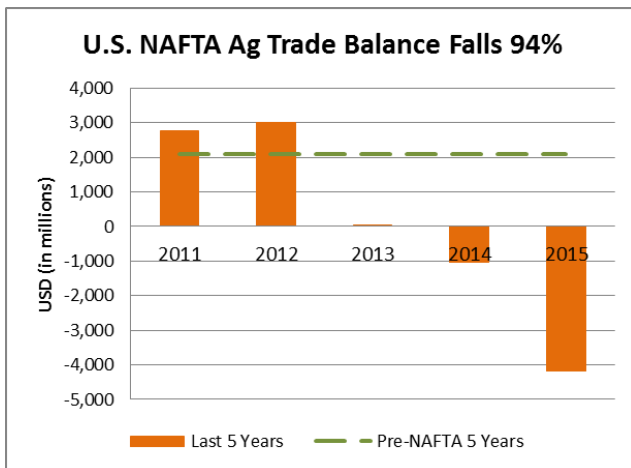
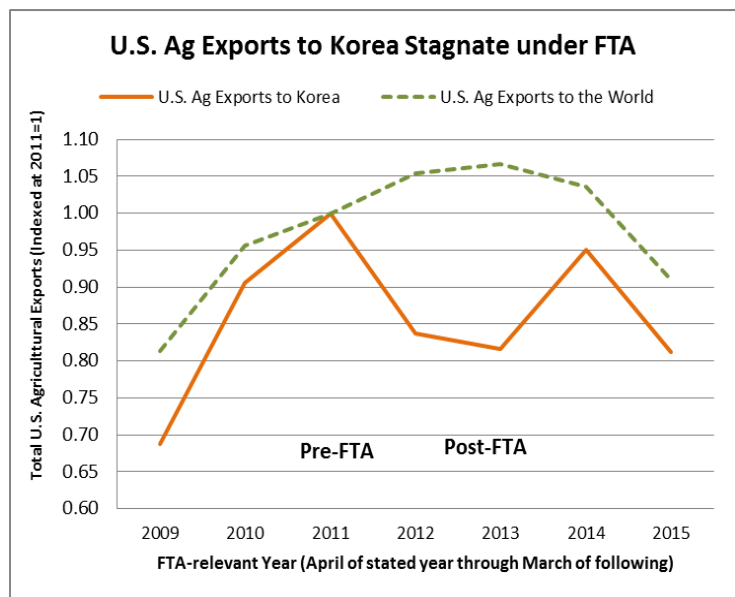




Don't Believe the Hype: U.S. Agricultural Exports Lag under Past Trade Deals, Belying Empty Promises Now Being Recycled for the TPP

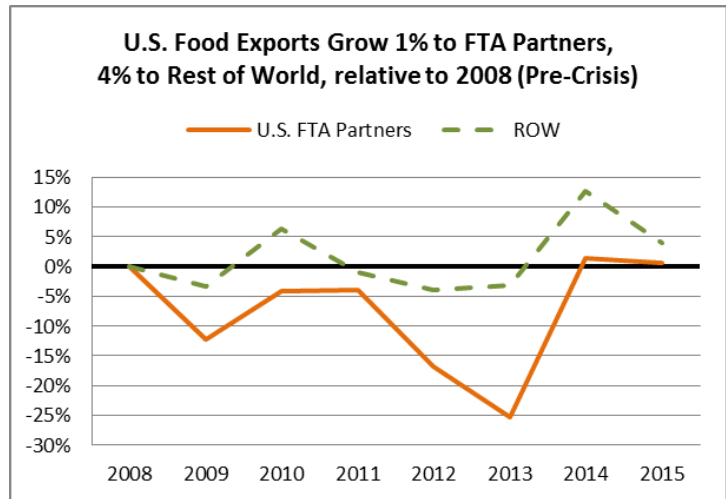
Time and again, U.S. farmers and ranchers have been promised that “free trade” agreements (FTAs) would provide a path to economic success by boosting U.S. exports while imports from trade partners would only increase minimally. Time and again, these promises have been broken. Data from the U.S. Department of Agriculture (USDA) 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 has repeated the standard FTA sales pitch with claims 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.”¹ Those promises contradict the actual outcomes of past FTAs that served as the model for the TPP.

