



## **The Economic Impacts of USMCA: The U.S. Agriculture Industry**

### ***Executive Summary***

The United States-Mexico-Canada Agreement (USMCA) is a powerful and reliable tool that enables the U.S. food and agriculture sectors to be successful. During this time of rising input costs and volatile markets, USMCA's stability is vital to strengthening America's rural economies.

The agreement not only preserves critical access to our two largest export markets, but delivers tangible, measurable returns for American workers, businesses, and taxpayers.

The significant economic footprint of these exports demonstrates how North American trade drives employment, investment, and long-term competitiveness in the U.S. agricultural sector. Modelling reveals that in 2024 alone, agricultural and seafood exports to Canada and Mexico generated \$149 billion in total economic contribution to the U.S. economy and supported nearly half a million jobs (and \$36 billion in wages). Economic activity is not limited just to farming, ranching, processing, or manufacturing, but extends past the farm gate to reinvestment in hospitals, vehicle sales, tourism opportunities, and more to support rural communities. The economic benefits of USMCA drive investment, strengthen the competitiveness of U.S. producers in global markets, and keep family farms, small businesses, and employers in operation.

### ***USMCA Background***

The U.S.-Mexico-Canada Agreement entered into force in July 2020, replacing and drastically improving the previous North American Free Trade Agreement. The new agreement modernized many aspects of multilateral trade flows, including regulatory and food safety practices, improved market access for U.S. products, promoting agricultural biotechnology and farmers' access to innovation, and balanced reciprocal trade terms amongst partners. USMCA has benefitted American farmers, ranchers, agribusinesses, and food manufacturers by strengthening food and agricultural trade in North America.

The USMCA relationship represents about a third of U.S. agricultural exports by value, and as the agreement has matured the importance of these geographical neighbors to the success of the U.S. agricultural producer has grown.

The agricultural industry has benefited greatly since the agreement was enacted. Since calendar year 2020, the year USMCA was enacted, the value of U.S. ag exports to Canada and Mexico has grown \$20 billion: totaling \$60 billion in 2024, in addition to \$1.2 billion in seafood product exports. This 47 percent growth rate is stunning when compared to the 18 percent growth in agricultural export value seen to the rest of the world over the same period. Additionally, USMCA's provisions helped to ensure that certain critical inputs enter the United States duty-free amid trade negotiations with countries, which lowers costs for farmers.

The framework of the trilateral agreement provides important consistency and predictability for handling trade issues. While there exist flaws in the agreement, the agreement offers a forum to address issues if they arise. U.S. agriculture has largely come out ahead through the use of the dispute settlement mechanism. For example, the resolution of the issue raised by Mexico's opposition to GM corn was ruled in favor of the United States, relieving a high level of concern and uncertainty among the industry.

The July 2026 review of USMCA provides the industry an opportunity to reflect on and underscore the importance of the reliability and certitude provided by the agreement, while pursuing targeted adjustments that build on the agreement's provisions that benefit market access for U.S. agriculture.

### ***Economic Impact***

The different facets of the U.S. agricultural sector are both highly connected and very diverse, Rural communities are full of the farmers, ranchers, and manufacturers who live in and contribute to the local economy and, by extension, the success of the U.S. agricultural sector and United States as a whole. Agricultural and seafood exports to USMCA partners supported \$149 billion in economic output in the United States in 2024. Put another way, every \$1 in industry exports under USMCA drove an additional \$2.45 of supported economic activity in the United States. Agricultural and seafood exports to USMCA partners supported nearly half a million (493,054) full-time equivalent jobs, earning \$36 billion in wages. That translates to 8,083 jobs for every \$1 billion in exports. This impact of USMCA on the agricultural industry manifests at the macroeconomic level as well: \$64 billion in U.S. GDP and \$13 billion in tax revenue are supported by this opportunity for U.S. producers and exporters.

