
 FARMERS *for* FREE TRADE



THE NAFTA WITHDRAWAL TAX

**The Top Ten States that Depend on Agriculture Exports to Mexico
& the Price They Would Pay if the America Withdraws from NAFTA**

Over the last 25 years, NAFTA has delivered unprecedented benefits to farmers and rural America. In 1993, American farmers exported \$8.9 billion to Canada and Mexico. Last year we exported more than \$43 billion. Those exports have been vitally important to sustaining farms, jobs, and rural communities, particularly in recent years when farm incomes have declined.

*But just as farmers and ranchers have been among the biggest beneficiaries of NAFTA, they'd also be the ones to feel the most pain if America withdraws from the pact. That's because NAFTA withdrawal would mean that Mexico and Canada would find other countries to sell them wheat, soy, barley, beef, pork and other ag commodities; it would seriously harm commodity and stock markets; and as you'll see in this report, **NAFTA withdrawal would result in a massive tax on the products American farmers grow and produce.***

This tax on American farmers, would come in the form of tariffs, all of which were eliminated more than two decades ago when NAFTA began. In the event of NAFTA withdrawal, these taxes would snap back into place, which would be particularly damaging for U.S. agriculture products headed south to Mexico. **Reinstating these taxes would be devastating to the American heartland, particularly to the states highlighted in this report who are the most dependent on Mexico as an ag export market.**

In this report, Farmers for Free Trade identifies the ten states that would see their agricultural sectors most negatively impacted by NAFTA withdrawal with respect to Mexico and outline the steep price they would pay in the event of withdrawal. These taxes would lead to fewer products sold and declining profits. They would result in our farmers selling less to Mexico and declining prices, which is the last thing farmers can afford, particularly right when prices are already low and global supplies are high.

But it's not only farmers who would pay the price for NAFTA withdrawal. Rural communities, which run on the engine of the farm economy would suffer too. If farmers have less in their pockets, they spend less at local stores, restaurants, and contribute less to local schools and community organizations. Jobs throughout the agricultural production cycle that depend on trade suffer, including *growers, harvesters, processors, packagers, as well as grain elevator operators, railroad workers, and truck drivers*. The simple truth is that rural communities don't work well when their economic engine is hurting.

It is precisely those rural Americans that Farmers for Free Trade is fighting for. Our bipartisan, grassroots effort has already organized farmers from Tennessee, to Iowa, to Washington state. Our goal is to rebuild support for trade, and that starts with standing in the way of NAFTA withdrawal and the tax hikes it would bring to rural communities.

Sincerely,
Senators Max Baucus and Richard Lugar

THE TOP TEN:

- #1 - MISSOURI:** 51% of all agricultural exports to Mexico
- #2 - NEW MEXICO:** 45% of all agricultural exports to Mexico
- #3 - SOUTH DAKOTA:** 39% of all agricultural exports to Mexico
- #4 - TEXAS:** 37% of all agricultural exports to Mexico
- #5 - NEBRASKA:** 36% of all agricultural exports to Mexico
- #6 - IOWA:** 35% of all agricultural exports to Mexico
- #7 - KANSAS:** 28% of all agricultural exports to Mexico
- #8 - ARKANSAS:** 27% of all agricultural exports to Mexico
- #9 - NORTH DAKOTA:** 25% of all agricultural exports to Mexico
- #10 - MINNESOTA:** 24% of all agricultural exports to Mexico

