

# ***International Trade Issues & Texas Agriculture***

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Professor & Director

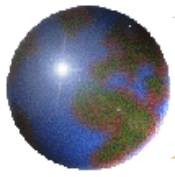
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Department of Agricultural Economics

Texas A&M University



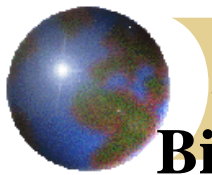
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# ***Trade Issues & Texas***

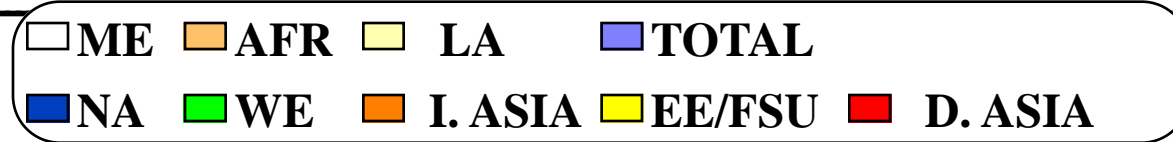
## ***Agriculture***

- ✚ **WTO Negotiations**
- ✚ **Complete NAFTA Implementation-2008**
- ✚ **Trade Agreements**
- ✚ **Cuba Export Opportunities**
- ✚ **Trade Disruptions**



