



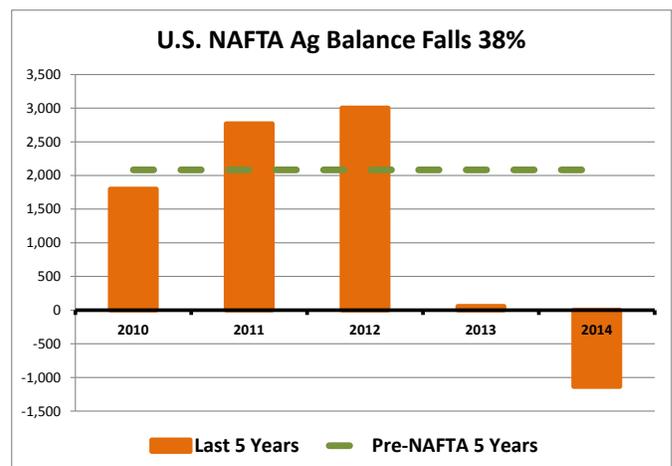
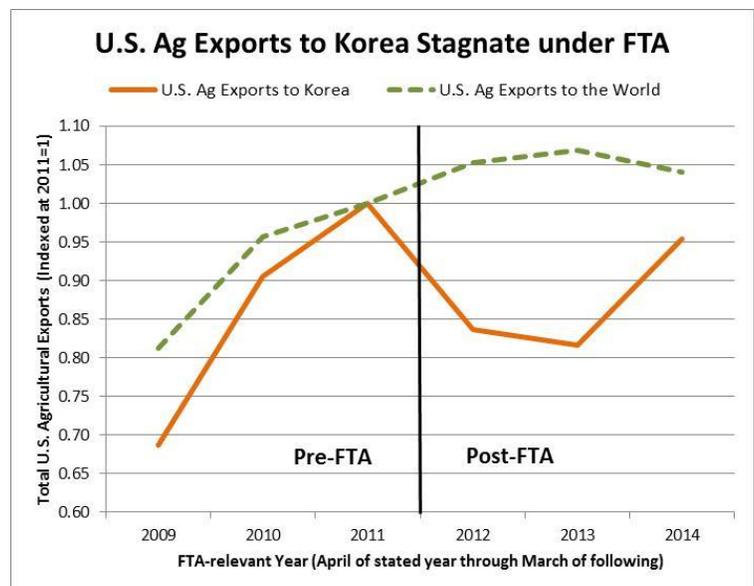
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## Don't Believe the Hype: Agricultural Exports Lag under Trade Deals, Belying Empty Promises Recycled for the TPP

Time and again, U.S. farmers and ranchers have been promised that controversial “free trade” agreements (FTAs) would provide a path to economic success by boosting exports. Time and again, these promises have been broken. Data from the U.S. Department of Agriculture reveal that U.S. agricultural exports have lagged, agricultural imports have surged and family farms have disappeared under existing FTAs. Undeterred by its own data, USDA recently repeated the standard FTA sales pitch with a factsheet claiming that the Trans-Pacific Partnership (TPP), which would expand the status quo trade model, would “support expansion of U.S. agricultural exports, increase farm income, generate more rural economic activity, and promote job growth.”<sup>1</sup> That promise contradicts the actual outcomes of the FTAs that serve as the TPP’s blueprint.

**Agricultural exports stagnate under most recent FTA:** Before the 2011 passage of the Korea FTA – which U.S. negotiators used as the template for the TPP – U.S. Secretary of Agriculture Tom Vilsack stated, “we believe a ratified U.S. Free Trade Agreement [with Korea] will expand agricultural exports by what we believe to be \$1.8 billion.”<sup>2</sup> In reality, exports of all U.S. agricultural products to Korea *fell* \$323 million, or 5 percent, from the year before the FTA took effect to its recently-completed third year of implementation. During that same period, total U.S. agricultural exports to the world have *risen* 4 percent. Even if comparing the average agricultural export level in the three years before the FTA took effect (including 2009, when global trade declined due to the worldwide recession) with the average level in the three post-FTA years, U.S. agricultural exports to Korea only have increased by \$31 million, or 1 percent. U.S. agricultural exports to the world during that period have risen 14 percent.<sup>3</sup>

**Agricultural trade surplus turns into a trade deficit under NAFTA:** the U.S. agricultural trade balance with NAFTA partners has fallen from a \$2.5 billion trade surplus in the year before NAFTA to a \$1.1 billion trade deficit in 2014 – the largest NAFTA agricultural trade deficit to date. Even if one includes agricultural trade over the preceding



several years, when agricultural export values were inflated by anomalously high international food prices, the average U.S. agricultural trade balance with NAFTA countries over the last five years still fell 38 percent below the average balance in the five years before NAFTA.

