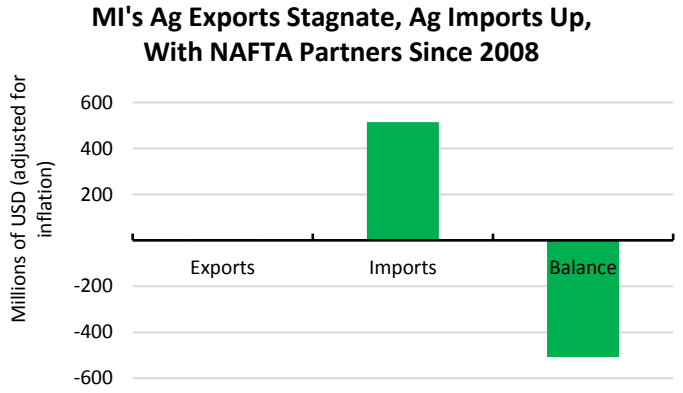
# Michigan: Ag Exports Lag, Family Farms Decline Under "Free Trade" Deals

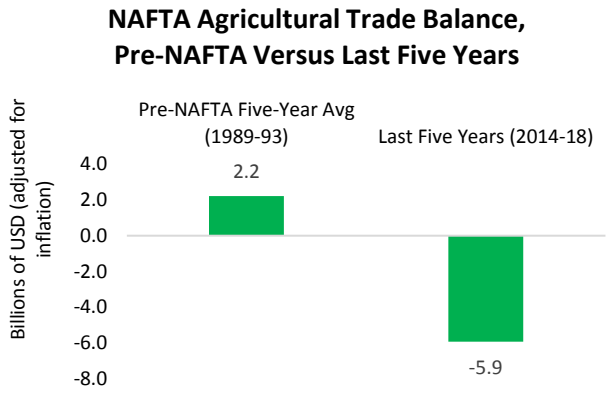
Farmers and ranchers have been lobbied to support Free Trade Agreements (FTAs) like the North American Free Trade Agreement (NAFTA) with promises that they would increase U.S. exports and thus improve farm income. The outcomes have often been the opposite: Agricultural imports have surged, and for some commodities exports slowed. Commodity price volatility has increased, and family farms have disappeared. Many of these deals also resulted in major manufacturing job loss, eliminating critical non-farm income for rural families. Now, the Trump administration is touting its revised NAFTA. Reviewing the actual outcomes for rural Americans from NAFTA and other deals based on the same model is critical to determining likely outcomes from NAFTA 2.0 and what changes are needed to make these deals work better for farmers and ranchers. (The revised NAFTA includes slightly more U.S. market access for dairy, egg and poultry in Canada but essentially maintains NAFTA 1.0's agricultural rules.)

## Michigan's NAFTA Failure: Ag Exports Stagnate, Ag Imports Grow, Ag Balance Suffers

**Nationwide, the U.S. agricultural trade balance with NAFTA partners has fallen from a $2.7 billion trade surplus in the year before NAFTA to a $9.3 billion trade deficit in 2018** – our largest NAFTA agricultural trade deficit to date. The average U.S. agricultural trade balance with NAFTA countries *over the last five years* still fell $8.1 billion below the average balance in the five years before NAFTA.

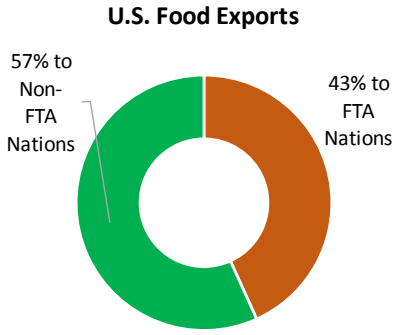
Michigan's exports of agricultural products to NAFTA partners Mexico and Canada grew just 2 percent, or $7 million, since 2008, while its agricultural imports from NAFTA partners surged $514 million. As a result, Michigan's $38 million NAFTA agricultural trade deficit in 2008 became a $546 million trade deficit in 2018. (State-level import data are not publicly available prior to 2008.)

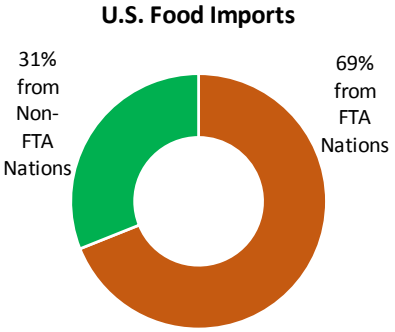



## 69% of U.S. Food Imports Are From FTA Partner Nations, But Just 43% of Exports Go There

Most U.S. food imports come from nations with which we have "free trade" agreements. But our FTA partners are not the main purchasers of U.S. agricultural exports. This may seem counterintuitive – certainly it is the opposite of what FTA proponents promised U.S. farmers and ranchers. **In 2018, the 20 U.S. FTA partners were the source of 69 percent of all U.S. food imports, but were the destination of just 43 percent of all U.S. food exports** (measuring by volume). Indeed, well over half of all U.S. food exports were sold to nations without U.S. FTAs.

