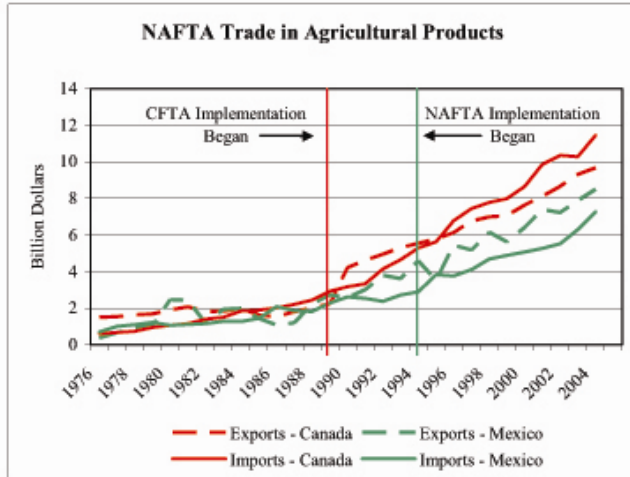






As the following figure shows, both exports and imports have been growing. According to USDA, these exports are experiencing an average growth of \$800 million per year. The two NAFTA markets have accounted for 59% of United States agricultural export growth since the agreement's implementation.



### Trade with Canada

Canada is now the largest market for United States agricultural exports. Agricultural exports to Canada have increased by more than 75% since the agreements' implementation. In 2004, agricultural exports to Canada set a record high at \$9.7 billion. Record highs were also set for individual commodities, such as for vegetables, meats, soybean meal, bulk commodities (such as corn and wheat), and consumer-ready products (such as snack foods). Over 70% of United States agricultural exports to Canada are in the consumer-ready, high-value category. Currently, Canada is the second largest export market for poultry, with a 77% increase over pre-NAFTA levels; United States dairy product exports to Canada have more than tripled; and, American corn is used in Canada to feed livestock, process ethanol, and produce sweeteners.

Conversely, the United States is also the largest market for Canadian agricultural exports. In 2004, United States agricultural imports from Canada also reached a record high at \$11.5 billion. The leading agricultural exports from Canada include snack foods, meats, and fresh and processed vegetables. These imports provide the American consumer with more variety in the buying options.

### Trade with Mexico

Mexico is now the third largest market for United States agricultural exports. Agricultural exports to Mexico have more than doubled since the agreement was implemented. In 2004, agricultural exports to Mexico set a record high at \$8.5 billion. Record highs were also set for individual commodities, such as for processed fruits and vegetables, meats, wheat, rice, and soybeans. United States exports to Mexico are more diversified than those to Canada, with 38% being bulk commodities, 40% consumer-ready products, and 22% semi-processed products. Corn, soybeans, wheat, and cotton have all increased sales to Mexico. But also important is the increase in the sales of consumer-ready products.

According to USDA, "Before NAFTA, U.S. exports of these products were severely limited by trade barriers and weak demand. Today, with lower market access barriers and the more vibrant Mexican economy that have resulted from NAFTA, Mexico ranks as one of our top export markets for a wide range of high-value foods."

Conversely, the United States is the largest market for Mexican agricultural exports. In 2004, United States agricultural imports from Mexico also reached a record high at \$7.3 billion. While Mexico has run a relatively consistent agricultural trade deficit of \$1.5 billion per year with the United States, its agricultural exports to the United States have nearly doubled since NAFTA implementation began.

### Overall NAFTA Effects

In an analysis released by USDA's Office of Economics in March 1993, prior to the agreement's implementation, titled "Effects of the North American Free Trade Agreement on U.S. Agricultural Commodities," the following forecast was made,

By the end of the 15-year transition period, annual U.S. agricultural exports will likely be \$2.0 to \$2.5 billion higher than without NAFTA. Grains, oilseeds, and meats are estimated to account for much of the expansion. Over the same time period, annual U.S. farm cash receipts are expected to increase by about 3 percent compared with projected receipts without NAFTA.

While it is not only difficult to isolate trade changes, it is virtually impossible to determine just how much of these trade changes are due solely to the free trade agreement, as opposed to other, unrelated factors. We do know that United States agricultural exports to our NAFTA trading partners have more than doubled from \$8.9 billion in 1993 to \$18.2 billion in 2004. Our imports have also grown from \$7.4 billion in 1993 to \$18.7 billion in 2004. In addition to these trade gains, American farmers have experienced some of the highest farm income values, with net farm income setting a record high in 2004 at \$73.6 billion.

