U.S. Trade Agreements with Chile and Andean Countries: Implications for FTAA?

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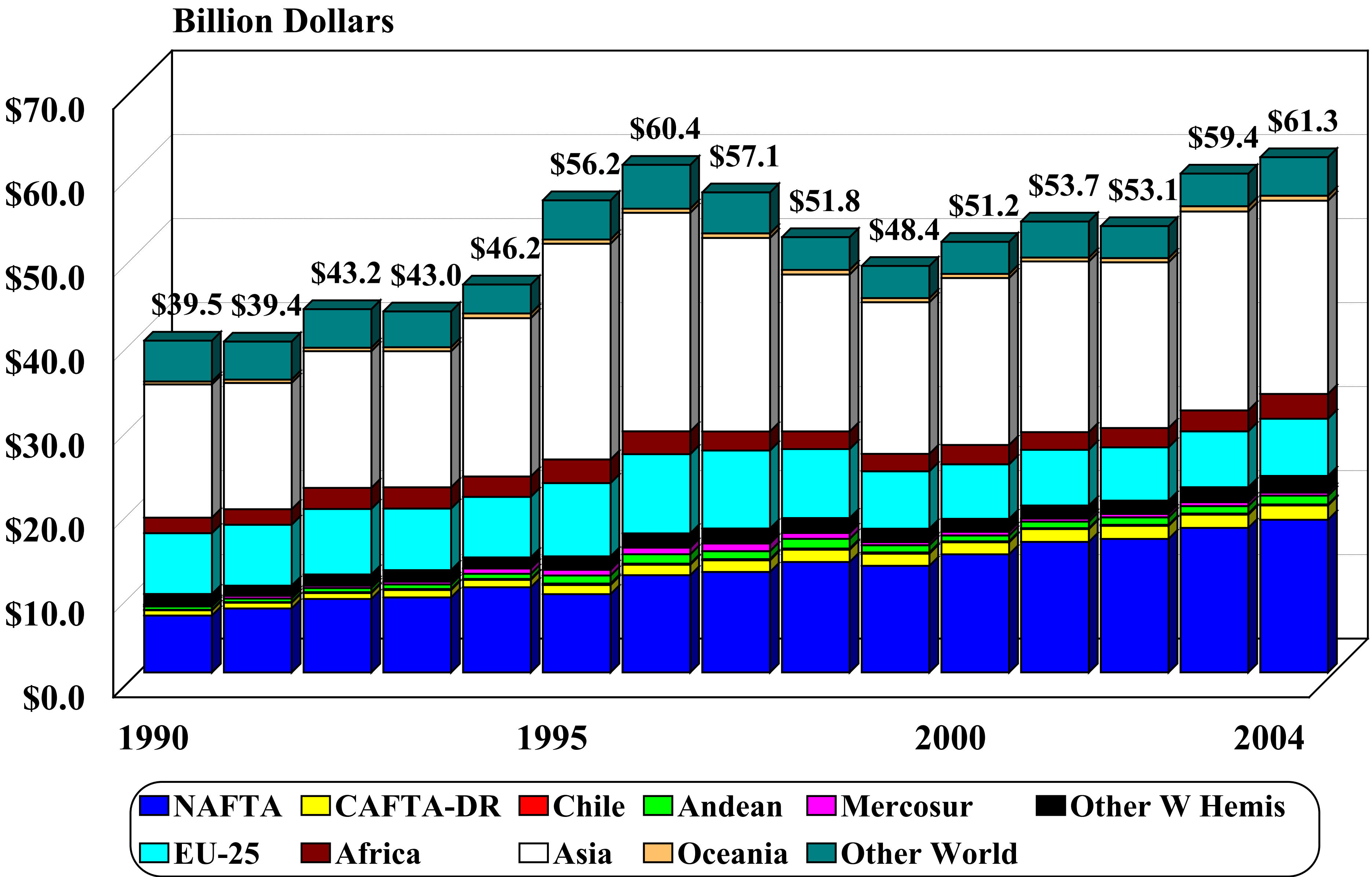
Overview

- FTAA Area and US Ag.Trade
- US-Andean Trade Issues and Negotiations
- Regional or Bilateral Agreements?
- Implications of Alternative Strategies

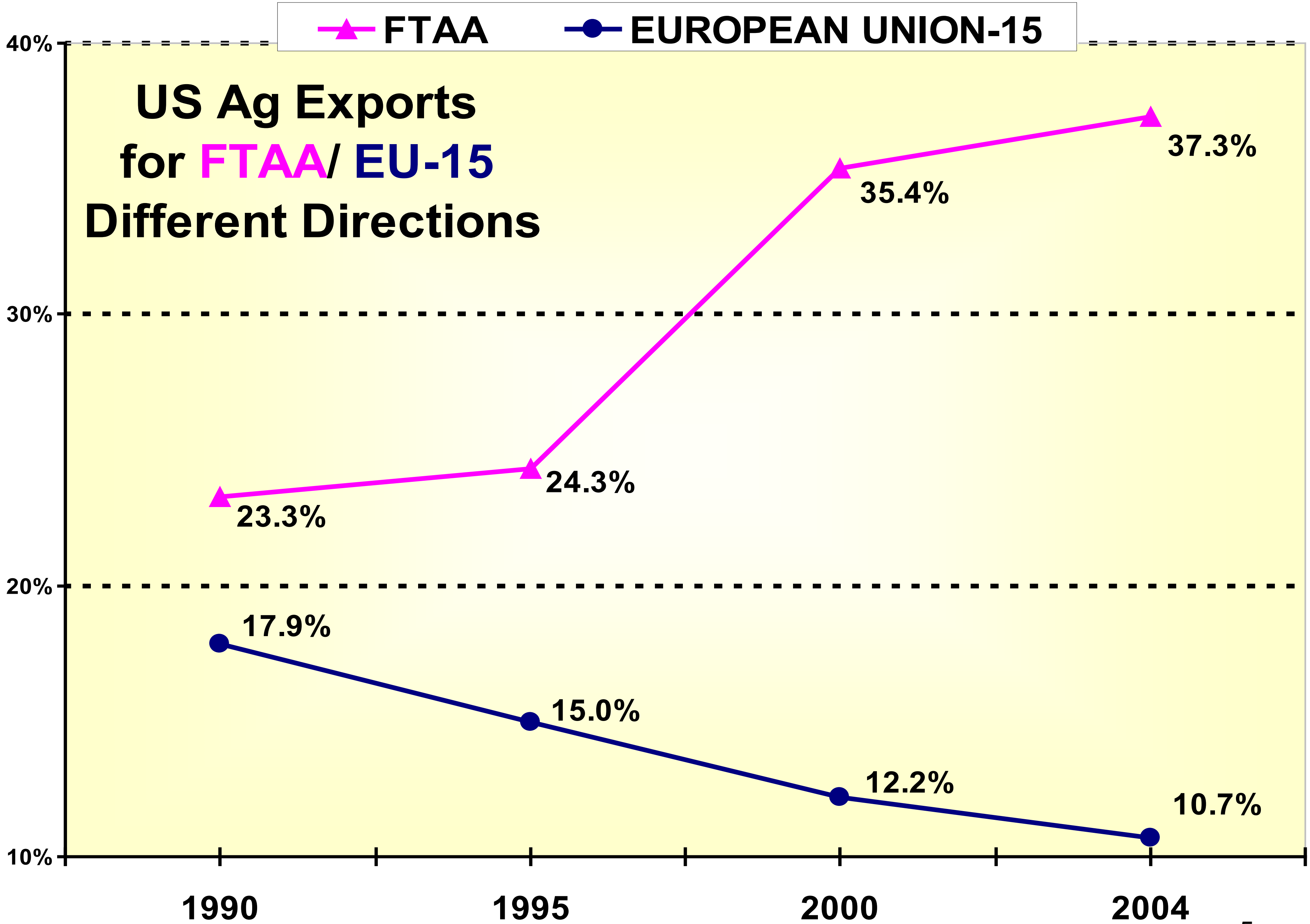
Free Trade Area of the Americas (FTAA)

- Launched at Summit of the Americas in Miami 1994
- Negotiations started in 1998
- 34 Countries involved (Cuba Excluded)
- Agreement was supposed to be ready for 2005. Slow progress
- US and Brazil are co-chairs of the Negotiation Committee
- Skepticism in most LA countries
- How important is the FTAA area for US agriculture?