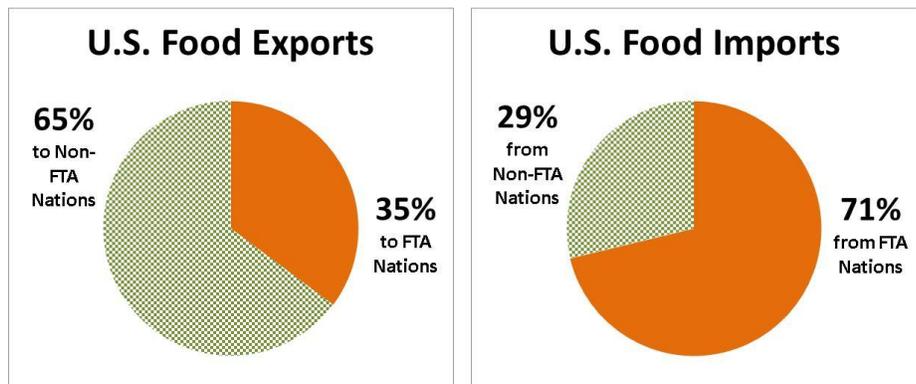
**Agricultural exports to FTA partners lag behind:**

USDA data show that U.S. food exports to FTA partners have trailed behind food exports to the rest of the world in recent years, despite the claim in USDA’s factsheet that “in countries where the United States has free trade agreements, our exports of food and agricultural products have grown significantly.”<sup>4</sup> The volume of U.S. food exports to non-FTA countries rebounded quickly after the 2009 drop in global trade following the financial crisis. But U.S. food exports to FTA partners remained below the 2008 level until 2014. Even then, U.S. food exports to FTA partners were just 1 percent higher than in 2008, while U.S. food exports to the rest of the world stood 24 percent above the 2008 level.



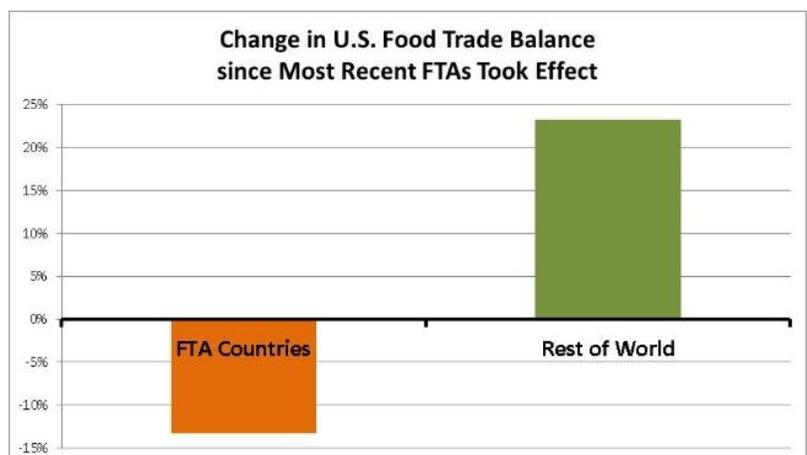
**FTA partners account for most U.S. agricultural imports, relatively few agricultural exports:**

The USDA factsheet makes no mention of agricultural imports that undercut business for U.S. farmers. Most U.S. food imports come from FTA countries, while most U.S. food exports are not sold in FTA countries. This counterintuitive outcome is the opposite of what FTA proponents have promised U.S. farmers and ranchers. *In 2014, the 20 U.S. FTA partners were the source of 71 percent of all U.S. food imports, but were the destination of just 35 percent of all U.S. food exports* (measuring by volume).

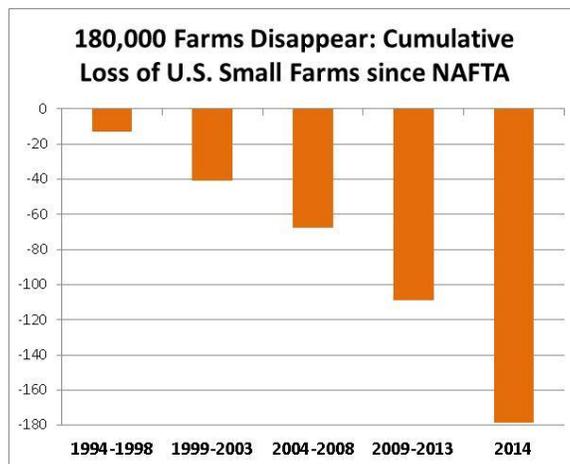


**Agricultural trade balance suffers under FTAs:**

Due to stagnant U.S. food exports to FTA countries and a surge in food imports from those countries, the U.S. food trade balance (by volume) with FTA countries has fallen 13 percent since 2011, the year before the most recent FTAs took effect. In contrast, the U.S. food trade surplus with the rest of the world has risen 23 percent since 2011.

