

## PolicyPennings by Daryll E. Ray & Harwood D. Schaffer

# Trade effects of bi-lateral trade agreements on US agriculture

In the past two columns we have examined changes in US agricultural trade since 1987 with both the North American Trade Agreement (NAFTA) and aggregate of all of the countries of the world the US trades with. Since NAFTA, the US has entered into a number of bi-lateral or regional trade agreements and in this column we want to look at several of the bi-lateral agreements to see what happened to agricultural trade.

The US and Jordan entered into a trade agreement that went into effect in 2001. The agreement had a slightly positive impact overall, improving the US trade balance with Jordan when comparing 2014 with 2000, the last year before the trade agreement went into effect, increasing a positive trade balance from \$233 million in 2000 to \$573 million in 2014, for a gain of \$340 million. But some of the years in between recorded a strong negative balance in trade so the cumulative trade-balance for the years 2001 to 2014 was a -\$224 million.

The US balance of trade with Jordan in agricultural product in 2000 was \$73 million. By 2014 that balance of agricultural trade had fallen to \$63 million. Crop production saw a -\$21 million loss while animal production experienced a \$9 million gain between 2000 and 2014. Forestry and logging and fishing, hunting and trapping each saw a \$1 million gain.

The US entered into a trade agreement with Chile that went into effect in 2004. For the years that the agreement was in effect, the US experienced an increase in agricultural exports of \$122 million. At the same time, US imports of agricultural products from Chile increased by \$2.0 billion, leaving the US with a -\$1.8 billion trade balance in agriculture. The US balance of trade in crop production was -\$828 million, animal production -607 million, forestry and logging 2 million, and fishing, hunting, and trapping -\$386 million. Over the 2004-2014 period, the US imported \$24.7 billion more in agricultural products than it exported.

The US and Singapore trade agreement also went into effect in 2004. Singapore has never been a major agricultural exporter to the US. Over the 2004-2014 period, agricultural exports declined by \$47 million while US exports to Singapore increased by \$61 million, resulting in an improvement in the US agricultural balance of trade of \$108 billion.

A trade agreement with Australia went into effect in 2004. Though Australia has significant agricultural land, US agricultural exports to Australia increased by \$202 million since the agreement went into effect with the biggest gain (\$167 million) being captured by crop production. Total change in US exports to Australia

since the implementation of the trade agreement was \$202 million. US imports of Australian agricultural products increased by \$27 million over that same period. The result was a net positive change in the balance of trade in agricultural products of \$175 million.

The US also entered into trade agreements with Bahrain and Morocco that went into effect in 2006. Bahrain is not a major importer of agricultural products from the US and as a result the increase in the balance of trade was \$9 million. With Morocco the change in the balance of trade over the 2006-2014 period was -\$90 million with crop agriculture suffering the most.

The net change in the agricultural balance of trade for the six agricultural trade agreements that we have examined in this column was -\$1.6 billion. While that number is relatively small, it is likely not the size or direction of net change that trade agreement proponents would have had farmers believe at the time these agreements were put into effect.

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