# World Population

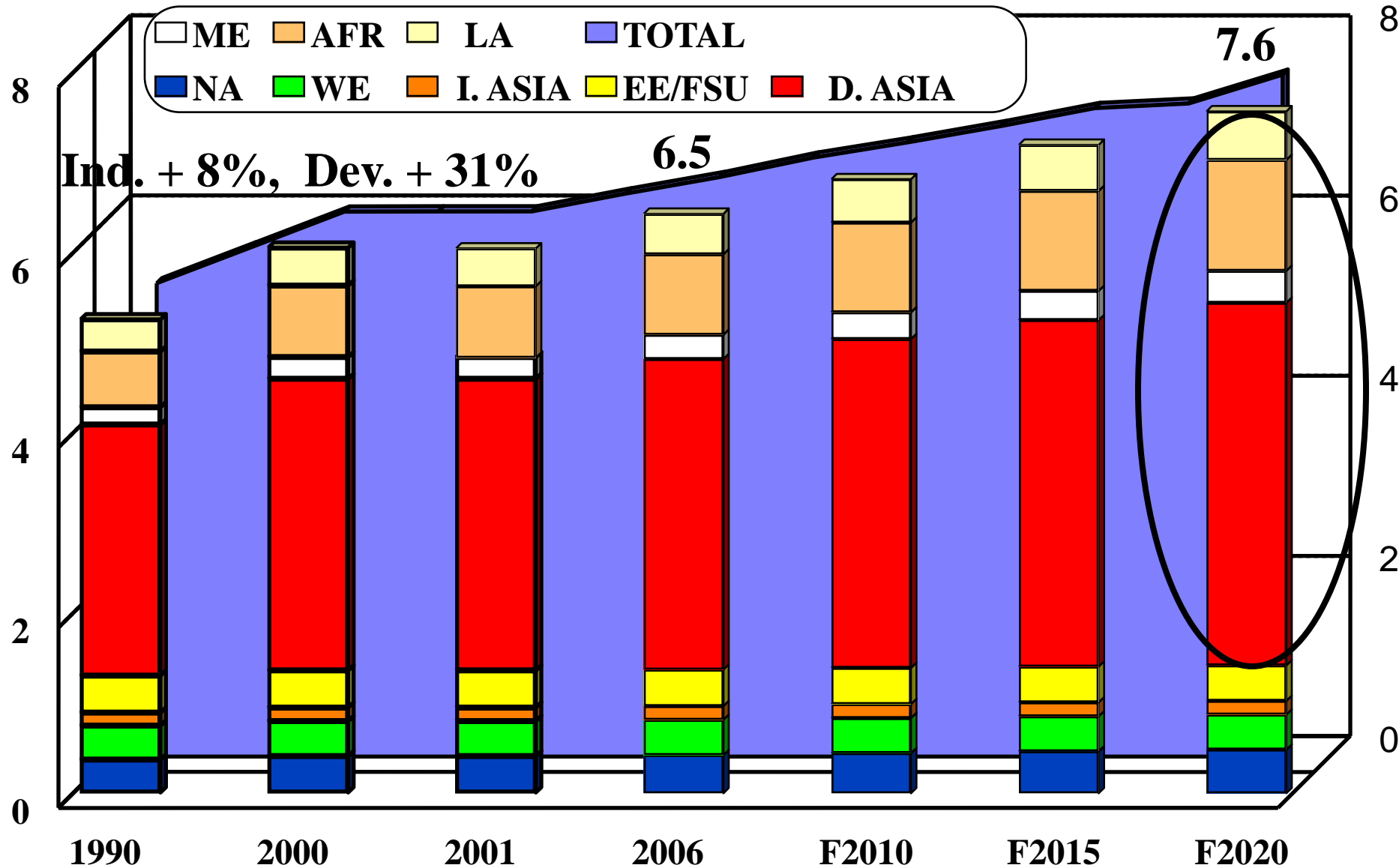
Billions

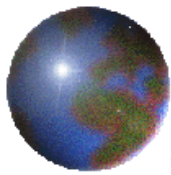


Ind. + 8%, Dev. + 31%

6.5

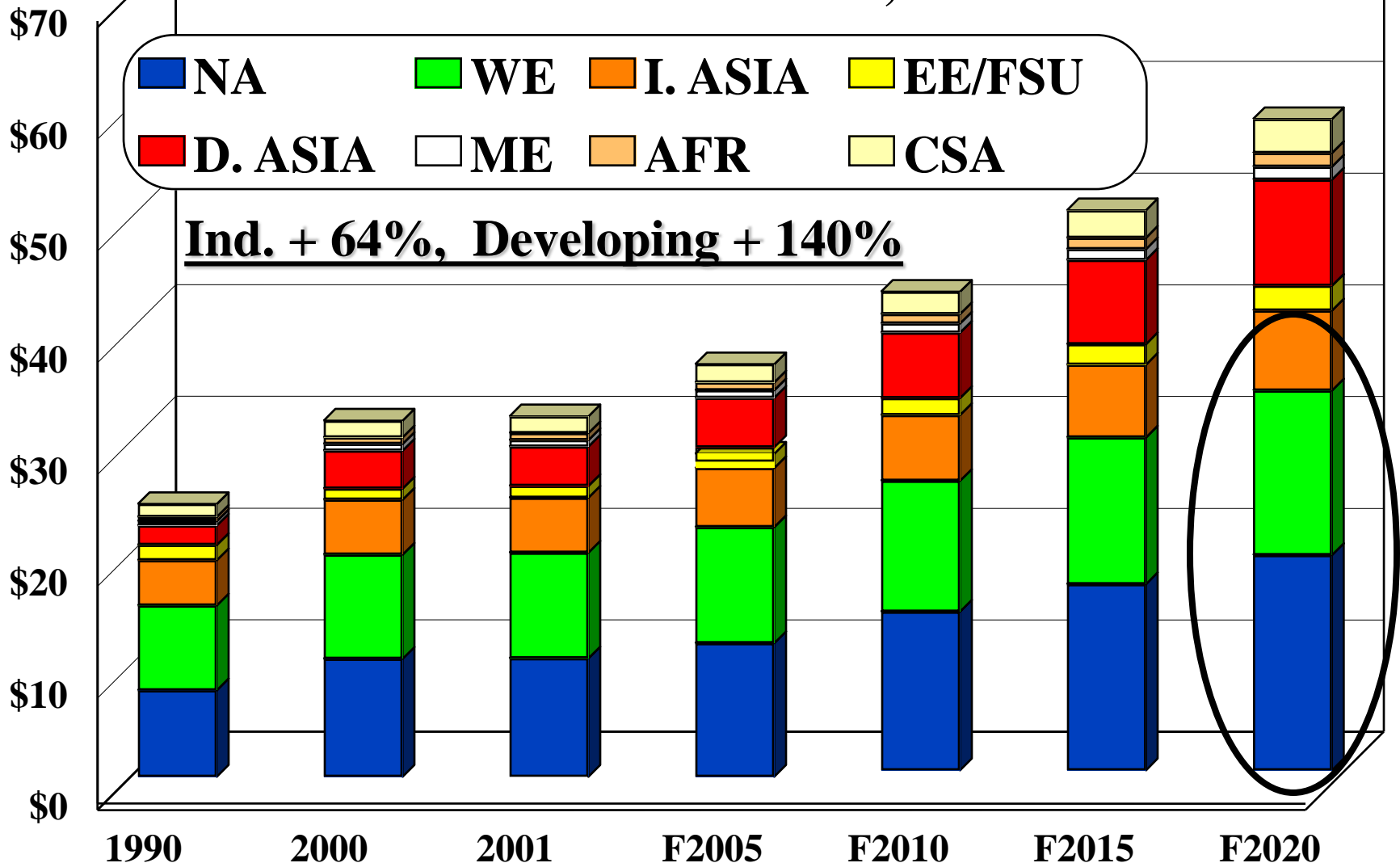
7.6

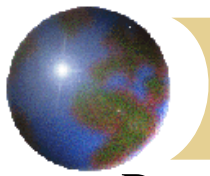




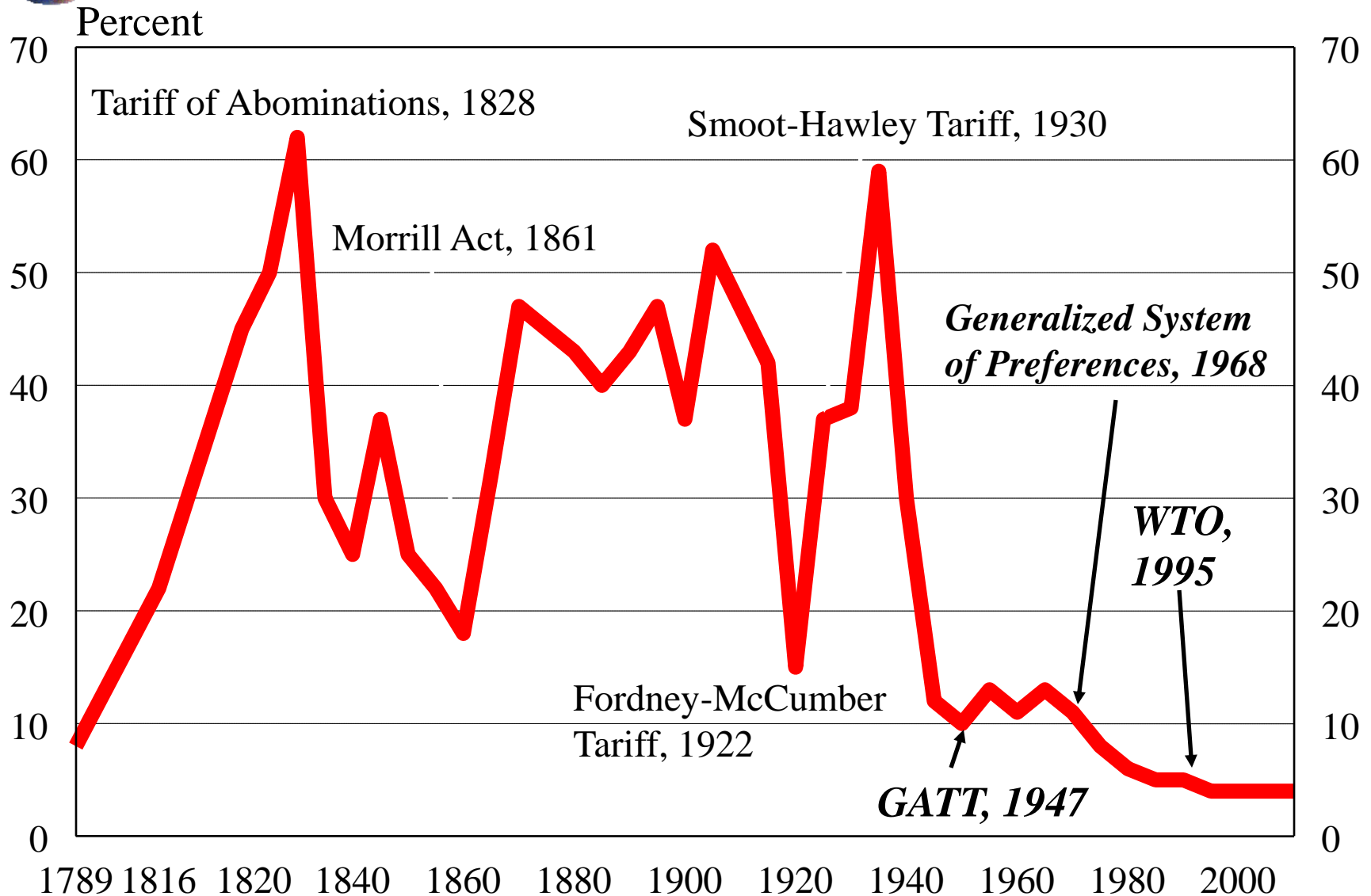
# World Economic Output

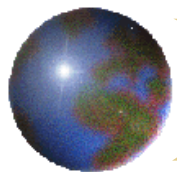
GDP, Trillion 1997 Dollars



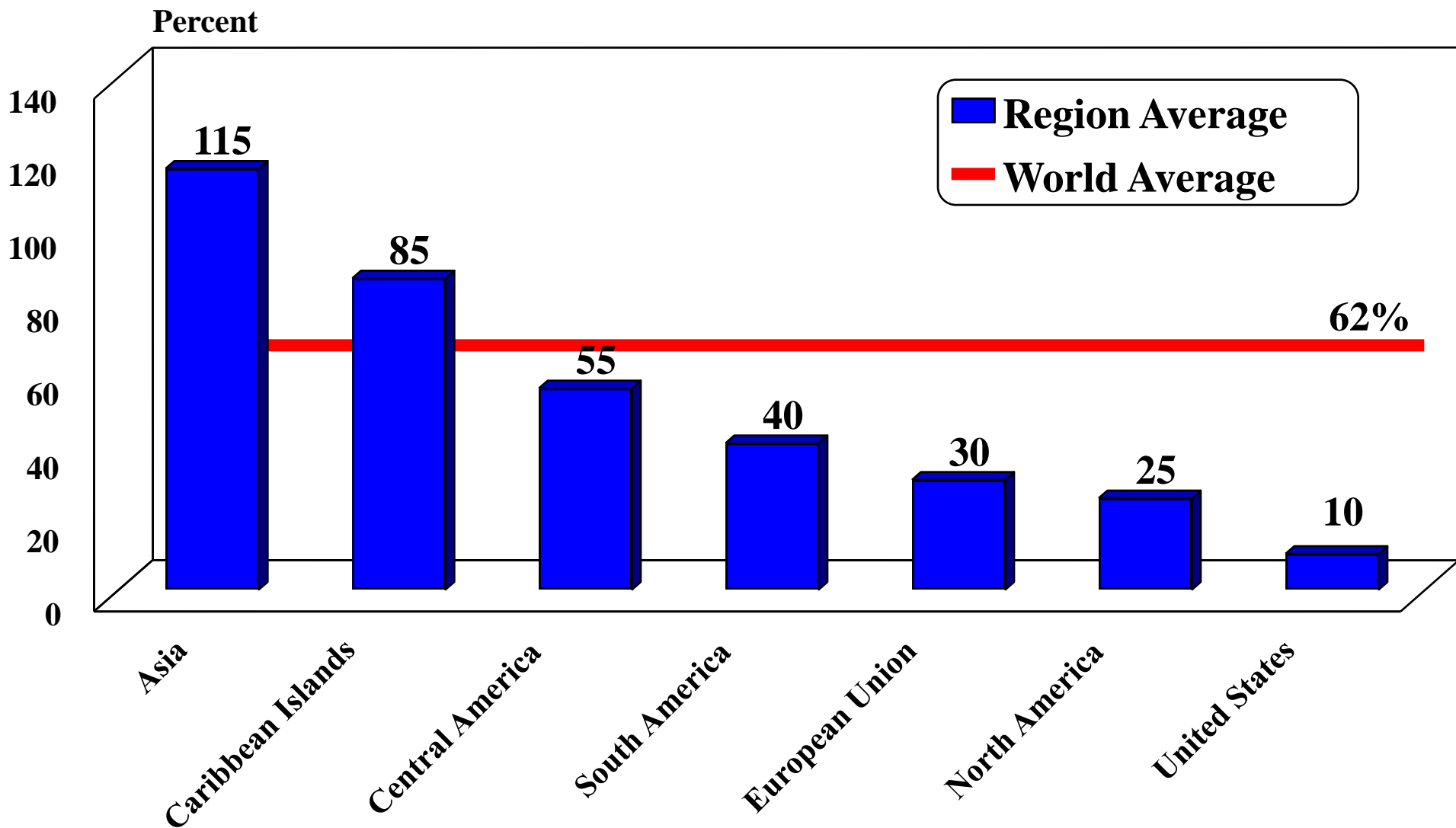


# U.S. Tariffs, 1789-2004



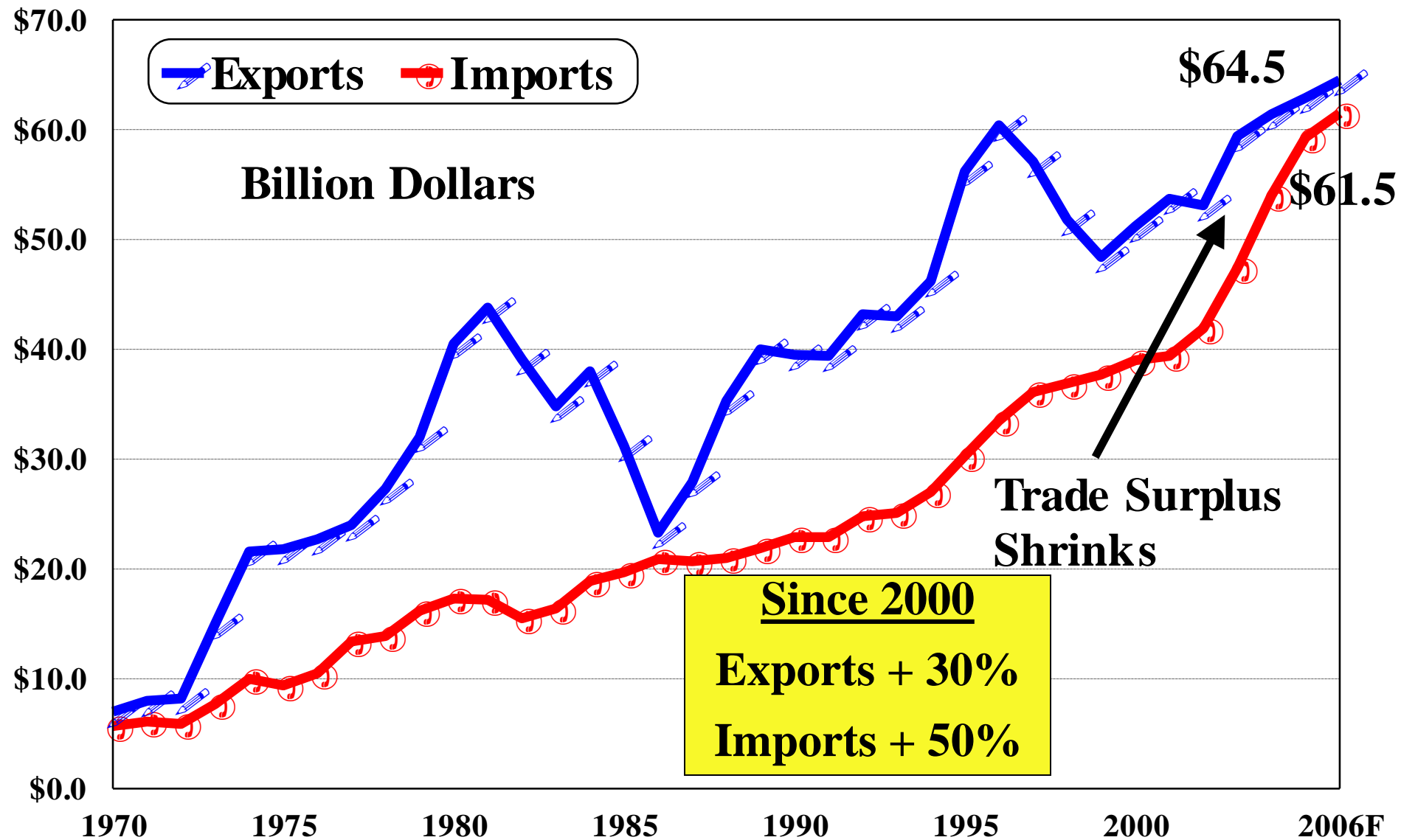