U.S. Agricultural Exports

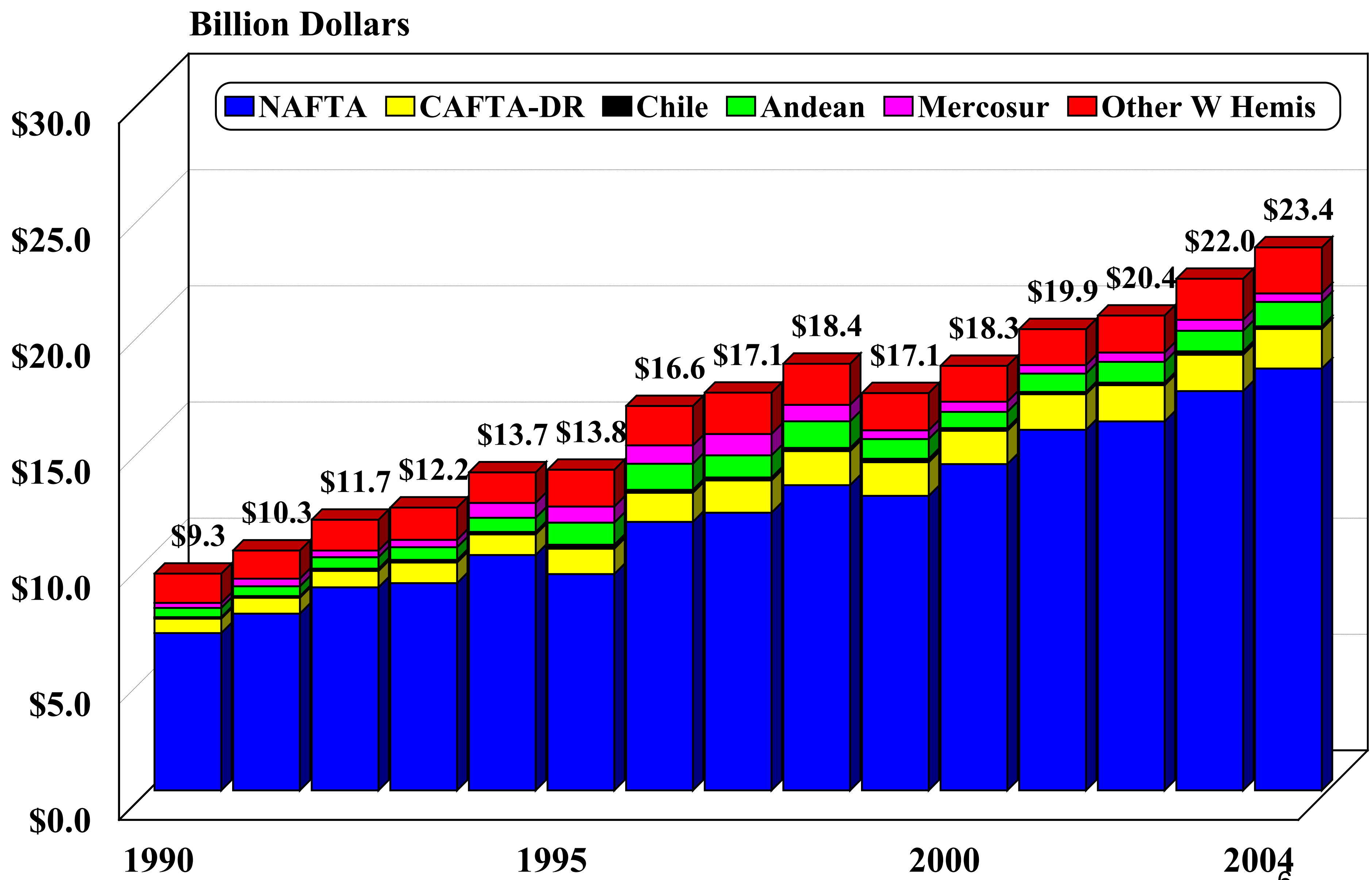


Source: U.S. Trade Internet System, www.fas.usda.gov/ustrade



USDA ERS FATUS Export Aggregations

U.S. Agricultural Exports to the Western Hemisphere



Source: U.S. Trade Internet System, www.fas.usda.gov/ustrade

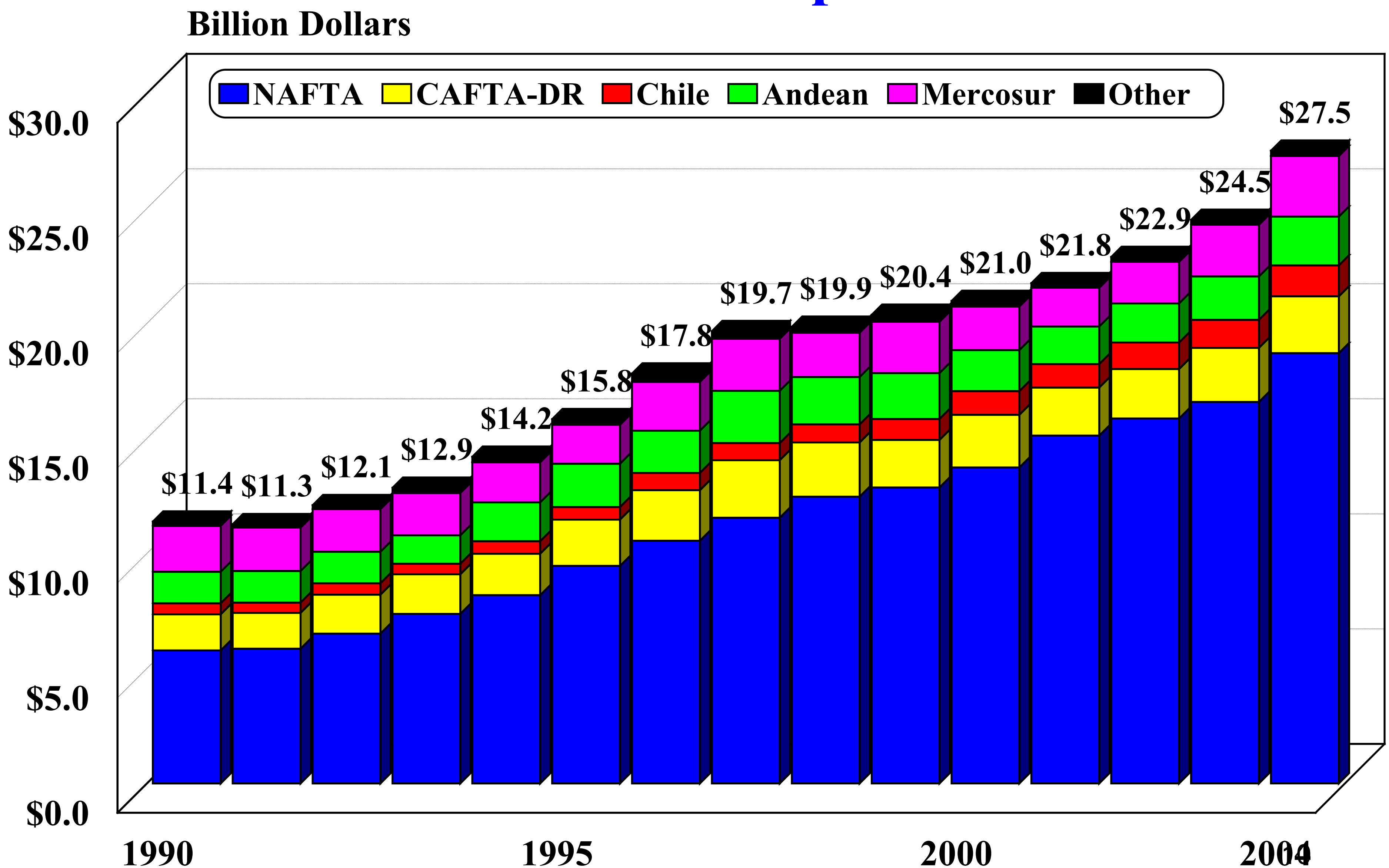
Where are the U.S. Ag Exports to the FTAA Going? (2004)

