

A rural landscape featuring a white wooden fence in the foreground, a paved road, and a white barn in the background under a clear sky.

Oklahoma's Stake in New Global Trade Talks

Mark Drabenstott

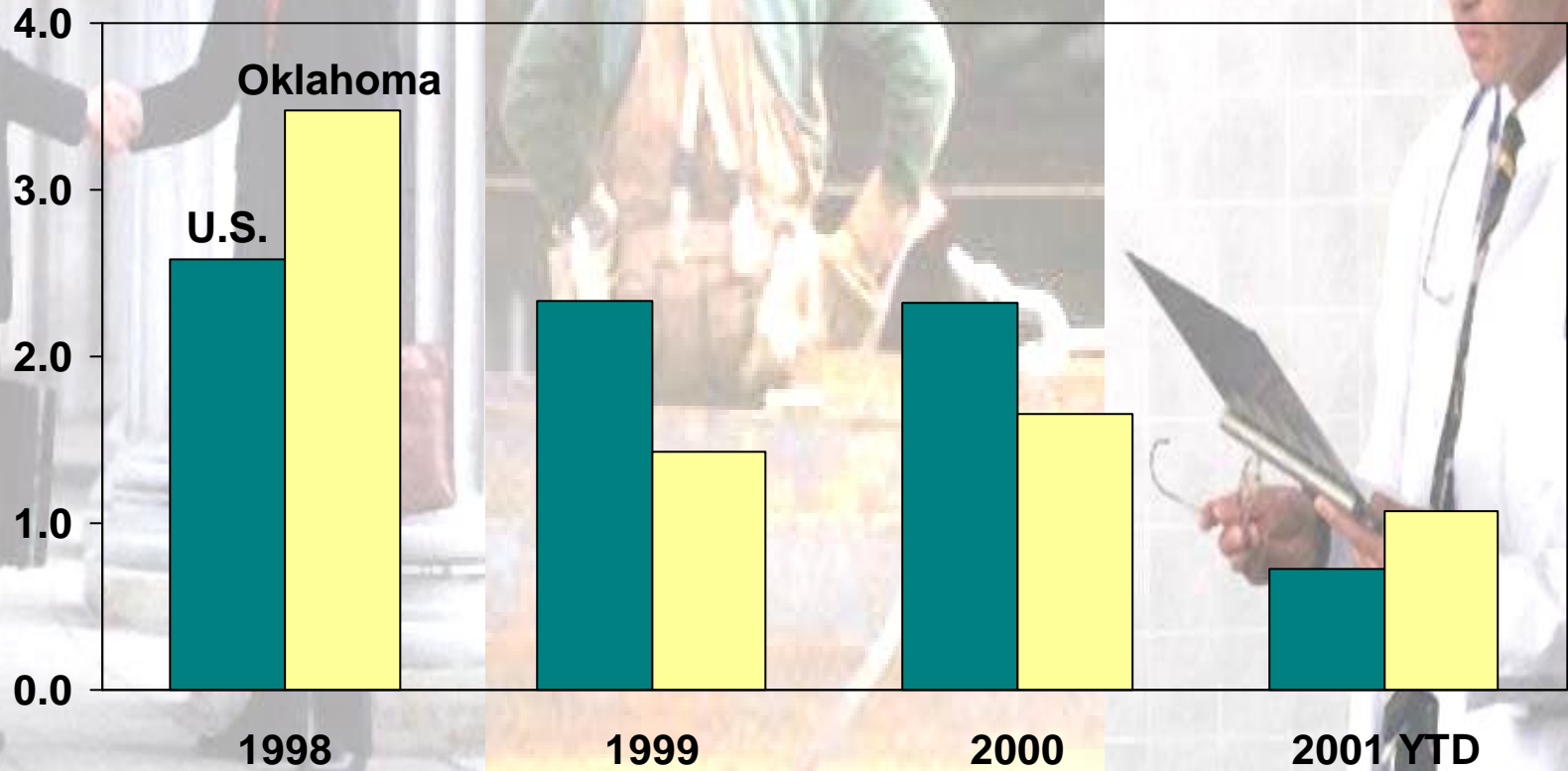
**Center for the Study of Rural America
Federal Reserve Bank of Kansas City**

Oklahoma's Stake in New Global Trade Talks

- **This evening's roadmap:**
 - **A Slowing State Economy**
 - **Oklahoma's Stake in Trade**
 - **Oklahoma's Opportunities in the New Round**

OK job growth slowing, but less than the nation.

