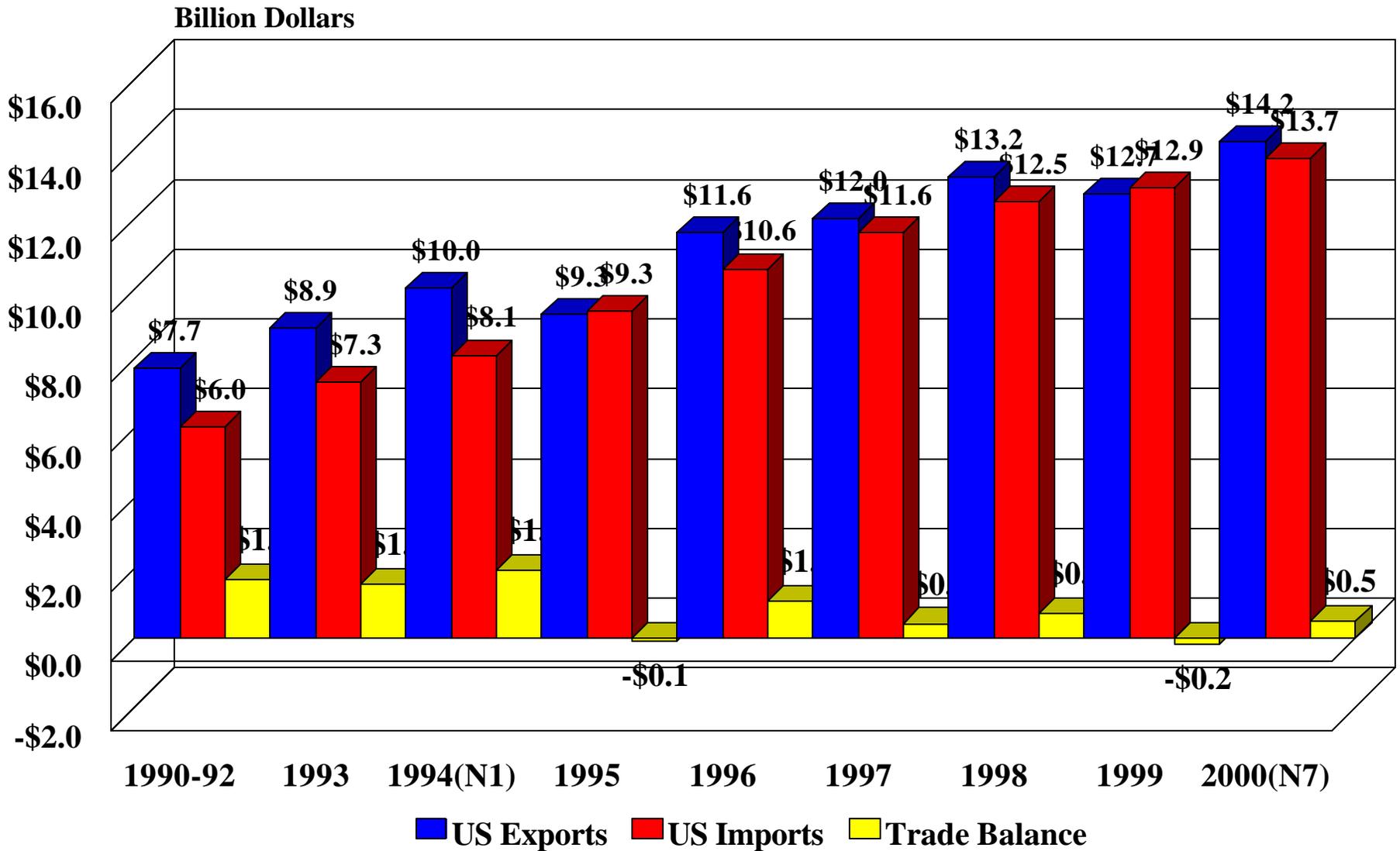
- & U.S. exports of pork to Mexico 5-10% higher than without NAFTA**
- & U.S. beef exports to Mexico 6-15% higher than without NAFTA**
- & U.S. imports of cantaloup from Mexico 17-25% higher than without NAFTA**
- & U.S. imports of sugar from Mexico 15% higher due to NAFTA**



