

# **U.S. Agricultural Trade And Its Impact On Transportation**

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# U.S. Agricultural Trade and Its Impact on Transportation

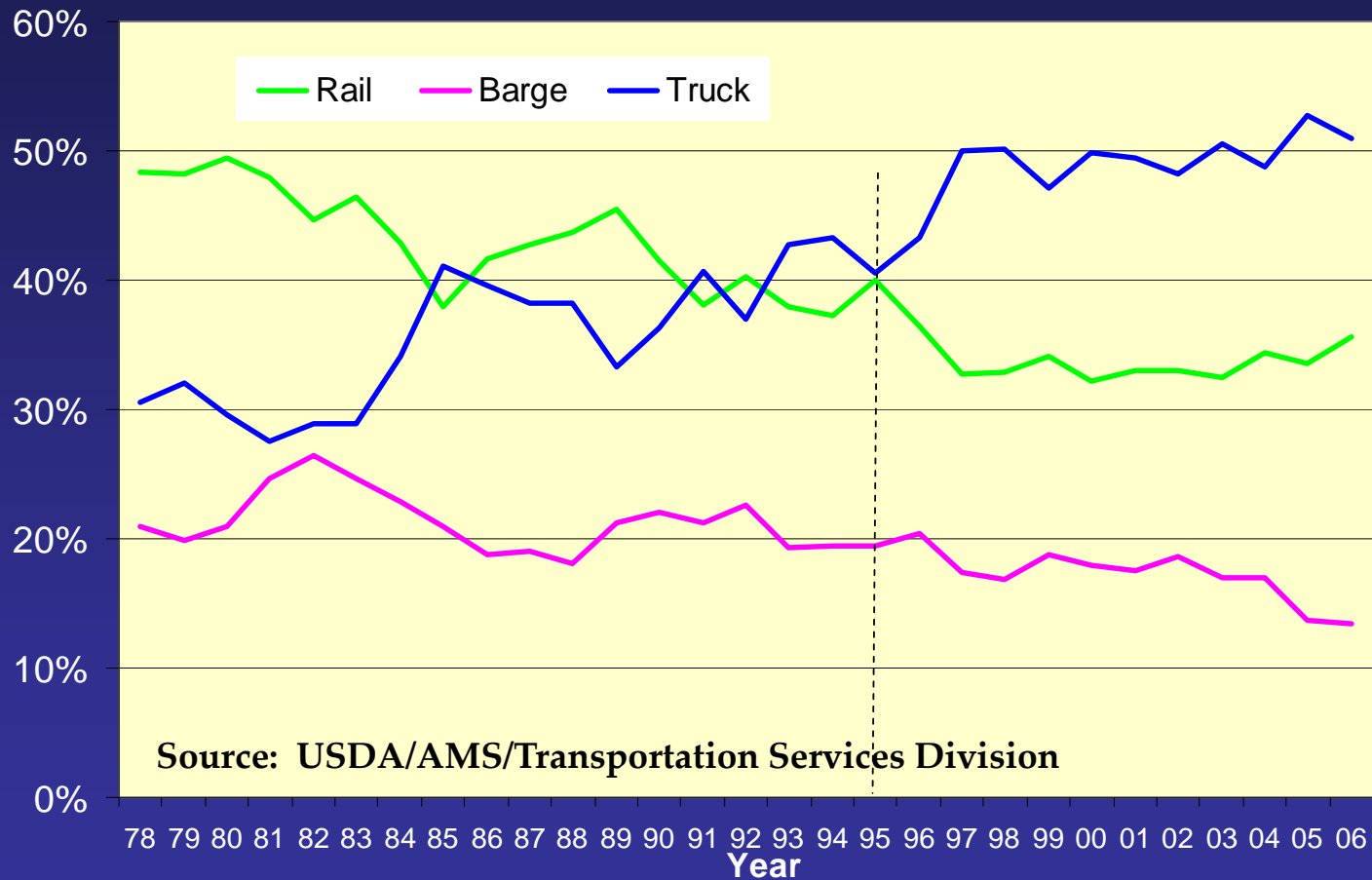
- ❑ Roles of Agriculture, Transportation, and Trade
- ❑ Agricultural Trade Overview
- ❑ U.S. Trade Policy
  - ❑ Doha Round
  - ❑ Free Trade Agreements
  - ❑ Maintaining; Building Markets
- ❑ Conclusion