CANADA	42.3%	
MEXICO	37.2%	
NAFTA		79.5%
CHILE	0.5%	
		80.0%
CAFTA-DR	7.5%	
		87.4%
ANDEAN	4.6%	
		92.0%
OTHER	6.4%	
		98.4%
MERCOSUR	1.6%	
TOTAL U.S. TO FTAA		**100.0%**

Data Source: USDA, FATUS

	1990	1995	2000	2004
SUMMARY OF TOP U.S. AG EXPORTS COMMODITIES TO FTAA	58.4%	58.4%	57.1%	60.8%
CORN	14.5%	11.9%	10.7%	10.7%
WHEAT	11.2%	11.9%	6.2%	9.5%
RED MEAT & PRODS	6.0%	3.9%	9.8%	9.4%
SOYBEANS	5.5%	7.7%	7.2%	6.7%
COTTON	1.4%	5.4%	6.3%	5.8%
POULTRY & PRODS	3.6%	4.5%	4.4%	4.6%
DAIRY PRODS	1.9%	2.8%	3.0%	4.3%
RICE	4.1%	3.6%	2.5%	4.1%
SOYBEAN MEAL	3.9%	3.5%	2.9%	3.1%
SORGHUM	6.5%	3.2%	4.1%	2.6%
OTHER COMMODITIES	41.6%	41.6%	42.9%	39.2%

U.S. Agricultural Imports from the Western Hemisphere



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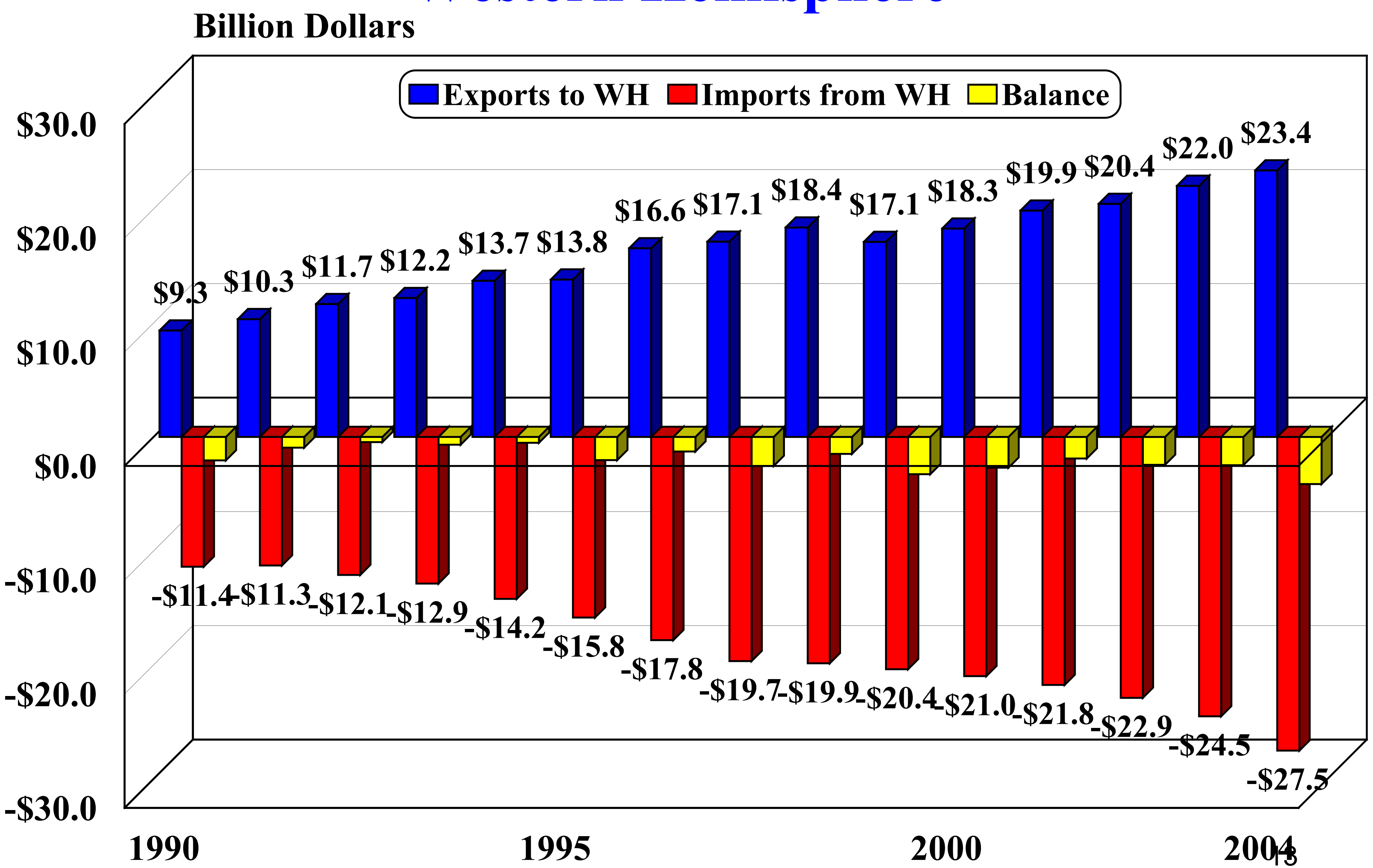
U.S. Agricultural Trade with the Western Hemisphere