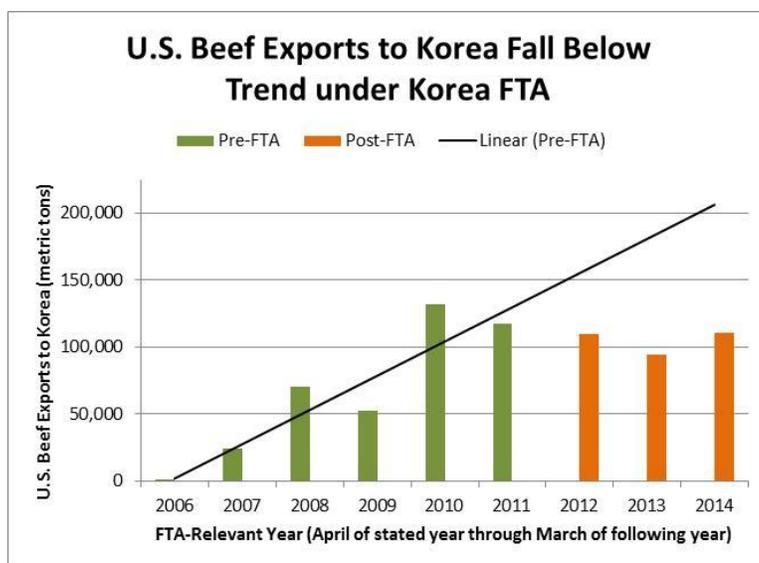


**Small U.S. farms disappear during FTA era:** Smaller-scale U.S. family farms have been hardest hit by rising agricultural imports and declining agricultural trade balances under FTAs. Since NAFTA and NAFTA expansion pacts have taken effect, one out of every 10 small U.S. farms has disappeared. By 2014, nearly 180,000 small U.S. farms had been lost.<sup>5</sup>



Most of the agricultural products that USDA highlights in its factsheets as prospective winners under the TPP have actually been losers under the FTA model that the TPP would expand:

- **Apples:** U.S. exports to Korea of apples have fallen 10 percent in the first three years of the Korea FTA.<sup>6</sup>
- **Barley:** U.S. exports of barley to U.S. FTA partners have grown just 12 percent (14,000 metric tons) while growing 144 percent (120,000 metric tons) to the rest of the world since 2011 (the year before the most recent FTAs took effect).
- **Beef:** U.S. beef exports to Korea have stagnated under the Korea FTA, falling below the historical growth trend and defying the administration’s promises that beef exports to Korea would grow even more than in the past.<sup>7</sup> Even without an FTA, U.S. beef exports would be expected to grow as a product of Korea’s population and economic growth. Instead, they have flatlined.
- **Beer:** U.S. exports to Korea of beer have increased just 2 percent in the first three years of the Korea FTA, while total U.S. beer exports to the world have increased 42 percent during the same period.
- **Citrus Fruits and Juices:** U.S. exports to Korea of citrus fruits have fallen 4 percent under the first three years of the Korea FTA – a loss of more than 6,000 metric tons of citrus fruit exports each year. And under 21 years of NAFTA, U.S. net exports of orange juice and grapefruit juice to Canada and Mexico have fallen by more than 200,000 kiloliters.
- **Corn:** U.S. exports to Korea of corn have plummeted 59 percent under the Korea FTA’s first three years – a loss of more than 3.7 million metric tons of corn exports each year.
- **Dairy Products:** U.S. exports to Korea of milk, cream and whey have plummeted 91 percent in the first three years of the Korea FTA – a loss of more than 3.4 million liters of dairy exports each year.



