**NAFTA 10 YEARS LATER**

**Agricultural Equipment**

**Export Highlights**

U.S. firms exported a total of $4.1 billion in agricultural equipment in 2002, including $1.2 billion to Canada and $345 million to Mexico. Together, our NAFTA partners account for 38% of total U.S. exports of agricultural equipment.

**Industry Facts**

- The United States, Canada, and Mexico have an important trade relationship in agricultural equipment. The United States is the largest agricultural equipment trading partner of Canada and Mexico.

- U.S. agribusiness investment in Mexico increased to $288 million in 2003. U.S.-Mexico investment and trade over the past decade have contributed to the modernization of the Mexican agricultural system.

- Between 1992 and 2002, Canada and Mexico together nearly doubled their agricultural equipment exports to the United States. Despite this increase in U.S. imports, the U.S. maintained a trade surplus of $813 million with our NAFTA partners and a surplus of $597 million with the rest of the world in 2002.

- In 2002, the United States imported $3.5 billion in agricultural equipment, including $502.2 million from Canada and $230.4 million from Mexico.
Trade Barrier Elimination

NAFTA has eliminated virtually all tariffs on U.S. exports of agricultural equipment to Mexico. U.S. firms faced an average 12% tariff—and as high as 20% on harvesting equipment and presses before NAFTA. Now U.S. agricultural equipment exporters enjoy duty-free access to Mexico while such competing exporters as China and Japan face tariffs up to 23%. This means that our exporters have a significant price advantage when selling in the Mexican market, enabling them to capture 77% of this import market.

Key Exporting States

California, Georgia, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, North Dakota, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Wisconsin

Success Stories

- Elliott Tool Technologies, Ltd., a small business in Dayton, Ohio, has benefited from NAFTA. “NAFTA certainly has helped us in marketing and selling Elliott tube tools into Mexico,” says Jim Ireton, vice president for international sales and marketing. Elliott Tool Technologies manufactures and distributes industrial tools to heavy equipment manufacturers, including the agriculture industry.

- NAFTA has expanded the market for U.S. irrigation equipment in Mexico, says John Roberts, president of Roberts Irrigation of San Marcos, California. “A significant portion of our Mexican business is going to farmers who export food back to the United States,” says Roberts, whose company manufactures micro-irrigation and drip-irrigation equipment for growing high-value crops. “As a result of their exports to the United States, our Mexican customers’ businesses are healthy, which enables them to afford U.S. products.”

“We have benefited from NAFTA creating a more open trading environment with Mexico. Our company has realized a 30% increase in sales to Mexico in the years following NAFTA, with stable sales since,” says Wayne Rogers of Rotary Corporation, Glennville, Georgia. Rotary is a manufacturer and supplier of parts and accessories for outdoor power and agricultural equipment.

Employment Opportunities

Agricultural equipment manufacturers employ more than 78,000 people throughout the country in all phases of business operations. Employment in this sector grew by a remarkable 13% during the years following NAFTA, then declined slightly in the face of a global economic downturn. Overall, between 1992 and 2001, employment rose by 2%. Wages in the agricultural equipment sector have increased 32% from the pre-NAFTA period.

The Sector

Agricultural equipment includes tractors, harvesting equipment, implements, and parts, and a wide range of specialized equipment for handling agricultural commodities including dairy products and feedstuffs.