THE WHITE HOUSE

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FACT SHEET: Benefits of Trade to U.S. Agriculture

The President's trade agenda will strengthen the U.S. economy by opening foreign markets to U.S. agriculture, which is critical for U.S. agriculture's continued success. Trade agreements create opportunities for farmers and ranchers to export more products, resulting in increased sales and increased export-supported jobs.

Five Reasons Why Trade is Important for the U.S. Agricultural Industry

1. America's farmers and ranchers are among the most productive in the world, but they depend on exports, which generate approximately 20 percent of their farm income.

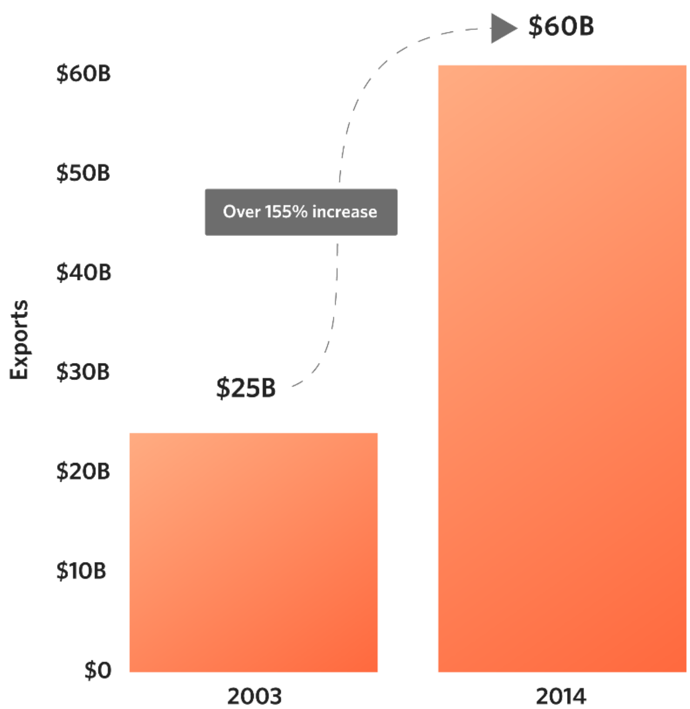
2. U.S. agricultural exports to countries where the United States has free trade agreements (FTAs) increased more than 155 percent (Figure 1), from nearly $25 billion to over $60 billion between 2003 and 2014.

3. U.S. agricultural exports were over $150 billion in 2014, up more than 4 percent from 2013.

4. Overseas sales of agricultural products supported more than 1 million full-time American jobs, both on and off the farm in 2013.

5. Every dollar of agricultural exports stimulated another $1.22 in business activity in 2013.

Figure 1: U.S. Agriculture Exports to FTA Partners



Trade agreements boost U.S. agricultural exports by removing trade barriers and promoting closer economic ties. Some examples of U.S. exports to FTA partners:

- Colombia, Panama, and South Korea. Soybeans, soymeal, and soy oil exported to these countries increased from less than $595 million in 2011 to more than $960 million in 2014. Tree nut exports to these countries increased from less than $210 million to almost $390 million from 2011 to 2014.

- Central America and the Dominican Republic. Exports to Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and the Dominican Republic more than doubled from $1.9 billion in 2005 to $4.4 billion in 2014. From 2005 to 2014, wheat exports increased from less than $260 million to over $500 million, pork and pork product exports increased from less than $30 million to nearly $165 million, and fresh and processed vegetable exports increased from less than $30 million to more than $110 million.

- Peru. Exports to Peru increased by over 450 percent, from less than $215 million in 2005 to almost $1.2 billion in 2014. From 2005 to 2014, fresh fruit exports increased from less than $250,000 to nearly $10 million.

- Australia. Exports to Australia increased by roughly 265 percent, from $410 million in 2004 to $1.5 billion in 2014. From 2004 to 2014, pork and pork product exports increased from $10 million to over $180 million and exports of dairy products increased from $5 million to more than $170 million.

- Chile. Exports to Chile increased by around 530 percent, from nearly $145 million in 2003 to nearly $910 million in 2014.

The United States already has one of the most open markets on the planet, but U.S. agricultural products face high tariffs and other trade barriers in foreign markets, limiting export potential.

- In the Trans Pacific Partnership (TPP) region, U.S. agricultural and food exports currently face high tariffs and other barriers to trade. A TPP agreement will break down market barriers in these countries, which represent 40 percent of global GDP.
    - Examples of high TPP tariffs include vegetables (90 percent), beef (50 percent), corn and corn products (40 percent), tree nuts (30 percent), and feeds and fodder (35 percent).
    - TPP countries also limit exports through the use of quantitative restrictions with trade prohibiting tariffs on over-quota exports. Dairy products face over-quota tariffs rates greater than 600%. Over-quota tariffs for rice are even higher, above 700%!

- In the Transatlantic Trade and Investment Partnership (T-TIP), the U.S. faces not only higher tariffs but significant non-tariff barriers to trade, including those stemming from regulatory divergence. A T-TIP agreement provides the opportunity to knock down these barriers.
    - Average EU agricultural tariffs are 13.2 percent, but tariffs on many key export items are higher and involve complex valuation schemes.

- Non-tariff barriers also unfairly hinder U.S. agricultural exports to the EU, including long delays in biotech approvals, regulatory measures affecting livestock products that are not based on science, and burdensome certification requirements.

The United States is put at a competitive disadvantage when other countries strike preferential agreements that lower tariffs and non-tariff barriers between them.

- There are approximately 260 preferential trade agreements currently in force worldwide, of which only 14 include the United States.

- U.S. farmers and ranchers are among the most efficient producers in the world, but their competitive edge is eroded when less-efficient competitors enter into preferential agreements.

The President's trade agenda will minimize barriers to trade, increase transparency, and expand market access for our farmers and ranchers.

U.S. producers rely on and prosper from access to foreign markets. Currently, we export:

- Almost half of wheat, milled rice, and soybean production;
- Over 60 percent of almond, walnut, and pistachio production;
- 40 percent of grape production and 20 percent of cherry and apple production;
- 20 percent of poultry and pork production and 10 percent of beef production.

- TPP will eliminate or reduce existing tariffs and other obstacles to trade, clearing a path to expand U.S. agricultural exports.

- TPP will open up markets that put significantly higher value on products that have little demand in the United States – such as offal products--offering U.S. producers a new overseas market revenue source, further supporting farm and processor profitability.

- In 2009, there were 525 million middle-class consumers in the Asia-Pacific region. That number is expected to grow to over 3 billion by the year 2030. And we know that the first thing that middle-class consumers want is more protein, better nutrition, and safer foods.

- We want to make sure that U.S. farmers have access to those markets. Other countries are actively negotiating free trade agreements with Japan and other Asia-Pacific countries to give their farmers a competitive advantage. TPP is how we ensure U.S. farmers benefit from liberalized trade.