Effect Type	Employment	Labor Income	Value Added	Tax Revenue	Output
Direct	181,573	11,081,440,778	20,756,757,524	\$3,285,549,013	69,501,741,509
Indirect	167,901	14,205,702,174	23,903,511,982	\$5,447,357,477	47,007,169,828
Induced	143,580	10,335,166,413	19,445,070,937	\$4,451,416,551	32,048,017,636
<b>Totals</b>	<b>493,054</b>	<b>\$35,622,309,365</b>	<b>\$64,105,340,444</b>	<b>\$13,184,323,041</b>	<b>\$148,556,928,974</b>

Quantifying how USMCA drives the U.S. economy can be broken down into direct, indirect, and induced costs to fully understand the impact of the agreement on industries and communities within the United States. The U.S. agricultural industry is much more than just bulk commodities, and the Canadian and Mexican markets provide an opportunity for U.S. processors and manufacturers to transform products to generate additional value. The share of American agriculture exported to USMCA partners supported \$70 billion in direct impacts: expenses directly tied to producing a specific product, service, or project, such as grain or dairy farming. Indirect impacts- like rent, utilities, and administrative salaries- supported another \$47 billion in economic contribution to the U.S. economy. In this specific study of USMCA export impacts, some of the top industries indirectly affected by agricultural exports are wholesale merchants, real estate, truck transportation, and petroleum refineries. The last way that these exports can support the domestic economy is through induced impacts (\$32 billion)-how those employed by the industry spend their paychecks. While not surprising, the real estate and consumer market relies on the profitability of the U.S. food and agricultural sector, which further adds to the resiliency and success of the overall American economy. Other top induced impacts supported by agricultural exports under USMCA, like spending on management and support activities, hospitals and physicians’ offices, restaurants, and insurance providers generate important economic activity in the rural communities surrounding agricultural production, processing, and manufacturing areas.

**Study Methodology**

This economic impact evaluation study was conducted by using the IMPLAN model with 2024 base year data for the United States and monetary figures reported in 2024 dollars at a national U.S. scale. IMPLAN is a regional economic analysis software and data application that estimates the impact or ‘ripple effect’ of a specific economic activity. It

measures the relationship between a given set of demands for final goods and services and the inputs required to satisfy those demands.

The IMPLAN model maps different NAICS (North American Industry Classification System-used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy) to different economic activities and their associated impacts. This study used USDA FAS U.S. Trade data and groupings at the H.S.-10 level. However in order to get the most accurate results possible and to avoid over or underestimation of value-added activities, the following BICO groups were broken down into more detailed subgroups based on the most appropriate IMPLAN industry specification: Dairy Products, Pork and Pork Products, Poultry and Poultry Products, Processed Vegetables, Processed Fruits, Beef and Beef Products, Live Animals, and Sugar, Sweeteners, and Beverage Bases. Discretion was also used to ensure that Coffee/Tea and Cocoa/Chocolate processing were coded to account for processing from purchased ingredients, since coffee and cocoa beans are not grown at scale in the United States and these industries largely rely on imported inputs.

In addition, because the model was constructed to include all agricultural exports, restrictions were placed in the model to prevent specific industries from “buying back” from themselves, especially relevant due to the differences in producing raw inputs and finished food products (bulk, intermediate, and consumer-oriented goods). This represents the most conservative approach to calculating the contributions of a broad industry like agriculture. Considerations were also taken to avoid double-counting coproducts (such as soybean meal and soybean oil) to analyze the impacts of the two trade flows separately but not over-indicate the impact of the bulk or intermediate commodity.

### ***U.S. Export Data***

<b>FAS Product Category</b>	<b>Canada</b>	<b>Mexico</b>	<b>Grand Total</b>
Corn	\$ 449,828,000	\$ 5,512,057,000	\$ 5,961,885,000
Dairy Products*	\$ 1,176,005,000	\$ 2,468,865,000	\$ 3,644,870,000
Bakery Goods, Cereals, & Pasta	\$ 2,864,037,000	\$ 608,305,000	\$ 3,472,342,000
Pork & Pork Products	\$ 863,324,000	\$ 2,583,770,000	\$ 3,447,094,000
Fresh Fruit	\$ 1,834,212,000	\$ 978,782,000	\$ 2,812,994,000
Food Preparations	\$ 1,574,079,000	\$ 1,169,417,000	\$ 2,743,496,000
Fresh Vegetables	\$ 2,074,832,000	\$ 406,342,000	\$ 2,481,174,000
Soybeans	\$ 109,201,000	\$ 2,302,198,000	\$ 2,411,399,000
Beef & Beef Products	\$ 905,416,000	\$ 1,345,773,000	\$ 2,251,189,000
Poultry Meat & Prods. (excl. eggs)	\$ 531,992,000	\$ 1,468,377,000	\$ 2,000,369,000
Non-Alcoholic Bev. (excl. juice)	\$ 1,548,095,000	\$ 252,866,000	\$ 1,800,961,000
Ethanol (non-bev.)	\$ 1,521,022,000	\$ 197,166,000	\$ 1,718,188,000
Chocolate & Cocoa Products	\$ 1,224,496,000	\$ 362,728,000	\$ 1,587,224,000