U.S. agricultural exports decline under Korea FTA: Before the 2011 passage of the U.S.-Korea FTA, which U.S. negotiators used as the template for the TPP, U.S. Agriculture Secretary Tom Vilsack declared: “we believe a ratified U.S. Free Trade Agreement [with Korea] will expand agricultural exports by what we believe to be \$1.8 billion.”² In reality, exports to Korea of all U.S. agricultural products *fell* \$1.4 billion, or 19 percent, from the year before the FTA took effect to its recently-completed fourth year of implementation. During that same period, total U.S. agricultural exports to the world only declined by 9 percent.³



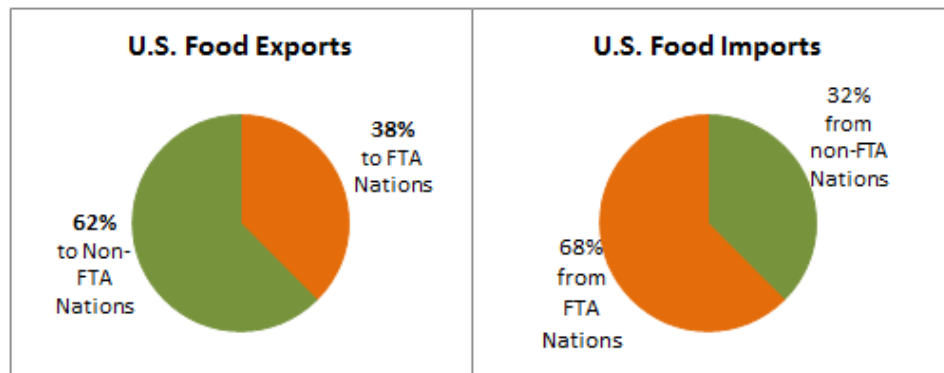
Agricultural trade surplus turns into a trade deficit under NAFTA: The U.S. agricultural trade balance with North American Free Trade Agreement (NAFTA) partners has fallen from a \$2.5 billion trade surplus in the year before NAFTA to a \$4.2 billion trade deficit in 2015 – the largest NAFTA agricultural trade deficit to date. Even if one includes agricultural trade over the preceding several years, when ag export values were inflated by anomalously high international food prices, the average U.S. ag trade balance with NAFTA countries over the last five years still fell 94 percent below the average balance in the five years before NAFTA.

Agricultural exports to FTA partners lag behind exports to the rest of the world: 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.⁴ This is an important caveat to USDA’s claims that “in countries where the United States has free trade agreements, our exports of food and agricultural products have grown significantly.” 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 4 percent above the 2008 level.



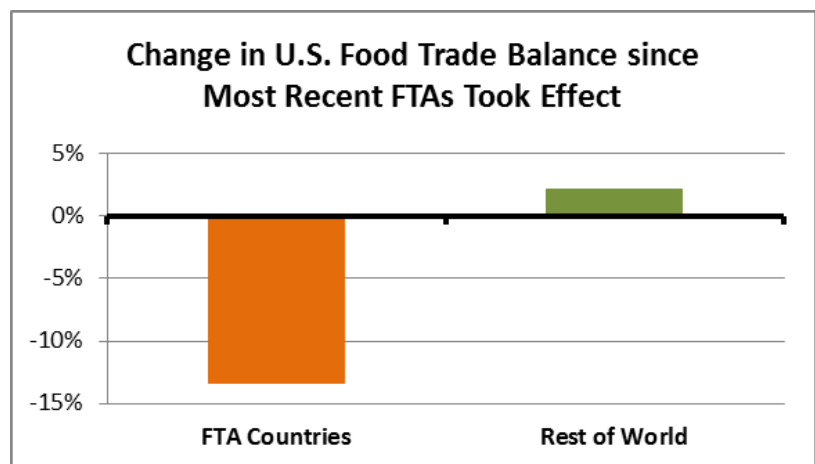
FTA partners account for most U.S. agricultural imports, relatively few agricultural exports:

USDA’s pro-TPP factsheets make no mention of agricultural imports that undercut business for U.S. farmers. Most U.S. food imports come from the countries with which we



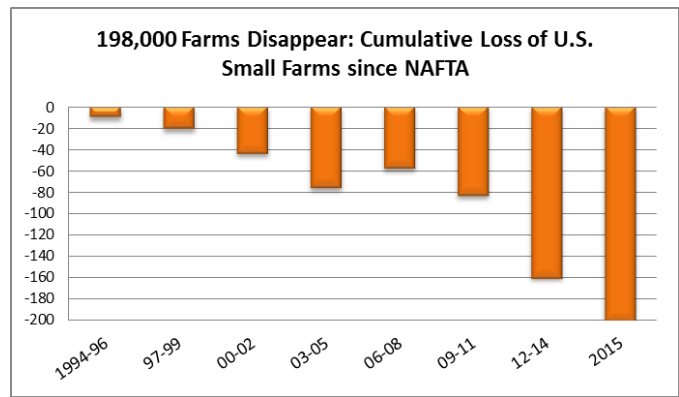
have FTAs, while most U.S. food exports *are not sold* in FTA countries. This counterintuitive outcome is the opposite of what FTA proponents have promised U.S. farmers and ranchers. *In 2015, the 20 U.S. FTA partners were the source of 68 percent of all U.S. food imports, but were the destination of just 38 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 2 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 2015, nearly 198,000 small U.S. farms had been lost.⁵

