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North American Free Trade Agreement (NAFTA)

Agriculture represents one of NAFTA's biggest success stories. Since the agreement was enacted, U.S. food and agricultural exports to Canada and Mexico have more than quadrupled—growing from \$8.9 billion in 1993 to over \$38 billion in 2016. We also recognize that NAFTA is now over 20 years old and improvements to the agreement can be made. We stand ready to work with the Administration and Members of Congress to identify ways to modernize NAFTA while preserving the core benefits of the agreement that have greatly expanded U.S. food and agricultural trade within North America over the past two decades, with ripple effects that have benefitted the U.S. economy and created jobs.

The U.S. food and agriculture sector is heavily dependent on our current level of access to Mexico and Canada. NAFTA has played a significant role in boosting incomes for millions of U.S. farmers, ranchers, and allied manufacturers – and continues to provide important and profitable markets for our nation's rural agriculture-based communities. As the Administration and Congress work together to identify constructive opportunities to modernize NAFTA, it is critical to preserve what has worked well in the current agreement as a “base line” and then build upon this base by expanding the market access, tariff, and non-tariff provisions.

NOPA looks forward to working with the Administration and Members of Congress to develop and implement a modernized trade policy that will promote and expand America's food and agriculture producers' and exporters' interests in the important North American market.

NAFTA Benefits the U.S. Soy Sector in Two Ways:

- **Increased exports of soybeans, soy meal, and soybean oil**
- **Increased exports of meat and poultry products that use soy meal as animal feed**

Increased Exports of U.S. Soybean and Meat Exports to Mexico and Canada

Soy and Soy Products

Thanks to trade agreements with our North American partners, U.S. soy exports have grown significantly over the past 23 years. These agreements reduced tariffs and further integrated the North American market for soybeans and related products. This improved market access allowed the U.S. soy industry to meet the demands for quality food and feed products from Mexico, which are essential to meet Mexico's growing demand for proteins.

In 2016, the U.S. exported \$415 million and \$2.49 billion of soybeans and soy products to Canada and Mexico, respectively. Mexico saw the greatest growth, nearly quadrupling their imports of U.S. soybeans and soy products since the implementation of NAFTA.

U.S. SOY & SOY PRODUCT EXPORTS - 2016 (CY) Value in Thousands (\$)*				
Products	MEXICO		CANADA	
	Value (\$)	Metric Tons	Value (\$)	Metric Tons
Soybeans	1,462,600	3,639,647	115,869	304,089
Soybean Meal	800,501	2,128,983	280,865	755,182
Soybean Oil	226,820	257,374	18,341	16,369
TOTAL SOY EXPORTS	\$2,498,921	6,026,004	\$415,075	1,075,640

*Source: USDA/FAS/GATS

U.S. SOY & SOY PRODUCT EXPORTS - 1993 (CY) Value in Thousands (M/T)*				
Products	MEXICO		CANADA	
	Value (\$)	Metric Tons	Value (\$)	Metric Tons
Soybeans	415,723	1,758,386	58,227	231,709
Soybean Meal	58,514	251,641	162,973	655,706
Soybean Oil	14,854	33,130	11,345	20,650
TOTAL SOY EXPORTS	\$489,091	2,043,157	\$232,545	908,065

*Source: USDA/FAS/GATS

NAFTA has led to Enormous U.S. Soy Export Gains:

- **Increase in Value of all U.S. Soy and Soy Products Exports to Canada and Mexico from 1993 to 2016: \$2.19 Billion**
- **Increase in Volume of all U.S. Soy and Soy Products Exports to Canada and Mexico from 1993 to 2016: 4.15 Million Metric Tons**

Meat and Poultry Products

Because of trade agreements with our North American partners, U.S. meat and poultry exports have also grown significantly over the past 23 years. NAFTA has reduced tariffs and further integrated the North American market for meat and poultry products. This improved market access allowed the U.S. meat and poultry industries to meet the demands for quality food and feed products from Mexico, which are essential to meet Mexico's growing demand for proteins.

