Trade and Agriculture
What's at Stake for Kentucky?

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Kentucky is an important producer and exporter of agricultural products. In 2007, the State's cash farm receipts totaled $4.4 billion. Kentucky ranked 21st among all 50 States in 2007 with agricultural exports estimated at $1.2 billion. Agricultural exports help boost farm prices and income, while supporting about 12,788 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are important to Kentucky's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 27 percent in 2007.

Kentucky's top five agricultural exports in 2007 were:

- tobacco leaf -- $386 million
- live animals and red meats -- $321 million
- feed grains and products -- $148 million
- soybeans and products -- $120 million
- poultry and products -- $94 million

World demand for these products is increasing, but so is competition among suppliers. If Kentucky'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 Kentucky 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 a soybean producer, Kentucky benefits under the Uruguay Round agreement as South Korea reduced its tariffs on soybean oil by 14.5 percent from 1995 to 2004. Thus far, the tariff reduction has supported a threefold increase in export volume. The Philippines reduced its tariffs on soybean meal from 10 to 3 percent during the same period. China's accession to the WTO has helped to raise our exports of soybeans to that country by over six fold from 1999 to 2004, surpassing $2.4 billion this year.

Export Success Stories

The American Soybean Association used Market Access and Foreign Market Development program funds to distinguish U.S. dehulled soybean meal from that of alternative suppliers in Korea. Since the first 13, 000 MT shipment of U.S. dehulled soybean meal was introduced to the feed and livestock industry in 2001, the perceived value that end users have of U.S. meal, as demonstrated by price premiums, keeps rising. Buyers of U.S. meal are paying a premium of $16 per metric ton over competing meals from South America and India. This should be compared to $11 per ton three years ago. The number of feed mills, integrated poultry, and swine growers that bought U.S. product also increased to 24 in 2003 from three in 2001. As a result, exports of dehulled meal more than tripled to 79,000 MT over the same period. Exports of U.S. soybean meal to Korea were valued at $17 million in 2003.