Source: USDA/ERS, 1999

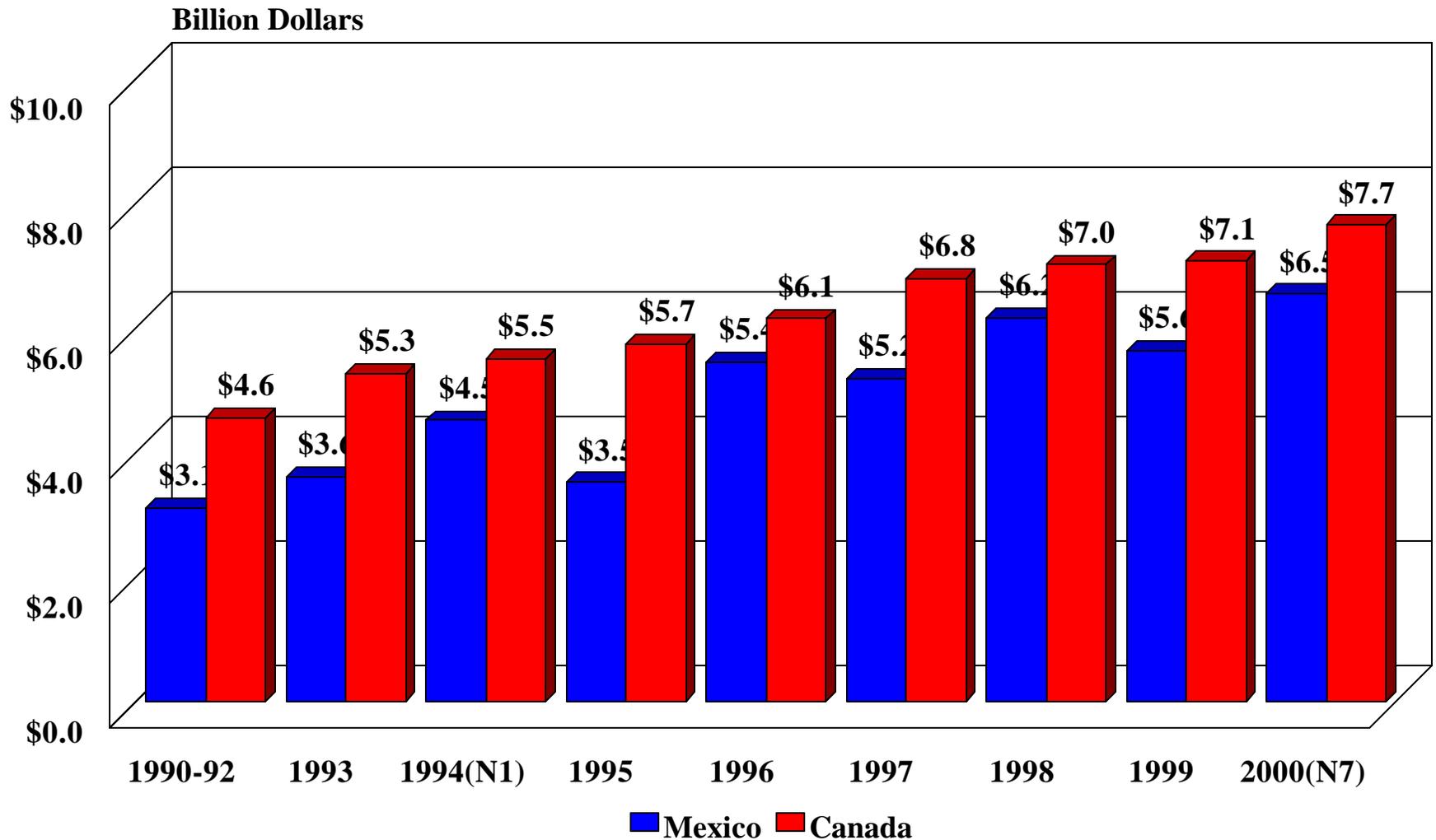


U.S. Agricultural Trade with NAFTA, Pre- and Post-NAFTA (Canada and Mexico)



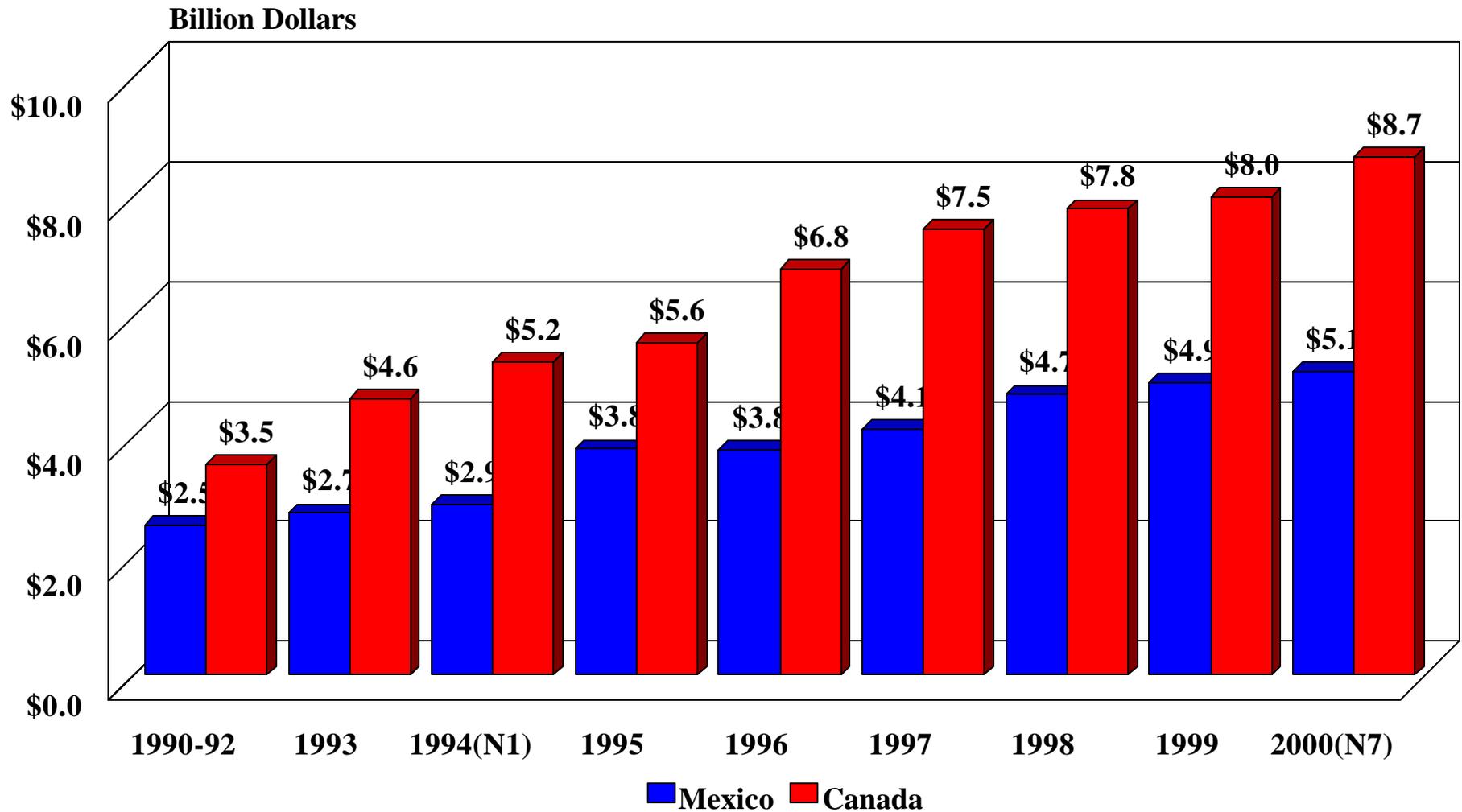
USDA, FATUS, Calendar Year.