# Truck Transportation

- ❑ U.S. Agriculture is largest user of freight transportation
- ❑ Trucking handles:
  - ❑ 90 percent of all U.S. food shipments
  - ❑ Nearly half of all grain movements in United States
- ❑ Trucking employs 17 percent of nation's workforce

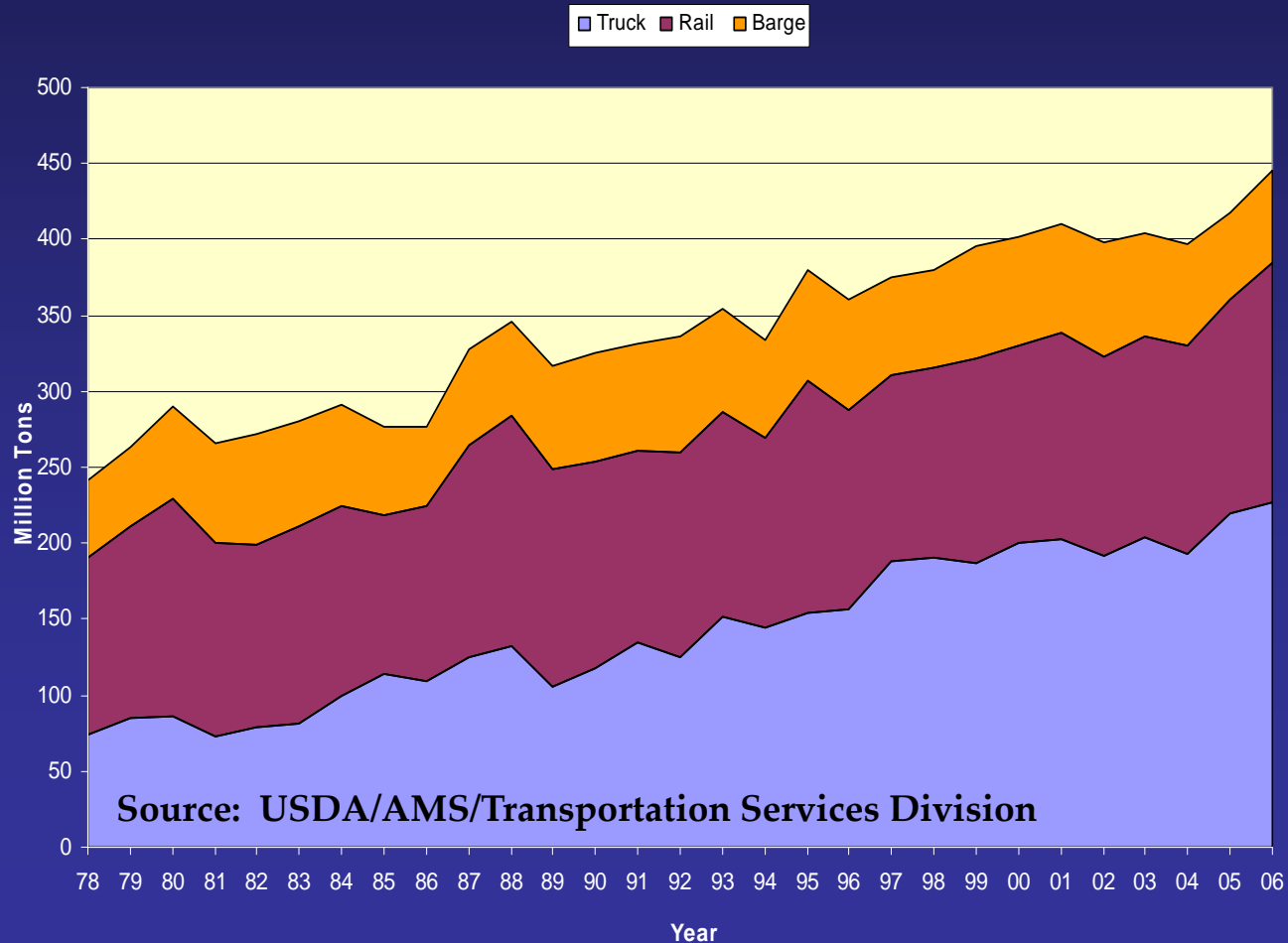
# Transporting U.S. Grains

## U.S. Grain Modal Shares, 1978-2006