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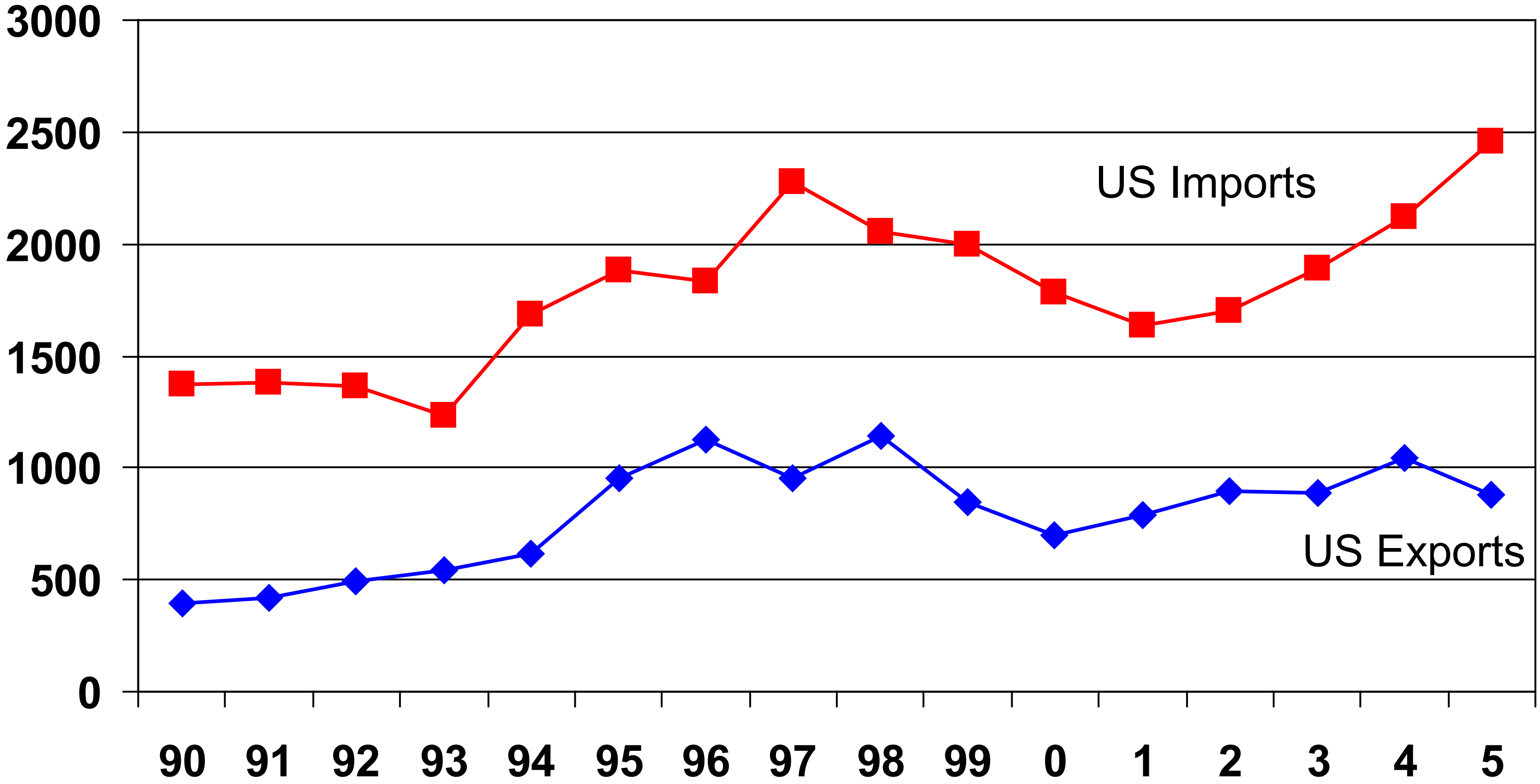
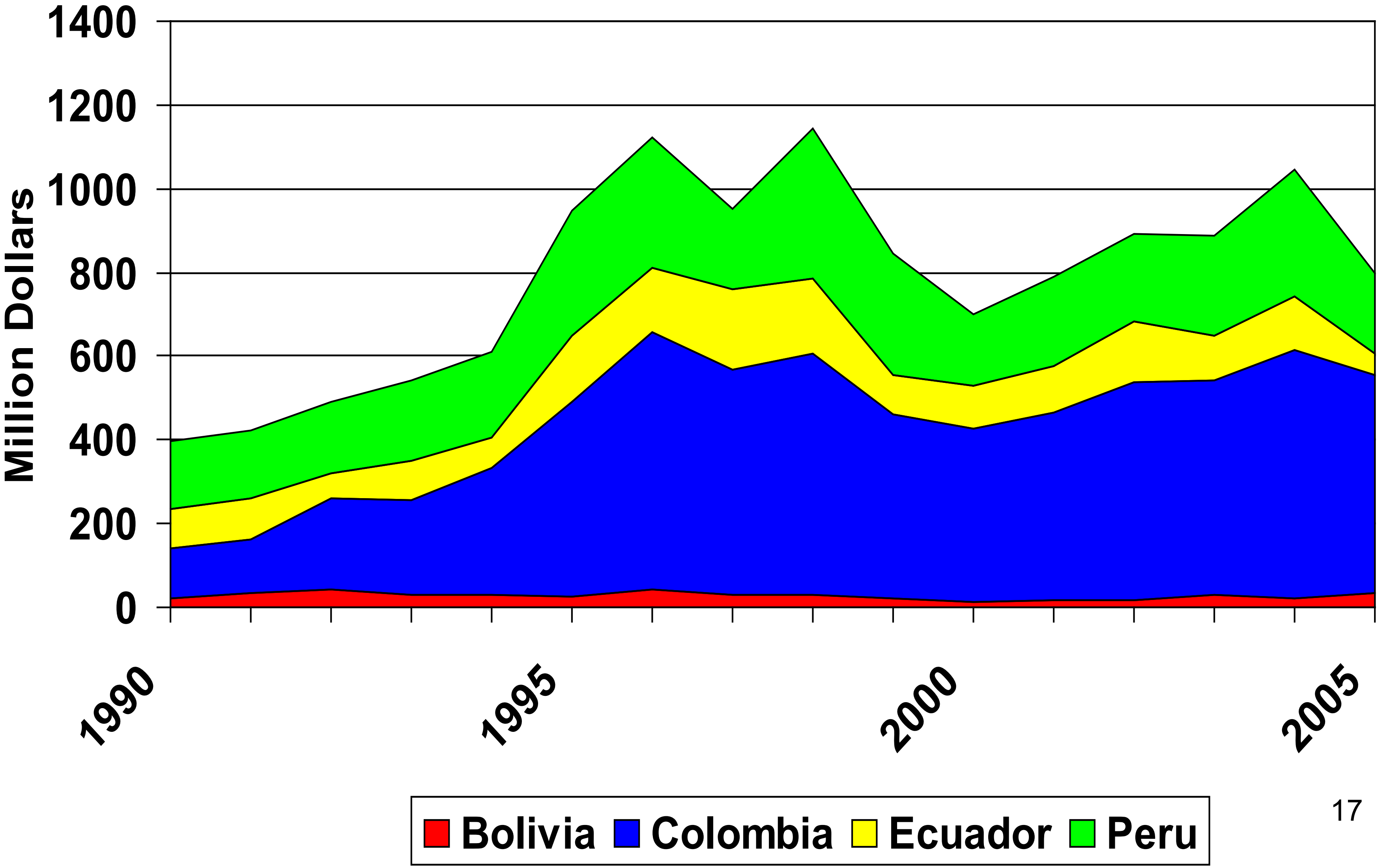
The Andean Countries and the US