#1: Missouri exported 51% of all agricultural exports to Mexico

Missouri agricultural & food exports to Mexico



Oilseeds & grains

\$438.63 million

in 2016 exports

20% tax for soybeans;
15% tax for grains



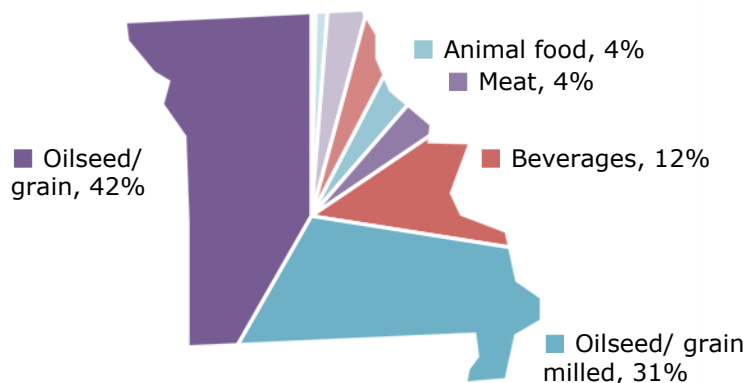
Grain & oilseed milling products

\$323.62 million

in 2016 exports

20% tax for soy flour

Dairy, 3% Bakery, 1%
NESOI foods, 3% Sugar & confectionary, 1%



Dairy

\$35.76 million

in 2016 exports

45% tax for cheese

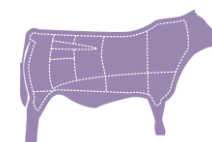


Beverages

\$125.61 million

in 2016 exports

20% tax for beer



Meat & meat packaging products

\$39.61 million

in 2016 exports

25% tax for beef; up to 20% for pork

Sources: "Commodity specific digital infographics on the 'NAFTA Withdrawal Tax,'" Farmers for Free Trade, 2017; Brock Williams and Angeles Villarreal, "State exports to NAFTA countries for 2016," Congressional Research Service, 2017; Renee Johnson, "Potential effects of a U.S. NAFTA withdrawal: Agricultural markets," Congressional Research Service, 2017; "Importance of NAFTA to agriculture in each state for 2016, FB, November 21, 2017.

*NESOI: Not Elsewhere Specified Or Included



#2: New Mexico exported 45% of all agricultural exports to Mexico



Dairy products

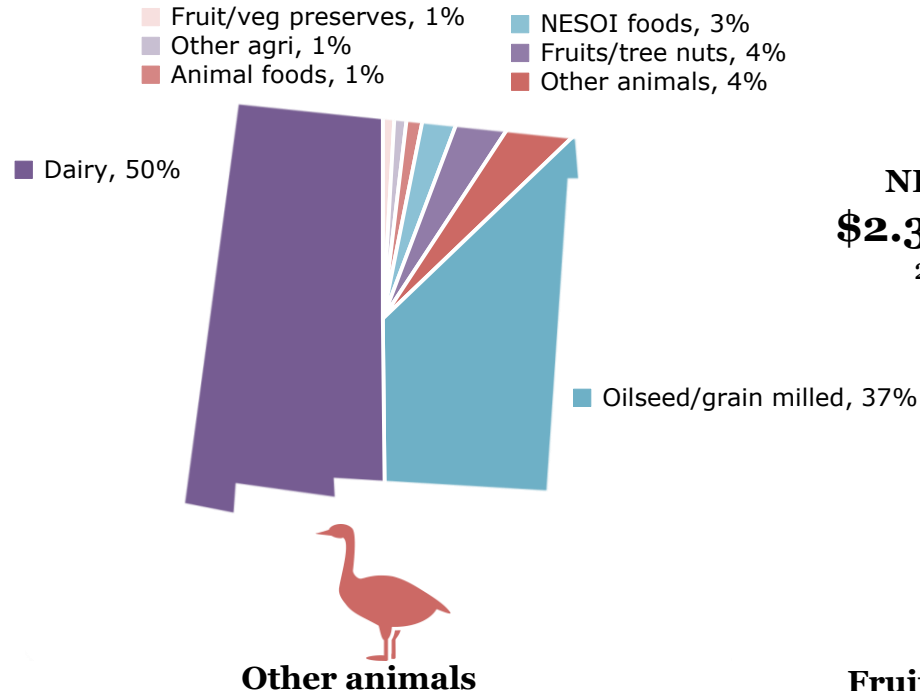
\$45.73 million
in exports in 2016
45% tax for cheese



Grain & oilseed milling products

\$33.71 million
in 2016 exports
15% for soybean meal

New Mexico agricultural & food exports to Mexico



NESOI* foods
\$2.37 million in
2016 exports



Fruits & tree nuts

\$3.19 million in
2016 exports
20% tax for nuts



Other animals

\$3.28 million in
2016 exports
10% for live fowl, **20%**
for live horses

Sources: "Commodity specific digital infographics on the 'NAFTA Withdrawal Tax,'" Farmers for Free Trade, 2017; Brock Williams and Angeles Villarreal, "State exports to NAFTA countries for 2016," Congressional Research Service, 2017; Renee Johnson, "Potential effects of a U.S. NAFTA withdrawal: Agricultural markets," Congressional Research Service, 2017; "Importance of NAFTA to agriculture in each state for 2016, FB, November 21, 2017.