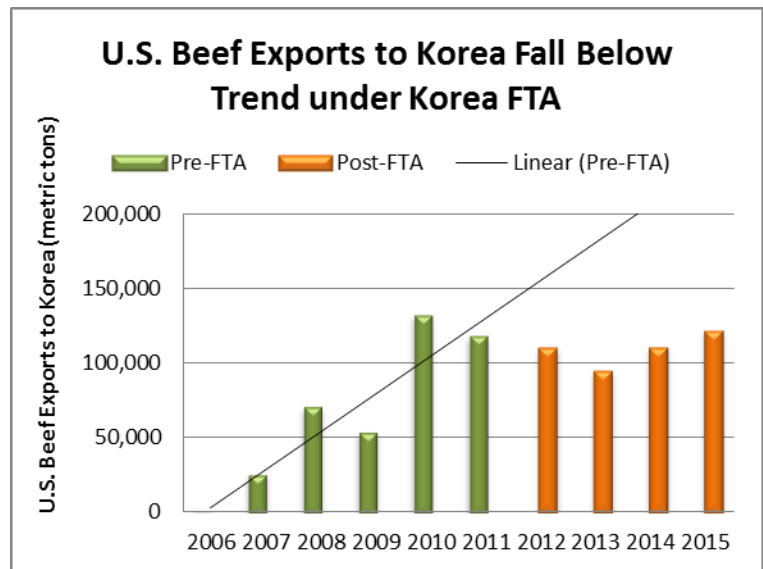


Most of the agricultural products that USDA highlights in its factsheets as prospective winners under the TPP have actually been losers under the Korea FTA that served as the TPP template:

To minimize annual outliers and anomalies in the data for the U.S.-Korea FTA, we compare the average annual export level in the four years before the FTA took effect and in the four years after the FTA took effect (April 2008 through March 2012 vs. April 2012 through March 2016).

- **Apples:** U.S. apple exports to Korea have fallen 8 percent in the first four years of the Korea FTA.

- **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.⁶ Even without an FTA, U.S. beef exports would be expected to grow as a result of Korea's population and economic growth. Instead, they have flatlined.



- **Corn:** U.S. corn exports to Korea have plummeted 57 percent during the Korea FTA's first four years – a loss of more than 3.6 million metric tons of corn exports each year.

- **Dairy Products:** U.S. exports to Korea of milk, cream and whey have plummeted 88 percent in the first four years of the Korea FTA – a loss of more than 2.6 million liters of dairy exports each year.

- **Distilled Spirits:** U.S. exports of distilled spirits to FTA partners have declined 13 percent (10.4 million liters) while growing 42 percent (49.8 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* 6 percent (more than 410,000 metric tons) while *growing* 44 percent (more than 4.8 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 27 percent under the first four years of the Korea FTA.

- **Potatoes:** U.S. net exports of potatoes to Canada and Mexico have fallen 521,000 metric tons during 22 years of NAFTA.

- **Poultry:** U.S. poultry exports to Korea have plummeted 35 percent during the first four years of the Korea FTA – a loss of more than 25,300 metric tons of poultry exports each year.
- **Soybeans and Soybean Products:** U.S. exports of soybeans and soybean products to U.S. FTA partners have grown just 21 percent (2,000,000 metric tons) while growing 46 percent (15.4 million metric tons) to the rest of the world since 2011 (the year before the most recent FTAs took effect).
- **Vegetables:** U.S. vegetable exports to U.S. FTA partners have *fallen* 36 percent (more than 23,000 kiloliters) while *growing* 451 percent (more than 8,937 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 28,000 kiloliters during 22 years of NAFTA. While FTA proponents have claimed wine as a winner under the Korea FTA, U.S. exports to Korea of wine have fallen 6 percent under the Korea FTA’s first four years – a loss of nearly 239 metric kiloliters of wine exports each year.

ENDNOTES

¹ 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.

² 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>.

³ 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 and HTS 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.

⁴ “Food” includes the following HTS 2-digit codes: meat/poultry, fish/seafood, dairy, vegetables, fruits/nuts, coffee/tea/spices, milling products, meat/fish preparations, animal/vegetable fats, sugars/confectionary, cocoa products, cereal/flour preparations, vegetable/fruit/nut preparations, miscellaneous edible preparations and beverages.

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

⁶ U.S. beef exports to Korea rose 3,967 metric tons if comparing the year before implementation and the FTA’s fourth year, or rose 63,729 metric tons if comparing the four year averages before and after the FTA.