- **Distilled Spirits:** U.S. exports of distilled spirits to U.S. FTA partners have grown just 3 percent (2.5 million liters) while growing 27 percent (32.2 million liters) to the rest of the world since 2011 (the year before the most recent FTAs took effect).
- **Feeds and Fodder:** U.S. exports of feeds and fodder to U.S. FTA partners have *fallen* 5 percent (more than 382,000 metric tons) while *growing* 80 percent (more than 8.8 million metric tons) to the rest of the world since 2011 (the year before the most recent FTAs took effect).
- **Hides and Skins:** U.S. exports to Korea of hides and skins have dropped 14 percent under the first three years of the Korea FTA.
- **Potatoes:** U.S. net exports of potatoes to Canada and Mexico have fallen 580,000 metric tons under 21 years of NAFTA.
- **Poultry:** U.S. exports to Korea of poultry have plummeted 31 percent under the first three years of the Korea FTA – a loss of more than 24,000 metric tons of poultry exports each year.
- **Rice:** U.S. exports to Korea of rice have fallen 13 percent under the Korea FTA’s first three years – a loss of nearly 13,000 metric tons of rice exports each year.
- **Soybeans and Soybean Products:** U.S. exports of soybeans and soybean products to U.S. FTA partners have grown just 8 percent (759,000 metric tons) while growing 52 percent (17.3 million metric tons) to the rest of the world since 2011 (the year before the most recent FTAs took effect).
- **Vegetables:** U.S. exports of vegetables to U.S. FTA partners have *fallen* 21 percent (more than 13,000 kiloliters) while *growing* 721 percent (more than 14,000 kiloliters) to the rest of the world since 2011 (the year before the most recent FTAs took effect).
- **Wine:** U.S. net exports of wine to Canada and Mexico have fallen more than 24,000 kiloliters under 21 years of NAFTA. And while FTA proponents have claimed wine as a winner under the Korea FTA, average annual U.S. exports of wine to Korea have increased by just 166 kiloliters – less than 0.005 percent of the wine sold in the United States each year. More wine is sold in an average *half hour* in the United States than the gain in U.S. wine exports to Korea in an average *year* under the Korea FTA.<sup>8</sup>

## ENDNOTES

<sup>1</sup> U.S. Department of Agriculture, “The Trans-Pacific Partnership: Benefits for U.S. Agriculture,” USDA factsheet, February 2015. Available at: [http://www.fas.usda.gov/sites/default/files/2015-03/tpp\\_agriculture\\_fact\\_sheet.pdf](http://www.fas.usda.gov/sites/default/files/2015-03/tpp_agriculture_fact_sheet.pdf).

<sup>2</sup> U.S. Department of Agriculture, “Agriculture Secretary Tom Vilsack Highlights Benefits of the U.S.-Korea Trade Agreement for U.S. Agriculture,” USDA press conference, March 8, 2011. Available at: <http://www.usda.gov/wps/portal/usda/usdamobile?contentidonly=true&contentid=2011/03/0108.xml>.

<sup>3</sup> The source of all agricultural trade data in this document, unless otherwise specified, is: Foreign Agricultural Service, “Global Agricultural Trade System,” U.S. Department of Agriculture, accessed May 12, 2015. Available at: <http://apps.fas.usda.gov/gats/default.aspx>. FATUS classifications used for all data. All data not stated in dollar amounts is measured in volume. (Volume is preferred for products to eliminate the effect of price shifts, but value is used for some aggregations of products with different volume-based units of measurement to avoid agglomeration problems.) All dollar values have been inflation-adjusted and are expressed in 2015 dollars according to the CPI-U-RS series of the Bureau of Labor Statistics.

<sup>4</sup> “Food” includes FATUS classifications: dairy products, fruits & preparations, grains & feeds, livestock & meats, oilseeds & products, other horticultural products, planting seeds, poultry & products, sugar & tropical products, tree nuts & preparations, and vegetables & preparations.

<sup>5</sup> National Agricultural Statistics Service, “Quick Stats,” U.S. Department of Agriculture, accessed March 5, 2015. Available at: <http://quickstats.nass.usda.gov/>.

<sup>6</sup> All data on agricultural trade under the Korea FTA compare the average annual export level in the three years before the FTA took effect and in the three years after the FTA took effect (April 2009 through March 2012 vs. April 2012 through March 2015).

<sup>7</sup> U.S. beef exports to Korea fell 7,445 metric tons if comparing the year before implementation and the FTA’s third year, or rose 4,031 metric tons if comparing the three year averages before and after the FTA.

<sup>8</sup> Wine Institute, “California Wine Sales Grow 3% by Volume and 5% by Value in the U.S. in 2013,” April 24, 2014. Available at: [http://www.wineinstitute.org/files/2013\\_Wine\\_Sales\\_WI.pdf](http://www.wineinstitute.org/files/2013_Wine_Sales_WI.pdf).