Some people gauge the success of a trade agreement by its effects on the trade balance with the other parties to the agreement. However, such effects are not a good indicator of the benefit or harm of an agreement. There are many other factors affecting the agricultural trade balance. The agricultural trade balance is a representation of the demands of the American consumer, not of the competitiveness of the American farmer. And, as the Congressional Budget Office stated in its estimates of the effects of NAFTA, "Trade deficits with the world are not generally harmful, and trade surpluses are not generally beneficial."

The forecasted benefits of NAFTA have either been consistently met or exceeded over the past eleven years. As with any trade agreement, there have been a small number of negative adjustments that have affected jobs and production in a few sectors of all three countries. While these negative adjustments are often over-exaggerated in the media, nobody can deny that the overall effect has been nothing short of spectacular for all three countries. Without a doubt, NAFTA has helped American farmers expand export markets, and thus increase farm cash receipts and income.

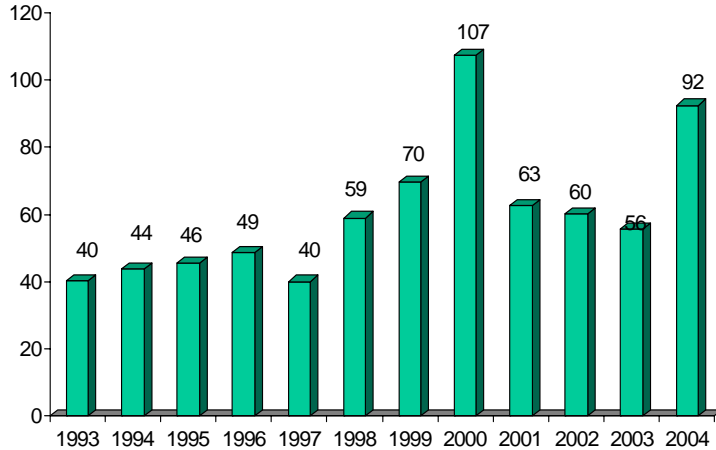


# Idaho

Between 1993 and 2004 Idaho's exports to Mexico grew 129%  
Mexico is the tenth largest consumer market of Idaho's exports

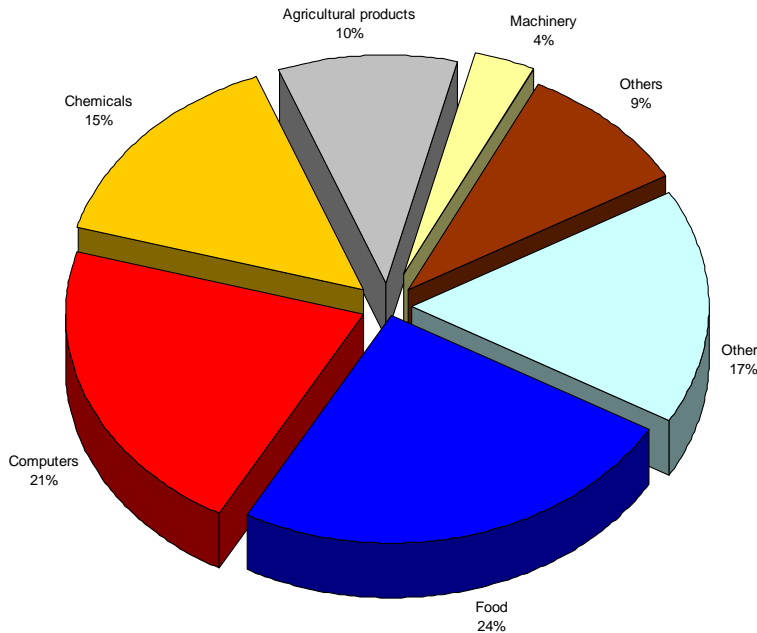
## Exports to Mexico

1993-2004 (Millions of US Dollars)



## By Sector (NAICS)

2004



Source: US Census, MISER and SE-NAFTA. SIC Series 2000-2004, NAICS series.

