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U.S. Agricultural Trade: Trends, Composition, Direction, and Policy

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U.S. Agricultural Trade: Trends, Composition, Direction, and Policy

Summary

U.S. agricultural exports for FY2002 are forecast by the U.S. Department of Agriculture at \$53.5 billion. Agricultural imports are expected to reach \$40.5 billion. The trade surplus, is projected to be \$13.0 billion. Agricultural exports account for about 25% of gross farm income and make a positive contribution to the balance of payments. Exports of bulk commodities, e.g., soybeans, wheat and feed grains, remain significant, but exports of high value products (HVPs), e.g., meats, fruits and vegetables, are increasing. HVPs accounted for 65% of total U.S. agricultural exports in 2001.

Leading markets for U.S. agricultural exports are Canada, Japan, Mexico, the European Union, Taiwan, Korea and China. The United States dominates world markets for corn, soybeans, wheat, and cotton. Most U.S. agricultural imports are high value products. For some imports (grains, meats, horticultural products), similar products are produced in the United States; production of other categories of imports (bananas, coffee, cocoa) is very limited. The biggest import suppliers are Canada, the European Union (EU), Mexico, Australia-New Zealand, Brazil, Colombia, and Indonesia.

U.S. agricultural exports to Asian countries, Canada, and Mexico have shown considerable growth. Financial and economic difficulties have slowed the growth of exports to Asia since 1997, but FY2002 exports to Asian markets are estimated to increase. Exports to China, and Southeast Asia also are estimated to increase in FY2002.

Both the EU and the United States subsidize agriculture, but overall the EU out-subsidizes the United States. Canada supports some sectors (e.g., dairy and poultry) more than others. Australia provides less support to its agriculture. Single desk sellers with monopoly powers operate wheat markets and markets for some other commodities in Canada and Australia. Export subsidies are more important in the EU than in the United States; border measures (tariffs) are more important in Canada than in either the United States or the EU. Australia operates a mix of trade measures. The United States is the dominant supplier of foreign food aid, followed by the EU, Canada and Australia. The United States has the most diverse food aid programs; others limit food aid to development assistance and emergencies.

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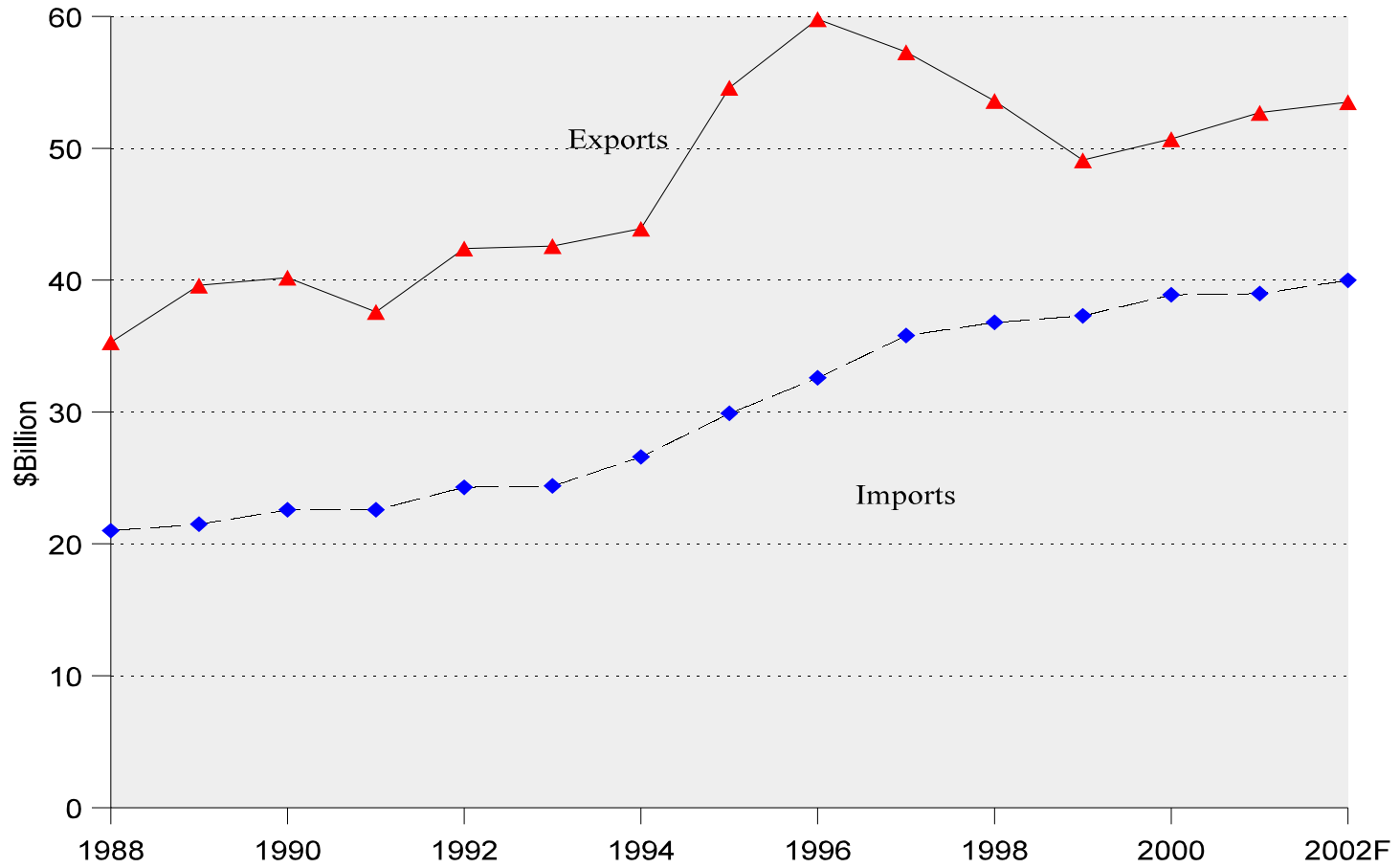
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U.S. Agricultural Trade: Trends, Composition, Direction, and Policy

