



Trade and Agriculture **What's at Stake for Washington?**

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Washington is an important producer and exporter of agricultural products. In 2007, the State's cash receipts from farming totaled \$7.4 billion. Washington ranked 8th among all 50 States in 2007, with agricultural exports estimated at \$2.6 billion. Agricultural exports help boost farm prices and income, while supporting about 27,710 jobs both on and off the farm in food processing, storage, and transportation. Exports are important to Washington's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 35 percent in 2007.

Washington's top agricultural exports in 2007 were:

- fruits -- \$9946 million
- vegetables -- \$504 million
- wheat and products -- \$429 million
- live animals and meat -- \$96 million

World demand for these products is increasing, but so is competition among suppliers. If Washington State'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 Agreements Benefit Washington Agriculture

As the third largest fruit exporter nationwide, Washington benefits from increased access to the Mexican market. Under the North American Free Trade Agreement, Mexico eliminated its tariffs on fresh U.S. pears, quinces, plums, prunes, and apricots in 1998. U.S. exports of pears and quinces to Mexico rose from \$26.6 million in 1998 to \$45.8 million in 2002. Fresh plum and prune exports to Mexico rose from \$3.5 million to \$5.7 million during the same period. Total U.S. exports of pears and quinces rose from \$81 million in 1998 to \$100.3 million in 2002, while U.S. exports of fresh plums and prunes rose from \$53.4 million to \$56.4 million during the same period.

Washington, the second largest vegetable exporter among all 50 States, benefits under the Uruguay Round as Japan, South Korea, and Thailand lower their tariffs on sweet corn. By 2004, Thailand reduced its tariffs on canned and frozen sweet corn to 30 and 40 percent, and Korea will reduce its tariffs on frozen sweet corn from 60 to 54 percent. Japan reduced its tariffs on frozen sweet corn from 12.5 percent in 1995 to 10.6 percent in 2000. Supported by lower tariffs, U.S. canned sweet corn exports to Japan topped \$52

million in 2002, up 24 percent since 1995. U.S. canned sweet corn exports to Korea hit \$14 million in 2002, up 40 percent from 1995.

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.

Export Success Stories

A joint Market Access Program (MAP) funded project between Nevada and Washington State in April proved successful for 10 companies looking to do business in Asia. Headed by the Washington Department of Agriculture and the Nevada Commission on Economic Development, the group led the companies to two additional trade missions to Malaysia and the Philippines. Organizers set appointments for foreign buyers and American sellers as well as arranged for educational tours of the markets. On site sales topped to \$150,000 and sales for the next 12 months are estimated at \$2.1 million. The companies made excellent contacts and received valuable insight into the market.