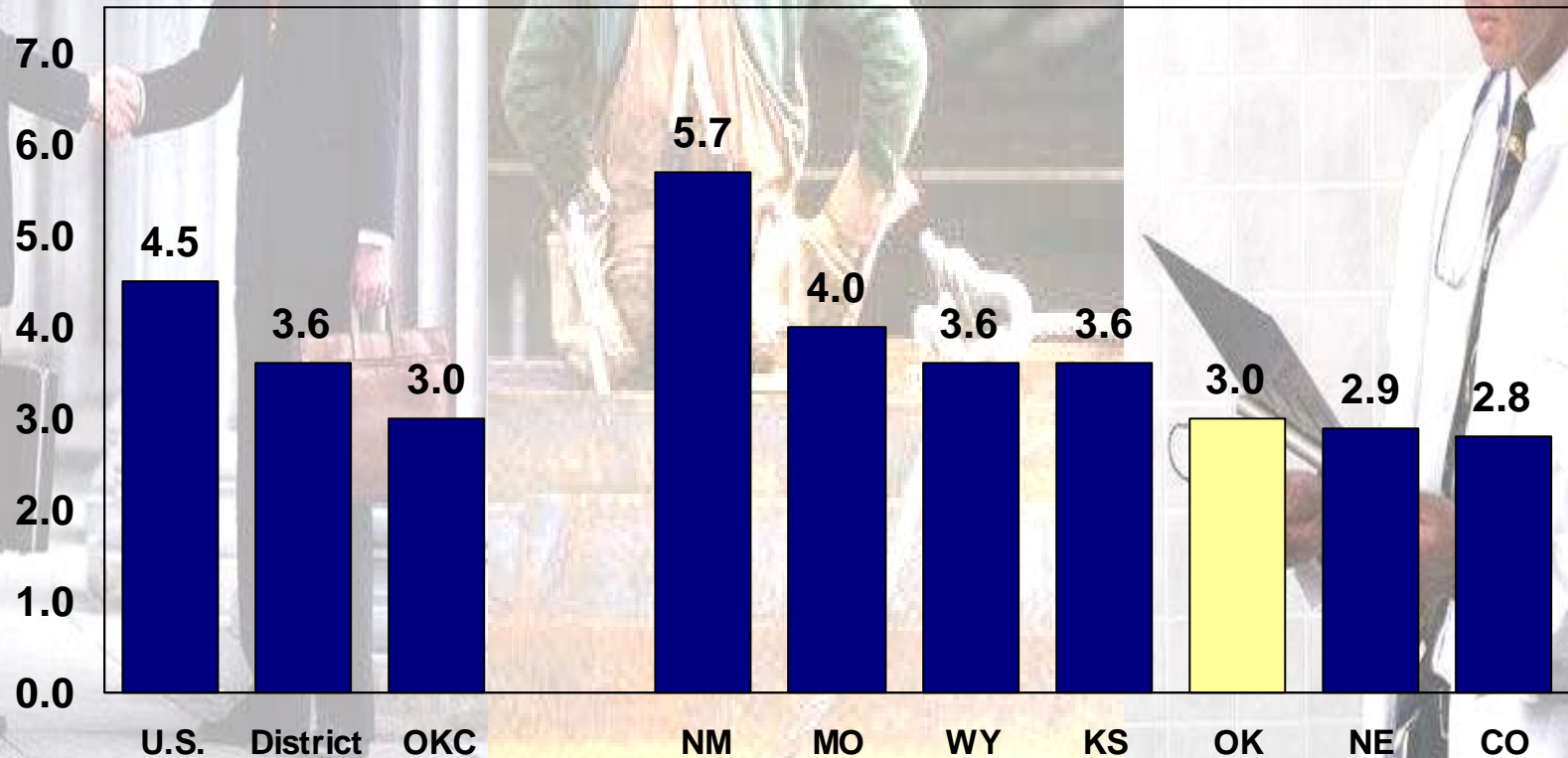
Percent change from a year ago



Source: Bureau of Labor Statistics

The OK job market is tight, but likely will ease.

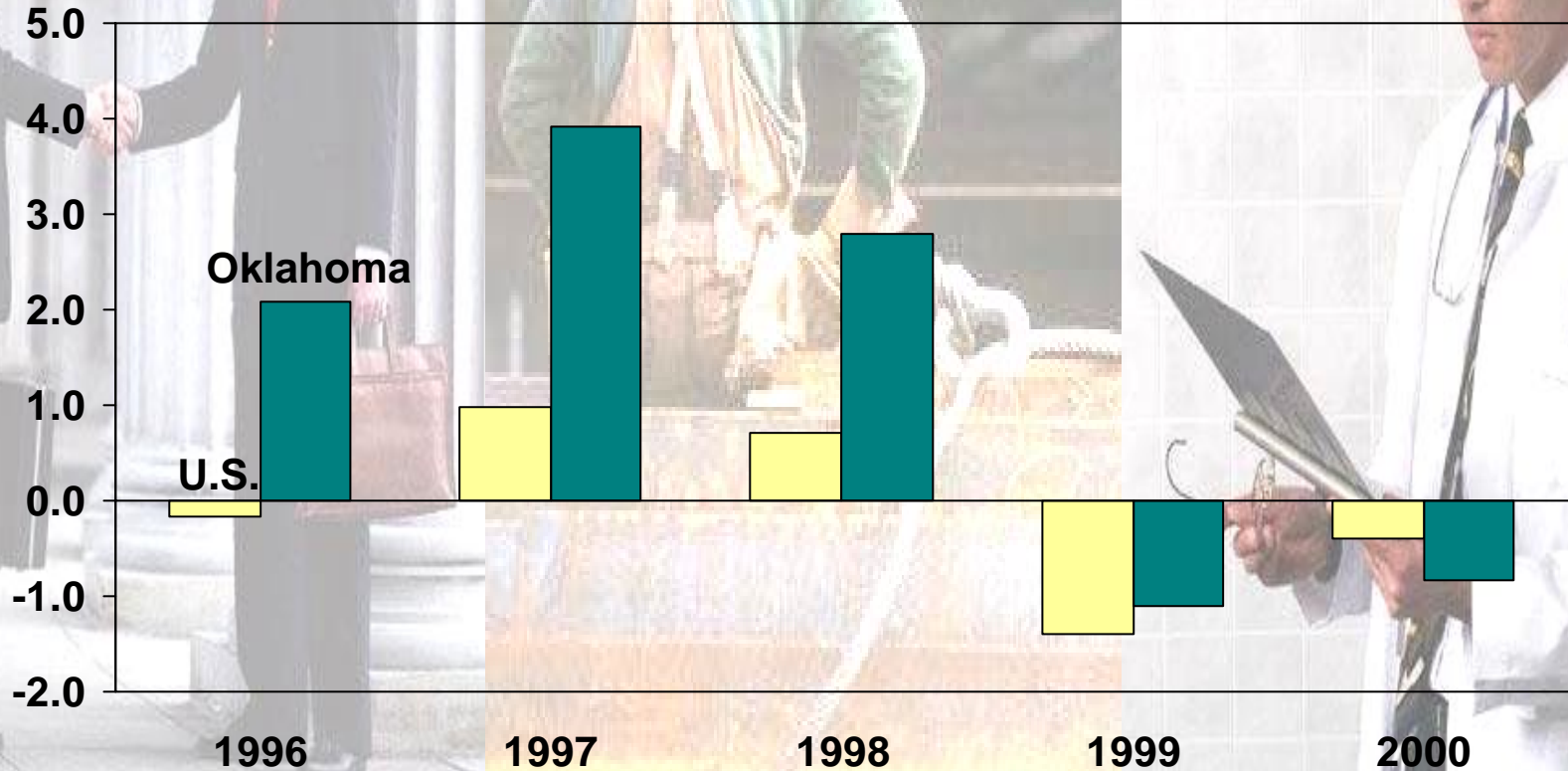
Unemployment rate, Q2:01



Source: Bureau of Labor Statistics