# Transporting U.S. Grains

## Tonnages Of All U.S. Grains Transported By Mode 1978-2006



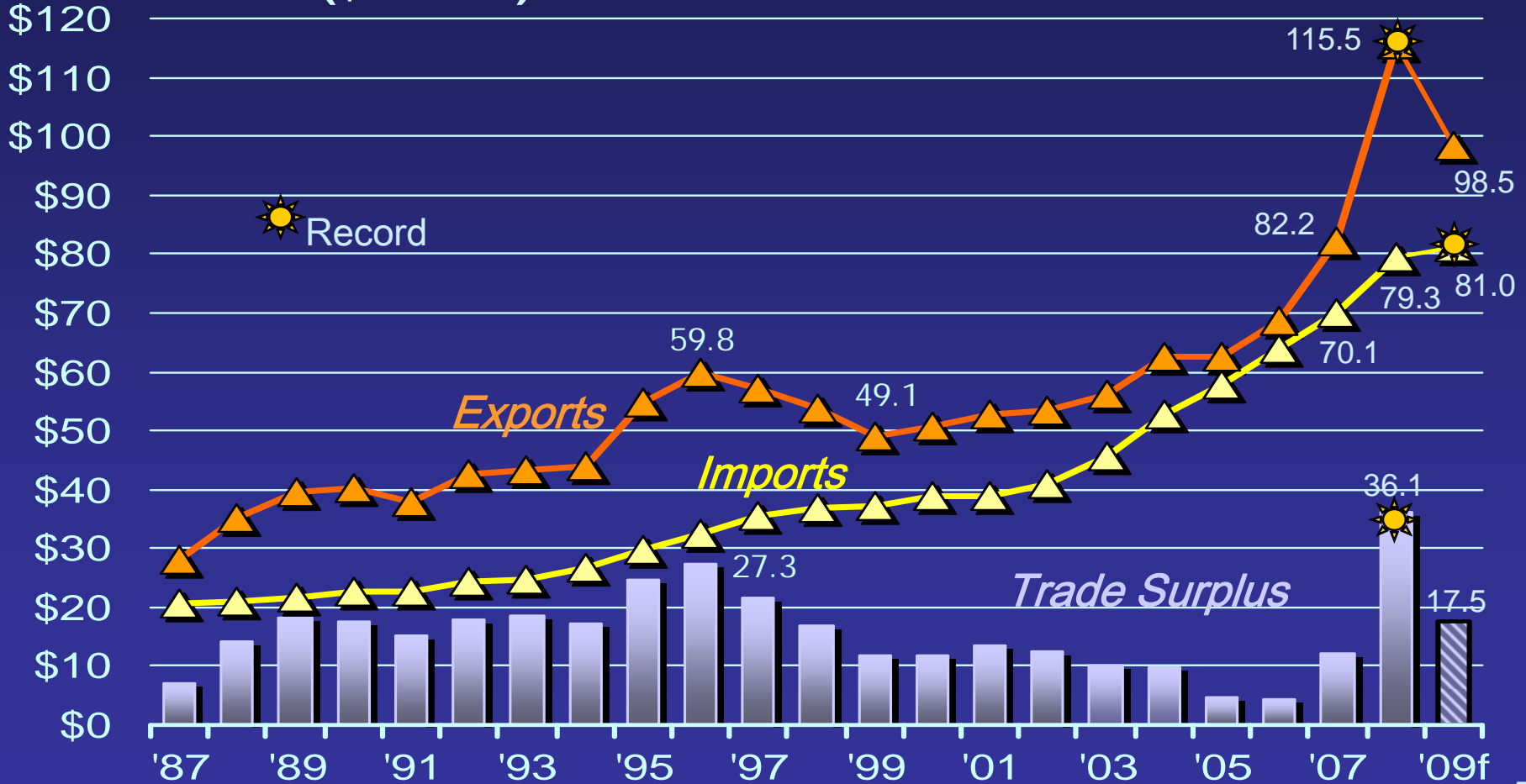
# Agriculture's Value to U.S. Transportation

- ❑ Net cash farm income on track for \$90.7 billion, an all-time record
- ❑ Strong agricultural economy means more business for transportation
- ❑ Biofuels means opportunities, but poses challenges

