Trade and Agriculture
What's at Stake for Louisiana?

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Louisiana produces agricultural products that are exported worldwide. Louisiana's farm cash receipts were $2.7 billion in 2007, and its agricultural exports were estimated at $695 million in 2007. Agricultural exports help boost farm prices and income, while supporting about 7,406 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are important to Louisiana's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 25 percent in 2007.

Louisiana's top agricultural exports in 2007 were:

- cotton – $153 million
- rice – $144 million
- feed grains and products -- $136 million
- soybeans and products -- $106 million
- wheat and products -- $47 million

World demand is increasing, but so is competition among suppliers. If Louisiana'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 Louisiana Agriculture

Rice, Louisiana's number one export, will benefit tremendously from recently negotiated trade agreements. Under the U.S.-Chile FTA, Chile's import tariff on U.S. rice falls from 6 percent to zero over 12 years. Rice will be subject to price-based safeguards until tariffs are eliminated. If Congress ratifies the US – Dominican and Central American FTA in its current form, U.S. rice exporters gain preferential access through duty free in-quota access as out-of-quota tariffs are eliminated during 18 to 20-year transition periods. During this transition period, volume-based safeguards are available to the Central American countries. Quotas and their growth rates vary depending on the country and type of rice.

Louisiana has benefited from the opening of the Japanese rice market under the Uruguay Round. Japan opened its market to 375,000 tons of imported rice in 1995; by 2000, the tariff-rate quota had expanded to 682,200 tons. As a result, Japan has emerged as one of the largest export markets for U.S. rice.

Louisiana 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.