Oklahoma's industrial base has slowed the most.

Percent change from a year ago



Source: BLS

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- This evening's roadmap:
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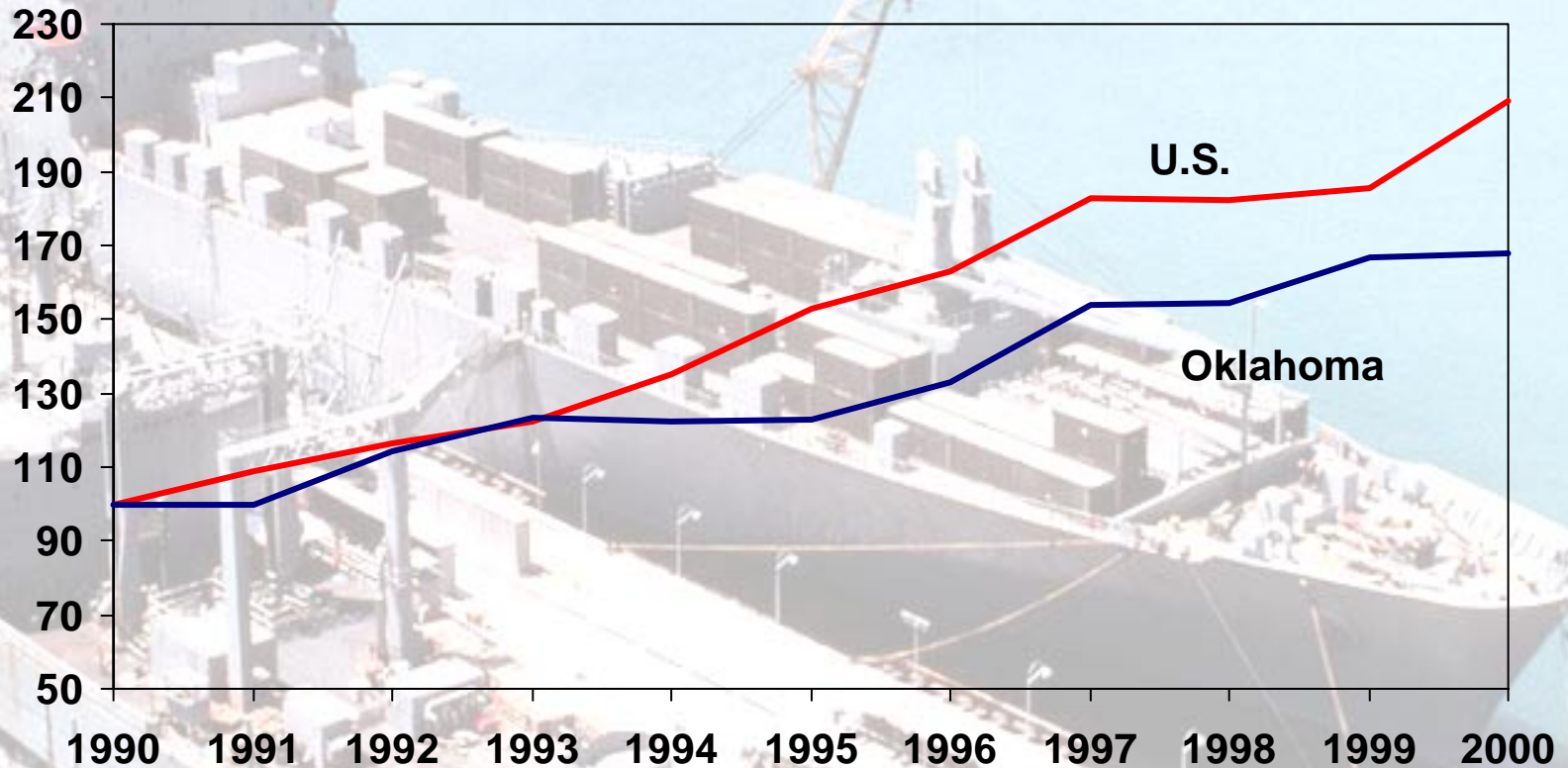
Oklahoma's Stake in Trade

