



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

U.S. Department of Agriculture  
Foreign Agricultural Service  
September 2008

North Carolina is an important producer of agricultural products and a large exporter. The State's total cash receipts from farming reached \$8.7 billion in 2007. The State ranked 14th among all 50 states in 2007 with agricultural shipments estimated at \$2.1 billion. Agricultural exports help boost farm prices and income, while supporting about 22,380 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are important to North Carolina's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 24 percent in 2007.

North Carolina's top agricultural exports in 2007 were:

- tobacco leaf -- \$410 million
- live animals and red meats --\$372 million
- poultry and products --\$365 million
- cotton -- \$172 million

World demand is increasing, but so is competition among suppliers. If North Carolina'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 North Carolina 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.

As one of the leading states in poultry production, North 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.

North 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**

The North Carolina seafood industry benefited when an FAS-led trade mission traveled to Nigeria to explore untapped commercial opportunities for U.S. seafood products. The team, which also included an official from the Virginia Department of Agriculture and Consumer Services and a North Carolina/Virginia-based supplier of Atlantic croaker met with importers, visited cold storage facilities and markets, and consulted with a Lagos-based shipping company interested in handling consolidated shipments of U.S. products to West Africa. Following the mission, the croaker supplier received several trade leads that resulted in sales of more than \$100,000.