# U.S. Agricultural Trade

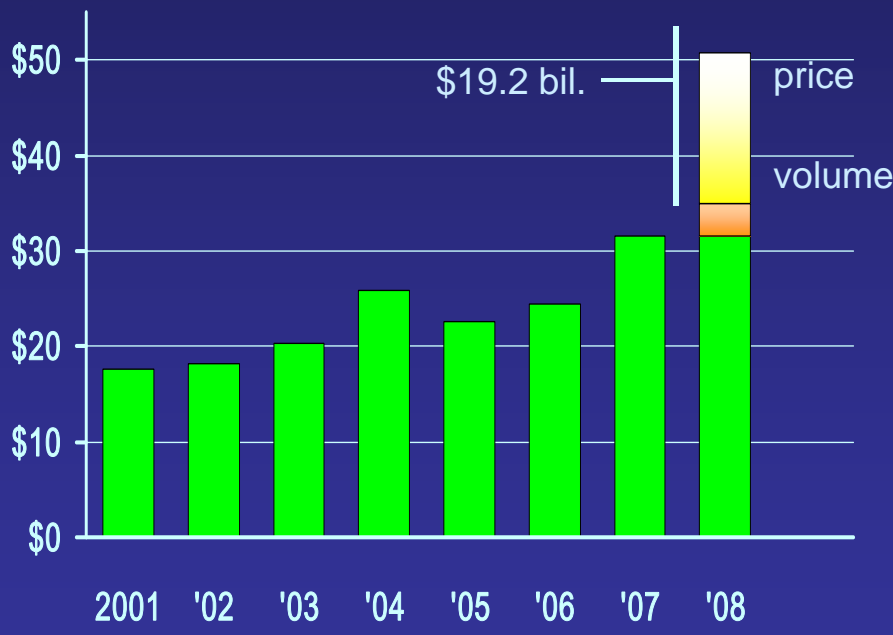
Source: Compiled by USDA using data from Census Bureau, U.S. Department of Commerce