## Selected Readings

### International Trade Statistics 2004 (World Trade Organization, November 2004)

Compiled and analyzed by the WTO's economists and statisticians, the figures provide comprehensive, comparable and up-to-date statistics on trade in merchandise and commercial services for an assessment of world trade flows by country, region and main product groups or service categories. Some 240 tables and charts are depict trade developments from various perspectives and provide a number of long-term time series as additional information.

### Annual World Bank Conference on Development Economics 2005, Europe: Are We on Track to Achieve the Millennium Development Goals?

(Edited by Francois Bourguignon , Boris Pleskovic , Andre Sapir. World Bank, March 2005)

The Annual World Bank Conference on Development Economics (ABCDE) brings together the world's finest development thinkers to present their perspectives and ideas. In recent years, a parallel, second conference has been held in Europe with the same goal of expanding the flow of ideas between thinkers, practitioners, and policymakers in the field of international development.

Annual World Bank Conference on Development Economics Europe 2005 presents selected papers from the sixth annual ABCDE - Europe meetings, held May 2004 in Brussels, Belgium. This volume contains articles on trade flows, human capital flows, capital flows and aid flows. It provides a general overview of the links between poverty and migration and insight and opinions on key development issues.

The ABCDE Europe 2005 is a critical reference guide for development research and will be of interest to practitioners and those studying international development and poverty reduction.



# Chiapas

**Capital:** Tuxtla Gutierrez

**Main cities:** Tuxtla Gutierrez, Tapachula, Ocosingo, San Cristóbal de las Casas,

**Population:** 3,920,892 (2000)  
 46% in the urban area  
 66% under 30 years old  
 53 people per square kilometer  
 77% Literacy rate

**Major exports:** Food and textile

**Exports:** US \$ 28 Millions (2003)

**Imports:** US \$ 98 Millions (2003)

51 Radio stations  
 37 TV stations

### Investment Highlights

Aid in setting up operations and training workers.

### Foreign Direct Investment:

Between 1999 and 2004, Chiapas received US\$ 15millions of dollars in foreign investment.

**Main sector:** Commerce and Manufacturing.

**Countries with major investments in Chiapas** include: El Salvador, Guatemala, USA, Spain, Costa Rica and UK

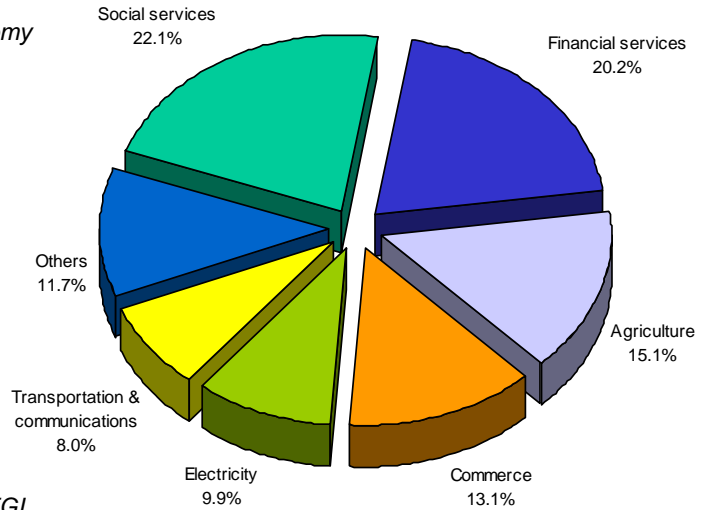
**Maquiladora:** There are 4 maquiladoras.  
 Maquiladoras Companies employs 8600 workers.

Source: Ministry of the Economy, Government of State and INEGI.

### Infrastructure:

|         |                                  |
|---------|----------------------------------|
| 15,001  | km of paved roads                |
| 72      | km of highways (4 lanes)         |
| 2       | International airport            |
| 108     | Universities and tech institutes |
| 100     | Hospitals                        |
| 165,000 | Fixed telephone lines            |

**Major Economic Activity in 2002**



Source: Ministry of Economy with INEGI data.