*NESOI: Not Elsewhere Specified Or Included

THE NAFTA WITHDRAWAL TAX

THE COST OF NAFTA WITHDRAWAL ON AMERICAN AGRICULTURE EXPORTS

CHEESE

\$170
MILLION
EXPORTS TO MEXICO
IN 2016



= **\$76.5**
MILLION
IN YEARLY
ADDITIONAL DUTIES
WITHOUT NAFTA

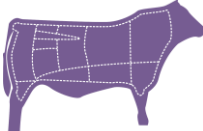
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Source: Data from FAS BICO -6 and WTO applied tariff database

#3: South Dakota exported 39% of all agricultural exports to Mexico

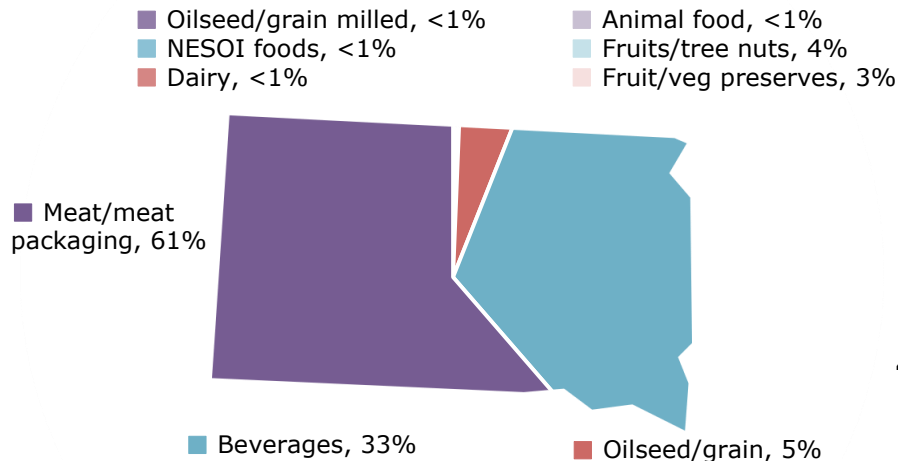
South Dakota agricultural & food exports to Mexico