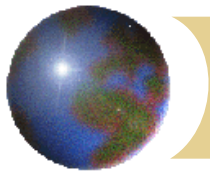
# World Average Agricultural Tariffs, 2002





# U.S. Agricultural Trade, 1970-2006 F





# *World Trade Organization*

## **Doha Development Agenda (2001-06)?**

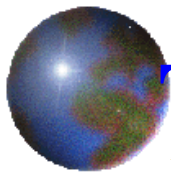
*Agreement on Reductions by April 30, 2006  
Did Not Happen*

*Draft Schedules Due July 31, 2006?*

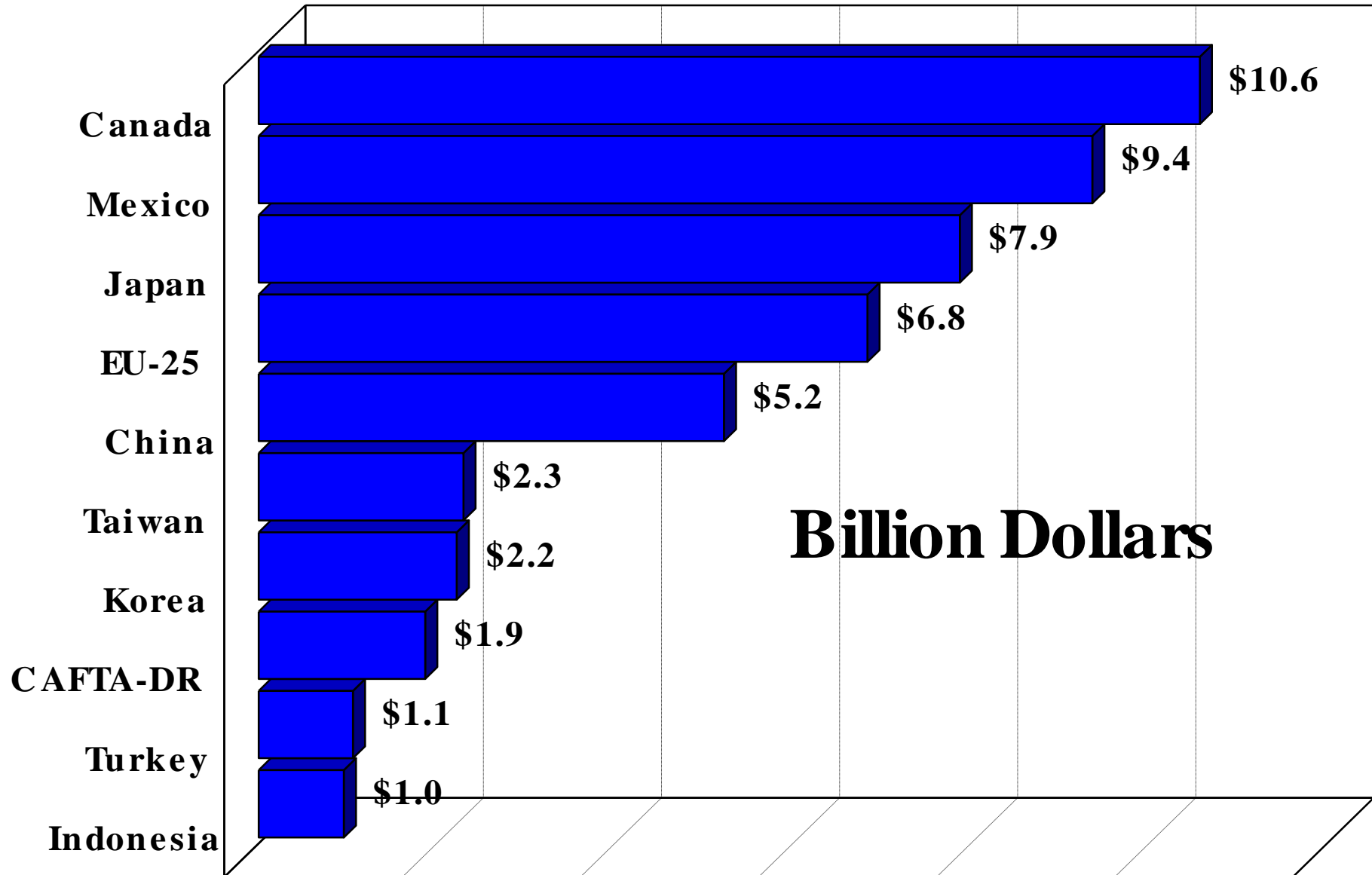
*Conclude Negotiations December 31, 2006??*

