Trade and Agriculture
What's at Stake for Illinois?

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Illinois is an important producer and exporter of agricultural products. In fiscal year 2007, the State's cash farm receipts totaled $11.6 billion. Illinois ranked fourth among all 50 states in 2007 with agricultural exports estimated at $4.7 billion. Agricultural exports help boost farm prices and income, while supporting about 50,088 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports remain important to Illinois′ agricultural and statewide economy. The State's reliance on agricultural exports was 40 percent in 2007.

Illinois' top agricultural exports in fiscal year 2007 were:

- feed grains and products -- $1.9 billion
- soybeans and products -- $1.5 billion
- live animals and red meats -- $405 million
- wheat and products -- $210 million

World demand for these products is increasing, but so is competition among suppliers. If Illinois 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 Illinois Agriculture

As one of the nation's leading soybean producers, Illinois 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.

Illinois, one of the nation's largest feed corn producers, 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.

Export Success Stories

The American Soybean Association's (ASA) promotion of Full Fat Soybean Meal (FFSBM) using both Foreign Market Development program and producer checkoff funds from the United Soybean Board, has resulted in three soybean crushers in Thailand producing FFSBM and one commercial FFSBM producer increasing their production. ASA's strategy is to increase the demand for U.S. beans and the competitiveness of buyers of U.S. soybeans by improving their product line, thereby increasing demand and customer preference for U.S. products. This has made FFSBM more available to livestock producers while improving the quality and the cost of the feed they produced. It is estimated that the target audience will consume an additional 60,000 metric tons of soybeans valued at $16 million annually.