In 2016, the U.S. exported \$3.25 billion of meat and poultry products to Mexico. Exports to Canada of meat products and poultry have also grown. In 2016, total exports of meat and poultry products were \$2.07 billion. Exports of poultry products could be higher - if Canada reduces its quotas used to protect its supply management programs for dairy, chicken, turkey and eggs.

U.S. MEAT PRODUCT EXPORTS - 2016 (CY) Value in Thousands*				
Products	MEXICO		CANADA	
	Value (\$)	Metric Tons	Value (\$)	Metric Tons
Pork & Pork Products	1,355,028	730,314	798,518	205,372
Beef & Beef Products	974,903	242,374	758,117	116,265
Poultry & Poultry Products	924,649	841,940	509,172	184,637
TOTAL MEAT EXPORTS	\$3,254,580	1,814,628	\$2,065,807	506,274

*Source: USDA/FAS/GATS

U.S. MEAT PRODUCT EXPORTS – 1993 (CY) Value in Thousands*				
Products	MEXICO		CANADA	
	Value (\$)	Metric Tons	Value (\$)	Metric Tons
Pork & Pork Products	112,103	95,345	36,717	15,250
Beef & Beef Products	163,803	80,314	361,096	94,429
Poultry & Poultry Products	204,965	171,091	164,439	65,521
TOTAL MEAT EXPORTS	\$480,871	346,750	\$562,252	175,200

*Source: USDA/FAS/GATS

NAFTA has led to Enormous U.S. Meat Product Export Gains:

- **Increase in Value of all U.S. Meat and Poultry Exports to Canada and Mexico from 1993 to 2016: \$4.27 Billion**
- **Increase in Volume of all Meat and Poultry Exports to Canada and Mexico from 1993 to 2016: 1.79 Million M/T**

Animal Agriculture is the Single Largest User of U.S. Soybean Meal

Conversion Rates = Pounds of Soybean Meal used to Produce One (1) Metric Ton of Meat*	
Turkey	1,618
Pork	1,508
Chicken	1,156
Beef	568

*Source: United Soybean Board – “The Nationwide Impact on Animal Agriculture

A modernized NAFTA is critical to increase U.S. Poultry and Egg Exports

Poultry, including chicken, turkeys and eggs, for both domestic consumption and export is the largest user of U.S. soybean meal, accounting for nearly one-half of all soybean consumption. Thus, increases in poultry exports are crucial to U.S. soybean farmers, processor and exporters. The modernization of the NAFTA represents a most important opportunity for the expansion of U.S. poultry and egg product exports, particularly to Canada.

Mexico: When NAFTA first came into force, the United States had limited exports to Mexico despite that country's immediate proximity to our southern border. Although there were initial concerns on the part of the Mexican industry regarding free trade with the U.S, the two trading partners were able to bridge that gap by beginning to open trade through a 78,000 MT tariff-rate quota. Exports to Mexico have grown ever since, and it is today by far the largest market for U.S. poultry and egg products.

In the time since NAFTA came into force, Mexico has become the U.S. poultry industry's most important market, replacing China and Russia, markets where the industry has lost practically all access. Before NAFTA was implemented in 1994, Mexico imported very little U.S. poultry and no U.S. eggs. Now Mexico is the number one export market for U.S. chicken and for U.S. turkey, and is an important destination for U.S. eggs.

Mexico is the U.S. poultry industry's most important market with an export value of approximately \$1 billion annually. Success in the Mexican market is a key component of the profitability of our industry, and means many thousands of U.S. jobs.

Canada: However, the United States has never been granted totally free access to the Canadian market for poultry. The U.S. poultry and soybean industries have been disappointed that, while virtually all other product sectors enjoy totally free trade under NAFTA, poultry remains a glaring exception. Nonetheless, NAFTA has also been valuable for the U.S. industry in growing exports to Canada. While certain poultry product lines are restricted to set import quotas, other types of poultry products – e.g., fowl meat – can access the Canadian market duty free.

Although, Canada is part of NAFTA, access to the Canadian market for U.S. poultry and egg exports has never been fully liberalized as was originally intended by U.S. negotiators. Canada provides limited duty-free access for chickens, turkey, and eggs.