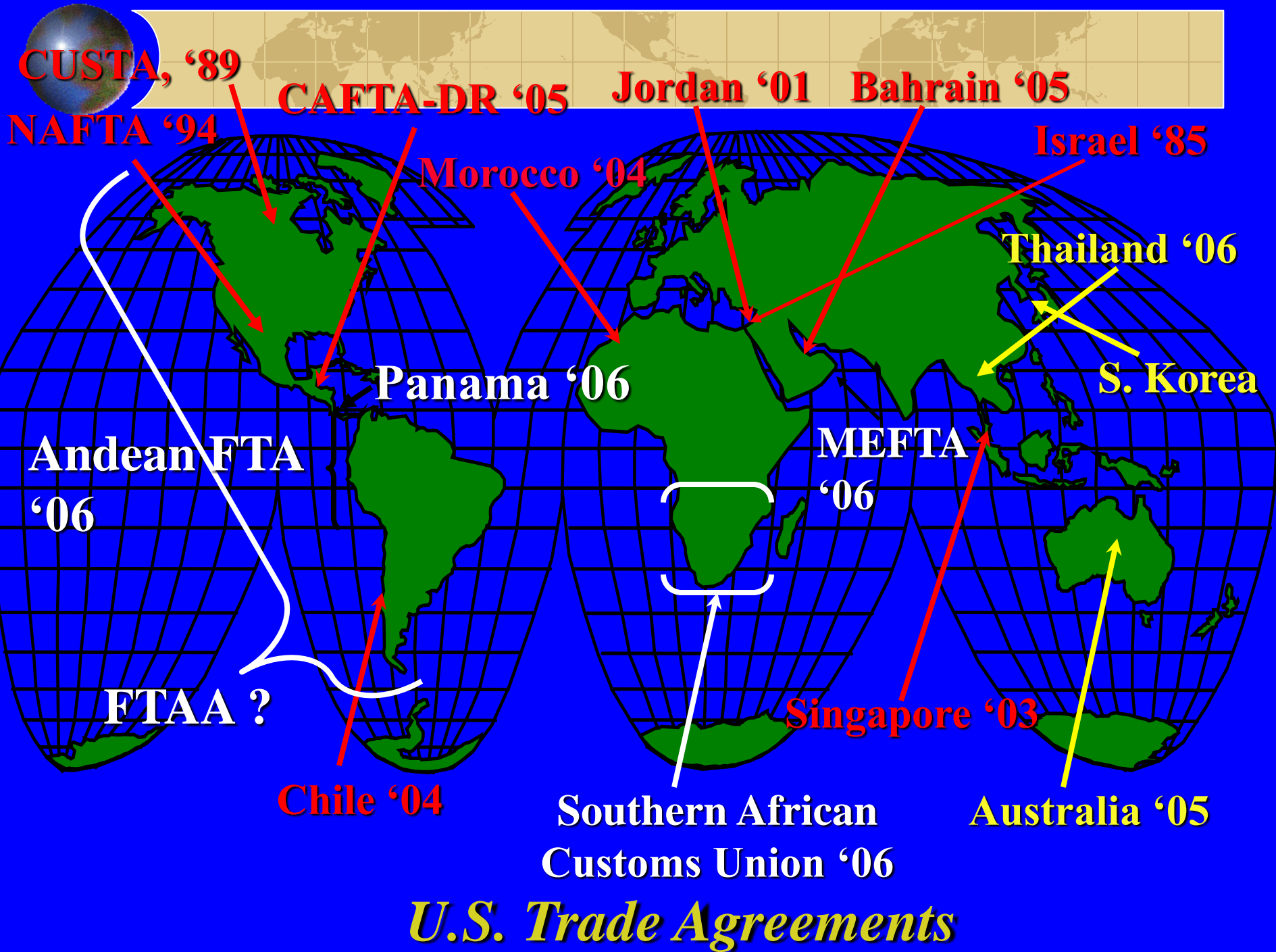
*Trade Promotion Authority Expires July 2007*