U.S. Agricultural Exports, Imports and Trade Balance

- ! U.S. agricultural exports in FY2002 are projected to be \$53.5 billion, only \$500 million greater than in FY2001.
- ! Exports are lower than expected because of strong export competition and lower world prices for wheat, corn and rice.
- ! Agricultural imports are forecast at a record \$40.5 billion in FY2002, \$10 billion more than in FY2001.
- ! High-value products – mainly fruits, vegetables, wine and malt beverages, – and meats account for much of the increase in imports.

Figure 1. U.S. Agricultural Exports and Imports, FY1988 - FY2002F



Source: U.S. Department of Agriculture. Economic Research Service.
F = Forecast

**Table 1. U.S. Agricultural Exports and Imports, FY 1988 –
FY2002F**
(\$ billion)

Year	Exports	Imports	Balance
1988	35.3	21.0	14.3
1989	39.6	21.5	18.1
1990	40.2	22.6	17.7
1991	37.6	22.6	15.0
1992	42.4	24.3	18.1
1993	42.6	24.4	18.1
1994	43.9	26.6	17.3
1995	54.6	29.9	24.7
1996	59.8	32.6	27.2
1997	57.3	35.8	21.5
1998	53.6	36.8	16.8
1999	49.1	37.3	11.8
2000	50.7	38.9	11.9
2001	52.7	39.0	13.7
2002F	53.5	40.5	13.5