Therefore, fully liberalizing access to the Canadian market for U.S. chicken, turkey and egg exports must be a key negotiating objective for the modernization of the NAFTA agreement with Canada.

NOPA's Negotiating Objectives for Increased Competitiveness in North America

NOPA is primarily focused on improving the U.S. position for exports of soy and soy products, as well as meat and meat products in the North American market. NOPA, and its member companies, look forward to working with Members of Congress and the Administration on ways to modernize the North American Free Trade Agreement (NAFTA) that preserve and expand U.S. competitiveness.

NOPA is a member of several broad-based coalitions that will also play an active role in the modernization of NAFTA as it relates to the provisions impacting agriculture, including: (1) the U.S. Food and Agriculture Dialogue for Trade (Trade Dialogue), and (2) the U.S Biotech Crops Alliance (USBCA).

USBCA is a broad-based group of 13 national trade organizations dedicated to improving the environment for technology innovation and the market for U.S. crops produced through the use of biotechnology. The Trade Dialogue represents over 130 food and agriculture trade associations and companies engaged in and supporting America's farms, ranches and related

businesses. Both coalitions have pledged to work with the Administration and Members of Congress to expand U.S. jobs and exports through the modernization of NAFTA.

NOPA's negotiation objectives (which in many instances overlap with those of the Trade Dialogue and the USBCA) regarding the modernization of the North American Free Trade Agreement with Canada and Mexico include:

- First and foremost, any modernization of the NAFTA must preserve current market access, including all tariff and duty preferences.
- Maintaining and expanding upon current market access, tariff concessions and other provisions that have enabled economic integration and supported farm income. Specific areas for improved market access include, but are not limited to:
 - Resolving nontariff Canadian policies designed to negatively impact dairy trade, and obtaining significantly greater market access for U.S. dairy and poultry exports to Canada.
 - Adopt consistent standards for animal health certification that follows the World Organization for Animal Health standards.
 - Preventing country of origin labeling requirements that will subject U.S. made products to billions of dollars of tariffs and make American beef and pork less competitive in international markets.
- Improving regulatory transparency and cooperation by:
 - Implementing complete Sanitary Phytosanitary (SPS)-plus and Rapid Response Mechanisms.
 - Strengthening the Technical Barriers to Trade (TBT) requirements to prevent non-tariff barriers lacking scientific merit.
 - Increasing transparency and cooperation on activities related to agricultural biotechnology and other technologies.
 - Providing for coherent national renewable fuel standards.
- Enhancing intellectual property rights to:
 - Protect lawfully registered and legally trademarked brands, brand names, icons, logos, mascots, and other identifying marks and labels, and to prevent marketing, promotion and branding restrictions that lack scientific merit and substantive evidence on products proven to be of nutritional significance to the diet.
 - Ensure that the protection of geographical indications does not restrict the ability of U.S. companies to use common food names.
- Maintaining or improving upon protections for investments by way of the dispute-settlement processes and rules including those governing antidumping and countervailing duties.
- Adopting provisions unique to the modern economy (e.g., e-commerce).

Improving U.S. Export Opportunities under NAFTA:

NOPA believes that the Administration and the Members of Congress have an excellent opportunity to modernize NAFTA, and thereby:

- 1) Expand the export opportunities of U.S. soybean and soybean products, as well as meat and meat products within North America,
- 2) Improve the prospects for global regulatory predictability and consistency around non-tariff issues, such as: strengthening TBT requirements, implementing a consistent SPS-plus Agreement and Rapid Response Mechanisms, and
- 3) Increase the transparency and cooperation on agriculture biotechnology regulatory policies between the United States, Canada and Mexico.

The National Oilseed Processors Association (NOPA) represents the U.S. soybean, sunflower seed, canola, flaxseed and safflower seed crushing industries. NOPA's 13 member companies crush approximately 95% of all soybeans processed in the United States. NOPA member companies process more than 1.8 billion bushels of soybeans annually at 64 plants located throughout the country, including 58 plants that process soybeans.