



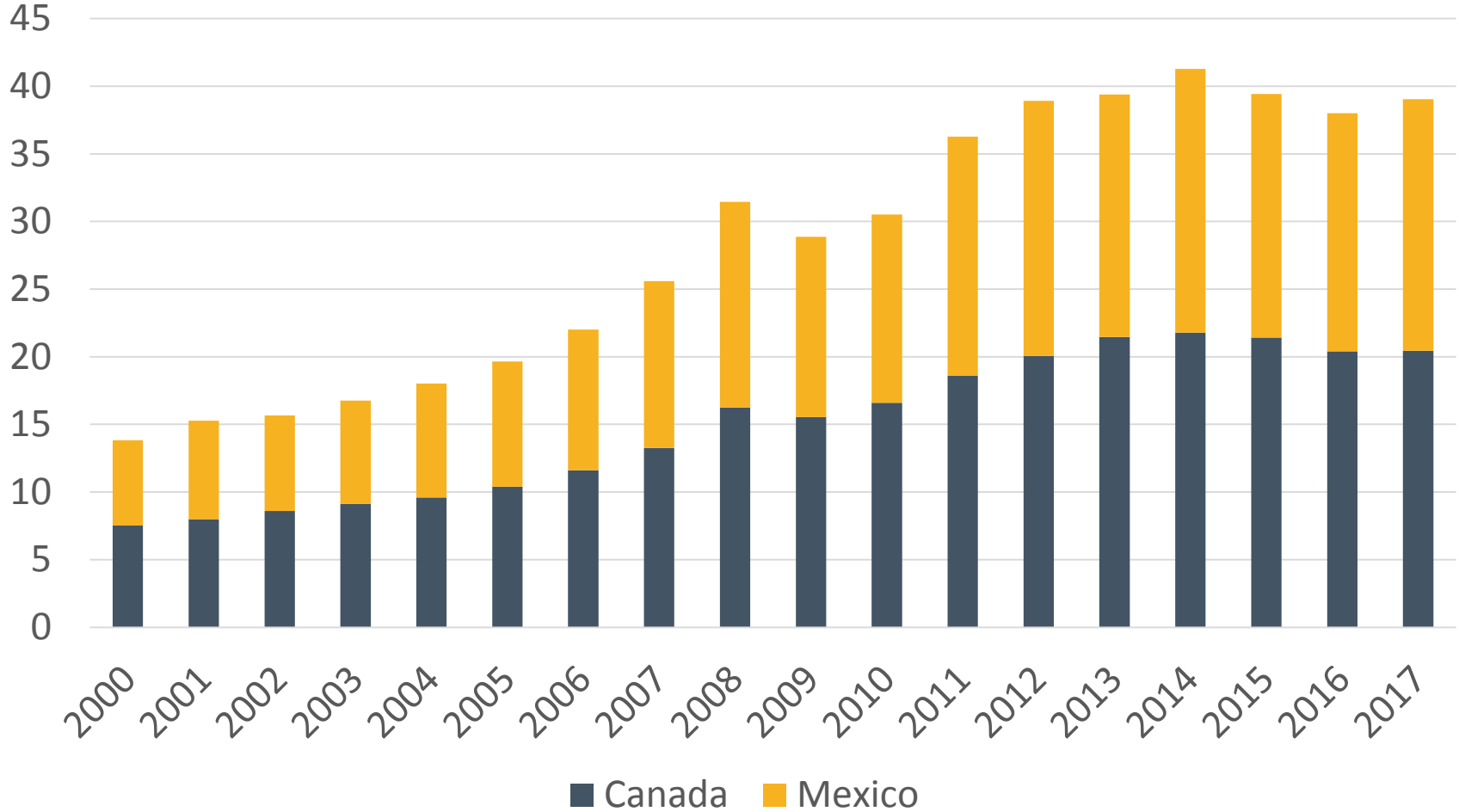
ASSESSING USMCA

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Farm Foundation
31 October 2018



