



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

U.S. Department of Agriculture  
Foreign Agricultural Service  
November 2007

Idaho produces agricultural products that are exported worldwide. In fiscal year 2006, the State's total cash receipts from farming reached \$4.5 billion, and exports were estimated at \$811 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. These exports helped boost farm prices and income, while supporting about 10,800 jobs both on the farm and off the farm in food processing, storage, and transportation. The State's reliance on agricultural exports was 18 percent in 2006.

Idaho's top five agricultural exports in fiscal year 2006 were:

- vegetables -- \$313 million
- wheat and products -- \$216 million
- dairy products -- \$109 million
- feeds and fodders -- \$57 million
- feed grains and products -- \$38 million

World demand for agricultural, fish and wood products is increasing, but so is competition among suppliers. If Idaho's industries are to compete successfully for export opportunities in the 21st century, they need *fair trade* and *more open access* to growing global markets.

### **How Trade Agreements Benefit Idaho Agriculture**

The nation's leading potato producer, Idaho benefits under the North American Free Trade Agreement as Mexico phases out its in-quota tariff rate on frozen potatoes (initially at 15 percent in 1993) by 2003. At the same time, a special safeguard tariff-rate quota of 1,800 tons will grow at a compound annual rate of 3 percent. These changes support U.S. potato fry exports to that Mexico, which jumped from \$9.6 million in 1994 to \$35 million in 2002. Frozen potato fry sales to Japan increased 23 percent to \$152 million over this period. As for Korea, U.S. frozen potato fry exports to that country rose 47 percent to \$22 million during the same period.

Idaho, a large wheat producer, benefited from limits set on subsidized wheat exports as a result of the Uruguay Round agreement. These limits influenced the European Union's decision to change its Common Agricultural Policy, ultimately lowering internal EU market prices to world price levels. Annual EU wheat exports dropped from 22 million tons to about

14 million tons as lower market prices stimulated domestic use. Meanwhile, annual EU wheat imports jumped from 1.5 million tons to 7 million tons as the levied margin of protection fell. This translates to an 11-percent reduction in global export competition and a 5.5-million-ton increase in EU wheat imports, a third of which is supplied by the United States.

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**

Idaho and Washington worked together to bring a reverse buying mission to their states from Taiwan. Buyers and importers were introduced to retail items, shelf-stable food products, food service items and western U.S. produce, especially fresh fruits. Innumerable products were introduced created incremental sales of over \$5 million. A number of food ingredients and service items have high potentials for the deli sections, which many Taiwanese supermarkets are adding.