**Meat & meat
packaging products**

\$134.87 million
in 2016 exports

25% tax for beef; up to
20% for pork




Dairy

\$0.11 million
in 2016 exports

45% tax for cheese



Beverages

\$71.65 million
in 2016 exports

20% tax for beer



Oilseeds & grains

\$11.83 million
in 2016 exports

20% tax for soybeans;
15% tax for grains



**Grain & oilseed
milling products**

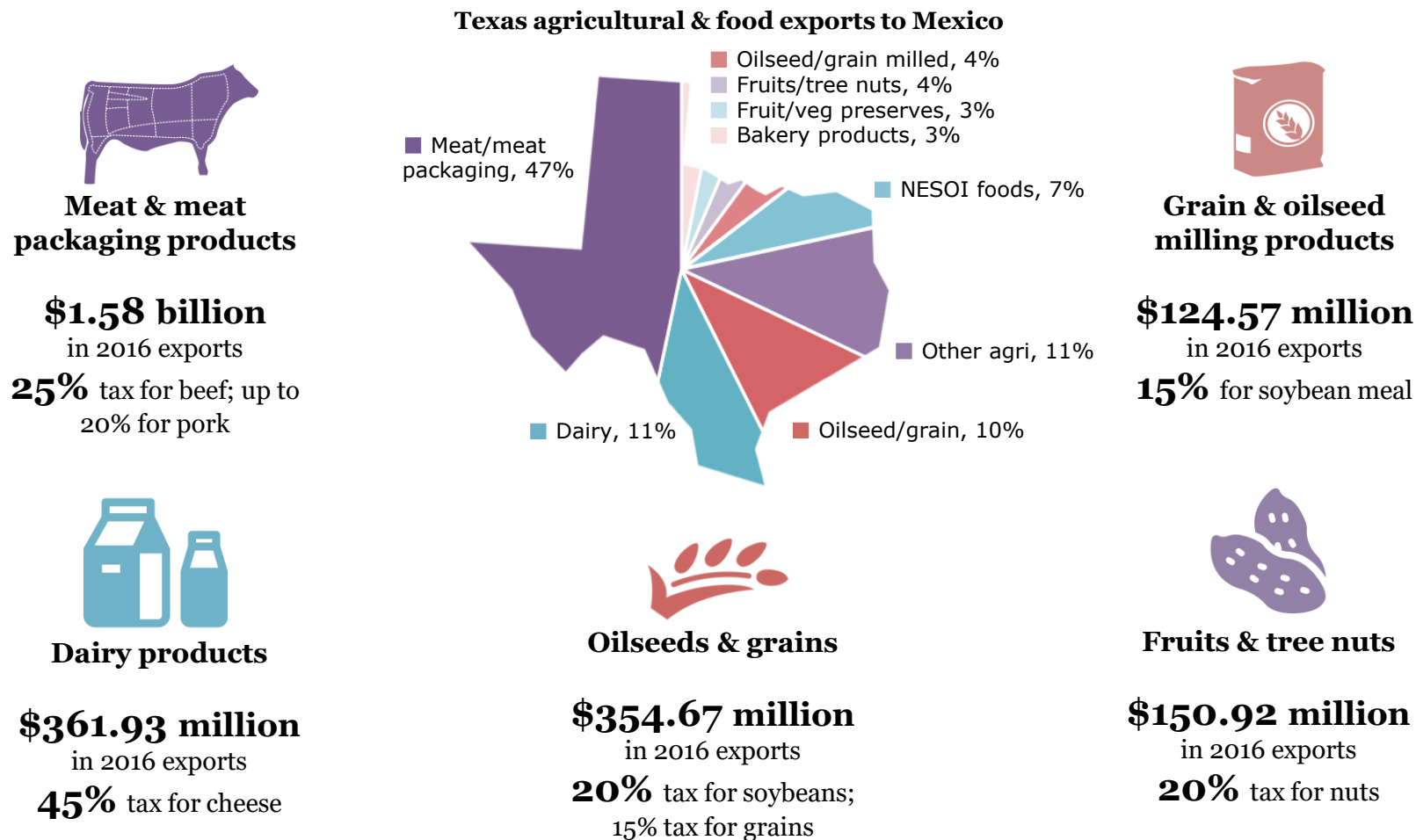
\$0.68 million
in 2016 exports

20% tax for soy flour

Sources: "Commodity specific digital infographics on the 'NAFTA Withdrawal Tax,'" Farmers for Free Trade, 2017; Brock Williams and Angeles Villarreal, "State exports to NAFTA countries for 2016," Congressional Research Service, 2017; Renee Johnson, "Potential effects of a U.S. NAFTA withdrawal: Agricultural markets," Congressional Research Service, 2017; "Importance of NAFTA to agriculture in each state for 2016, FB, November 21, 2017.

*NESOI: Not Elsewhere Specified Or Included

#4: Texas exported 37% of all agricultural exports to Mexico



Sources: "Commodity specific digital infographics on the 'NAFTA Withdrawal Tax,'" Farmers for Free Trade, 2017; Brock Williams and Angeles Villarreal, "State exports to NAFTA countries for 2016," Congressional Research Service, 2017; Renee Johnson, "Potential effects of a U.S. NAFTA withdrawal: Agricultural markets," Congressional Research Service, 2017; "Importance of NAFTA to agriculture in each state for 2016, FB, November 21, 2017.

*NESOI: Not Elsewhere Specified Or Included

THE NAFTA WITHDRAWAL TAX

CALCULATING THE CRIPPLING COST OF NAFTA WITHDRAWAL ON AMERICAN AGRICULTURE EXPORTS

PORK

**\$1.3
BILLION**
EXPORTS TO MEXICO
IN 2016



=

**\$130
MILLION**
IN YEARLY
ADDITIONAL DUTIES
WITHOUT NAFTA

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Source: Data from FAS BICO -6 and WTO