- **Andean Community: Colombia, Bolivia, Peru, Ecuador, and Venezuela. The oldest "free trade" agreement in the Americas.**
- **Same population as Mexico, but 65% of Mexican economy.**
- **Trade openness 50% of Mexico**
- **U.S.: Andean Act: ATPDEA preferential trade agreement ending in 2006.**
- **Negotiations with Mercosur to create a "South American Free Trade Area, or Common Market**
- **Colombia, Peru, Bolivia, and Ecuador negotiating a FTA with U.S. since May 2004. Last round to be in Oct 2005.**

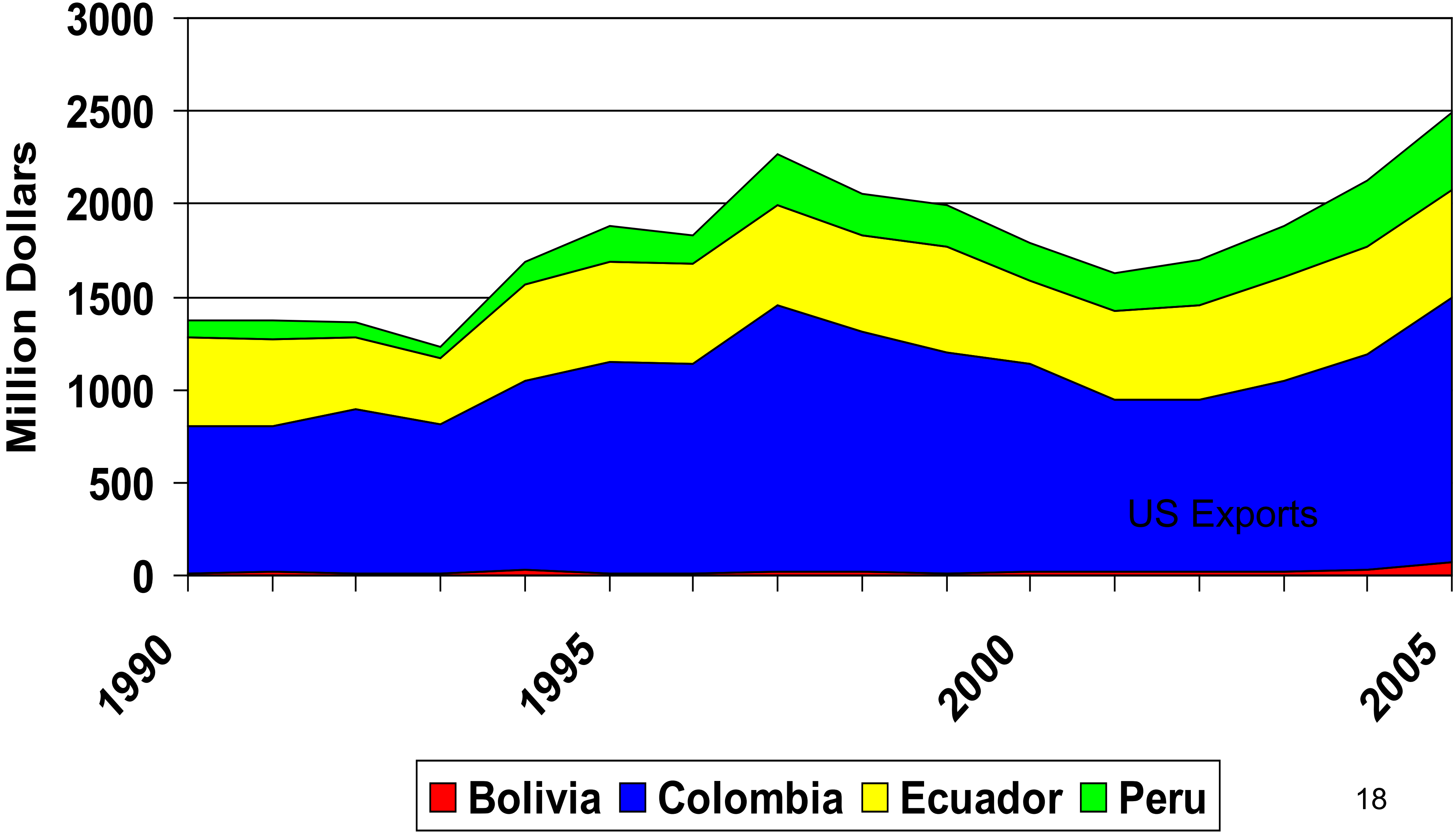
US-Andean Agricultural Trade 1990-2005



US Ag. Exports to Andean Countries 1990-2005



US Ag. Imports from Andean Countries 1990-2005



	1990	1995	2000	2004
Sum of Top (CAN) Commodities	**60.2%**	**68.2%**	**72.9%**	**74.0%**
WHEAT	41.9%	27.4%	19.3%	27.3%
CORN	12.1%	21.8%	27.9%	25.9%
COTTON	1.2%	5.5%	10.2%	12.2%
SOYBEANS	0.0%	1.2%	2.9%	3.3%
SOYBEAN MEAL	1.8%	6.0%	6.5%	2.5%
DAIRY PRODS	0.81%	1.42%	1.50%	1.31%
POULTRY & PRODS	1.79%	3.15%	2.91%	0.94%
RED MEAT & PRODS	0.59%	1.69%	1.70%	0.57%
OTHER COMMODITIES	39.8%	31.8%	27.0%	25.9%