U.S. Agricultural Exports to NAFTA Countries, Pre- and Post-NAFTA



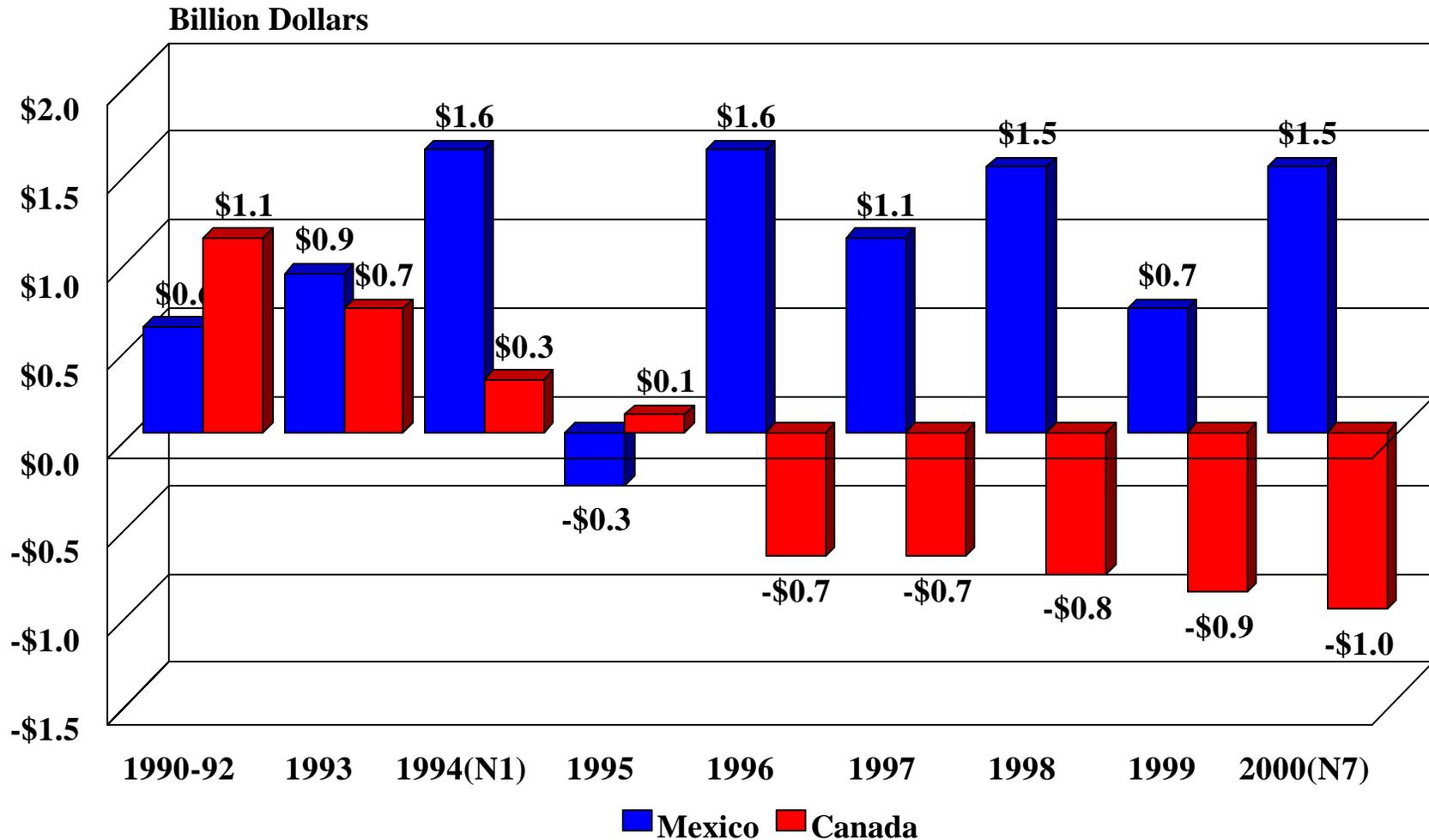
USDA, FATUS, Calendar Year.

US Agricultural Imports from NAFTA Countries, Pre- and Post-NAFTA



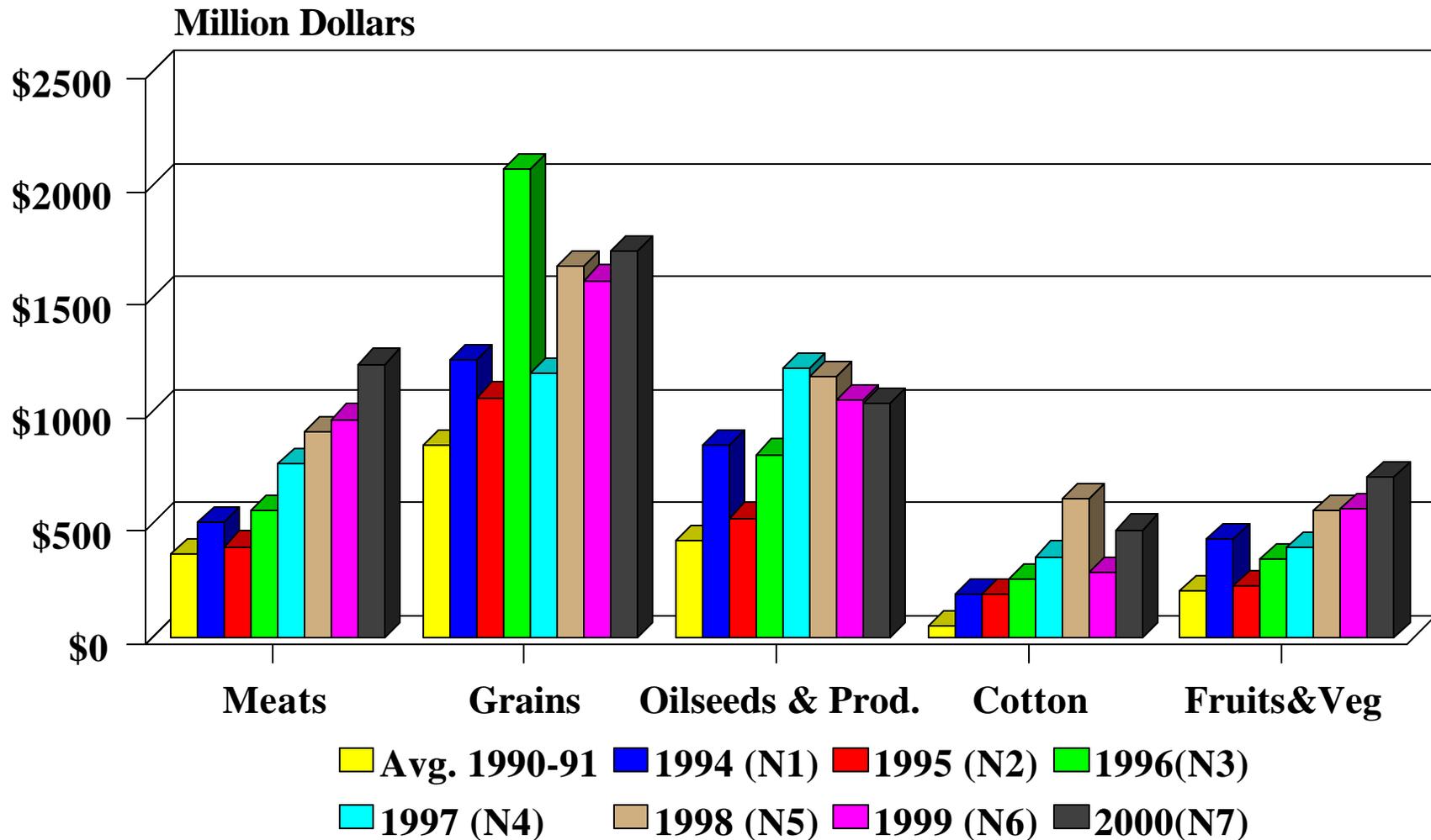
USDA, FATUS, Calendar Year.