## Trade Value (\$Billion)

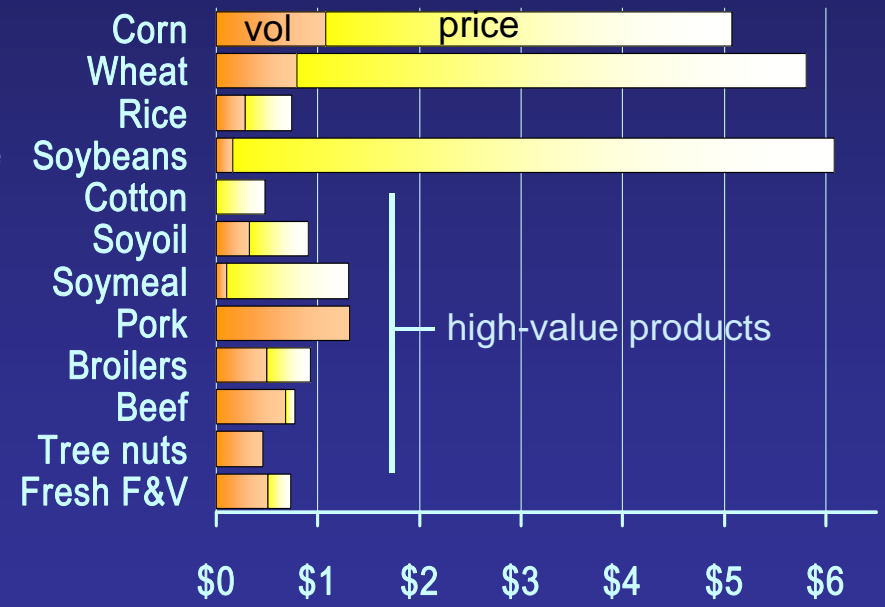


# Higher Prices Drive \$33-Billion Increase, But Widespread Volume Gains Also Important

**Bulk Export Value (\$Bils) FY 2001-08**



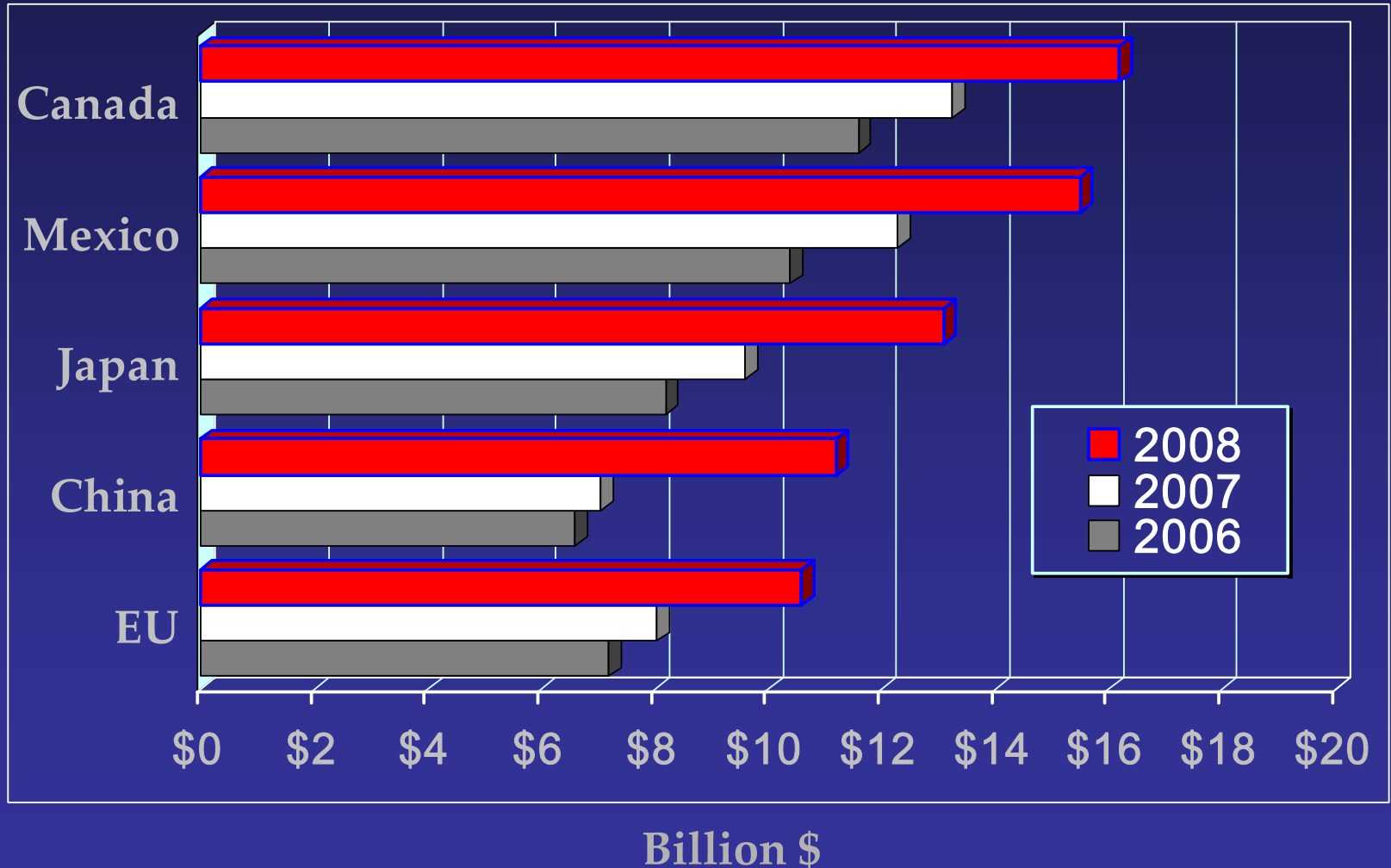
**Export Value Gains by Product, FY 2007/08  
Value Chgs Due to Volume vs. Price (\$Bils)**



Source: Compiled by USDA using data from Census Bureau, U.S. Department of Commerce