#5: Nebraska exported 36% of all agricultural exports to Mexico



Oilseeds & grains

\$632.34 million

in 2016 exports

20% tax for soybeans;
15% tax for grains



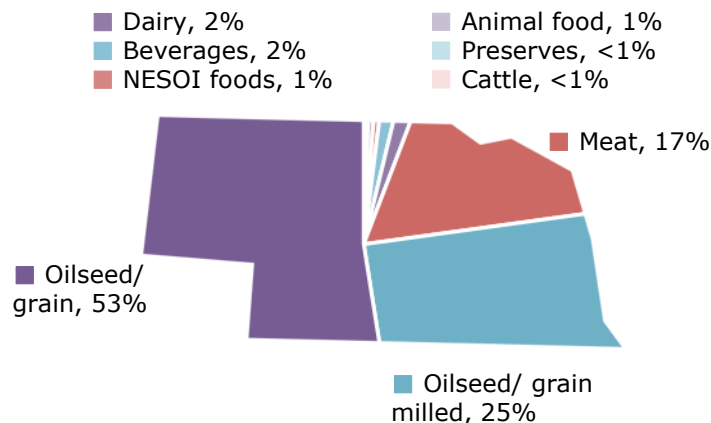
Grain & oilseed milling products

\$297.02 million

in 2016 exports

20% tax for soy flour

Nebraska agricultural & food exports to Mexico

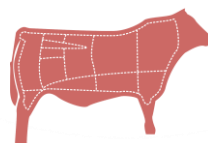


Beverages

\$21.4 million

in 2016 exports

20% tax for beer



Meat & meat packaging products

\$204.90 million

in 2016 exports

25% tax for beef; beef; up to 20% for pork



Dairy products

\$24.51 million

in 2016 exports

45% tax for cheese

Sources: "Commodity specific digital infographics on the 'NAFTA Withdrawal Tax,'" Farmers for Free Trade, 2017; Brock Williams and Angeles Villarreal, "State exports to NAFTA countries for 2016," Congressional Research Service, 2017; Renee Johnson, "Potential effects of a U.S. NAFTA withdrawal: Agricultural markets," Congressional Research Service, 2017; "Importance of NAFTA to agriculture in each state for 2016, FB, November 21, 2017.

*NESOI: Not Elsewhere Specified Or Included

#6: Iowa exported 35% of all agricultural exports to Mexico



Oilseeds & grains

\$854.73 million

in 2016 exports

20% tax for soybeans;
15% tax for grains



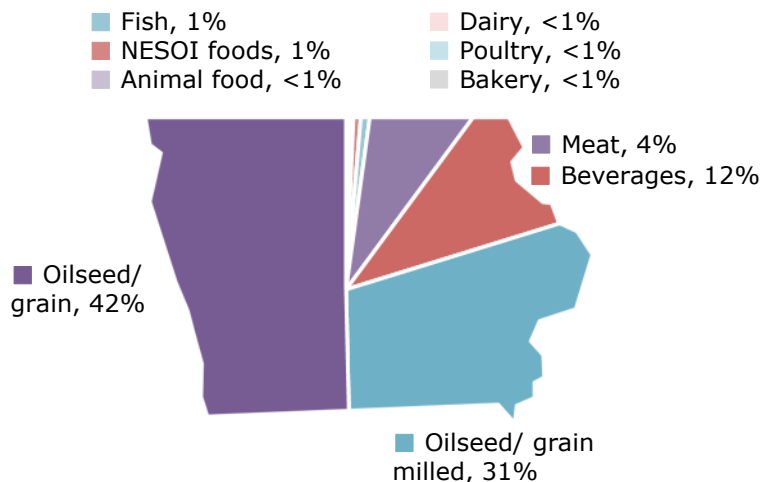
Grain & oilseed milling products

\$498.99 million

in 2016 exports

20% tax for soy flour

Iowa agricultural & food exports to Mexico



Dairy

\$2.78 million

in 2016 exports

45% tax for cheese

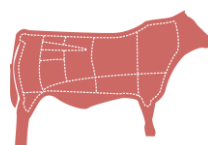


Beverages

\$134.72 million

in 2016 exports

20% tax for beer



Meat & meat packaging products

\$171.49 million

in 2016 exports

25% tax for beef; up to 20% for pork

Sources: "Commodity specific digital infographics on the 'NAFTA Withdrawal Tax,'" Farmers for Free Trade, 2017; Brock Williams and Angeles Villarreal, "State exports to NAFTA countries for 2016," Congressional Research Service, 2017; Renee Johnson, "Potential effects of a U.S. NAFTA withdrawal: Agricultural markets," Congressional Research Service, 2017; "Importance of NAFTA to agriculture in each state for 2016, FB, November 21, 2017.