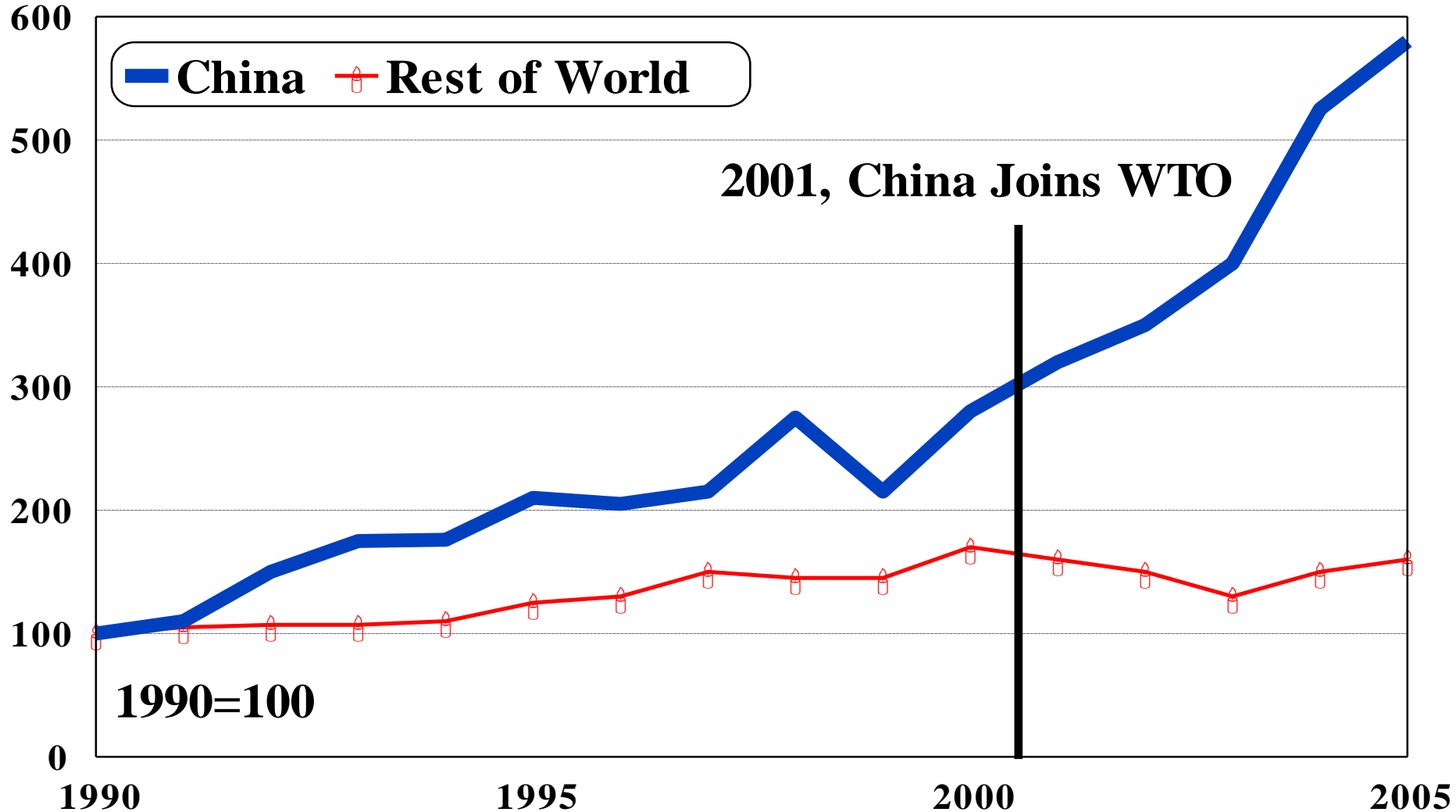
# Top 10 U.S. Ag Export Markets, 2005







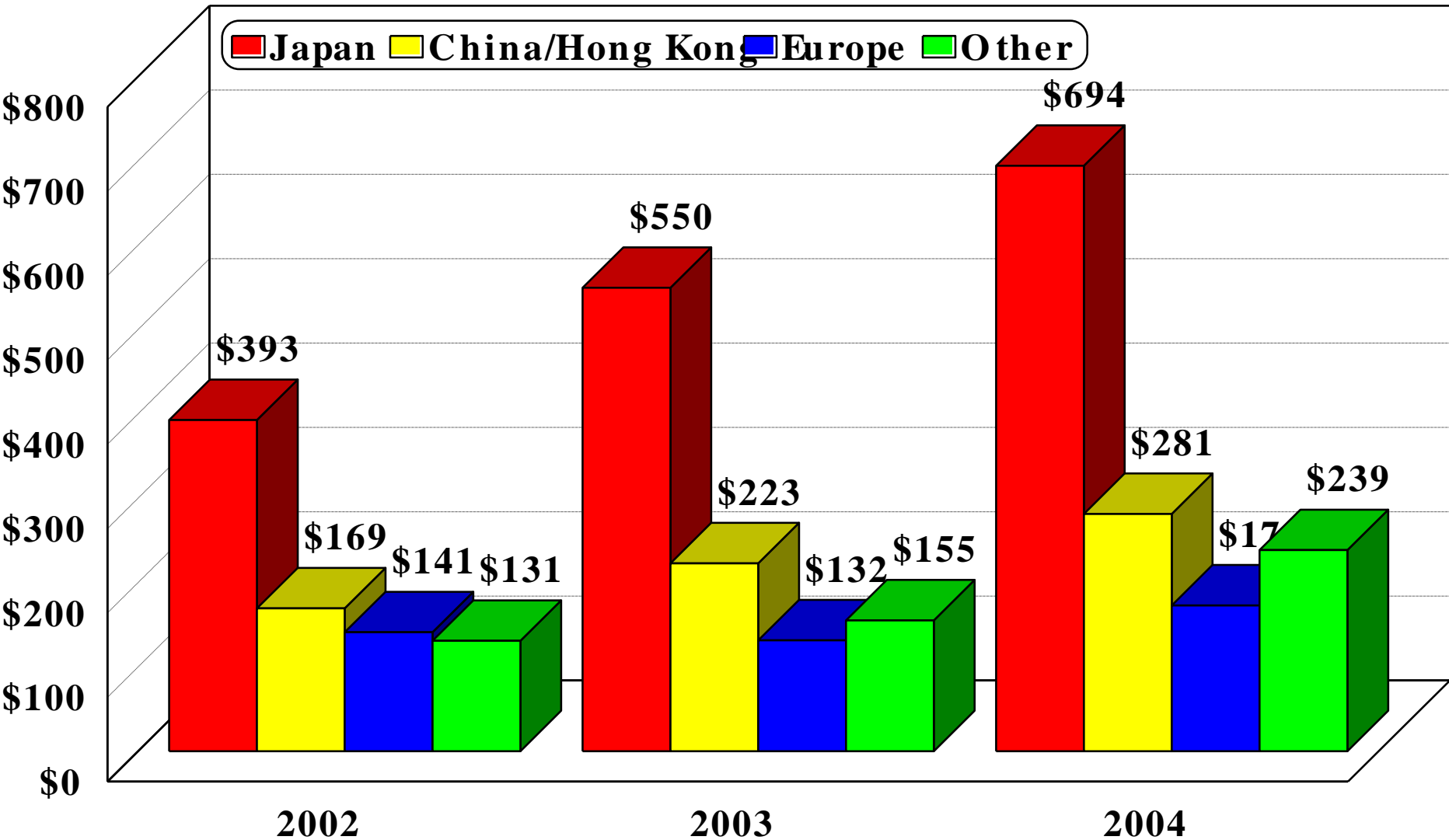
# *Real Growth* in U.S. Exports to China and Rest of World, 1990-2005



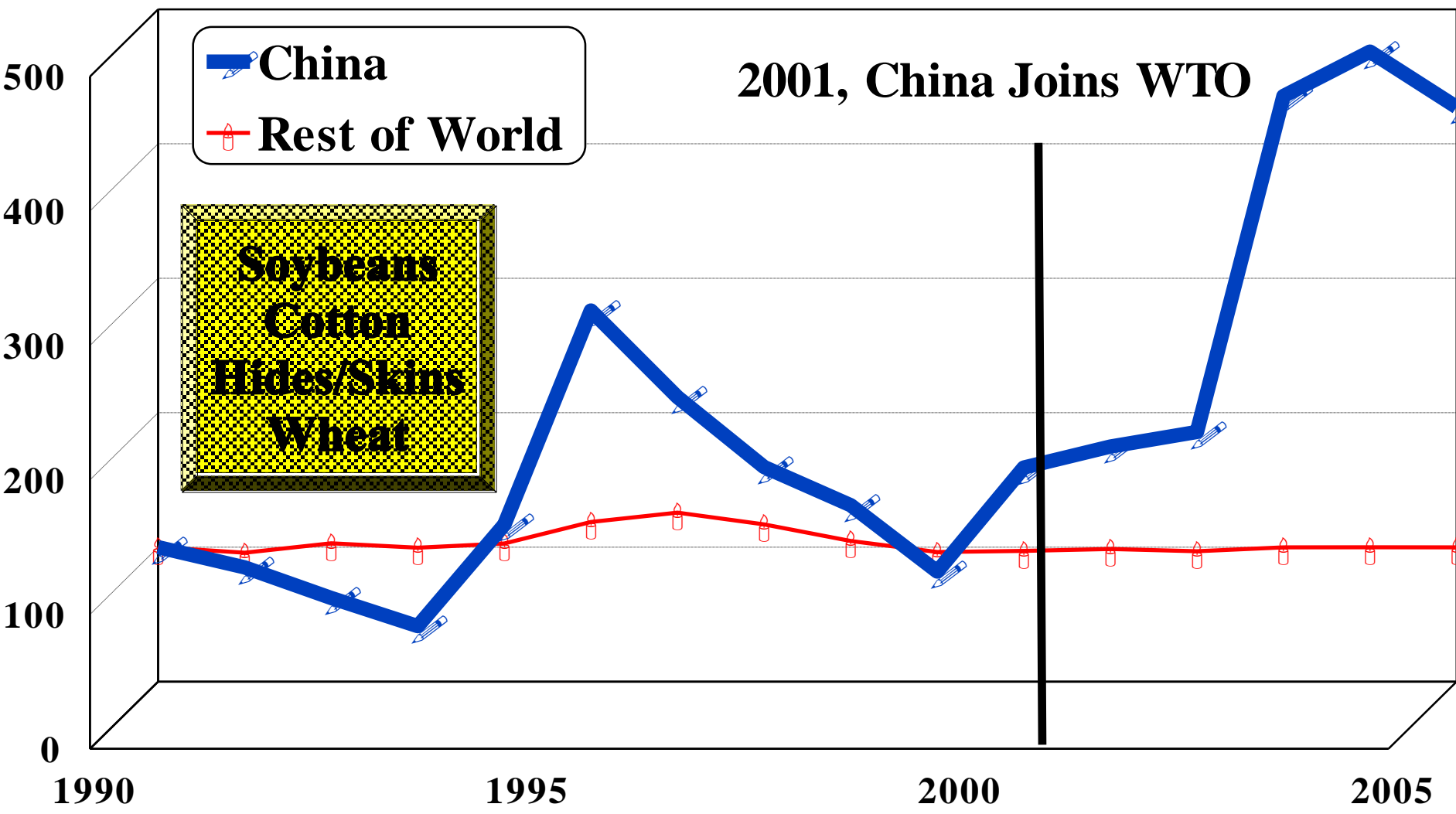
USDOC, Bureau of the Census. Index reflects change in exports based on year 2000 US dollars.