# Top U.S. Agricultural Export Markets



# Major Rail Entry Points for U.S. Grain and Soybean Exports To Mexico

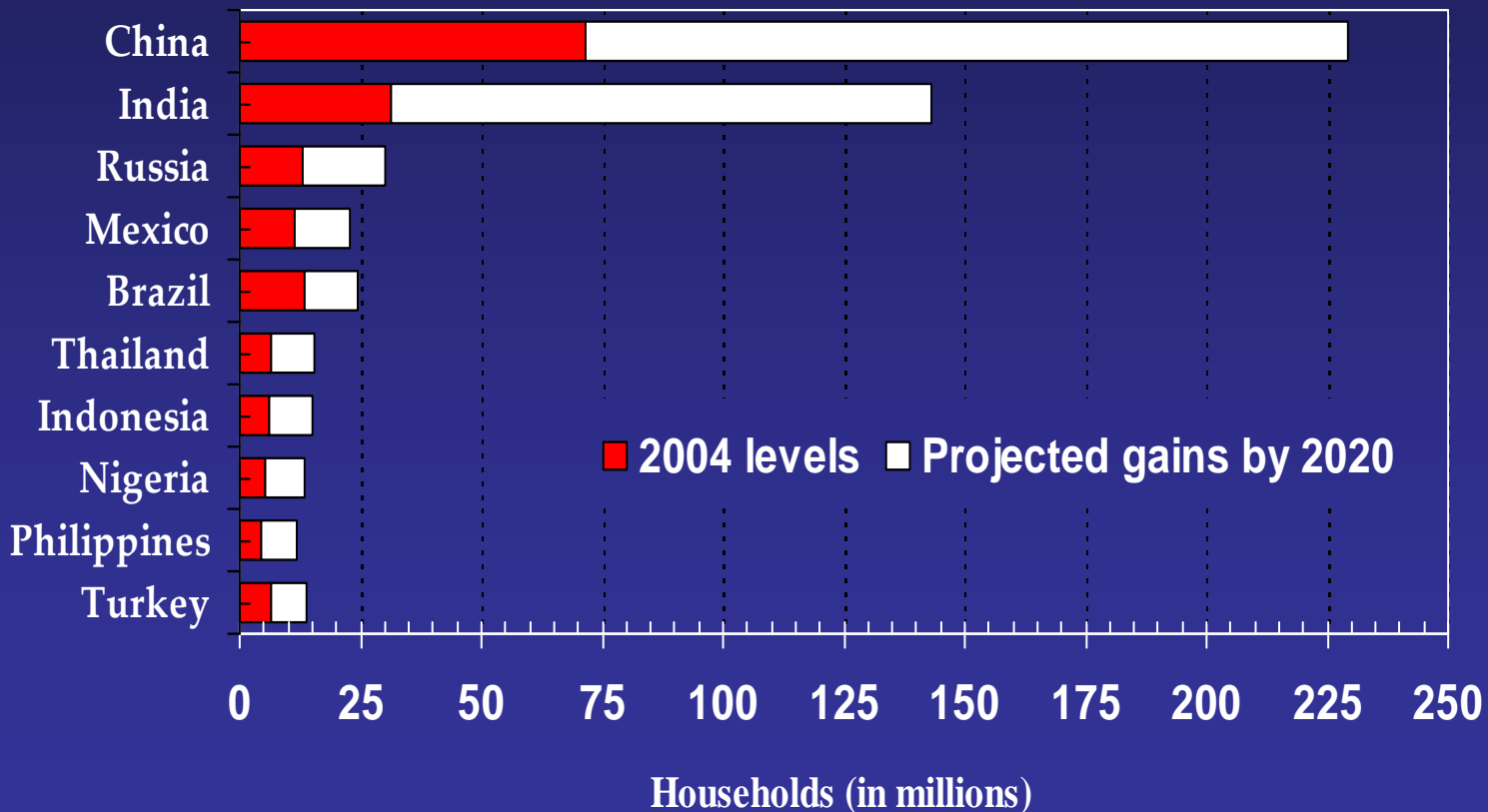


# Canada Exports and Transportation

- ❑ Trucks are likely to compete with railroads for access to Canadian markets
- ❑ Demand for trucking services for live animal shipments averaged almost 30 million head between 2000-2005
- ❑ Excluding livestock, 60 percent of total volume of agricultural products exported to Canada fall into seven categories