- **The state's industry and agriculture are geared to global markets.**



Oklahoma exports are on the rise...

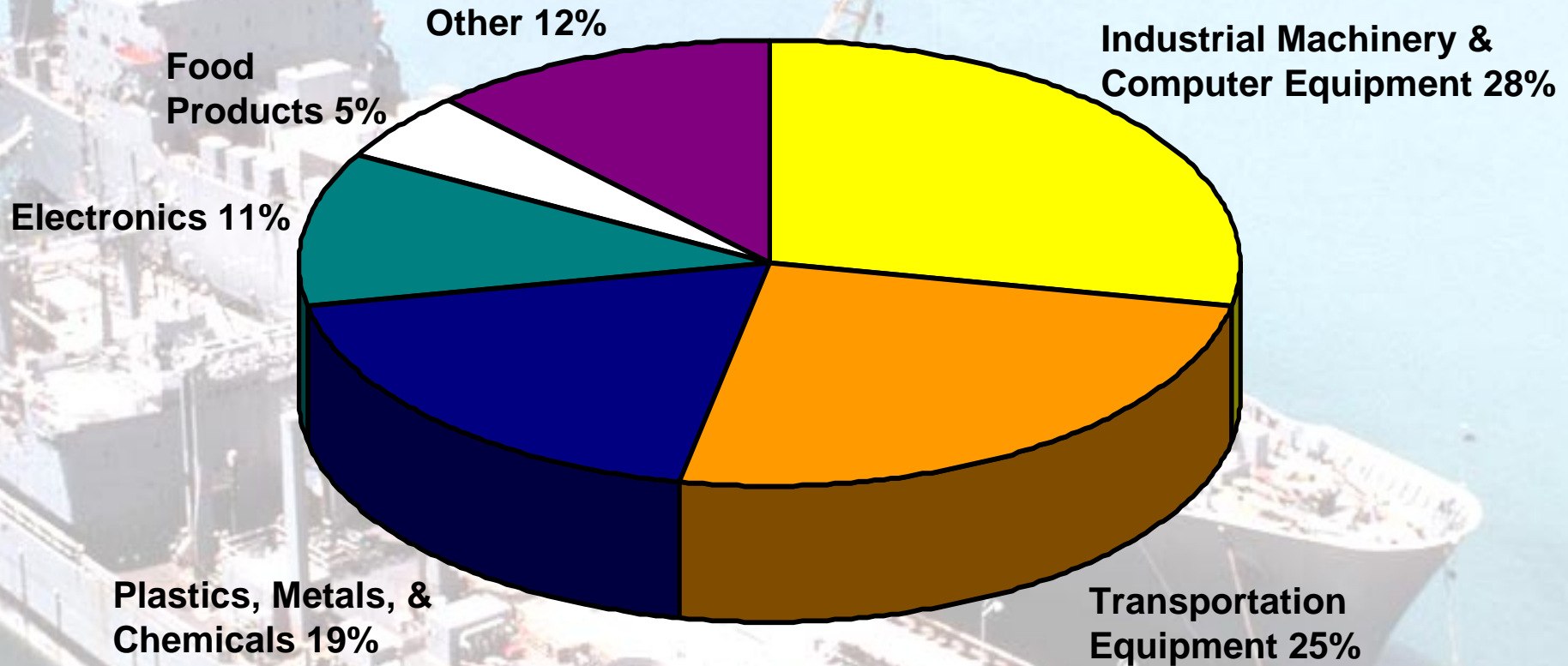
Index, 1990 = 100



Source: MISER

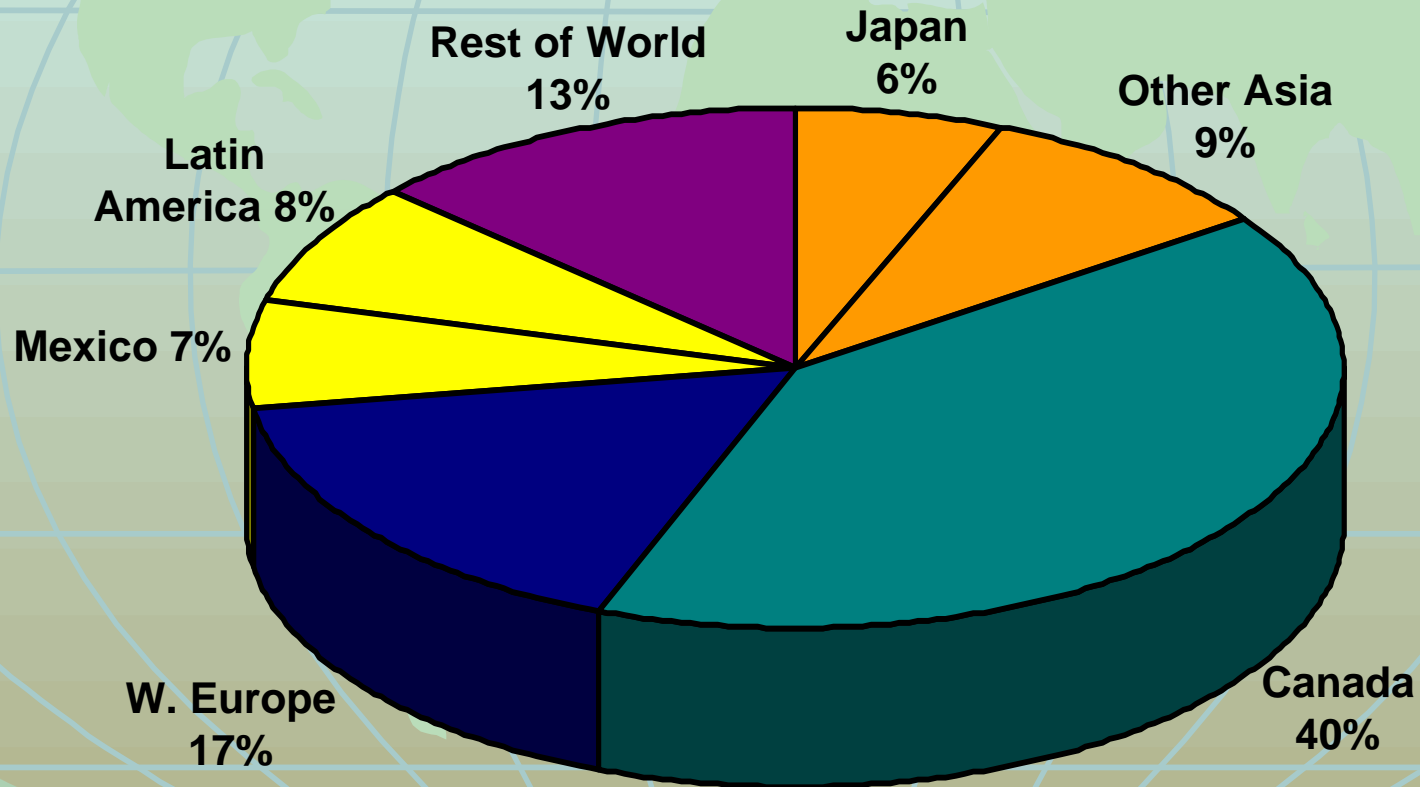
Oklahoma ships many products...

2000



Source: MISER

To many countries.

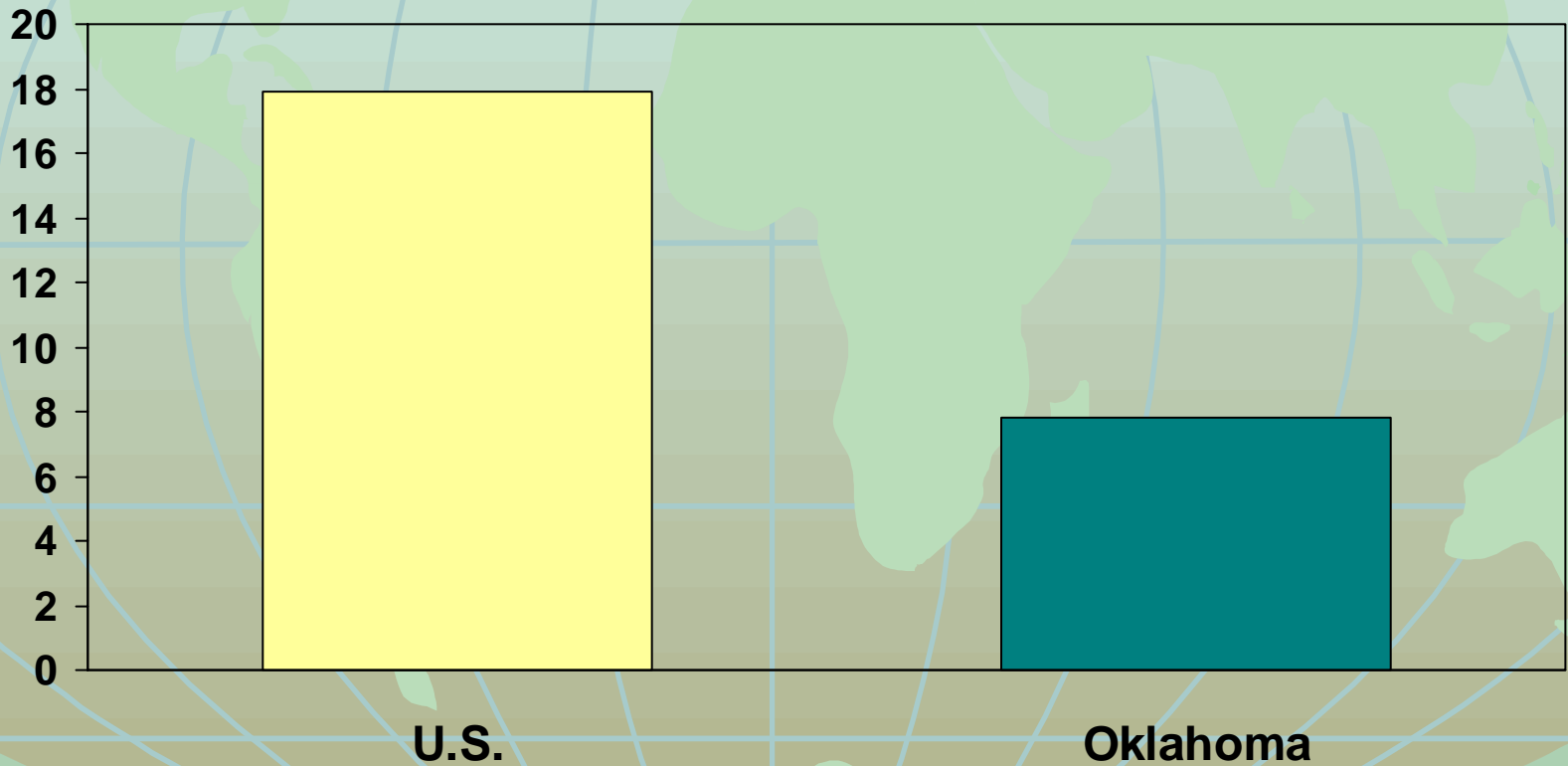


Source: MISER

And the state has a lot of upside left.