Soybean Meal	\$	680,265,000	\$	896,712,000	\$	1,576,977,000
Sugar, Sweeteners, Bev. Bases	\$	319,703,000	\$	1,242,617,000	\$	1,562,320,000
Dog & Cat Food	\$	1,251,574,000	\$	234,432,000	\$	1,486,006,000
Processed Vegetables	\$	773,777,000	\$	641,018,000	\$	1,414,795,000
Condiments & Sauces	\$	900,680,000	\$	415,002,000	\$	1,315,682,000
Tree Nuts	\$	724,740,000	\$	353,801,000	\$	1,078,541,000
Wheat	\$	25,260,000	\$	1,047,781,000	\$	1,073,041,000
Milled Grains & Products	\$	281,868,000	\$	565,728,000	\$	847,596,000
Other Feeds, Meals & Fodders	\$	494,189,000	\$	345,952,000	\$	840,141,000
Essential Oils	\$	610,736,000	\$	194,951,000	\$	805,687,000
Distillers Grains	\$	161,403,000	\$	636,459,000	\$	797,862,000
Processed Fruit	\$	579,086,000	\$	204,528,000	\$	783,614,000
Live Animals	\$	648,691,000	\$	119,303,000	\$	767,994,000
Other Consumer Oriented	\$	387,843,000	\$	361,729,000	\$	749,572,000
Planting Seeds	\$	368,526,000	\$	350,723,000	\$	719,249,000
Other Intermediate Products	\$	350,021,000	\$	328,982,000	\$	679,003,000
Rice	\$	180,328,000	\$	441,753,000	\$	622,081,000
Fruit & Vegetable Juices	\$	533,957,000	\$	78,756,000	\$	612,713,000
Dextrins, Peptones, & Proteins	\$	419,615,000	\$	173,757,000	\$	593,372,000
Confectionery	\$	483,545,000	\$	106,830,000	\$	590,375,000
Vegetable Oils (excl. soybean)	\$	307,989,000	\$	204,163,000	\$	512,152,000
Pulses	\$	216,651,000	\$	270,581,000	\$	487,232,000
Wine & Related Products	\$	459,555,000	\$	25,400,000	\$	484,955,000
Eggs & Products	\$	240,852,000	\$	169,313,000	\$	410,165,000
Meat Products NESOI	\$	291,228,000	\$	116,147,000	\$	407,375,000
Distilled Spirits	\$	237,652,000	\$	124,125,000	\$	361,777,000
Nursery Products & Cut Flowers	\$	249,210,000	\$	108,544,000	\$	357,754,000
Oilseeds (excl. soybean)	\$	179,423,000	\$	72,927,000	\$	252,350,000
Cotton	\$	728,000	\$	242,541,000	\$	243,269,000
Other Bulk Commodities	\$	171,041,000	\$	70,495,000	\$	241,536,000
Animal Fats	\$	88,264,000	\$	148,344,000	\$	236,608,000
Soybean Oil	\$	91,193,000	\$	105,837,000	\$	197,030,000
Hides & Skins	\$	2,210,000	\$	78,234,000	\$	80,444,000
Tobacco	\$	6,025,000	\$	42,632,000	\$	48,657,000
Beer	\$	46,561,000	\$	1,902,000	\$	48,463,000
Coarse Grains (excl. corn)	\$	34,181,000	\$	12,327,000	\$	46,508,000
Hay	\$	31,597,000	\$	303,000	\$	31,900,000
<b>Agricultural Total</b>					\$	<b>59,697,981,000</b>
Seafood Products*	\$	1,083,059,000	\$	123,528,000	\$	1,206,587,000
<b>Agricultural and Seafood Total</b>					\$	<b>60,904,568,000</b>

\*includes products under Canada's Import for Re-Export Program

\*Agricultural Related Product