

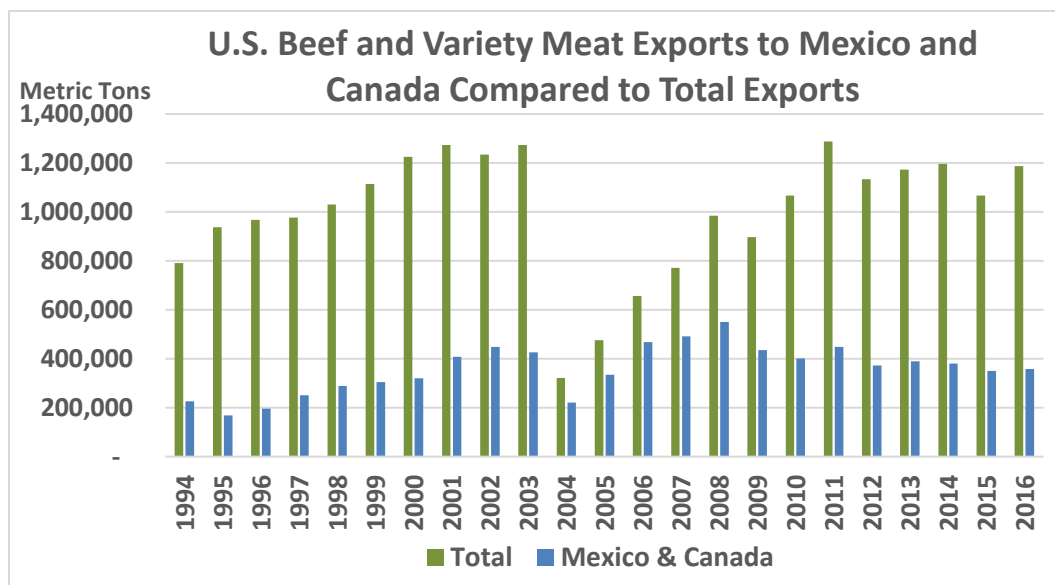
Trade & NAFTA

Background:

The United States commenced bilateral trade negotiations with Canada more than 30 years ago, resulting in the U.S.-Canada Free Trade Agreement, which entered into force on January 1, 1989. In 1991, bilateral talks began with Mexico, which Canada joined. The North American Free Trade Agreement (NAFTA) followed, entering into force on January 1, 1994. Tariffs were eliminated progressively and all duties and quantitative restrictions, except for those on a limited number of agricultural products traded with Canada, were eliminated by 2008. NAFTA also includes chapters covering rules of origin, customs procedures, agriculture and sanitary and phytosanitary measures, government procurement, investment, trade in services, protection of intellectual property rights, and dispute settlement procedures.

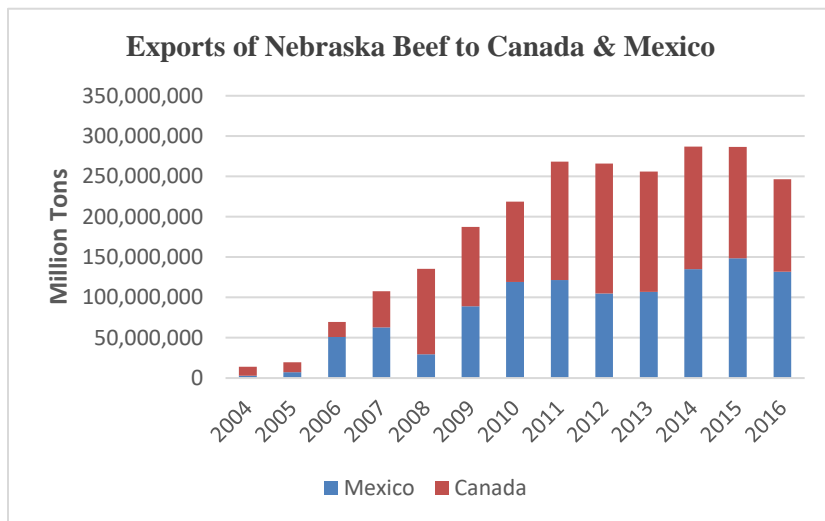
On May 18, President Trump sent a formal declaration to Congress of his intent to renegotiate NAFTA. According to U.S. Trade Representative Robert Lighthizer, "NAFTA has been successful for U.S. agriculture, investment services and the energy sector, but not for manufacturing." There is general consensus that the renegotiation will focus on five major issues: dairy, autos, two aspects of the dispute settlement process, and a five-year sunset provision to end the agreement unless all three countries agree to continue. Some U.S. farmers are also advocating for anti-dumping measures related to tomatoes, blueberries, and avocados. Nebraska's livestock industry has repeatedly asked to hold our industry harmless, as Canada and Mexico are top markets for U.S. beef exports. Nebraska Cattlemen also strongly opposes the inclusion of mandatory country-of-origin labeling in any new trade deal.

On August 16, trade officials from Mexico, Canada and the U.S. officially began the first round of the renegotiation. Little progress has occurred to date, as Canadian and Mexican negotiators rejected U.S. proposals on dairy and seasonal produce in the recently concluded fourth round. The fifth round is scheduled to begin on November 17 in Mexico, making it likely that the renegotiation will not conclude until next year.



Issues:

The main question is whether President Trump's "Buy American, Hire American" trade stance will inadvertently harm agricultural producers who depend on foreign export markets. Trade drives Nebraska's economy, and Canada and Mexico are our state's two largest export markets. Exports of American-produced beef to Mexico have grown by more than 750% since NAFTA was implemented.



Additionally, Nebraska leads the United States in red meat production, and our state's red meat exports have risen about 20 to 30% each year recently. Without access to these top two markets and a place to send our beef, Nebraska's red meat production will decline and our state economy will suffer.

Any potential renegotiation of NAFTA must protect the market access and scientific standards that NAFTA has provided for the U.S. beef industry for the past 24 years.