U.S. Agricultural Trade Balance with NAFTA Countries, Pre- and Post-NAFTA



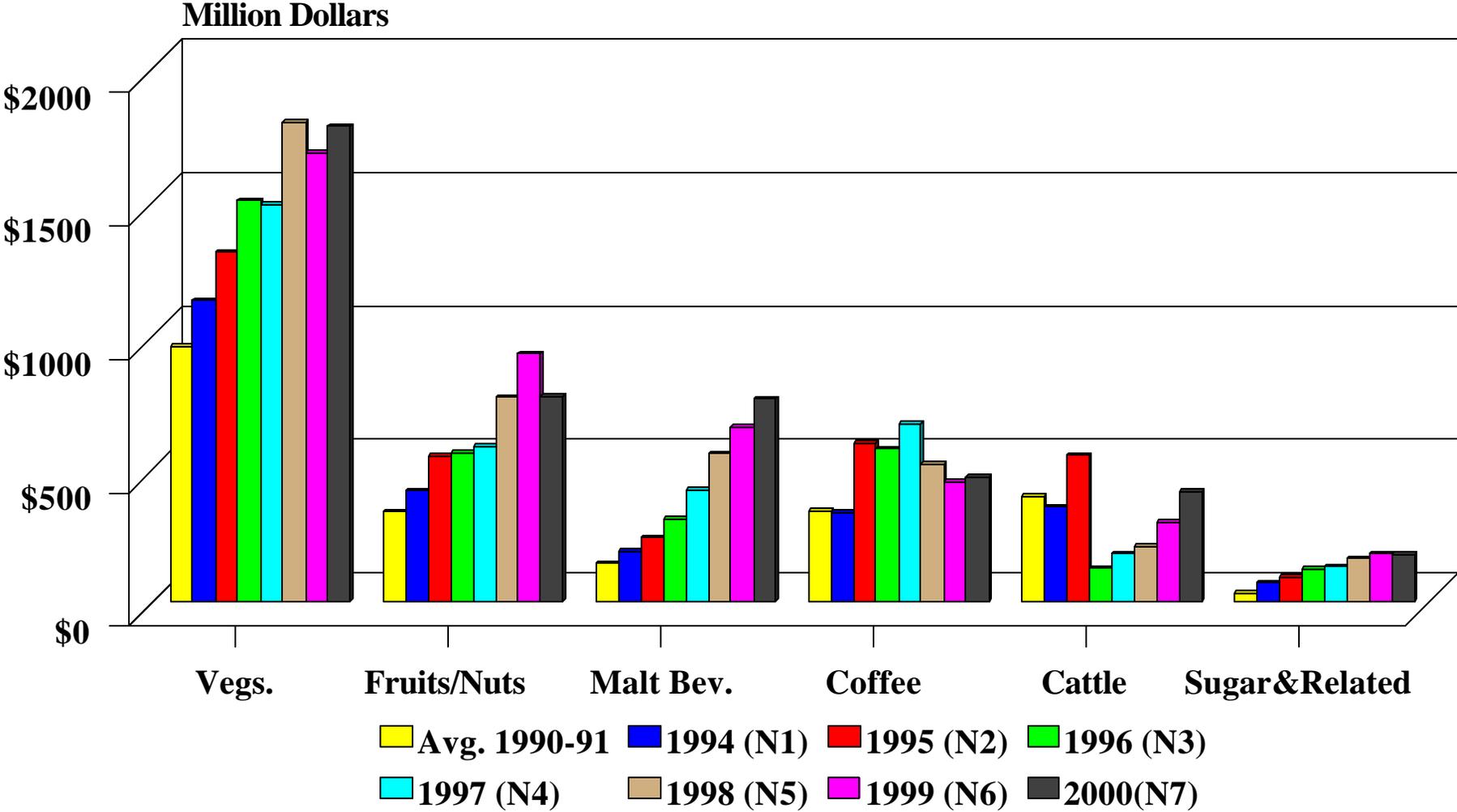
USDA, FATUS

U.S. Agricultural Exports to Mexico, Pre- and Post-NAFTA



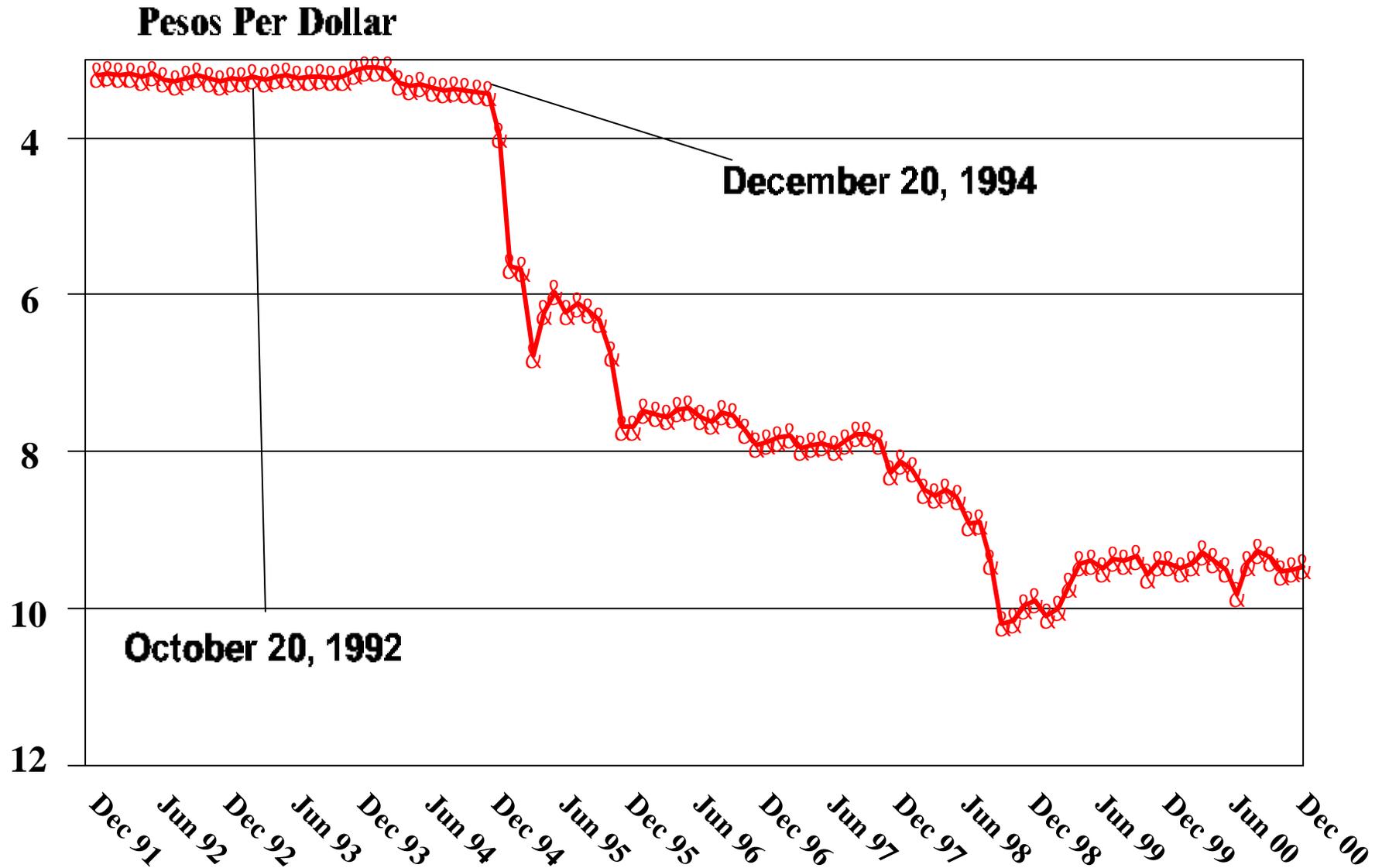
USDA, FATUS, Calendar Year.

US Agricultural Imports from Mexico, Pre- and Post-NAFTA



USDA, FATUS, Calendar Year.

Mexican Peso-US Dollar Exchange Rate



Source: BanaMex, Federal Reserve Bank of St. Louis

Free Trade Area of the Americas



FTAA

- & Currently being negotiated among 34 of 35 Western Hemisphere Nations (Cuba excluded)**
- & Negotiations scheduled to conclude in 2005**
- & Goal is to eliminate tariff and non-tariff barriers between the nations and increase trade**
- & FTAA will consolidate many sub-regional agreements, such as NAFTA and MERCOSUR**