US agricultural exports to Canada and Mexico

Bil USD





USMCA--Agriculture provisions

Art 3.3 International cooperation

Art 3.4 Export competition

Art 3.5 Export restrictions

Art 3.6 Domestic support

Art 3.7 Committee on Agricultural Trade

Art 3.8 Consultative Committees on Agriculture

Art 3.9 Agricultural Special Safeguards

Art 3.10 Transparency and Consultations

Agricultural Biotechnology

Phase out of Class 6,7



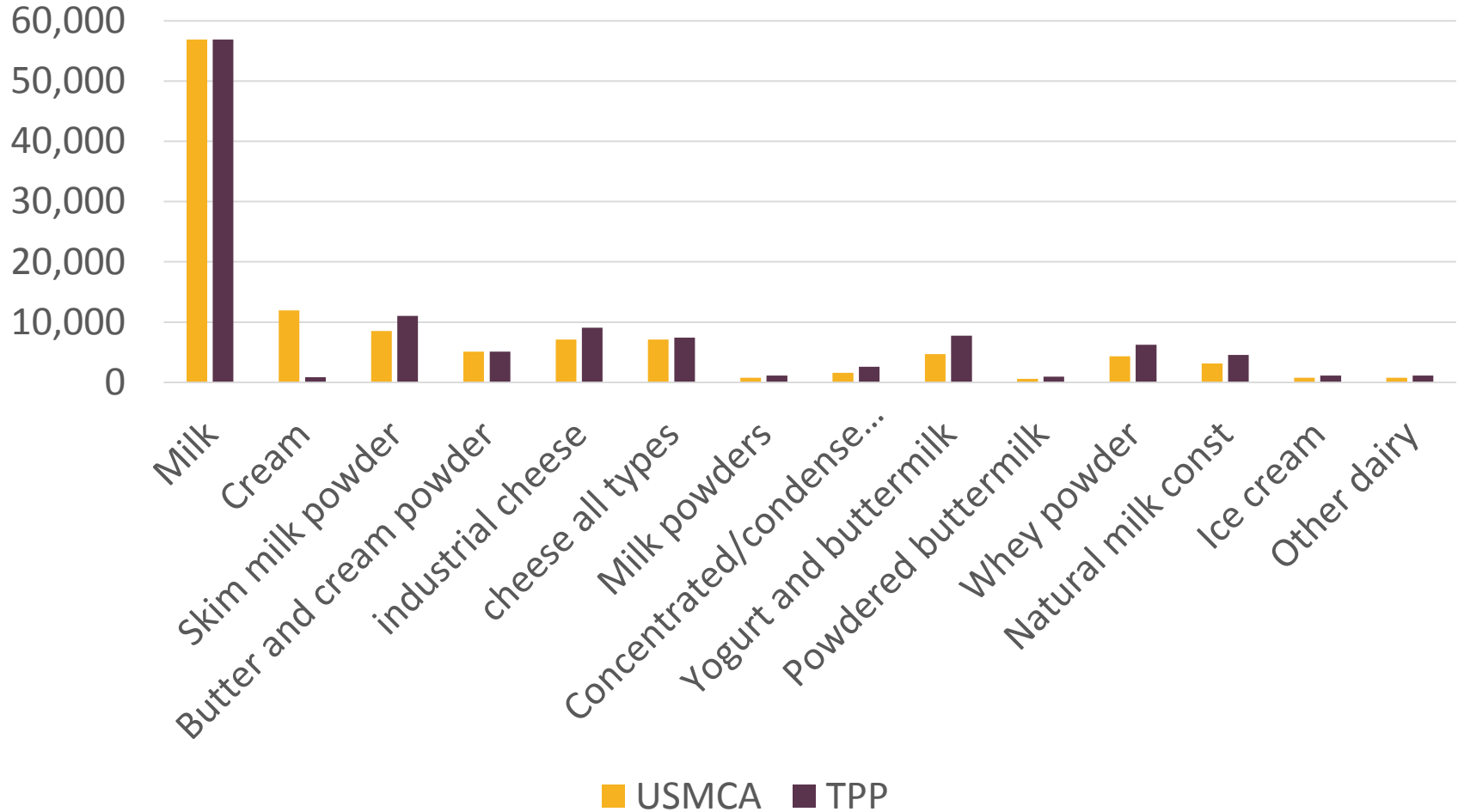
Market access under USMCA

- For agriculture, USMCA looks a lot like NAFTA
 - Most products faced zero tariffs under NAFTA; no change under USMCA
- Small increase in access for commodities protected under CUSTA
 - Dairy into US and Canada
 - Peanuts and sugar (and products) into US
 - Poultry and eggs into Canada
- No change in tariffs; access granted through TRQs
- No seasonal tariffs