*NESOI: Not Elsewhere Specified Or Included

THE NAFTA WITHDRAWAL TAX

THE COST OF NAFTA WITHDRAWAL ON AMERICAN AGRICULTURE EXPORTS

CHICKEN

\$871
MILLION
EXPORTS TO MEXICO
IN 2016



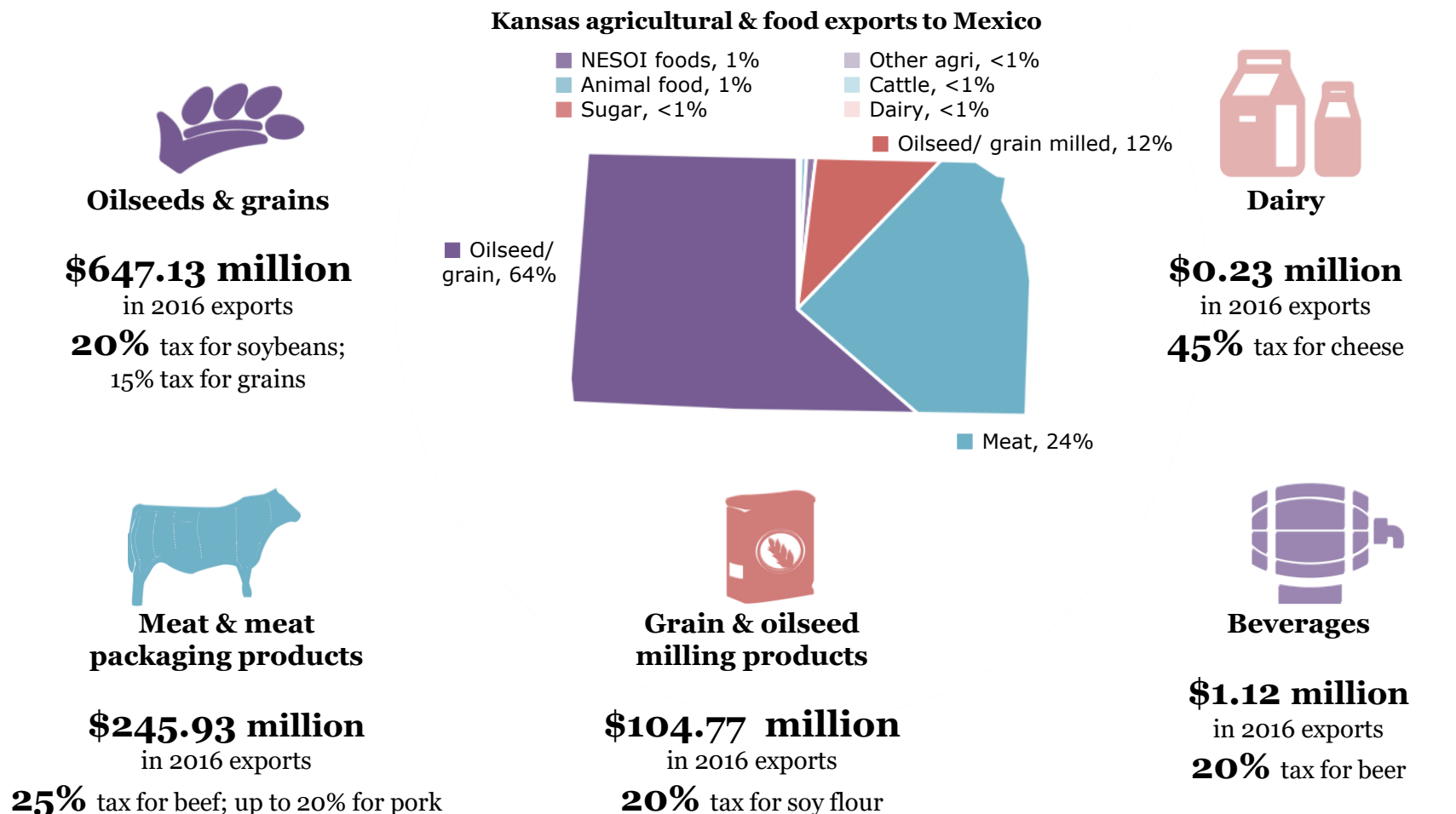
\$653
MILLION
IN YEARLY
ADDITIONAL DUTIES
WITHOUT NAFTA

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Source: Data from FAS BICO -6 and WTO applied tariff database

#7: Kansas exported 28% of all agricultural exports to Mexico



Sources: "Commodity specific digital infographics on the 'NAFTA Withdrawal Tax,'" Farmers for Free Trade, 2017; Brock Williams and Angeles Villarreal, "State exports to NAFTA countries for 2016," Congressional Research Service, 2017; Renee Johnson, "Potential effects of a U.S. NAFTA withdrawal: Agricultural markets," Congressional Research Service, 2017; "Importance of NAFTA to agriculture in each state for 2016, FB, November 21, 2017.

