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

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

Nebraska is one of the leading producers of agricultural products and a major exporter. The State's farm cash receipts totaled $14.5 billion in 2007, and Nebraska ranked fifth among all 50 States with agricultural exports estimated at $4 billion. Agricultural exports help boost farm prices and income, while supporting about 42,628 jobs both on the farm and off the farm in food processing, transportation, and manufacturing. Exports are increasingly important to Nebraska'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.

Nebraska's top five agricultural exports in 2007 were:

- feed grains and products -- $1.3 billion
- soybeans and products -- $812 million
- live animals and red meats -- $802 million
- hides and skins -- $403 million
- wheat and products -- $313 million

World demand for these products is increasing, but so is competition among suppliers. If Nebraska's farmers, ranchers, and food processors are to compete successfully in the 21st century, they need *fair trade* and *more open access* to growing global markets.

## How Trade Agreements Benefit Nebraska Agriculture

As one of the nation's corn producers, Nebraska benefited under the NAFTA when Mexico converted its import licensing system for corn to a transitional tariff-rate quota that will remain in effect until 2008. Under this system, the volume of U.S. corn exports to Mexico has risen over 42 percent since 1994, reaching 120 million bushels valued at $585 million in 2002.

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, Nebraska 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 U.S. Grains Council, in collaboration with the Iowa Corn Promotion Board, the Nebraska Corn Board and the National Corn Growers Association, held the second International Biotechnology Information Conference Oct. 13-17, 2004. The conference brought together 70 national and international policy makers from at least 30 countries and international organizations for a first-hand look at the U.S. grain handling system and for an interactive discussion on the costs and benefits of agricultural biotechnology. Conference organizers successfully conveyed the message that agricultural biotechnology can be used by smaller as well as larger farming operations to offset input costs, protect the environment and improve yields. Also, the conference demonstrated that labeling requirements contribute to higher product costs due to segregation requirements for production, storage, transportation, regulatory oversights and higher production costs.