Exported Share of Manufactured Output

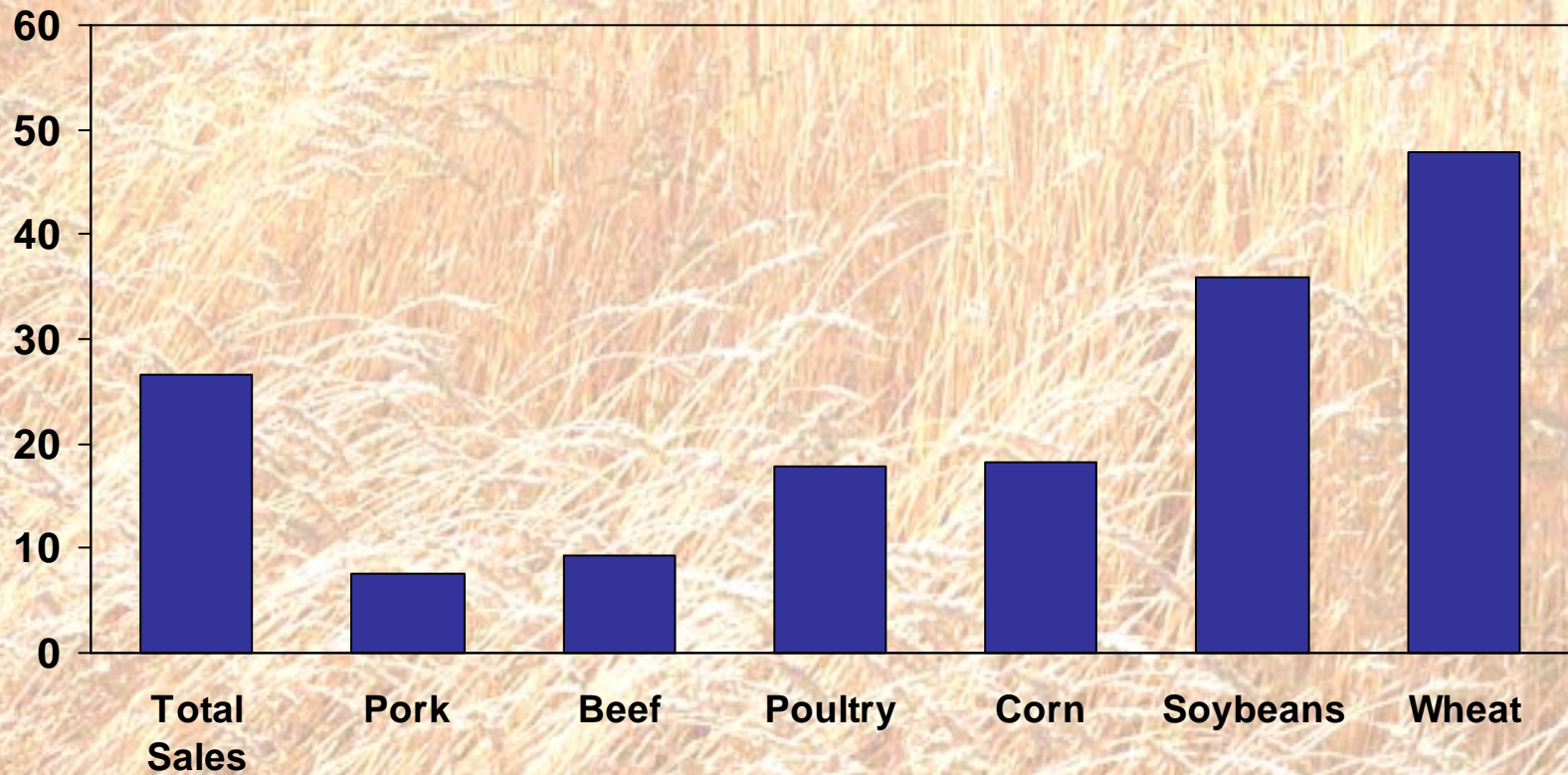
Percent



Source: MISER

Oklahoma also sells a lot of farm products abroad...

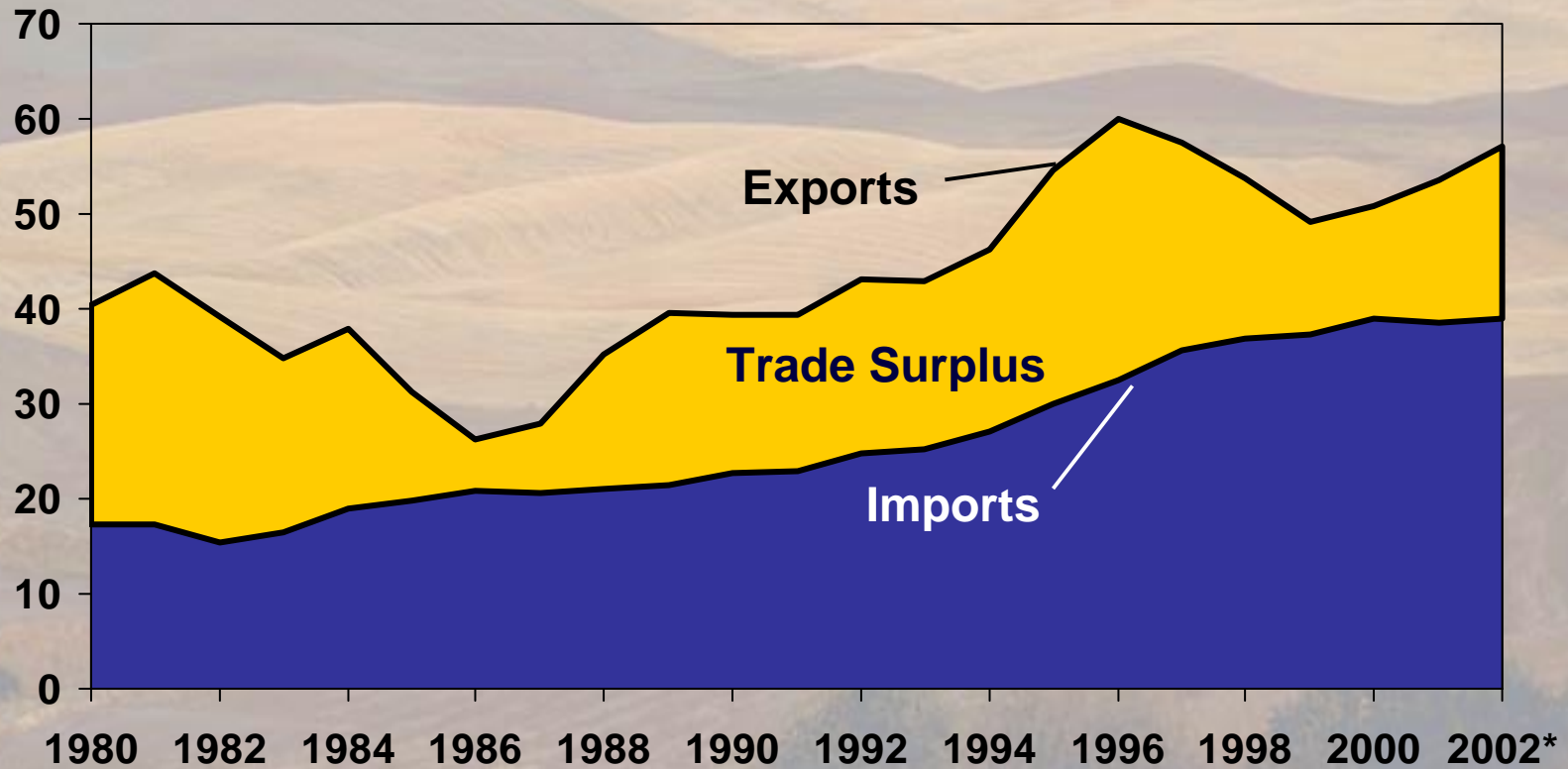
Exported share of U.S. production



Source: USDA

Helping the nation's ag trade surplus.