*NESOI: Not Elsewhere Specified Or Included

#8: Arkansas exported 27% of all agricultural exports to Mexico

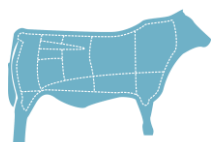


Poultry & eggs

\$139.66 million

in 2016 exports

75% tax for chicken



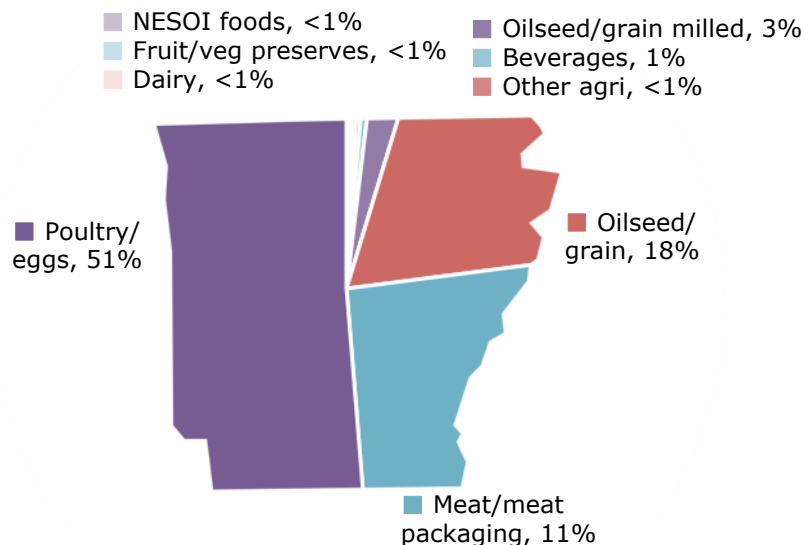
Meat & meat packaging products

\$70.11 million

in 2016 exports

25% tax for beef; up to 20% for pork

Arkansas agricultural & food exports to Mexico



Beverages

\$1.60 million

in 2016 exports

20% tax for beer



Oilseeds & grains

\$49.72 million

in 2016 exports

20% tax for soybeans;
15% tax for grains



Grain & oilseed milling products

\$7.58 million

in 2016 exports

20% tax for soy flour

Sources: "Commodity specific digital infographics on the 'NAFTA Withdrawal Tax,'" Farmers for Free Trade, 2017; Brock Williams and Angeles Villarreal, "State exports to NAFTA countries for 2016," Congressional Research Service, 2017; Renee Johnson, "Potential effects of a U.S. NAFTA withdrawal: Agricultural markets," Congressional Research Service, 2017; "Importance of NAFTA to agriculture in each state for 2016, FB, November 21, 2017.

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THE NAFTA WITHDRAWAL TAX

THE COST OF NAFTA WITHDRAWAL ON AMERICAN AGRICULTURE EXPORTS

BEEF

\$867
MILLION
EXPORTS TO MEXICO
IN 2016



\$217
MILLION
IN YEARLY
ADDITIONAL DUTIES
WITHOUT NAFTA

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Source: Data from FAS BICO -6 and WTO applied tariff database