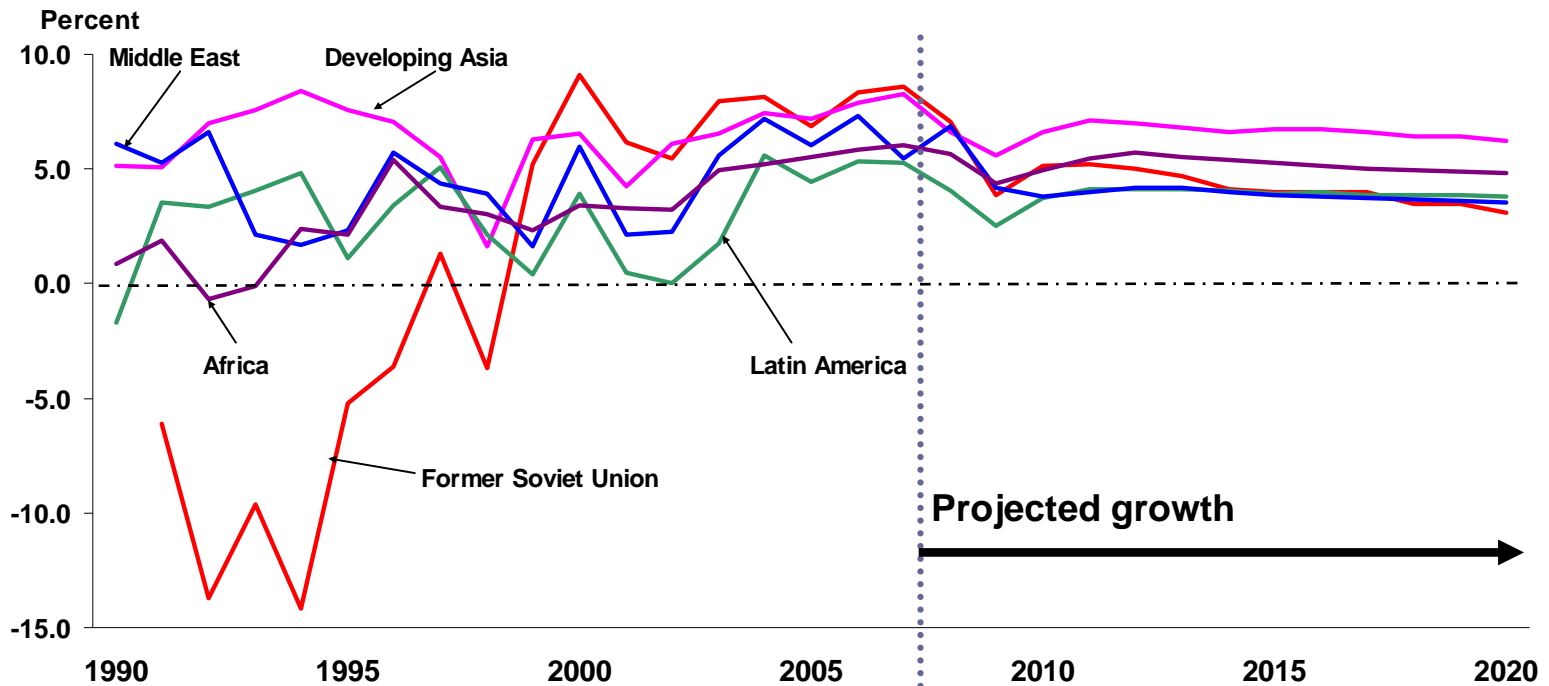
# Factors Driving U.S. Agricultural Export Gains

## Top 10 Developing Countries With Fastest Growing Middle Class



# Strong GDP Growth in the Developing Countries

Real GDP Growth for Developing Economies and the Former Soviet Union



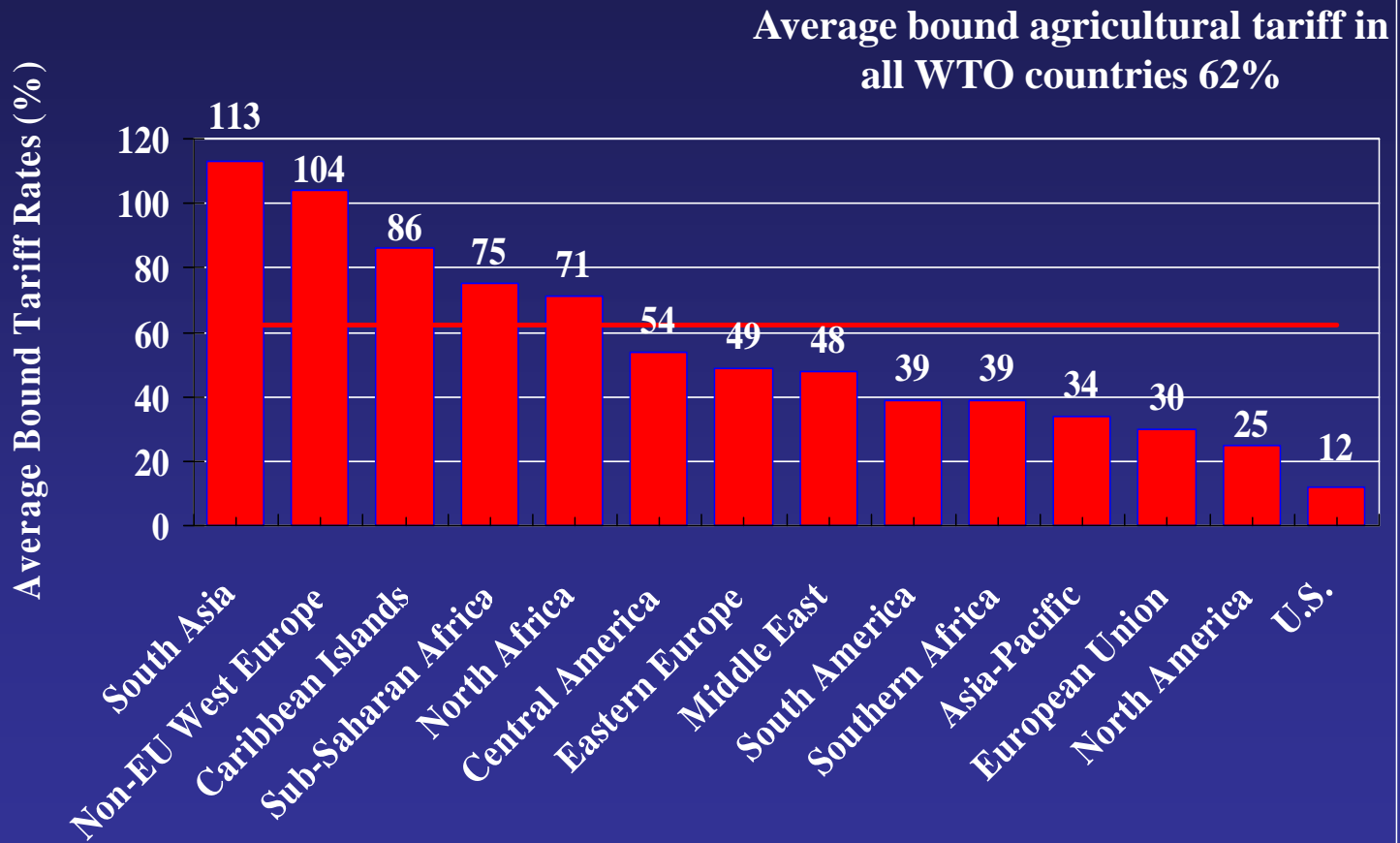
Data Source: IHS Global Insight, World-Real GDP Growth Annual, November Release