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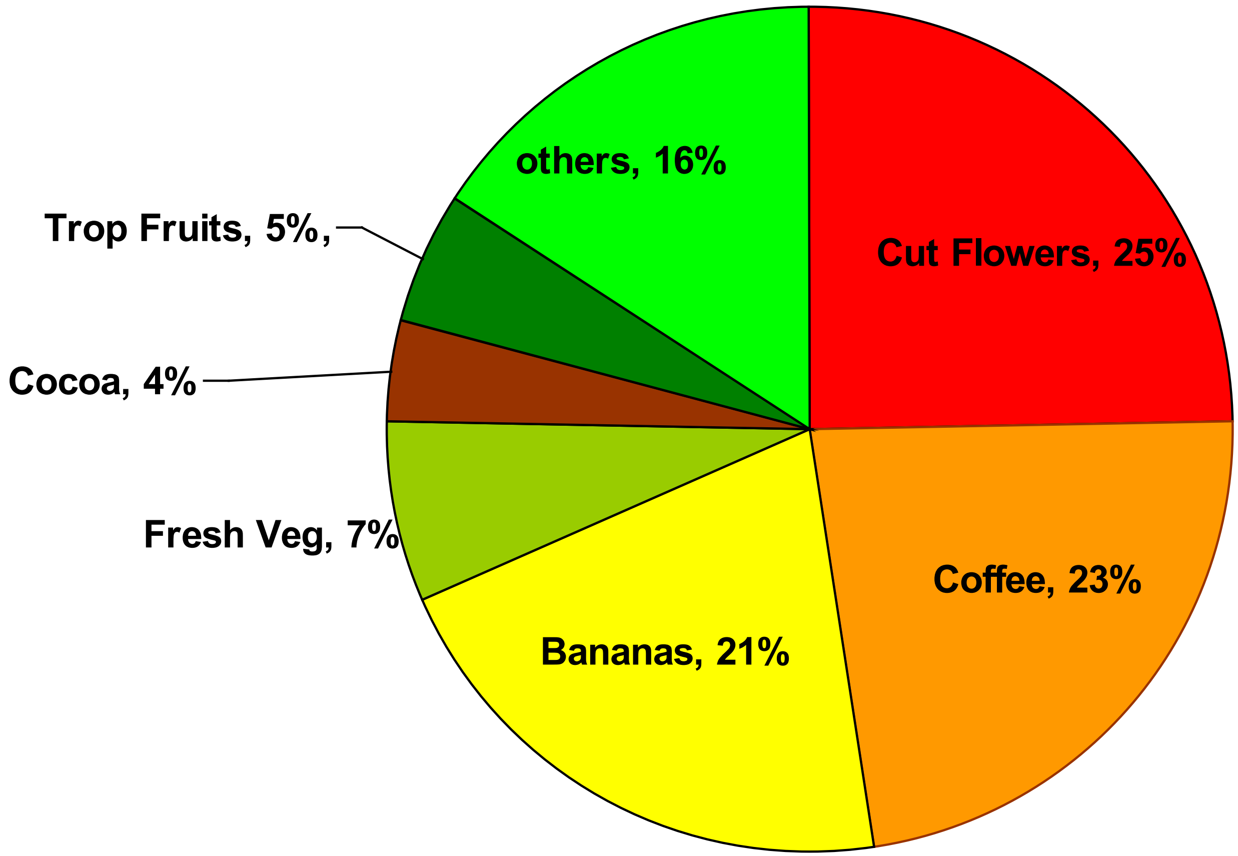
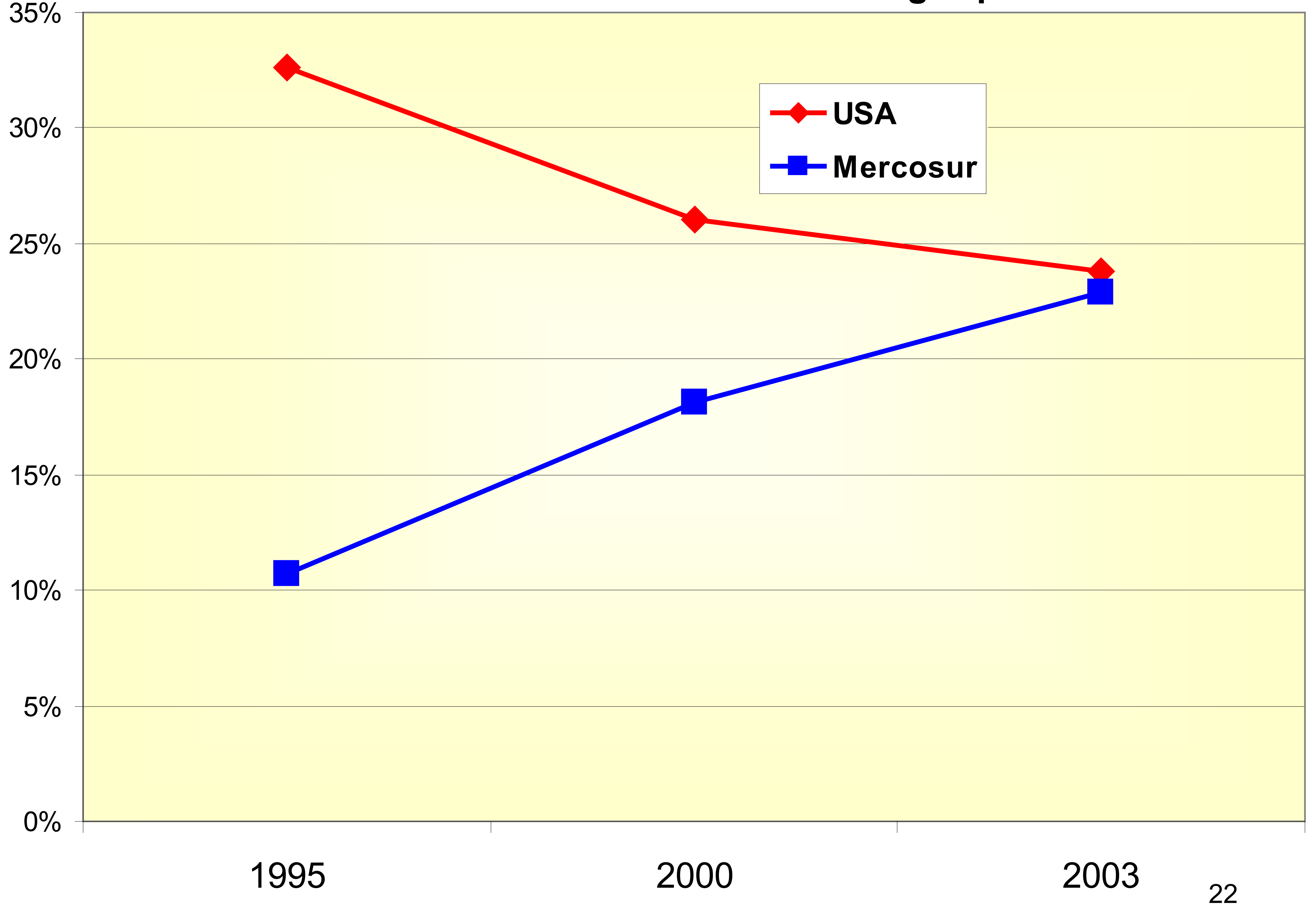
US Imports from Andean Countries 2004