# Foreign Holdings of U.S. Treasury Securities

Billion Dollars



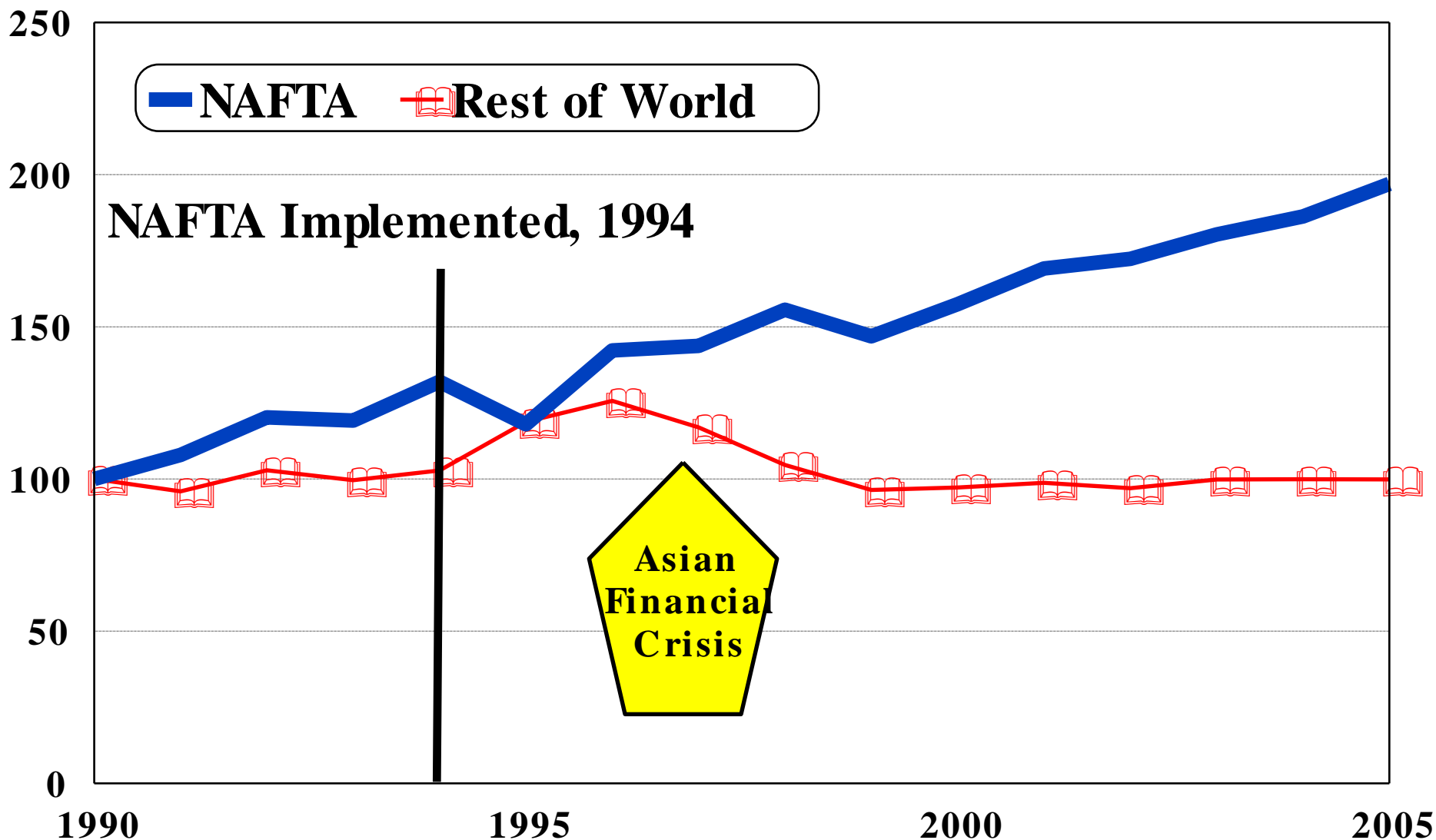
# *Real Growth* in U.S. Ag Exports to China and ROW, 1990-2005



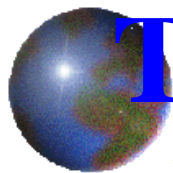
Index base year 1990=100, reflects changes in exports in year 2000 U.S. Dollars.



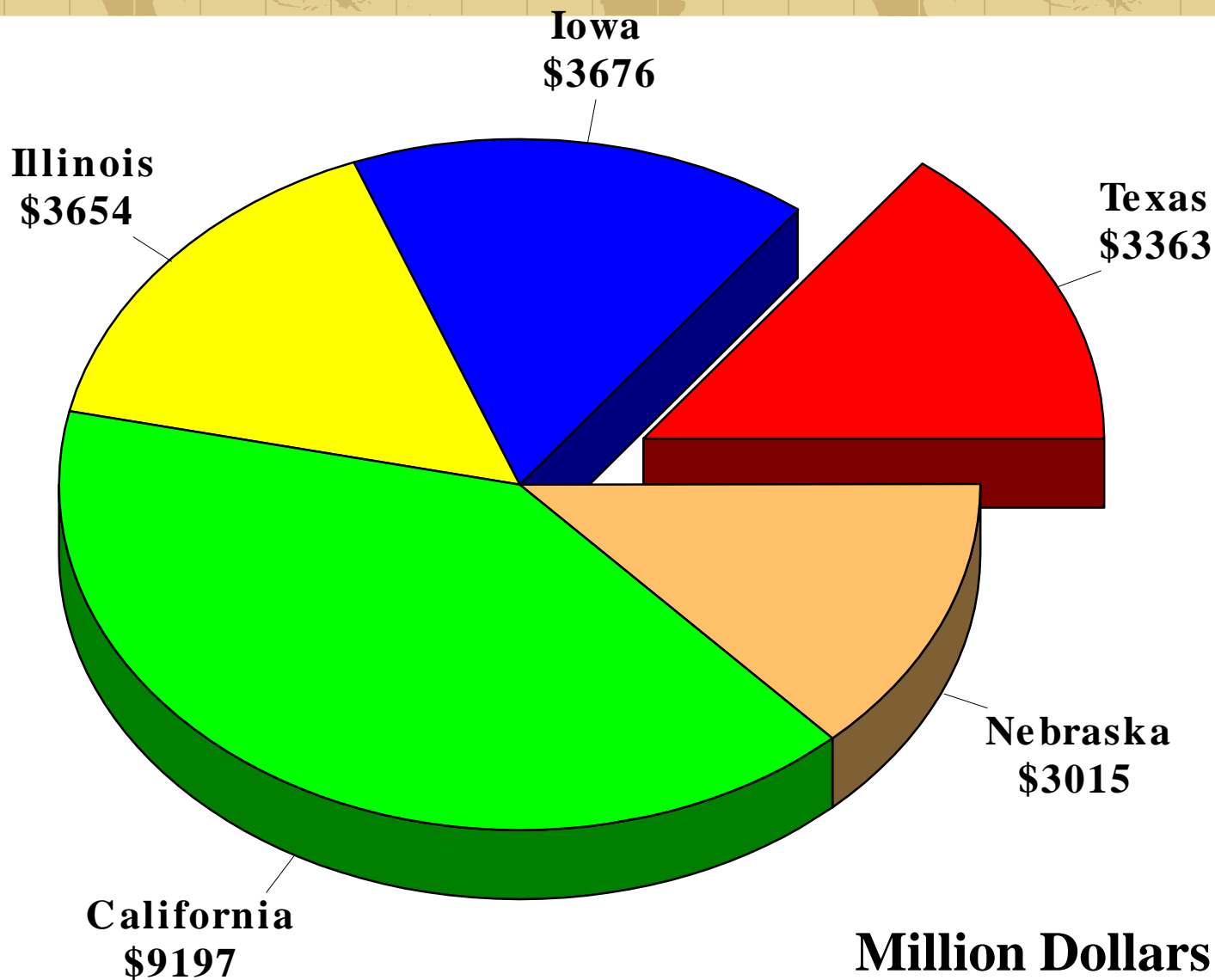
# *Real Growth* in U.S. Ag Exports to NAFTA and ROW, 1990-2005



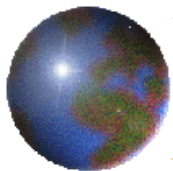
Index base year 1990=100, reflects changes in exports in year 2000 U.S. Dollars. ROW excludes NAFTA and China.