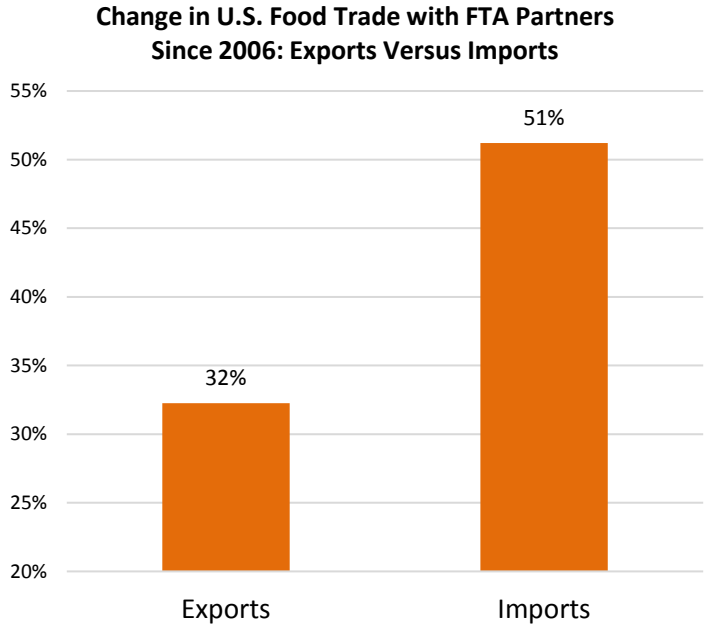


# Replace NAFTA: Michigan Cannot Afford Mere Tweaks to "Trade" Deals

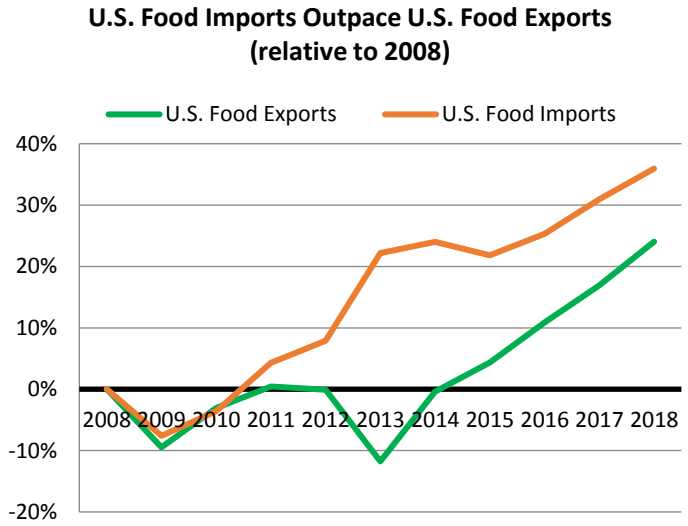
## U.S. Food Imports From FTA Partners Rise 51%, While Exports to FTA Partners Rise Only 32%

The FTA bait-and-switch of promising exports but delivering mainly imports is reflected in the fact that U.S. food imports from FTA countries have risen by 51 percent since 2006, the midpoint year for U.S. FTA signings. In contrast, U.S. food exports to FTA countries have risen only 32 percent.



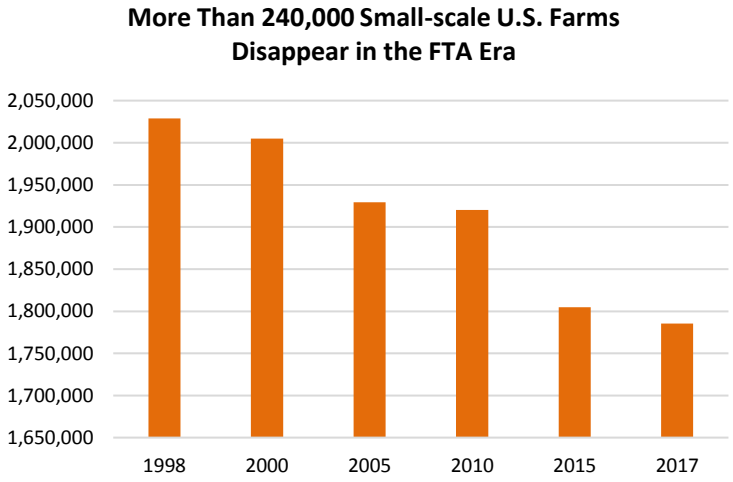

## Food Imports From NAFTA Nations Grow Faster Than U.S. Exports Under NAFTA

USDA data show imports of food into the United States from Mexico and Canada have risen more steadily and to a greater degree than U.S. food exports to those nations in recent years. U.S. food exports to NAFTA nations have increased at only two-thirds the rate that food imports have grown, relative to 2008, when exports declined significantly during the global financial crisis. Today, the U.S. is importing 36 percent more food from Canada and Mexico than it was prior to the financial crisis.




## More Than 240,000 Small-scale U.S. Farms Disappear in the FTA Era

Smaller-scale U.S. family farms have been hardest hit by rising agricultural imports and declining agricultural trade balances under FTAs. Since 1998 (the latest available data for small farms), one out of every 10 small U.S. farms has disappeared. By 2017 (the latest data available), more than 240,000 small-scale U.S. farms had been lost.




***Sources**: U.S. Department of Agriculture, International Trade Administration, U.S. Census Bureau*