Billion dollars



*Forecast

Source: USDA

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Putting the New WTO Round in Perspective

- **A civil society has many goals, and trade is just one.**
- **Trade agreements work best when they focus on trade.**
- **But trade policy should promote, not undermine, other policy goals...
including labor standards and protecting the environment.**



Key Issues in Qatar for Oklahoma

- 1. Agriculture**
- 2. Developing countries**
- 3. China's accession**

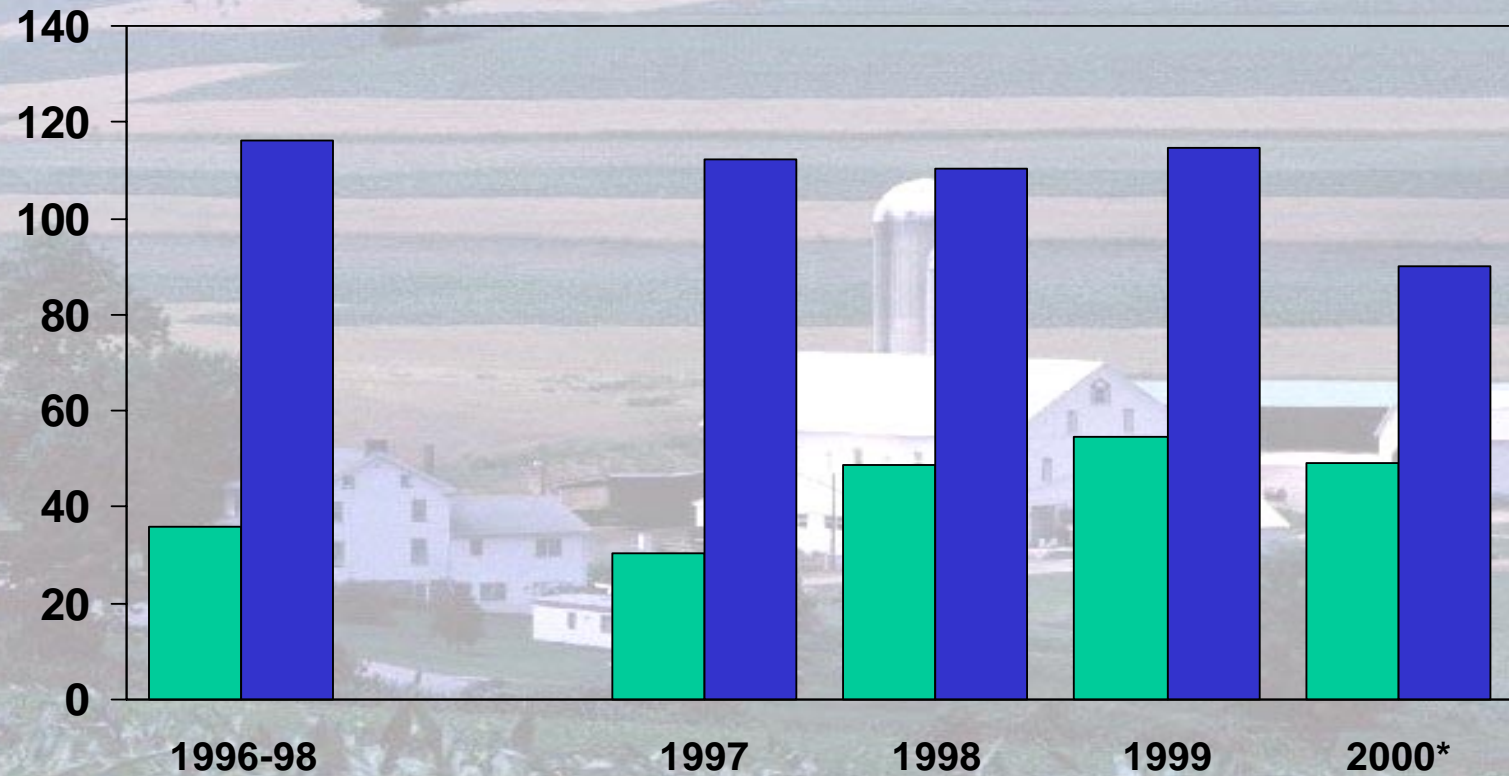
Agriculture in the New WTO Round

- **Farm subsidies have *not* come down since the Uruguay Round ended.**

US and EU Subsidies

OECD Producer Support Estimates

Billion US dollars



*Projected
Source: OECD

Agriculture in the New WTO Round



- Cairns Group will demand a central place for agriculture
 - 17 countries including Australia, Brazil, and Argentina
- These countries all benefit from freer farm trade

Agricultural goals in the New Round

A photograph of a farm with a red barn and other buildings, overlaid with a semi-transparent dark box containing text. The background shows a green field and trees in the distance.

- **Eliminate export subsidies**
- **Cut domestic farm supports**
- **Improve market access**
- **Science-based farm trade rules**

A U.S. farm policy conundrum

- **Some U.S. farm payments are not WTO compliant.**
- **Will this fact shape the next farm bill?**

Our farm program should be consistent with out trade policy

--Secretary Veneman

“Ag at the center” argues for a multilateral Round.

- **Japan and EU can “give” on agriculture...
Only if they “take” in other areas.**
- **Similarly, developing countries must
balance gains and losses.**