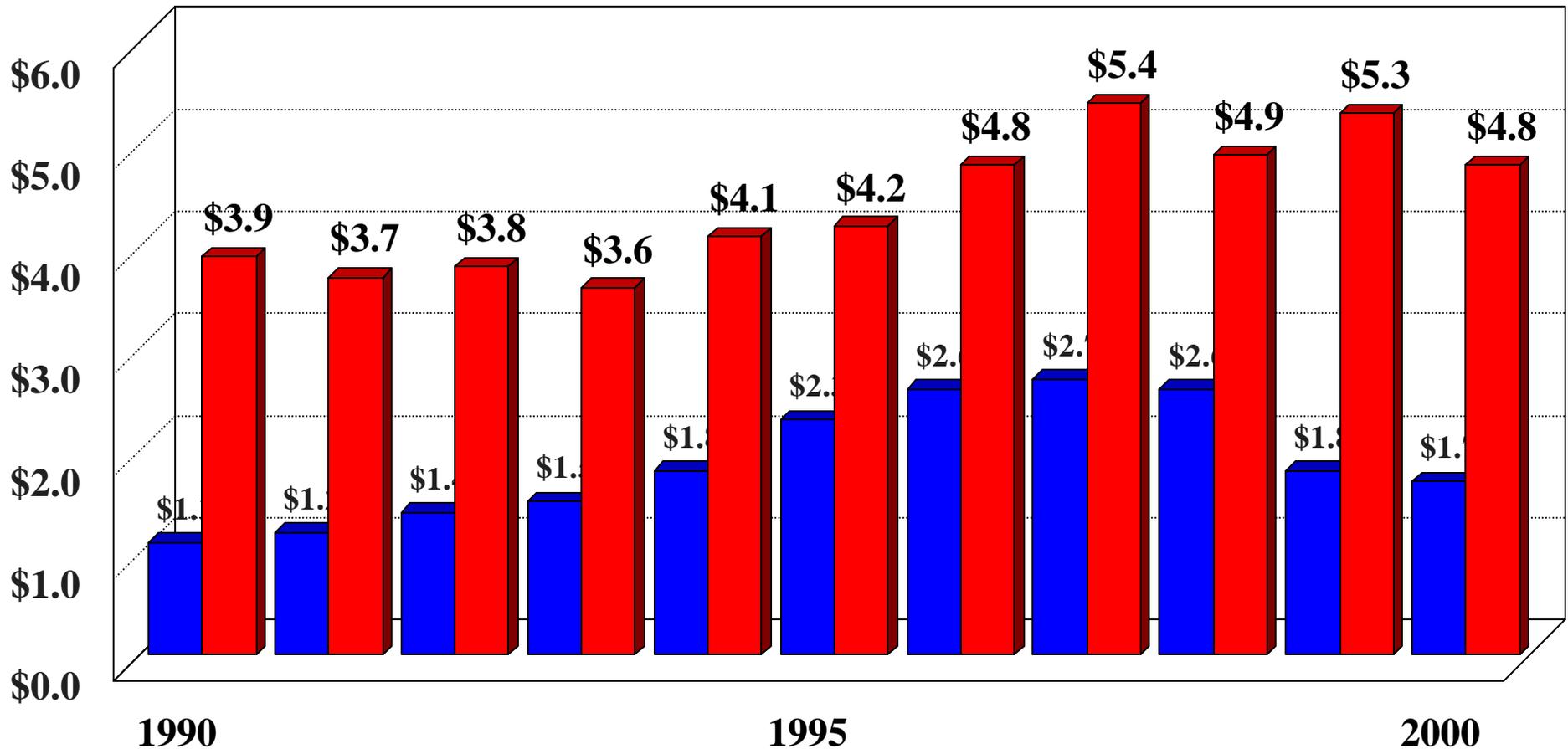
FTAA Issues

- & Brazil not as eager to negotiate FTAA as they once were (Publicly)**
- & Economic turmoil in Latin America adding to difficulty of negotiations**
- & U.S. generally has very low agricultural tariffs on imports from Latin America-GSP**
- & Delay in WTO negotiations affecting FTAA**



U.S. Agricultural Trade with South America, 1990-2000

Billion Dollars

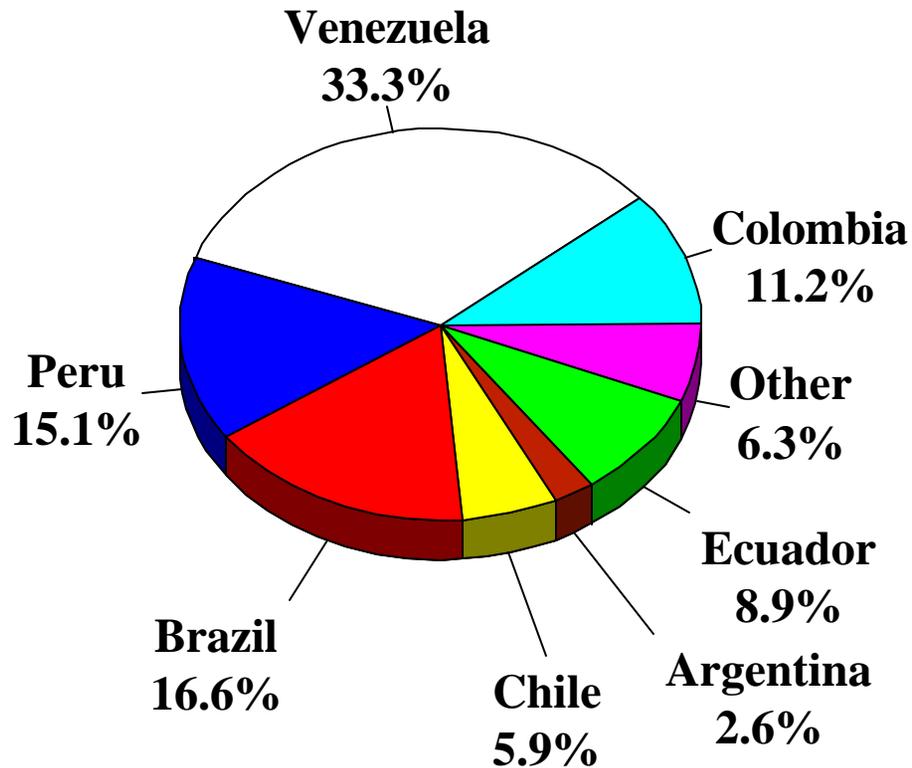


■ Exports to South America ■ Imports from South America

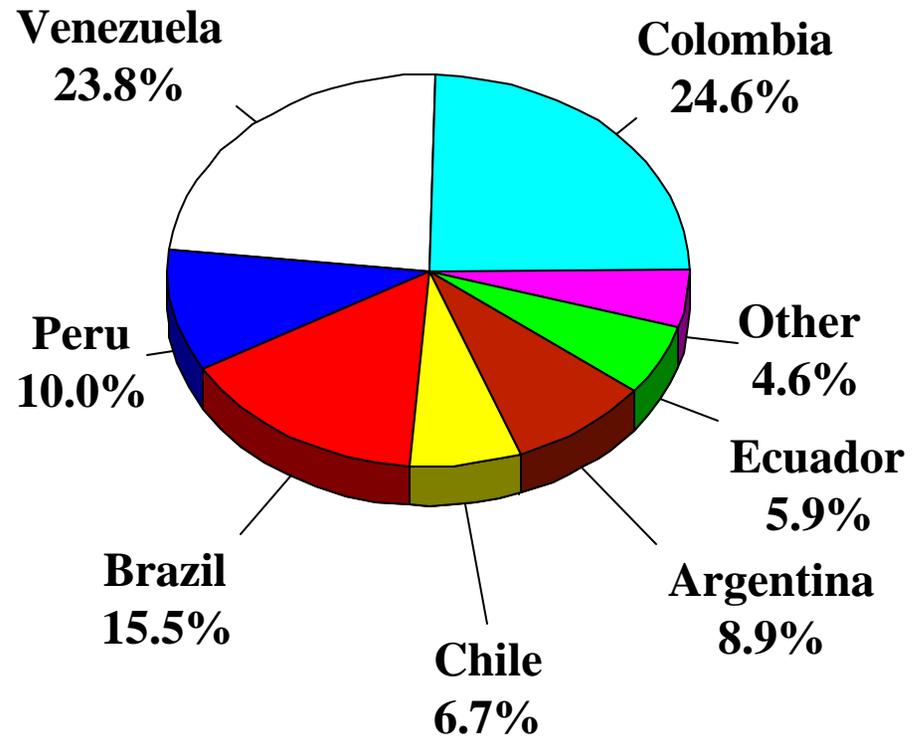
Source: *Foreign Agricultural Trade of The United States*, Calendar Year, USDA/ERS