US and Mercosur Shares of Andean Ag Imports



UNSD Comtrade

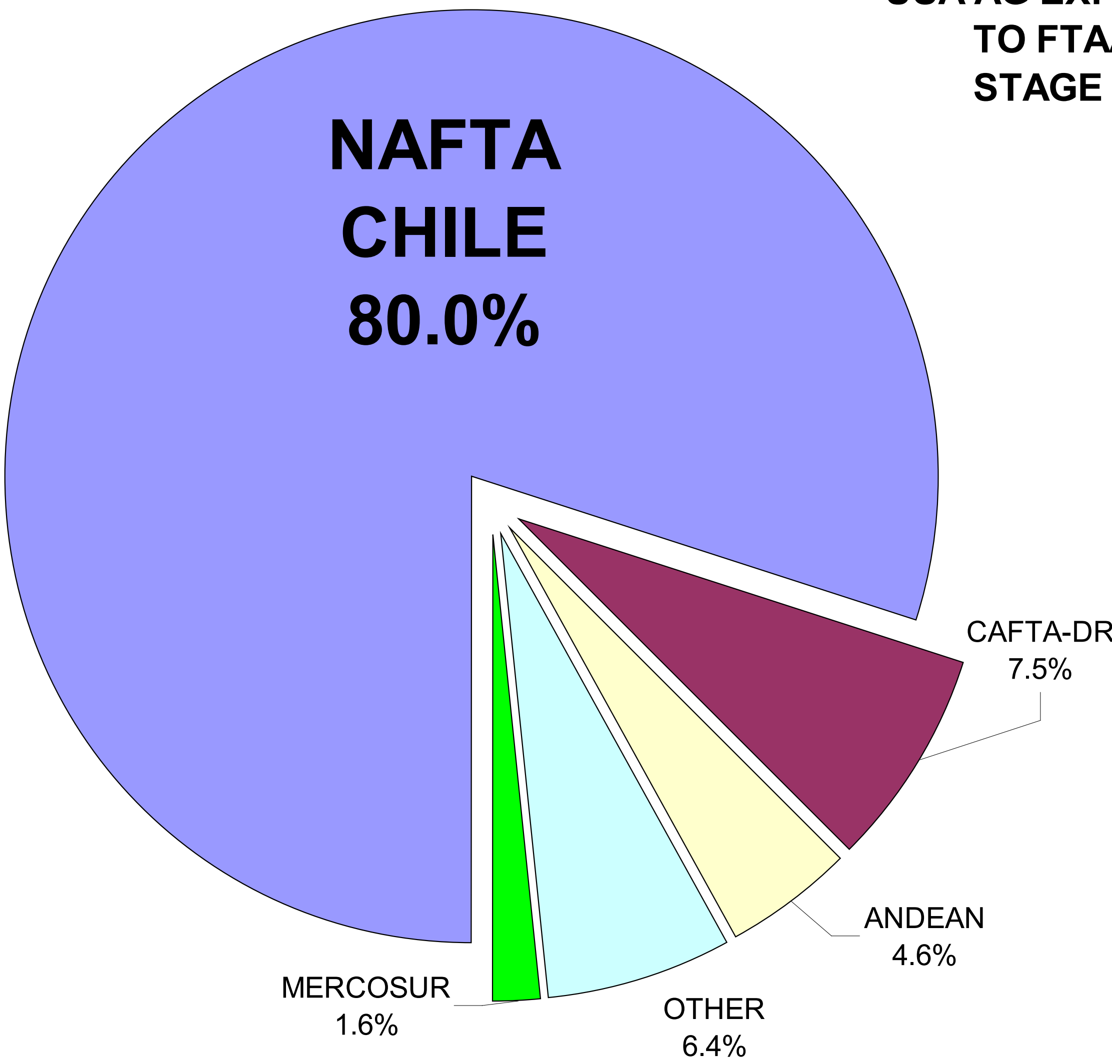
U.S. Alternative Trade Strategies for the Region

A. **Go for FTAA (34 Countries) as originally planned**

B. **Stop now (NAFTA and Chile only) and wait for WTO agreements**

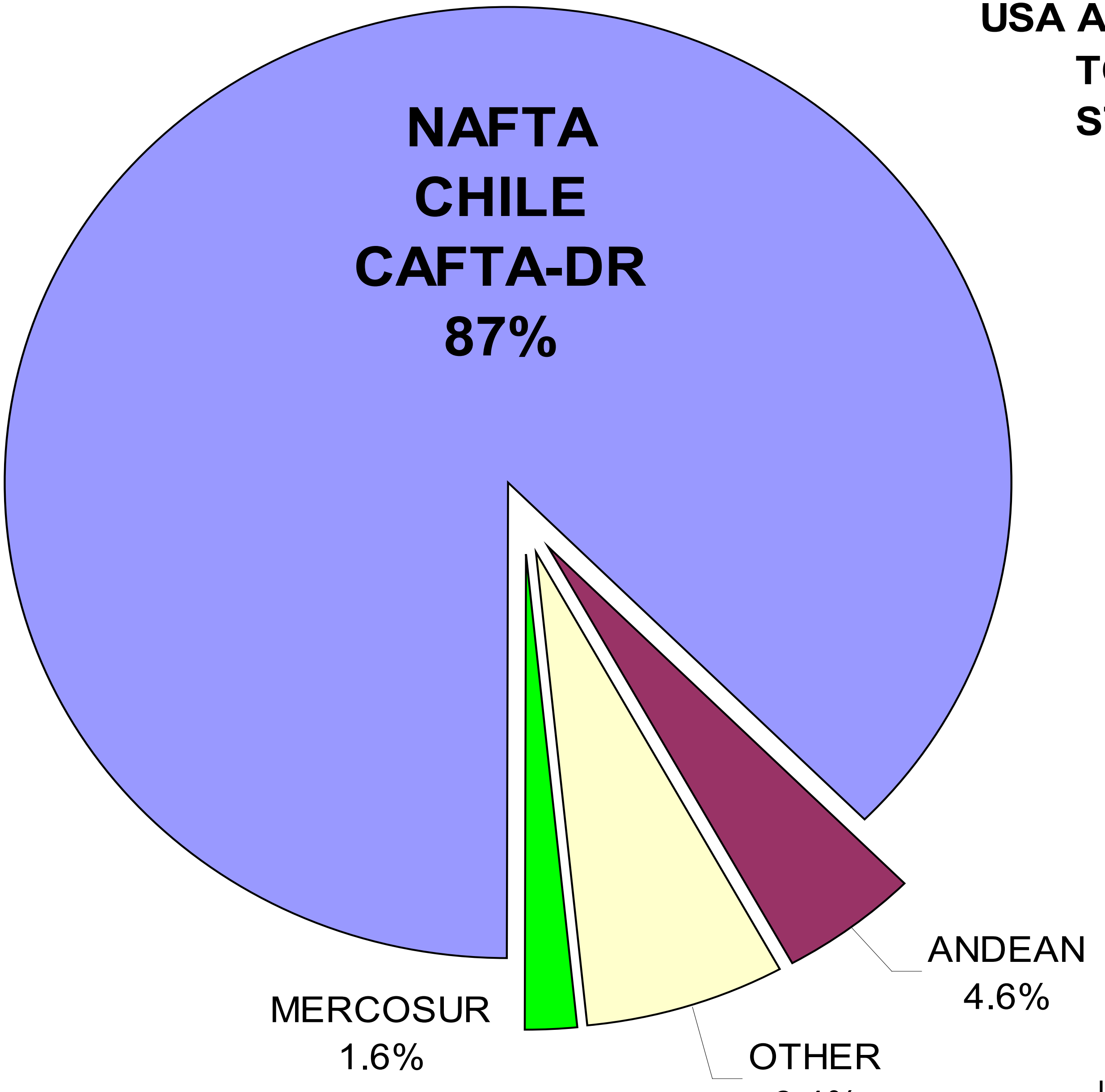
C. **Keep negotiating FTA with individual countries to get most of the FTTA area**