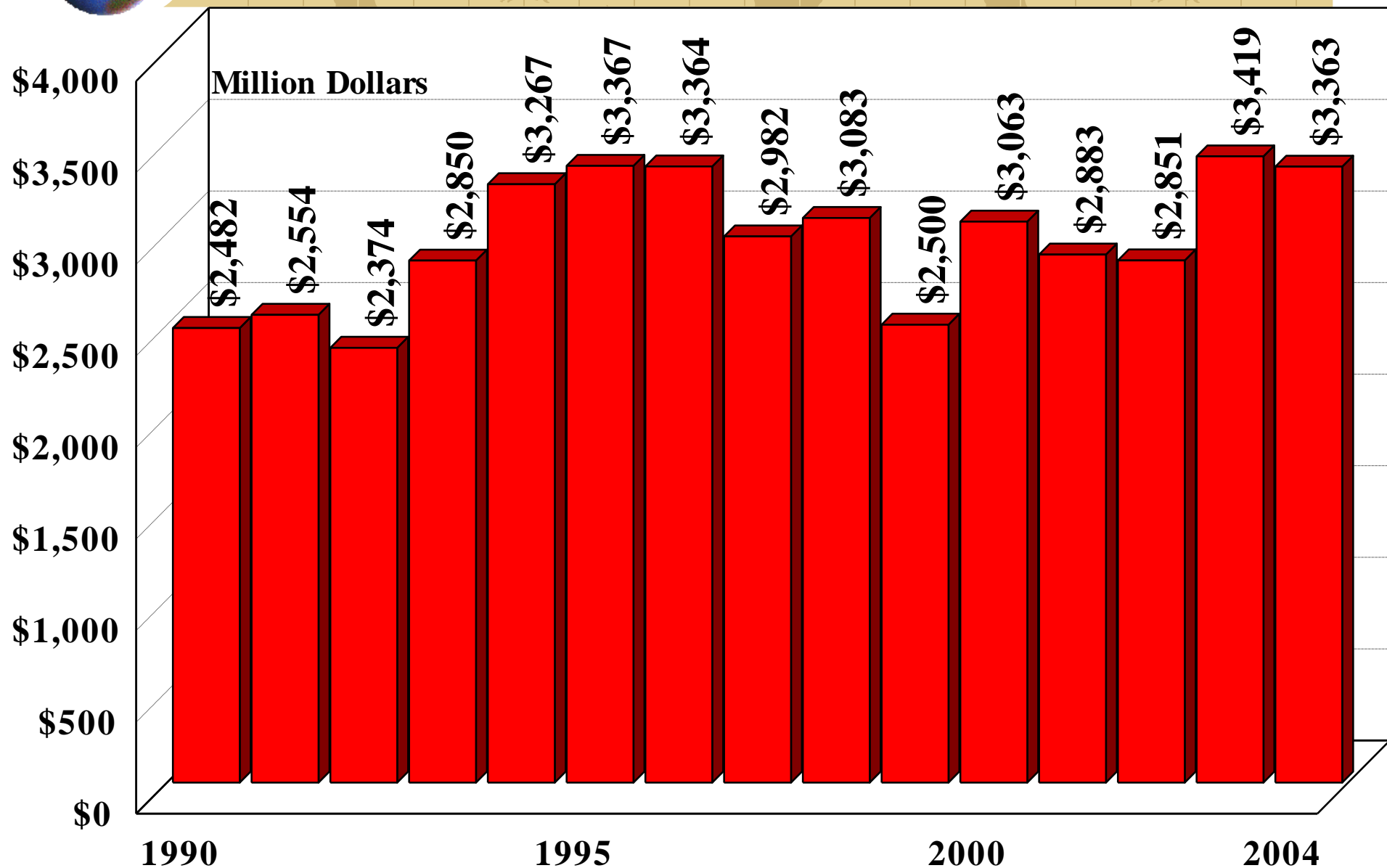
# Top 5 Ag Export States, 2004



USDA, Economic Research Service. Based on shares of national production and exports.

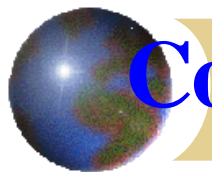


# Texas Ag Exports, 1990-2004

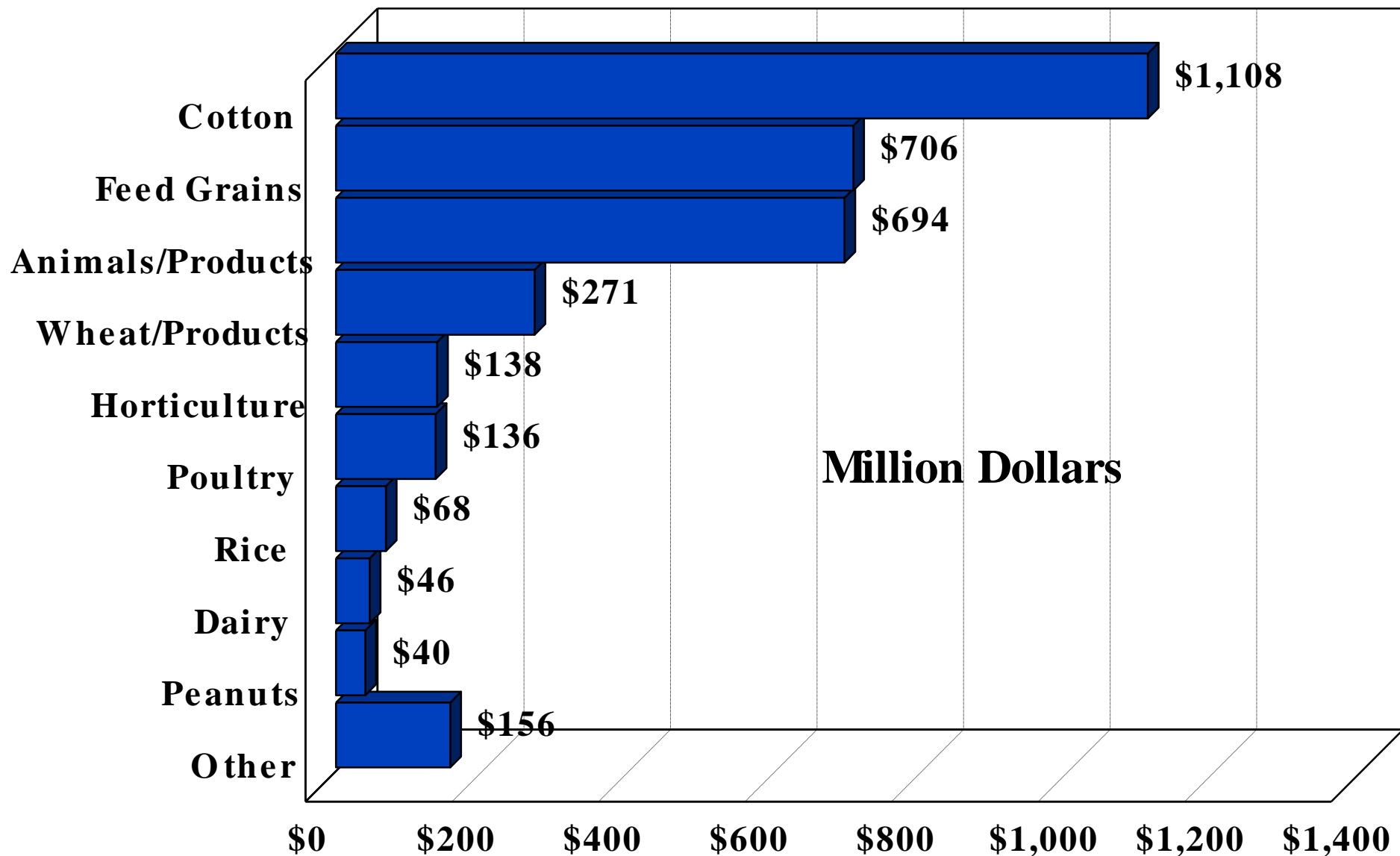


USDA, Economic Research Service. Based on shares of national production and exports.

