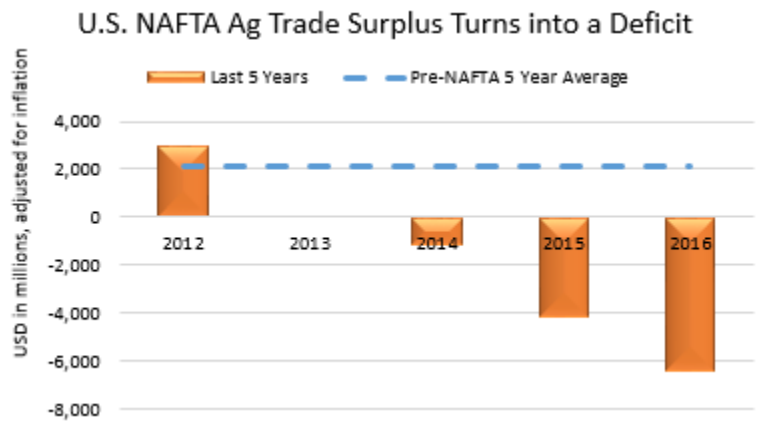


NAFTA's Legacy: Empty Promises for U.S. Farmers

U.S. farmers and ranchers were promised that they would benefit substantially from the North American Free Trade Agreement (NAFTA). NAFTA supporters sold the deal as the path to economic success for rural communities— hyping the agreement's prospects for increasing U.S. agricultural exports. But the most recent data from the U.S. Department of Agriculture (USDA) reveal that U.S. agricultural exports to the NAFTA countries have lagged, agricultural imports from those countries have surged and family farms have disappeared under NAFTA.

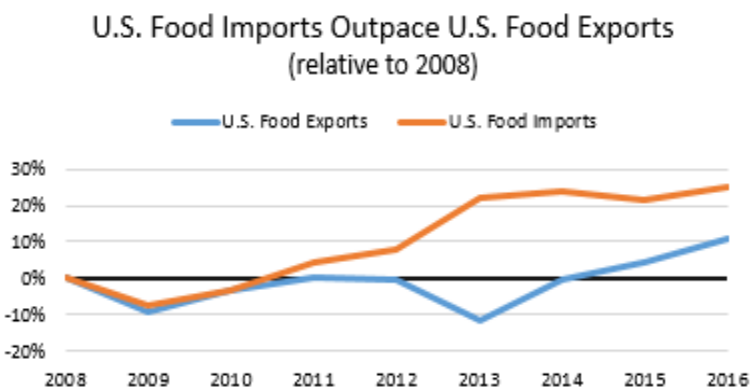
U.S. Agricultural Trade Surplus with Canada and Mexico Turns Into a Deficit Under NAFTA

The U.S. agricultural trade balance with NAFTA partners has fallen from a \$2.5 billion surplus in the year before NAFTA to a \$6.4 billion deficit in 2016 – the largest NAFTA agricultural trade deficit to date. This was not an anomaly. A review of agricultural trade over the preceding several years — when agriculture export values were inflated by usually high international food prices — shows the average U.S. agriculture trade balance with NAFTA nations over the past five years dropping \$3.9 billion below the average balance in the five years before NAFTA.



Source: US Foreign Agricultural Service, 2016

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



Source: US Department of Agriculture, 2016

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. The volume of U.S. food imports from NAFTA partners rebounded quickly after the 2009 drop in global trade following the financial crisis. But U.S. food exports to NAFTA nations has increased only slightly relative to its level in 2008. Today, the U.S. is importing 25 percent more food from Canada and Mexico than it was prior to the financial crisis.

Small U.S. Farms Disappear During NAFTA Era

While NAFTA proponents argued that the deal would benefit small farmers, evidence suggests otherwise. The United States' rising agricultural trade deficit with NAFTA countries has contributed to a decline in smaller-scale U.S. family farms. Since NAFTA has taken effect, one out of every 10 small U.S. farms has disappeared. By 2016, nearly 203,000 small U.S. farms had been lost.

Many Agricultural Products - From Beef to Wine - Fared Worse Under NAFTA, Contributing to the Large Overall NAFTA Trade Deficit

Beef and Live Cattle: U.S. net exports of beef and live cattle have dropped substantially after NAFTA, as seen in the graph. Growing imports have swamped the small increase in U.S. exports of beef and live cattle, leading to a U.S. trade deficit increase of nearly \$2.5 billion.