### Contact

Web-site: <http://www.chiapas.gob.mx>  
 Tel: 011-52 (962) 628 9450  
 Fax: 011-52 (962) 628 9450 ext 47022  
 E-mail: [sde@chiapas.gob.mx](mailto:sde@chiapas.gob.mx)



# Diario Oficial Notices

- ◆ Agreement modifying its similar that establishes the encoding and classification of merchandise whose import-export operation is subject to permit by the Ministry of the Economy. (March 4).
- ◆ Notice of conclusion of the suspension of the binational panel to the final determination exam for determining the consequences on the final countervailing duty suppression imposed over the sodium hydroxide (Caustic soda) imports, classified under Tariff Item 2815.12.01 of the General Imports and Exports Tariff Law, originating from the United States of America, regardless of shipping country. (March 11).
- ◆ Review to the Binational Panel according to article 1904 of The North American Free Trade Agreement in tubular product matters from the petroliferous region shipping from Mexico. (March 16).
- ◆ Decree modifying several duties in the General Import and Export Law from the previous decree that established several Sectorial Promotion Programs. Modifying decree establishes the North Fringe Bordering and the Bordering Region imports scheme, and reforms and adds the several establishing applicable rates for 2005 of the General Import and Export for merchandise originating from countries whose Mexico has celebrated Treaties and Trade Agreements. (March 17).
- ◆ Agreement modifying its similar that notices the minimum quota for milk powder imports during 2004-2007, under the tariff rate quota established in the North American Free Trade Agreement, originating from the United States of America. (March 30).

## NAFTA Related Events

### April 06 – 08

“Expo Industrial 2005”

Hermosillo, Sonora – EXPO FORUM (Exhibition and Convention Center)

Expo Industrial is a business meeting that promotes face-to-face encounters and discussions of the industry’s purchasing executives with representatives of the maquiladora, mining, machine tools & metalworking, automotive, aeronautics, agro-industrial, building and construction materials and suppliers industries. The event will be attended by decision makers from international companies such as: Osborn Manufacturing, Tetakawi, General Electric, Lear Corporation, Grupo Mexico, Minera Penmont, Bachoco, Norson Alimentos, Vizcaíno Agrícola, among others.

[http://www.expoindustrial.net/eventos\\_ingles.htm](http://www.expoindustrial.net/eventos_ingles.htm)

<http://www.ts.com.mx>

[&banner=bannerexpo&bannerpie=bannerdos](#)

### April 06 – 09

“Expo Flor México 2005 – International Flowers & Plant Trade Show”

México, D.F. – Centro BANAMEX

International trade professional exhibition of the cut flowers sector dedicated to the intensive production of cut flowers, tropical flowers, greens, trees and ornamental plants.

<http://www.guiaverdemexico.com/expos.htm>

### April 07 – 09

“AeroExpo 2005 – 5th International Aviation Trade Show and Convention”

México, D.F. – Centro de Convenciones Santa Fe

AeroExpo 2005 has become the best business and promotion opportunity for the Latin American aviation industry. Mexico has the second largest fleet of executive and private airplanes in the world, and the largest and most modern airport network in Latin America, the largest fleet of civil helicopters in the Spanish-speaking world. The event will showcase some of their most modern airplanes and helicopters in its two venues the Santa Fe Conventions Center and AeroExpo’s Static Display, located at Toluca International Airport.

<http://www.aeroexpo.com.mx/indexing.html>

[http://www.exposantafe.com.mx/esfm/calendario\\_eventos.htm](http://www.exposantafe.com.mx/esfm/calendario_eventos.htm)

## Success Stories

### Wyeth enlarges its milk producer plant

Wyeth will invest 20 million dollars in 2005 to enlarge its Distrito Federal plant increasing its milk production capacity by 110%. The expansion will create 880 new jobs - 380 direct and 500 indirect – which will benefit 1,400 households.

Wyeth’s investment includes a state-of-the-art technology plant that will increase the milk production from 12.8 billion lbs to 33 billion lbs per year. The product will be distributed in both the domestic and international markets with emphasis in Latin America.

### A monthly newsletter on NAFTA

1911 Pennsylvania Av NW  
Washington, D. C. 20006

Phone: (202) 728-1700  
Fax: (202) 728-1712  
Email: [naftadsk@economia.gob.mx](mailto:naftadsk@economia.gob.mx)  
[naftadsk@naftamexico.net](mailto:naftadsk@naftamexico.net)

Visit us at  
[www.naftamexico.net](http://www.naftamexico.net)