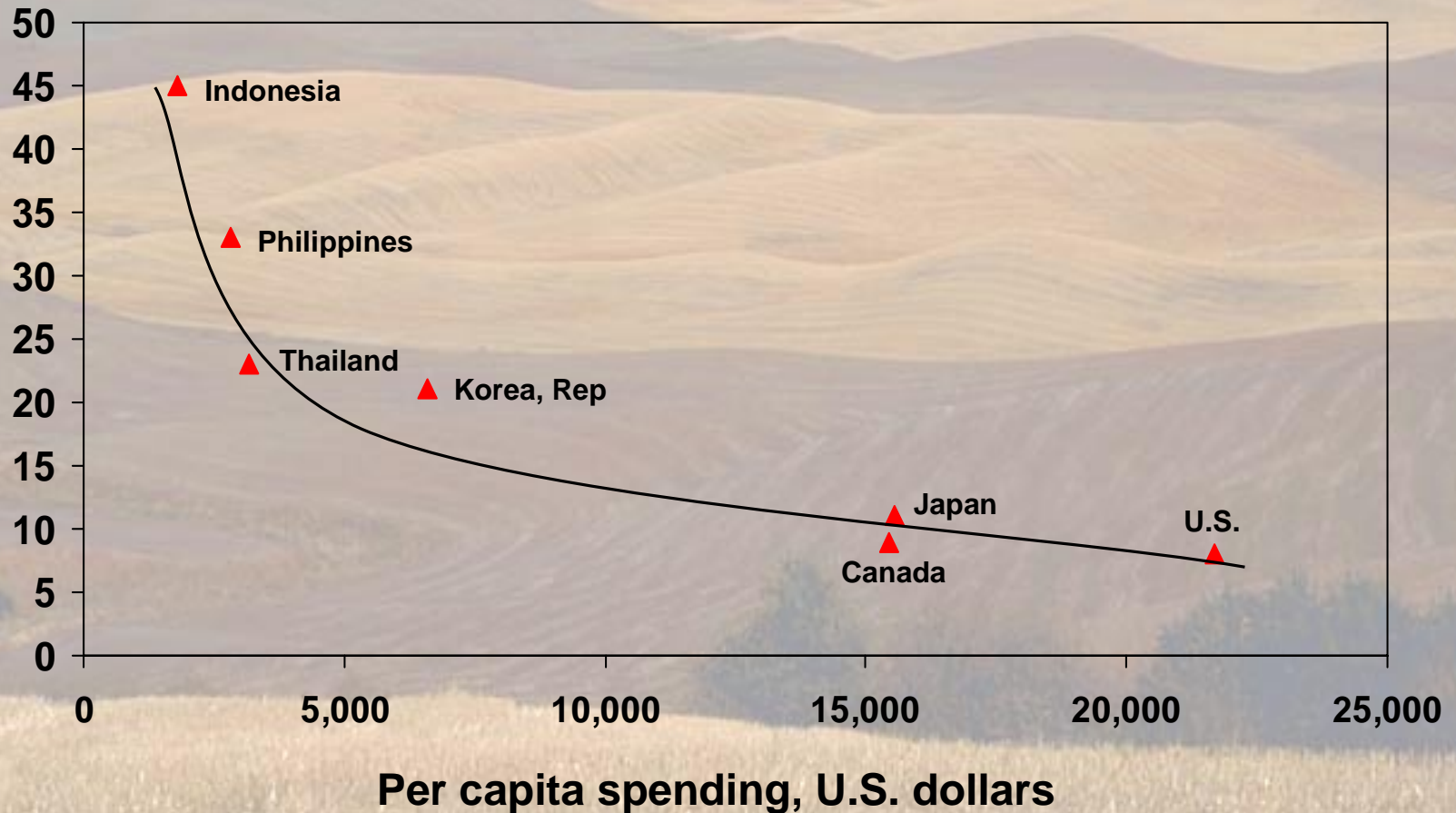


What is Oklahoma's stake in agricultural talks?

- **World food market grows only if trade barriers fall.**
- **OK agriculture needs science in trade rules to prosper.**

Many world consumers spend a third of each new dollar on food.

Food's share of household spending



Source: World Bank

Developing Countries in the New WTO Round

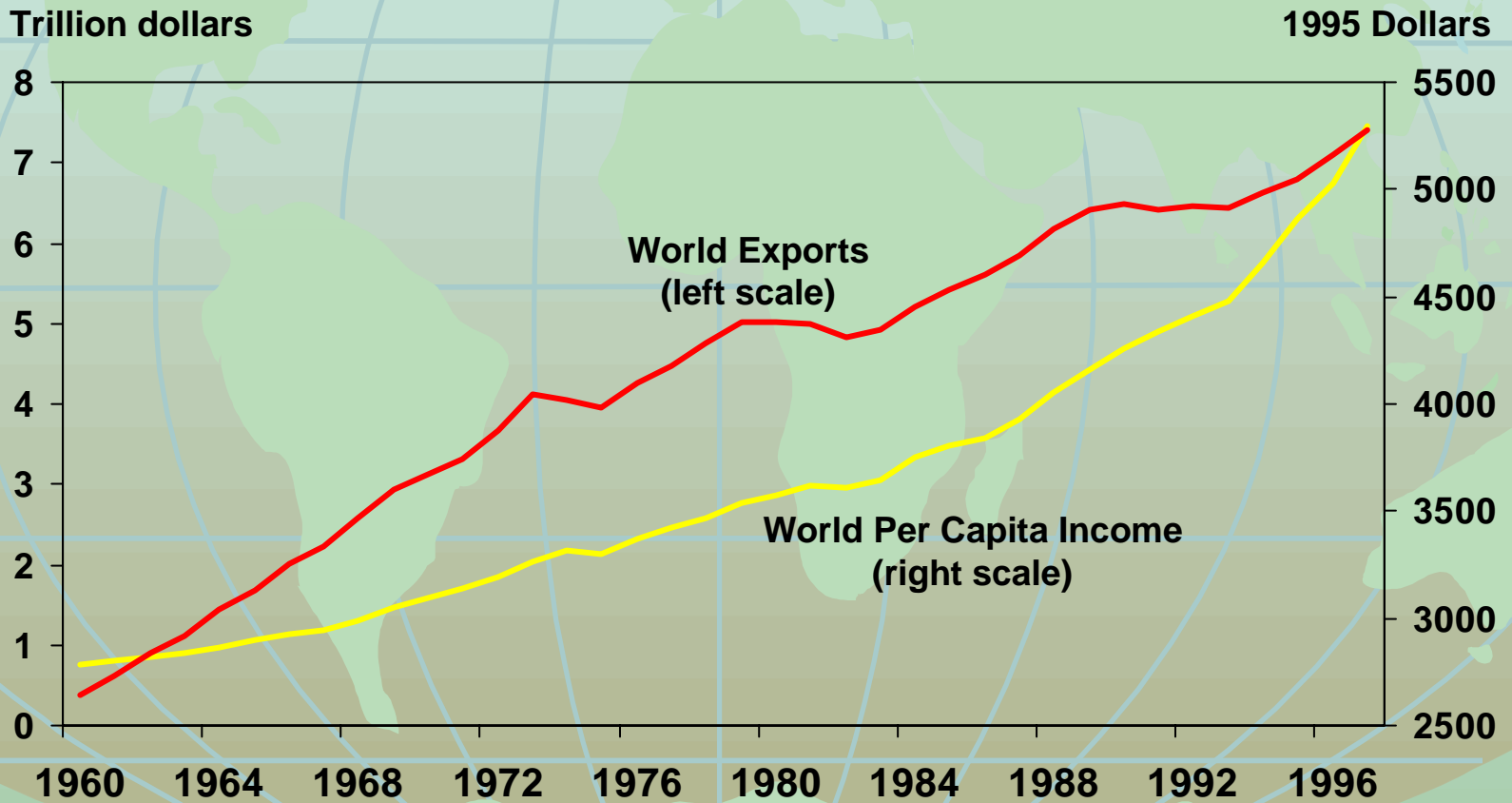
- **Help in implementing Trade Agreements**
- **Linking agriculture with other categories**
- **And a much bigger voice in the process...**

100 of 142 member countries are LDCs

What is Oklahoma's stake in the developing country issue?

- **Trade grows only when world incomes grow...**
- **Especially for factory goods and farm products...**
- **Oklahoma's two biggest exports.**

World incomes rise when trade grows.



Source: World Bank

China's Entrance to WTO

- **Brings world rules to China trade**
- **Brings more reform to China's economy**
- **Opens new markets to U.S. firms**