Canada dairy TRQs, similar to what was offered under TPP

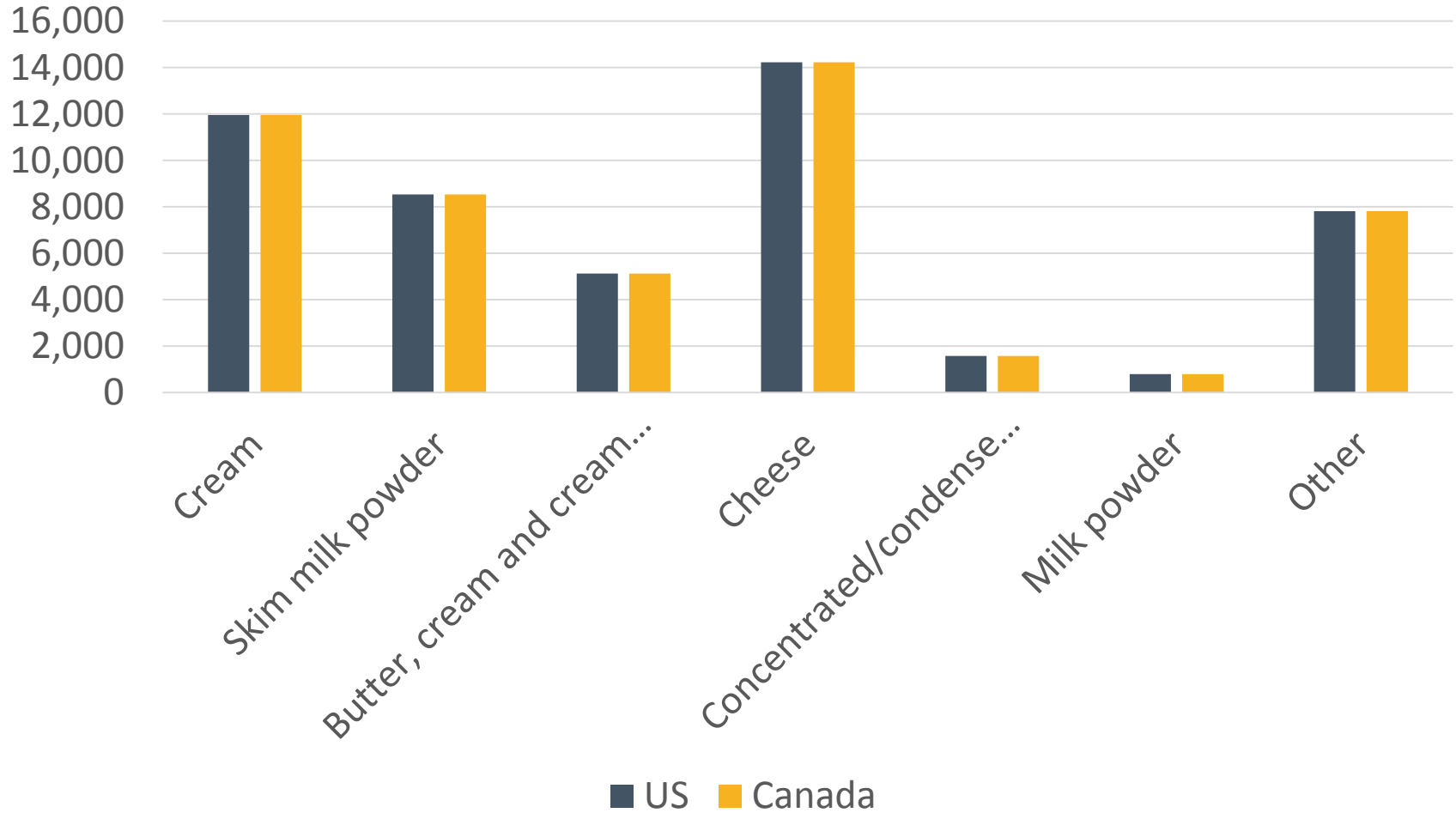