Wine: U.S. net exports of wine to Canada and Mexico have fallen 33,000 kiloliters during NAFTA—a decline of 93 percent from pre-NAFTA levels.

Tomatoes: The U.S. trade deficit in fresh tomatoes with Canada and Mexico has increased enormously from 250,000 metric tons to a trade deficit of 1.7 million metric tons during the NAFTA era.

Potatoes: The U.S. trade deficit in fresh potatoes with Canada and Mexico has doubled from 84,500 metric tons to a trade deficit of 165,000 metric tons during the NAFTA era.

Cucumbers: The U.S. trade deficit in cucumbers with Canada and Mexico has increased many times over from 172,000 metric tons to 813,000 metric tons during the NAFTA era.

Onions: The U.S. trade deficit in onions with Canada and Mexico has increased significantly from 77,000 metric tons to 169,000 metric tons during the NAFTA era.

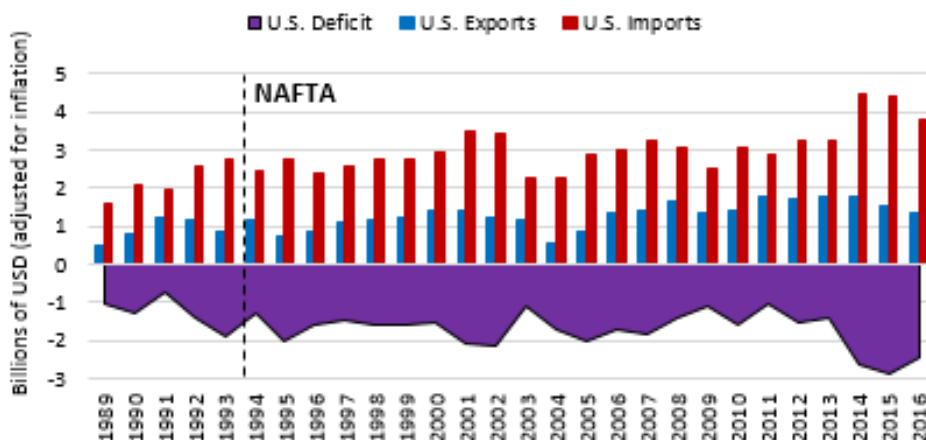
Pecans: U.S. net exports of pecans to Canada and Mexico have fallen from a trade surplus of 557 metric tons to a trade deficit of more than 58,500 metric tons during the NAFTA era.

Sheep: U.S. exports of sheep to Canada and Mexico have crashed from 839,000 sheep to 13,000 during NAFTA.

U.S. NAFTA Ag Deficit: Import Surges Outweigh Growth in U.S. Corn Exports

As NAFTA imports grew, the U.S. agricultural trade balance with Canada and Mexico flipped from a \$2.5 billion surplus in the year before NAFTA to a \$6.4 billion deficit in 2016. Many people are surprised to learn the United States has a NAFTA agricultural trade deficit, given broad press coverage of increased U.S. corn exports to Mexico displacing millions of Mexican farmers. But even as the United States now exports 47 times more corn to Mexico than pre-NAFTA, growing food imports from NAFTA countries outweighed that increase. But neither Mexican farmers or consumers won from this shift. Prior to NAFTA, Mexico only imported corn if domestic supplies were insufficient. As U.S. corn exports to Mexico soared, the price Mexican farmers were paid for corn plummeted 66 percent in just NAFTA's first three years. More than 2 million farmers and agricultural workers lost their livelihoods. Yet contrary to free trade theory, at the same time, the price of tortillas – Mexico's staple food – shot up 279 percent in the pact's first ten years. NAFTA's service sector and investment rules facilitated consolidation of grain trading, milling, baking and retail so that in short order the relatively few remaining large firms dominating these activities were able to raise consumer prices and reap enormous profits as corn costs simultaneously declined. Many Mexican displaced from the rural sector faced no option but migration. In NAFTA's first seven years alone, the annual number of people emigrating from Mexico to the United States more than doubled.

U.S. Trade Deficit with Canada and Mexico in Beef and Live Cattle



Source: US International Trade Commission, 2017