#9: North Dakota exported 25% of all agricultural exports to Mexico

North Dakota agricultural & food exports to Mexico

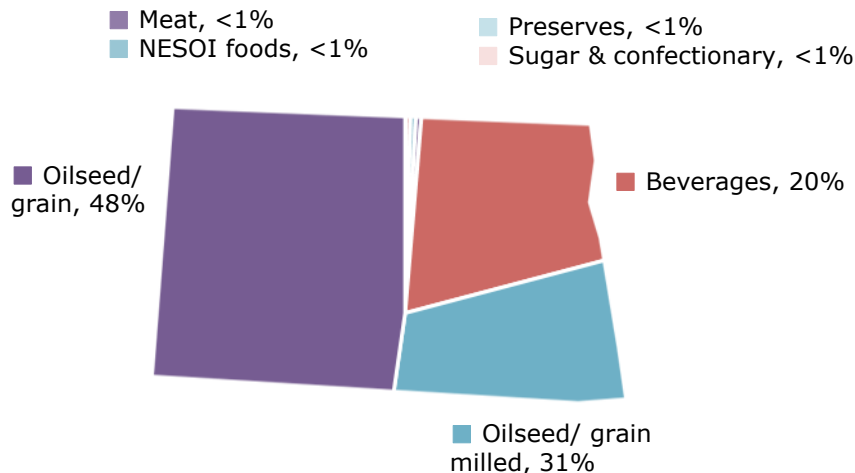


Oilseeds & grains

\$97.65 million

in 2016 exports

20% tax for soybeans;
15% tax for grains



Grain & oilseed milling products

\$64.29 million

in 2016 exports

20% tax for soy flour

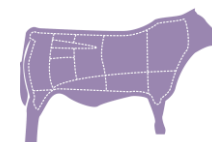


Beverages

\$40.05 million in

2016 exports

20% tax for beer



Meat & meat packaging products

\$0.77 million

in 2016 exports

25% tax for beef; up to 20% for pork

Sources: "Commodity specific digital infographics on the 'NAFTA Withdrawal Tax,'" Farmers for Free Trade, 2017; Brock Williams and Angeles Villarreal, "State exports to NAFTA countries for 2016," Congressional Research Service, 2017; Renee Johnson, "Potential effects of a U.S. NAFTA withdrawal: Agricultural markets," Congressional Research Service, 2017; "Importance of NAFTA to agriculture in each state for 2016, FB, November 21, 2017.

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#10: Minnesota exported 24% of all agricultural exports to Mexico



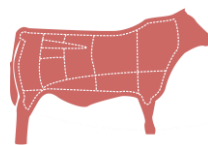
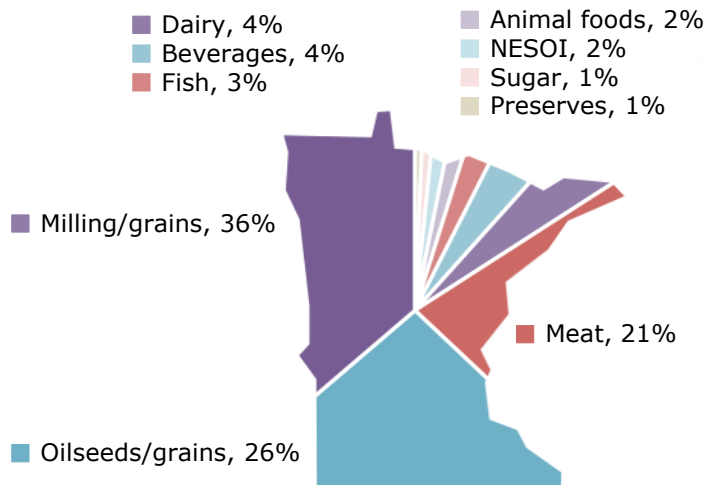
Grain & oilseed milling products

\$140.56 million
in 2016 exports
20% tax for soy flour



Oilseeds & grains

\$160.08 million
in 2016 exports
20% tax for soybeans;
15% tax for grains



Meat & meat packaging products

\$126.29 million
in 2016 exports
25% tax for beef; up to 20% for pork



Beverages

\$25.0 million
in 2016 exports
20% tax for beer



Dairy

\$25.54 million
in 2016 exports
45% tax for cheese

Sources: "Commodity specific digital infographics on the 'NAFTA Withdrawal Tax,'" Farmers for Free Trade, 2017; Brock Williams and Angeles Villarreal, "State exports to NAFTA countries for 2016," Congressional Research Service, 2017; Renee Johnson, "Potential effects of a U.S. NAFTA withdrawal: Agricultural markets," Congressional Research Service, 2017; "Importance of NAFTA to agriculture in each state for 2016, FB, November 21, 2017.

THE NAFTA WITHDRAWAL TAX

THE COST OF NAFTA WITHDRAWAL ON AMERICAN AGRICULTURE EXPORTS

ALMONDS

\$105
MILLION
EXPORTS TO MEXICO
IN 2016



\$21
MILLION
= IN YEARLY
ADDITIONAL DUTIES
WITHOUT NAFTA

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Source: Data from FAS BICO -6 and WTO applied tariff database