U.S. Agricultural Exports to South America 1990 and 2000

1990 Total: \$1.06 Billion



2000 Total: \$1.71 Billion

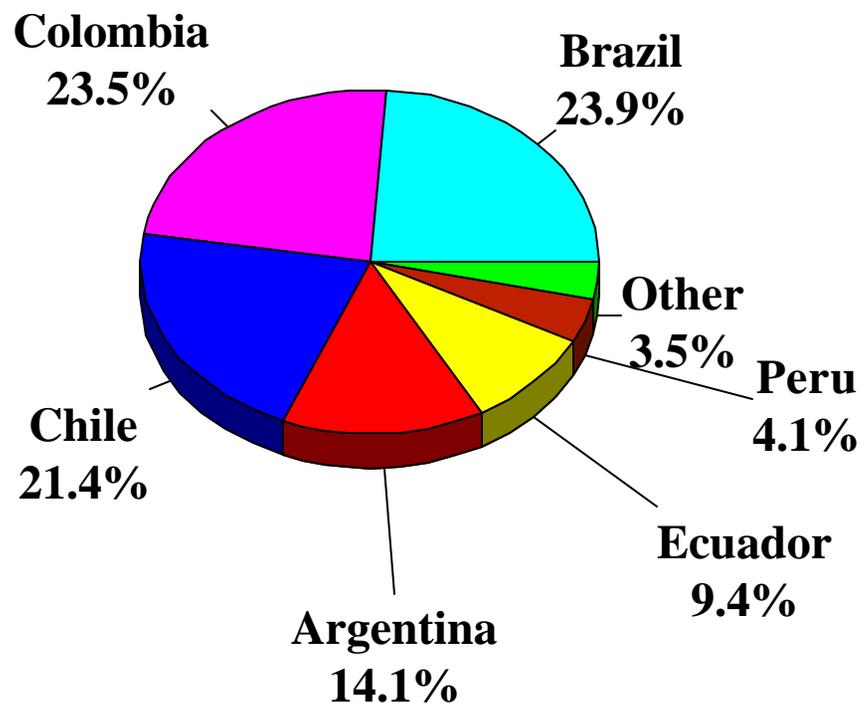
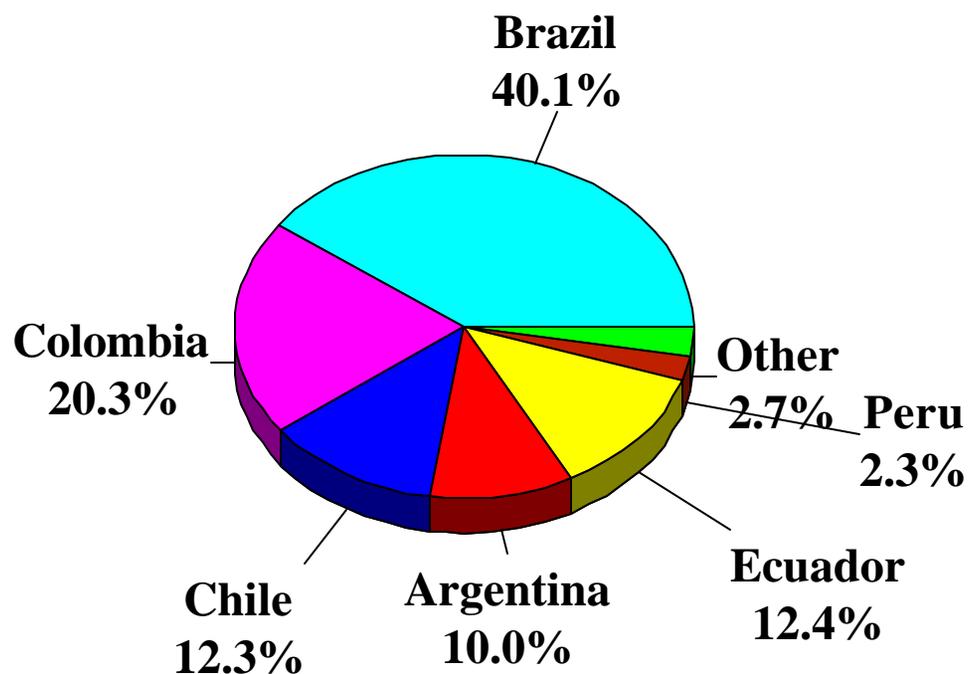