U.S. Sectors that Gain in the China Agreement

- **Agriculture**
- **Banking & Insurance**
- **Services**

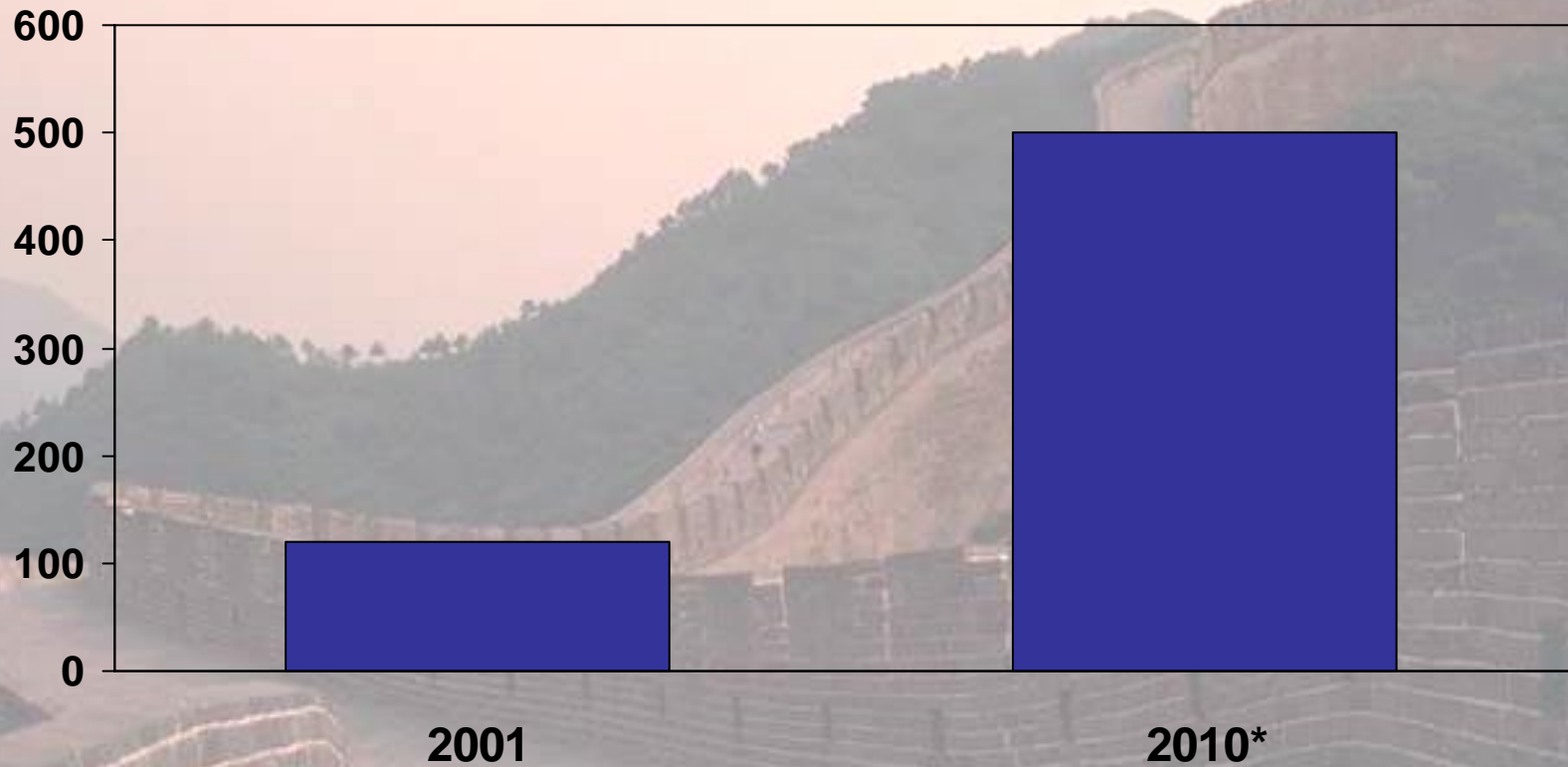


What are the stakes for Oklahoma?

- **Big new market for manufactured products**
- **New markets for services**
- **Big new market for agriculture**

China's burgeoning middle class...

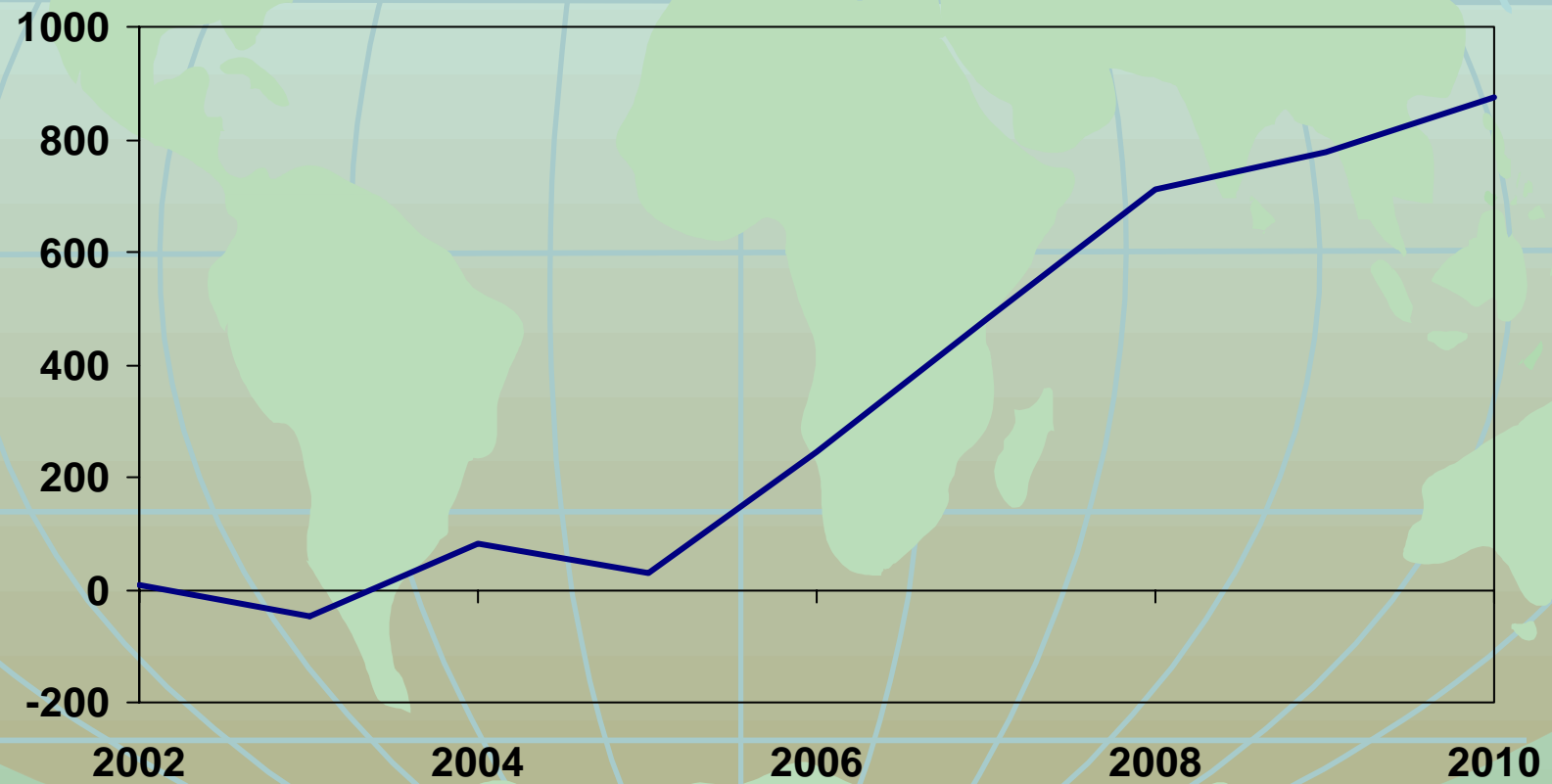
Millions of people



Projected
Source: Fortune Magazine

Means a huge new market for wheat and meat...

China net pork imports, thousand metric tons



Source: FAPRI

In sum...

- **Oklahoma's farms and factories...**
- **Have a big stake in the new WTO Round...**
- **A force that will shape the state's economy for years to come.**

Conclusions

- **Oklahoma's economy is slowing...**
- **But not as much as elsewhere in the region.**
- **The new WTO Round opens new markets...**
- **To many Oklahoma businesses...**
- **And points to stronger growth in the future.**