Trade and Agriculture
What's at Stake for New Mexico?

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New Mexico produces agricultural products that are exported worldwide. In 2007, the State's cash receipts from farming totaled almost $3 billion. Exports in 2007 were estimated at $270 million. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 9 percent in 2007.

New Mexico's top five agricultural exports in 2007 were:

- dairy products -- $112 million
- tree nuts -- $38 million
- wheat and products -- $35 million
- cotton – $22 million
- vegetables -- $18 million

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

How Trade Agreement Benefit New Mexico Agriculture

Under the U.S. – Australian FTA, New Mexico's tree nut and vegetable industries will benefit. Australia's 5-percent tariff would be eliminated on a number of U.S. vegetable and tree nut exports including potatoes (fresh, dried and flakes), sweet corn (frozen and canned), and spinach. From 2001 through 2003, U.S. suppliers annually shipped on average $21.5 million worth of vegetable and vegetable products to Australia.

New Mexico benefited as some of the top international markets significantly reduced tariffs on cattle and beef. Under the NAFTA, Mexico eliminated its 15 percent tariff on live slaughter cattle, its 20-percent tariff on chilled beef, and its 25 percent tariff on frozen beef. Mexico is one of the fastest growing markets for U.S. beef. U.S. beef exports to Mexico rose from the 1993 pre-NAFTA level of 39,000 tons valued at $116 million to 207,000 tons valued at $596 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

Producing roughly 45,000 cases annually, Albuquerque-based Gruet Winery looked to the Western U.S. Ag-Export Association (WUSATA) to help open the doors to the European market. Using Market Access Program (MAP) funds from WUSATA's Branded Program, the winery learned of the valuable and cost saving opportunities and the chance to expose their wine to more than the domestic market. They attended the London Wine Fair in May 2004 and made successful sales. Some $60,000 in sales later, Gruet has become a stable competitor in the United Kingdom (UK)..