# Trade Policy

*“Competition for liberalization”*

- ❑ **Multilateral – Doha Development Agenda**
- ❑ **Regional/Bilateral FTAs**
- ❑ **Minimize Trade Barriers**

# The Trade Agenda: WTO



Source: USDA calculations based on WTO data

# A World Without Doha?

- ❑ **No Doha Means No Economic Reform**
  - ❑ No tariff cuts
  - ❑ AMS unchanged (\$19.1); unbound Blue Box; no change in Green Box; no cotton reductions
  - ❑ Export subsidies continue; export credits and food aid unchanged; state trading untouched
- ❑ **Farm Bill Implementation**
  - ❑ No Change in U.S. Position
  - ❑ Increases Criticism and Challenges of U.S. programs
  - ❑ “Circuit Breaker”
- ❑ **Bilateral and Regional Free Trade Agreements Even More Critical**



# U.S. Free Trade Agreements

- ❑ Australia
- ❑ Bahrain
- ❑ Chile
- ❑ Colombia\*
- ❑ CAFTA-DR
  - ❑ Costa Rica<sup>▲</sup>
  - ❑ Dominican Republic
  - ❑ El Salvador
  - ❑ Guatemala
  - ❑ Honduras
  - ❑ Nicaragua
- ❑ Israel
- ❑ Jordan
- ❑ NAFTA
  - ❑ Canada
  - ❑ Mexico
- ❑ Morocco
- ❑ Oman<sup>▲</sup>
- ❑ Panama\*
- ❑ Peru<sup>▲</sup>
- ❑ Singapore
- ❑ South Korea\*

\*Awaiting Congressional ratification

<sup>▲</sup>Ratified, but pending entry into force

# Maintaining Market Access

## *Examples of International Engagement*

- ❑ **Overcoming SPS Barriers**
  - ❑ OIE – BSE; A.I.
  
- ❑ **Monitoring and Enforcement**
  - ❑ Turkey-Rice
  - ❑ EU-Biotech
  - ❑ EU-Hormones
  - ❑ India-Wine
  
- ❑ **Trade Capacity Building**
  - ❑ CAFTA-Poultry

# Conclusion

- ❑ Agriculture, Transportation, and Trade Share Value
- ❑ Exports Remain Vital to U.S. Agriculture
  - ❑ Highest Growth is in Emerging Markets
- ❑ Conclusion of Doha Round is Essential
  - ❑ No Doha = More Challenges to U.S. Policy
- ❑ Need for Continued Engagement
  - ❑ Adoption of Pending FTAs
  - ❑ Monitoring and Enforcement
  - ❑ Acceptance of Science-Based Standards

# Thank You

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