The Importance of Trade for U.S. Agriculture

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What is the Foreign Agricultural Service (FAS)?

FAS Coverage in 171 Countries
What is Foreign Agricultural Service (FAS)?

Supports U.S. Farmers & Ranchers to Export their Products

- Trade Policy
- Export Promotion
- Trade Capacity Building
- Market Intelligence
FAS Market Intelligence

Assists U.S. Farmers to Export their Products

➢ GAIN Reports
➢ PSD Online
➢ GATS Trade Database
➢ Export Sales
➢ Trade Reports
U.S. Agricultural Trade Situation

February 2019 Forecast

Source: USDA FAS Global Agricultural Trade System, FATUS

**Exports**
- NAFTA
- China in WTO
- CAFTA-DR
- Korea, Colombia, Panama FTAs

**Imports**
- NAFTA
- China in WTO
- CAFTA-DR
- Korea, Colombia, Panama FTAs

**Trade Surplus**
- NAFTA
- China in WTO
- CAFTA-DR
- Korea, Colombia, Panama FTAs

Fiscal Year

Billion Dollars

- 1994: 43.1
- 1995: 43.1
- 1996: 43.1
- 1997: 43.1
- 1998: 43.1
- 1999: 43.1
- 2000: 43.1
- 2001: 43.1
- 2002: 43.1
- 2003: 43.1
- 2004: 43.1
- 2005: 43.1
- 2006: 43.1
- 2007: 43.1
- 2008: 43.1
- 2009: 43.1
- 2010: 43.1
- 2011: 43.1
- 2012: 43.1
- 2013: 43.1
- 2014: 43.1
- 2015: 43.1
- 2016: 43.1
- 2017: 43.1
- 2018: 43.1
- 2019: 13.5

**Records**
- 152.3
- 141.5
- 128.0
- 13.5

United States Department of Agriculture
Foreign Agricultural Service
More than 20% of U.S. Ag Production is Exported

Exports are a critical source of income for a wide range of ag products

(1) All Dairy Products: Calendar Year 2017
(2) Pistachios: Marketing Year 2016/2017
(3) Corn & corn embedded in ethanol, DDGS, and HFCS exports

Source: USDA/FAS/PSD database, 2017/18 marketing year data
U.S. Dairy Export Council
China and India Drive Potential Growth: “Middle Class” Households, in Middle Income Countries, Up 71% From 2016 Levels

Source: Global Insight's Global Consumer Markets data as analyzed by OGA
Global Meat Demand Fueling Grain & Feed Production

Source: USDA Production, Supply & Distribution Database
As WTO Stalls, Countries Turn to FTAs for Market Access, U.S. Falling Behind

Source: WTO
U.S. Competitors Have More Market Access to the World

Canada and Mexico make up most of population access for the United States

Population Access Through Free Trade Agreements (FTAs)

- Through ASEAN FTAs, Thailand and Indonesia have access to China and India (2.7 billion people combined).

Note: includes only FTAs that were notified to the WTO, as of September 2018, and CPTPP
U.S. Trade Agenda

Trade Agreements

• **USMCA** – Improves dairy and poultry access, fair treatment for wheat and other agricultural products, updated SPS rules
• Korea – Updated KORUS
• Future potential trade agreements – Japan, UK, EU, Kenya

Enforcing Commitments

• **China** – Ongoing negotiations working toward fair trade
• India – WTO Counter Notification concerning India’s trade-distorting domestic support prices for pulses (02/12/19)
Over 28% of Total U.S. Agricultural Exports are Shipped to Canada and Mexico

FY 2018 U.S. Ag Exports to World (Total: $140 B)

- Canada: 15%
- Mexico: 14%
- Japan: 9%
- EU: 9%
- China: 7%
- S. Korea: 6%
- Rest of World: 40%

$39.7 Billion to NAFTA

Source: USDA FAS/Global Agricultural Trade System (GATS) – BICO-HS10
Mexican Agricultural Imports & U.S. Market Share 2018

U.S. Market Share for Total Ag: 65%

Source: IHS Markit, Global Trade Atlas (GTA), BICO-HS6
United States Department of Agriculture
Foreign Agricultural Service

U.S. Agricultural Trade with China (1999 – 2018)

China has retaliatory tariffs on 99% of U.S. agricultural imports in response to U.S. 232 tariffs on steel & aluminum and 301 tariffs

Value Billion US$

Source: USDA FAS Global Agricultural Trade System BICO-HS10
Top U.S. Agricultural Exports to Japan

Total U.S. Agricultural Exports to Japan in 2018 = $12.9 billion

Source: USDA FAS Global Agricultural Trade System (GATS) – BICO-HS10
FAS Here to Help:

*Partnerships Support Continued Export Growth*

- **Market Access Program (MAP):** Marketing and Promotion Program ($200 million)

- **Foreign Market Development Program (FMD):** Create, expand and maintain long-term export markets ($27 million)

- **Emerging Markets Program (EMP):** Market development in emerging economies

- **Agricultural Trade Promotion Program (ATP):** Mitigation for retaliatory tariffs: $200M to develop new markets

- **Additional programs:** GSM-102, Quality Samples Program, Technical/Scientific support programs
Summary

• Opportunities for U.S. agricultural exports globally, FAS programs can help U.S. producers find and expand those markets

• Retaliatory tariffs hurting U.S. ag exports, which also reduces U.S. ag trade surplus.

• U.S. competitiveness jeopardized by third party agreements that put U.S. products at disadvantage

• U.S. needs FTAs to maintain, if not gain, market share in new trade environment