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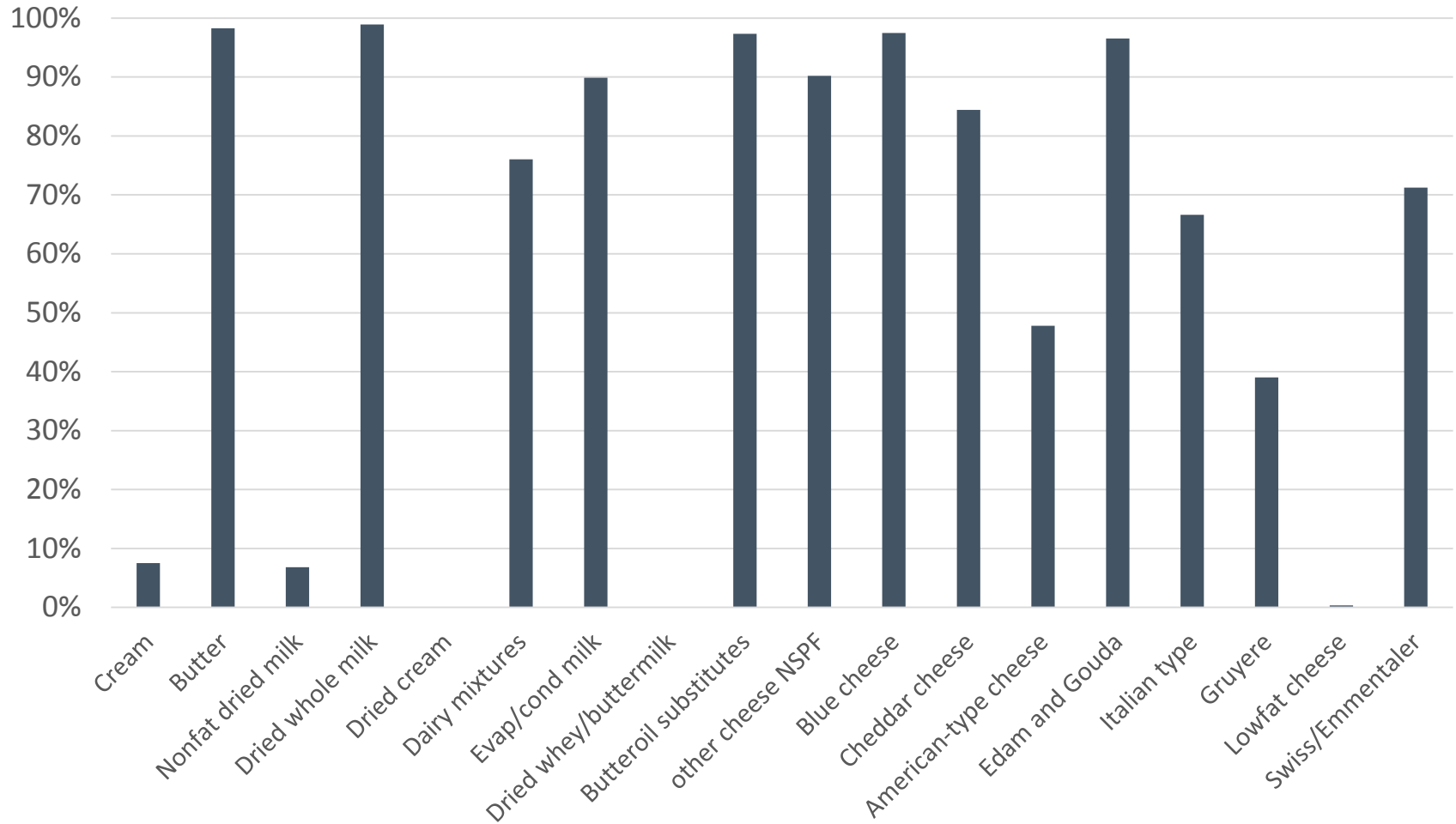
Dairy product TRQs under USMCA