Source: USDA/ERS

U.S. Agricultural Imports from South America 1990 and 2000

1990 Total: \$3.90 Billion

2000 Total: \$4.78 Billion

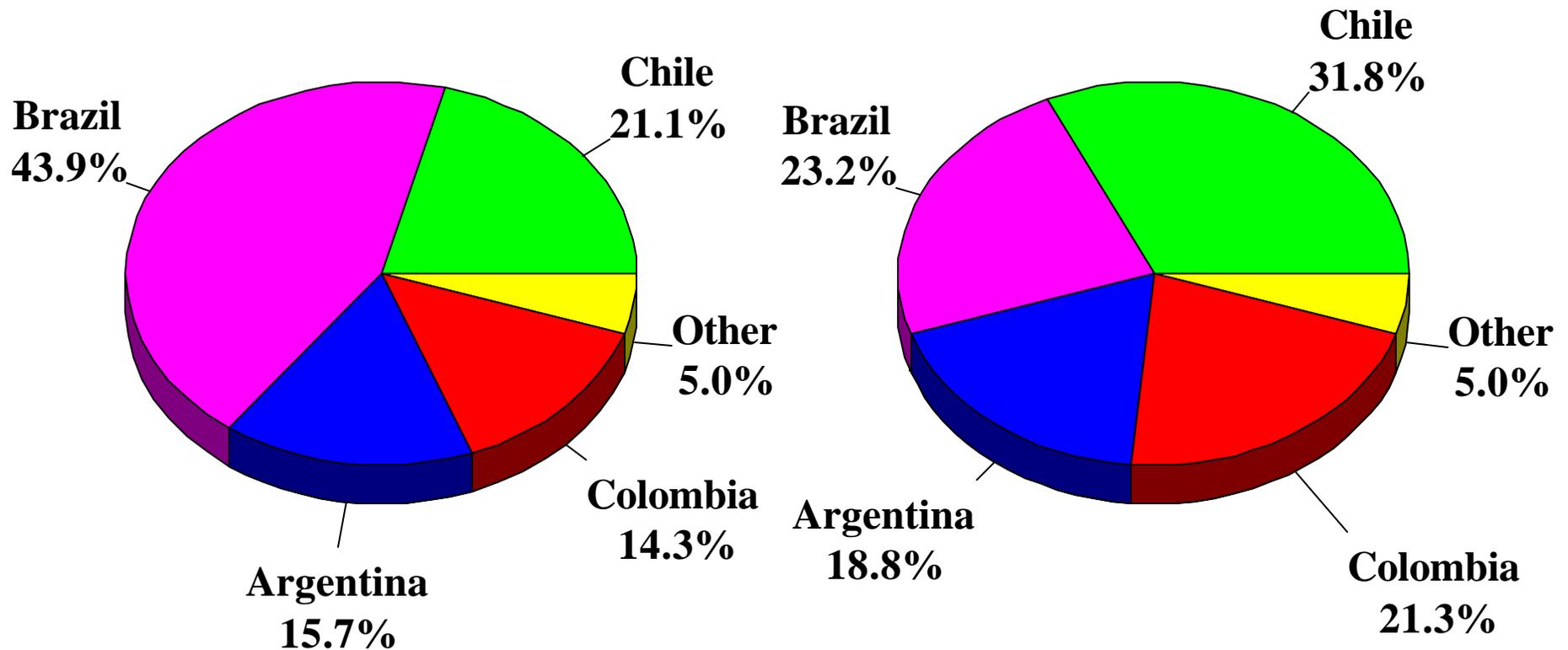


Source: USDA/ERS

U.S. Competitive Agricultural Imports from South America, 1990 and 2000

1990 Total: \$2.27 Billion

2000 Total: \$3.18 Billion

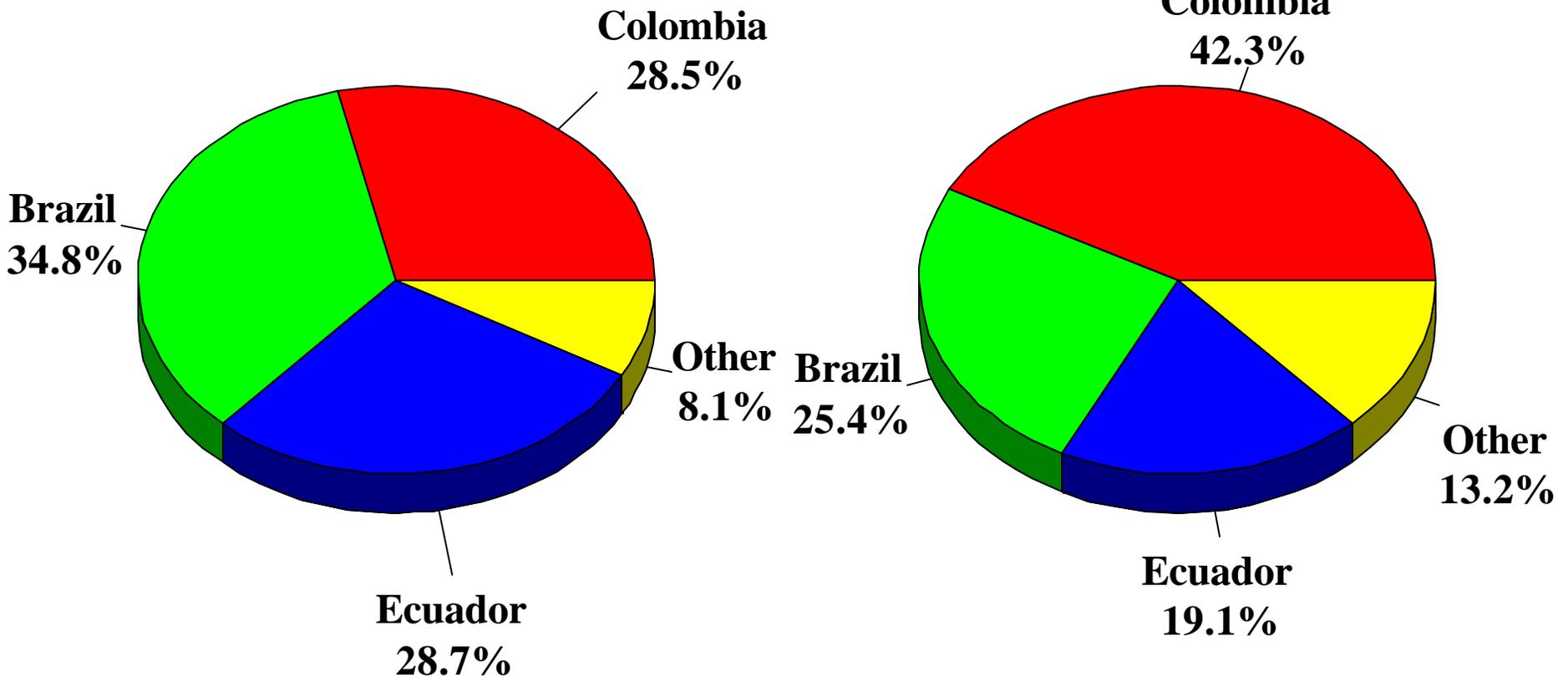


Source: USDA/ERS

U.S. Non-Competitive Agricultural Imports from South America, 1990 and 2000

1990 Total: \$1.63 Billion

2000 Total: \$1.60 Billion



Source: USDA/ERS

FTAA Potential Impacts

- & U.S. agricultural exports to Western Hemisphere countries up 8% after first 5 years (up \$580 million by 2010)**
- & U.S. agricultural imports from Western Hemisphere countries up 6% after first 5 years (up \$830 million by 2010)**
- & Gains likely for U.S. corn, soybean and cotton exports**
- & Possible negative impacts on U.S. sugar, peanut and FCOJ industries**



Emerging Issues in Western Hemisphere Agricultural Trade



Potential Road Blocks

- & Increase of Antidumping/Counterveiling Duty (AD/CVD) Petitions**
- & Infrastructure issues in Latin America (Roads, Electricity, Cold Storage)**
- & Resolution of NAFTA Trucking Provisions (Drayage)**
- & Technical Barriers to Trade - ie Labeling and SPS issues**
- & Delay in Negotiations**



Economic Issues

- & Recurring financial instability in South America, esp. Argentina, Brazil and Ecuador**
- & Limited economic growth and high interest and inflation rates**
- & Exchange Rate and Dollarization Issues**
- & Political instability aggravates economic issues**



Conclusions and Implications

- & NAFTA, FTAA and WTO Will Help Shape Trade Flows over the Next Decade**
- & Income Growth and Infrastructure Improvements in Latin America Crucial**
- & Opportunities and Challenges Continue**
- & Economic and Political Issues are Critical**
- & Trade Agreements Only One Factor Influencing U.S. Agriculture and Trade**