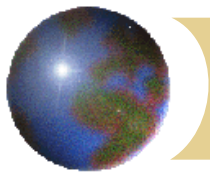




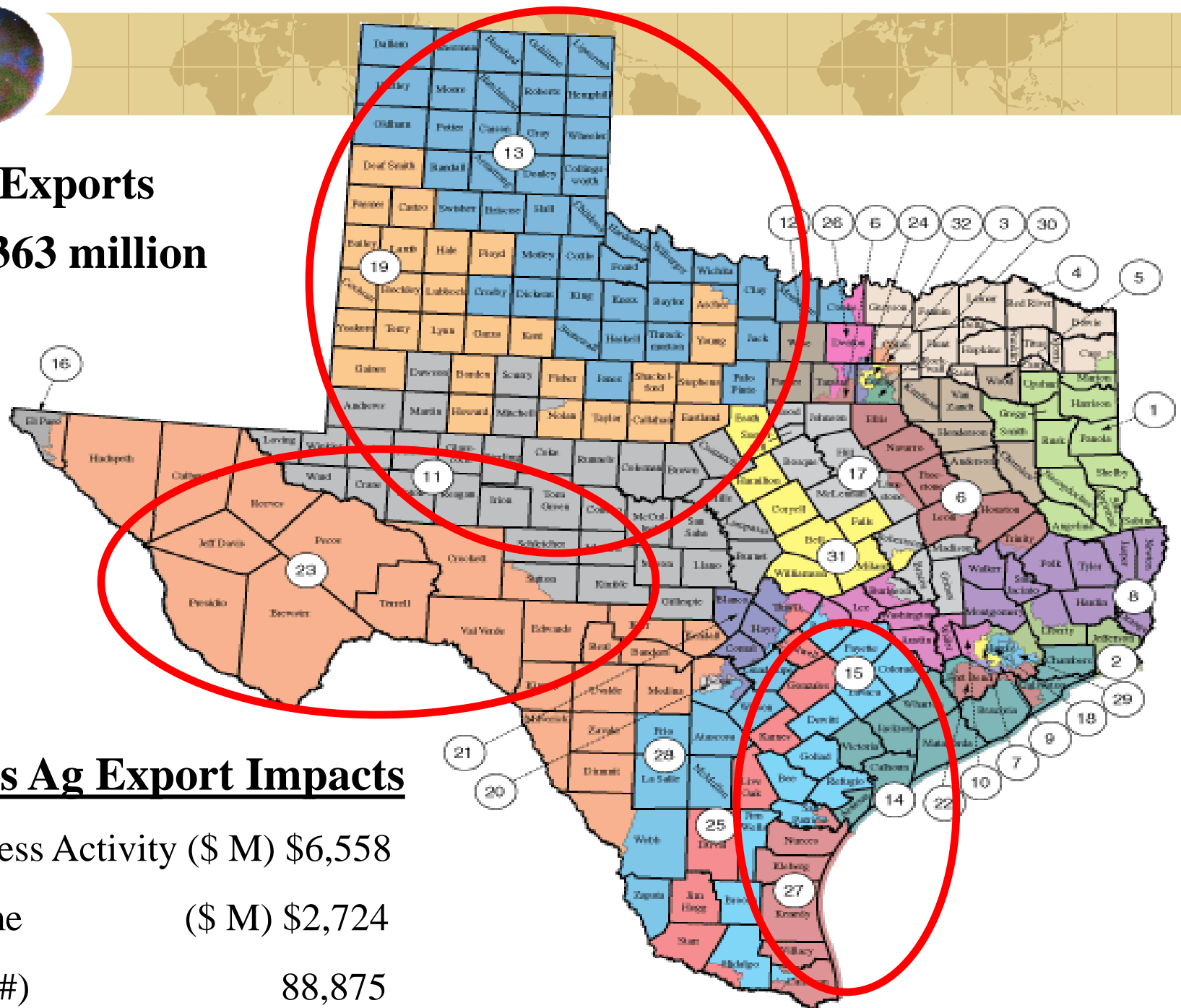
# Composition of Texas Ag Exports, 2004



USDA, Economic Research Service. Based on national shares of production and exports.



# Ag Exports \$3,363 million



## Texas Ag Export Impacts

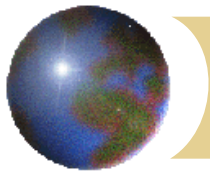
Business Activity (\$ M) \$6,558

Income (\$ M) \$2,724

Jobs (#) 88,875

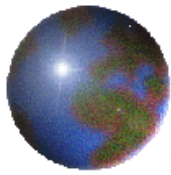
# Economic Impacts of Texas Ag Exports, 2004

Congressional District	Ag Exports	Business Activity	Income	Employment
	----- Million Dollars -----			Jobs
CD 19	895.5	1689.1	400.4	20343.0
CD 13	557.7	1013.2	384.3	12810.0
CD 11	238.5	438.4	156.7	7508.0
CD 15	212.4	324.0	139.6	6049.0
CD 27	145.1	246.1	115.1	3255.0
CD 14	140.1	222.4	94.4	3977.0
CD 23	121.2	213.3	88.7	2735.0
CD 4	128.3	212.5	69.5	5672.0
CD 1	119.6	195.4	64.2	2400.0
CD 17	103.2	180.1	57.7	3243.0



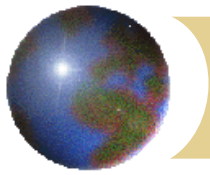
# *Observations*

- ✚ Disparity in Population & Income Growth
- ✚ Disparity in Use of Trade Barriers
- ✚ Disparity in Agricultural Trade Growth
- ✚ China Emerging as Major Market & Economic Force



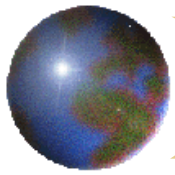
# *Observations*

- ❖ Questions About Role & Future Importance of Trade
- ❖ WTO Agreement Important
  - ❑ Open Markets
  - ❑ Eliminate Export Subsidy Distortions
  - ❑ Minimize Litigation Over Farm Policy
  - ❑ Fruit/Vegetable Issues
- ❖ Ag Exports Important to Texas Economic Growth, but Concentrated in Certain Regions



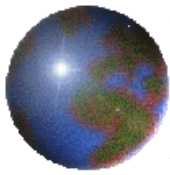
# *Conclusions & Implications*

- ✚ U.S. Market Is Open, Rest of World Is Not
  - ▣ U.S. Export Growth Lags Import Growth
- ✚ If Trade Growth is Important, Disparities Must Be Addressed
- ✚ Progress in WTO Important to U.S. & Texas for at Least 2 Reasons:
  - ▣ Markets
  - ▣ Farm Policy



# *Conclusions & Implications*

- ✚ Absent WTO Progress, Expect More Litigation in WTO Aimed at Farm U.S. Policy
- ✚ Trade Agreements Likely Important Way to Address Market Access
- ✚ Trade is Important Growth Component of Texas Economy



# ***Thank You!***



<http://cnas.tamu.edu>

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