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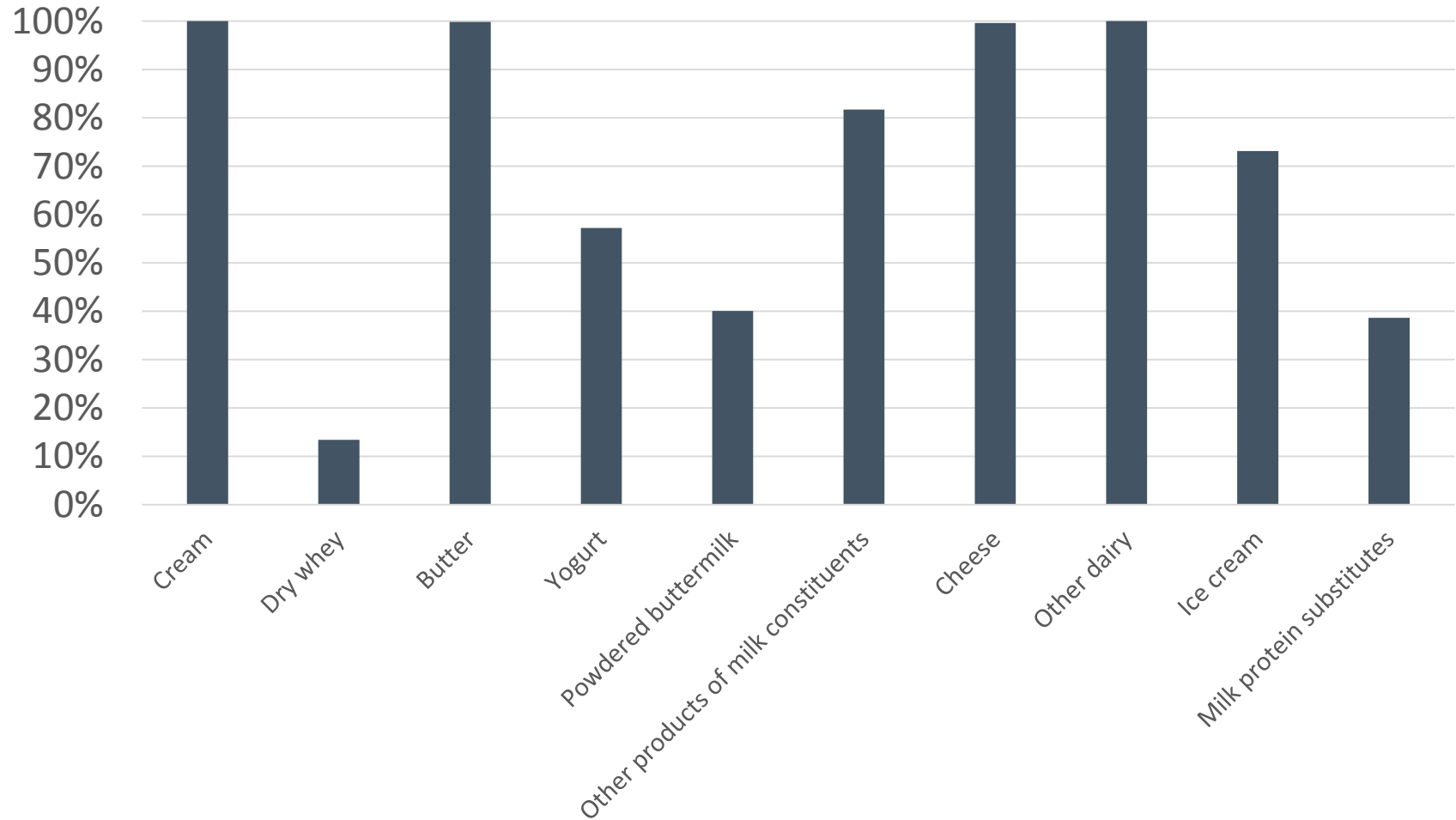
US TRQ fill rates for dairy—2015