USA AG EXPORTS TO FTAA STAGE 2



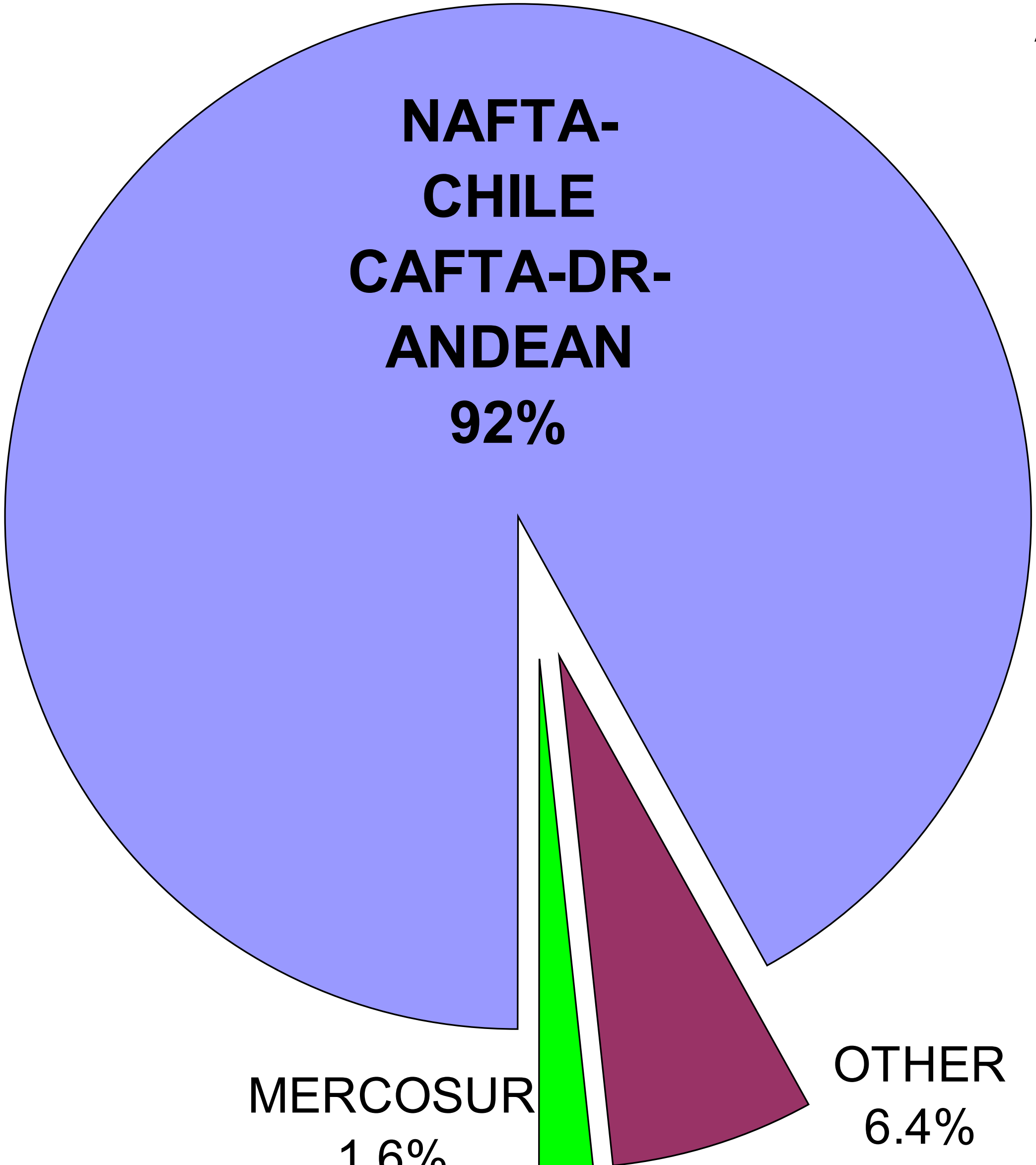
Data Source: USDA, FATUS, 2004

USA AG EXPORTS TO FTAA STAGE 3



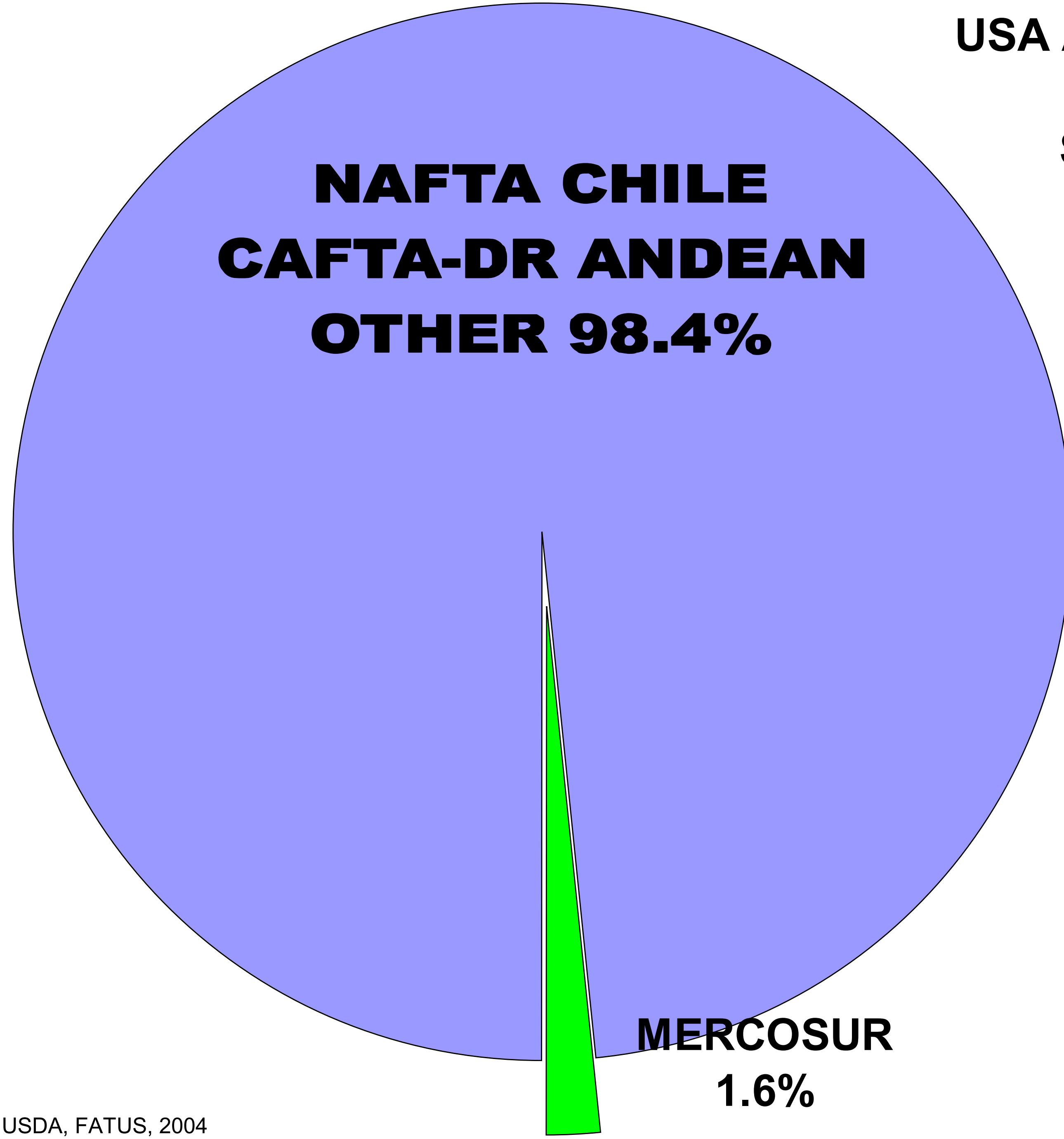
Data Source: USDA, FATUS, 2004

AG EXPORTS TO FTAA STAGE 4



Data Source: USDA, FATUS, 2004

USA AG EXPORTS TO FTAA STAGE 5



Data Source: USDA, FATUS, 2004

Summary

- **FTAA Region increasingly important for US Ag Exports.**
- **FTAA negotiations slowed down and with bleak prospects because of Mercosur**
- **US FTA’s, signed (NAFTA & Chile) and under negotiation (CAFTA & Andean) represent 92% of US Ag exports.**
- **Andean about to sign FTA agreement with Mercosur**
- **Best US strategy might be to keep signing bilateral FTAs in the region to accomplish the goal of a FTTA**