



Trade and Agriculture **What's at Stake for New England?**

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

From Connecticut to Maine, New England produces agricultural products that are exported worldwide. In 2007, the region's total cash receipts from farming reached \$2.6 billion. The region's agricultural exports were estimated at \$488 million in 2007, accounting for almost 19 percent of New England's farm economy. Agricultural exports help boost farm prices and income, while supporting about 5,200 jobs both on the farm and off the farm in food processing, transportation, and manufacturing.

The region's top exports in 2007 were wheat, tobacco leaf, vegetables, fruits and planting seeds.

World demand for agricultural products is increasing, but so is competition among suppliers. If New England industries are to compete successfully for export opportunities in the 21st century, they need *fair trade* and *more open access* to growing global markets.

How Trade Agreements Benefit New England Agriculture

New England is one of the nation's larger commercial apple-growing regions. Under the U.S. – Chile FTA, U.S. deciduous fruits gain preferential access, as the 6-percent import tariff is immediately eliminated. If Congress ratifies the US – Dominican and Central American FTA in its current form, U.S. fresh apples which are subject to 15 percent import tariffs in all five Central American countries (and a 20 percent tariff in the Dominican Republic), will gain immediate duty-free access. U.S. exporters annually shipped on average \$13 million worth of fresh apples to all six countries combined from 2001 through 2003.

Australia generally applies lower tariffs of around 5 percent on most processed foods. If Congress ratifies the U.S. – Australian FTA in its current form, U.S. processed foods and beverages will immediately receive duty-free tariff treatment. From 2001 through 2003, U.S. suppliers annually shipped to Australia on average: breads, cakes, and pastries valued at \$4.6 million; soups and broths valued at \$80,000; wines valued at \$1.1 million; distilled spirits valued at \$56 million; and chocolate bars valued at \$1.3 million.

Under the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), a two-track approach will be established for dairy products with the objective of achieving free trade within 20 years. The first step is the establishment of reciprocal duty-free tariff rate quotas (TRQs). The second and concurrent step involves the immediate elimination of in-quota tariffs on dairy products. U.S. dairy products shipped

to Central America face a range of different TRQs and import tariffs as high as 65 percent. From 2001 through 2003, U.S. suppliers annually shipped on average 17,880 metric tons of dairy products valued at \$44.1 million to all six countries combined.

Export Success Stories

New England seafood industries benefited from recent big international trade show sales. U.S. companies, exhibiting in the US Pavilion at the 2004 European Seafood Exposition in Brussels, Belgium, reported on-site sales of more than \$55 million. About 30 U.S. suppliers participated in the show, offering a wide range of fish and seafood products, including mackerel, live lobsters and lobster meat, shrimp, scallops, oysters, squid and octopus.

The U.S. Apple Export Council (USAEC) passed a major milestone by shipping its first loads of fresh apples to Mexico in the 2002/2003-season. This capped the industry's three-year effort to gain access to this potentially large market for "USA Apples." In the 2003/2004-season, exporters shipped about 17,000 cartons of apples to Mexico. The USAEC is a committee of the U.S. Apple Association that manages the export promotion program for the apple industry in 10 states, including the New England states of Connecticut, Maine, Massachusetts, New Hampshire, and Vermont.