Source: WTO



Canada TRQ fill rates—2016

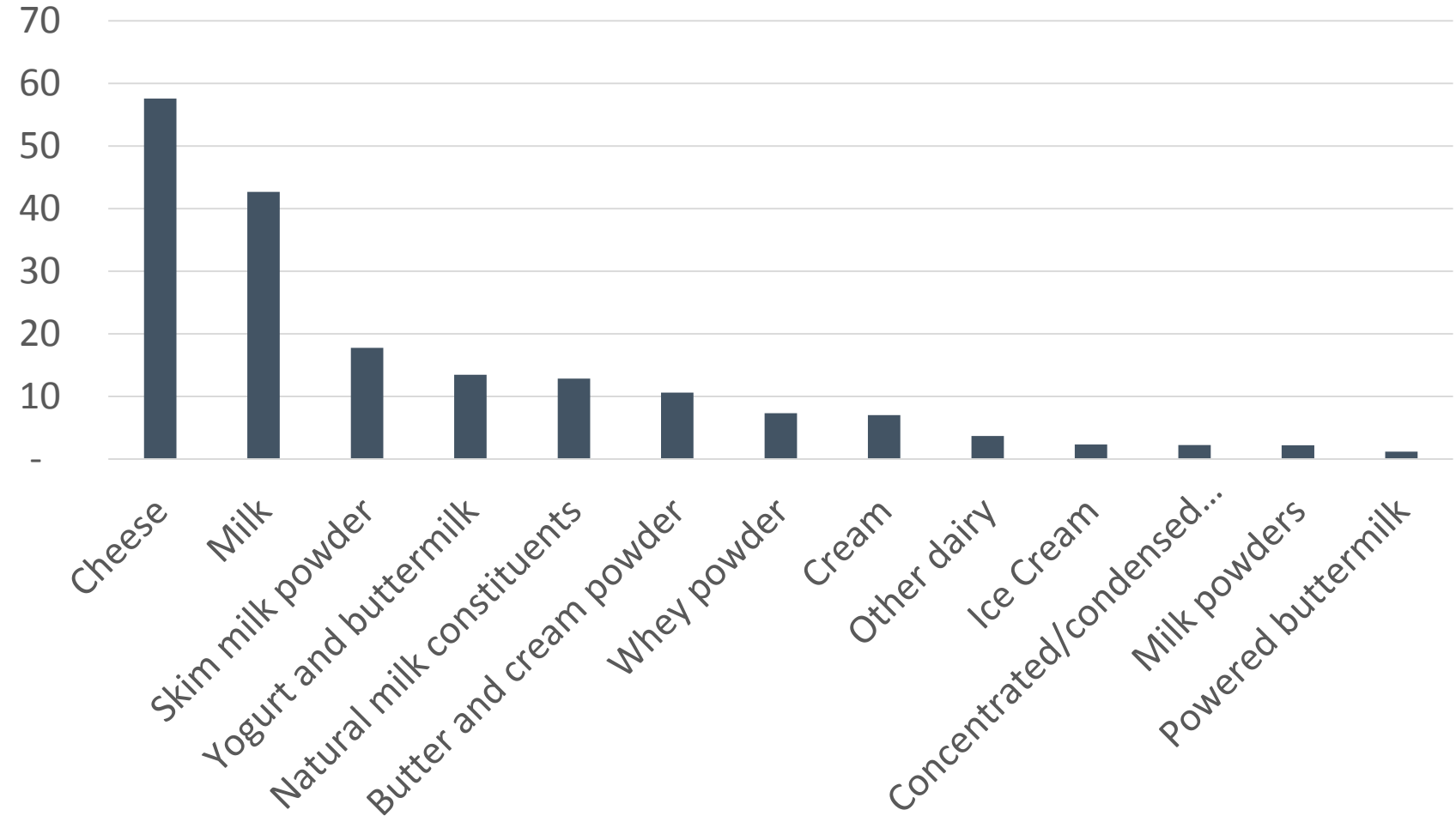


Source: WTO



Value of potential dairy access into Canada, year 19

Mil USD

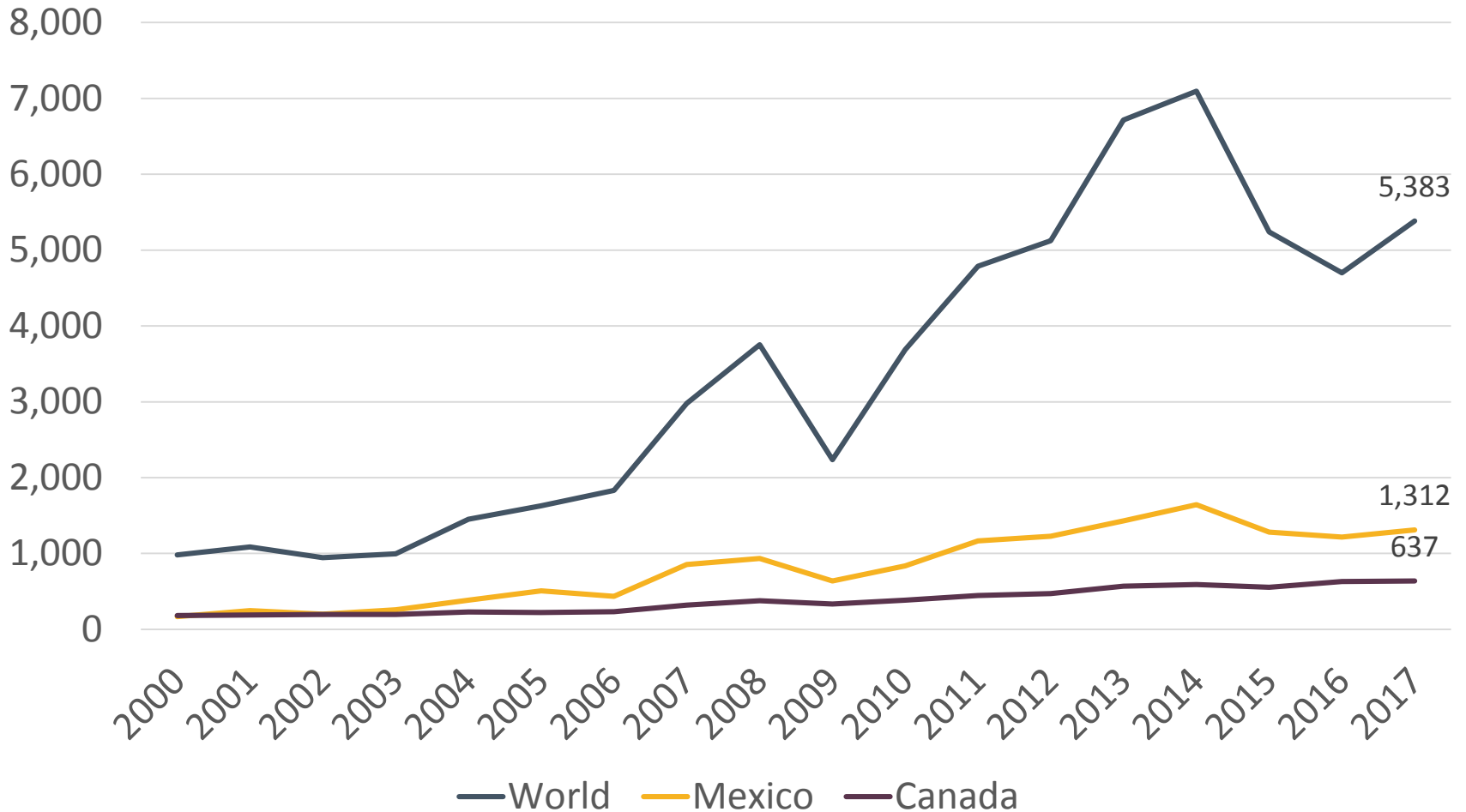


Based on 2017 per unit export values and assuming 100% TRQ fill rates



Dairy exports

Mil USD





Overall assessment:

The Emperor's New NAFTA?

- USMCA is very similar to the old NAFTA—good news for agriculture
- Modest market access gains for dairy, poultry, eggs
 - Elimination of Class 6,7
 - Likely larger impact for Canada dairy
- Fortunately, some of the provisions advocated by US were rejected by Canada and Mexico
 - Seasonal tariffs on fruit and vegetables
 - Dispute settlement (Ch. 19)
 - Sunset after 6 years
- Modernization of NAFTA (new provisions borrowed from TPP)
- Like other consumers, ag will be adversely affected by increased costs due to domestic content provisions affecting automobiles, etc
- Sec 232 tariffs remain
 - Increased prices for steel and aluminum
 - Counter-retaliatory tariffs for pork and dairy ~\$1.8 billion



Thanks!

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