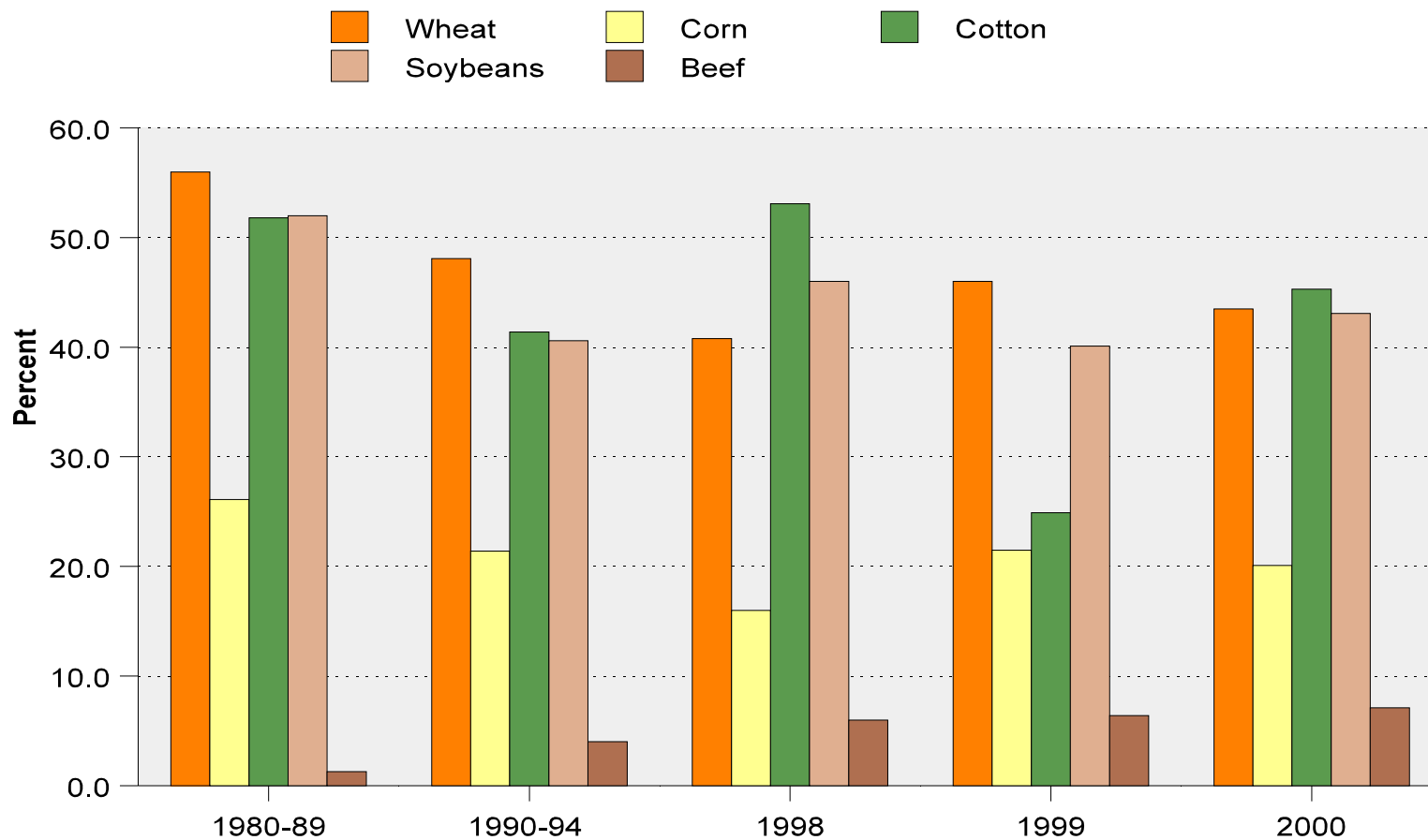
Source: U.S. Department of Agriculture. Economic Research Service

F = Forecast

Shares of U.S. Production Exported

- ! Production from one-third of harvested acreage is exported.
- ! About 20% of the value of U.S. agricultural output is exported.
- ! In FY2000, 43.5% of the U.S. wheat crop was exported, while 20% of the U.S. corn crop moved into world markets.
- ! The export shares of soybeans and cotton in FY2000 were 43% and 45% respectively.
- ! Beef exports have grown rapidly, but a relatively small percentage of output (7% in FY2000) is exported.

Figure 2. U.S. Agricultural Exports: Share of U.S. Production Exported: 1980-89, 1990-94, 1998-2000



Source: U.S. Department of Agriculture. Economic Research Service.
F = Forecast

Table 2. U.S. Agricultural Exports: Shares of U.S. Production Exported 1980-89, 1990-94, 1995-2000
(percent)

Year	Wheat	Corn	Cotton	Soybeans ¹	Beef
1980-89	56.0	26.1	51.8	52.0	1.3
1990-94	48.1	21.4	41.4	40.6	4.0
1995	51.0	27.1	52.9	46.8	5.0
1996	56.0	23.6	44.5	40.8	5.3
1997	40.7	20.9	40.1	42.3	5.6
1998	40.8	16.0	53.1	46.0	6.0
1999	46.1	21.5	24.9	40.1	6.4
2000	43.5	20.1	45.3	43.1	7.1

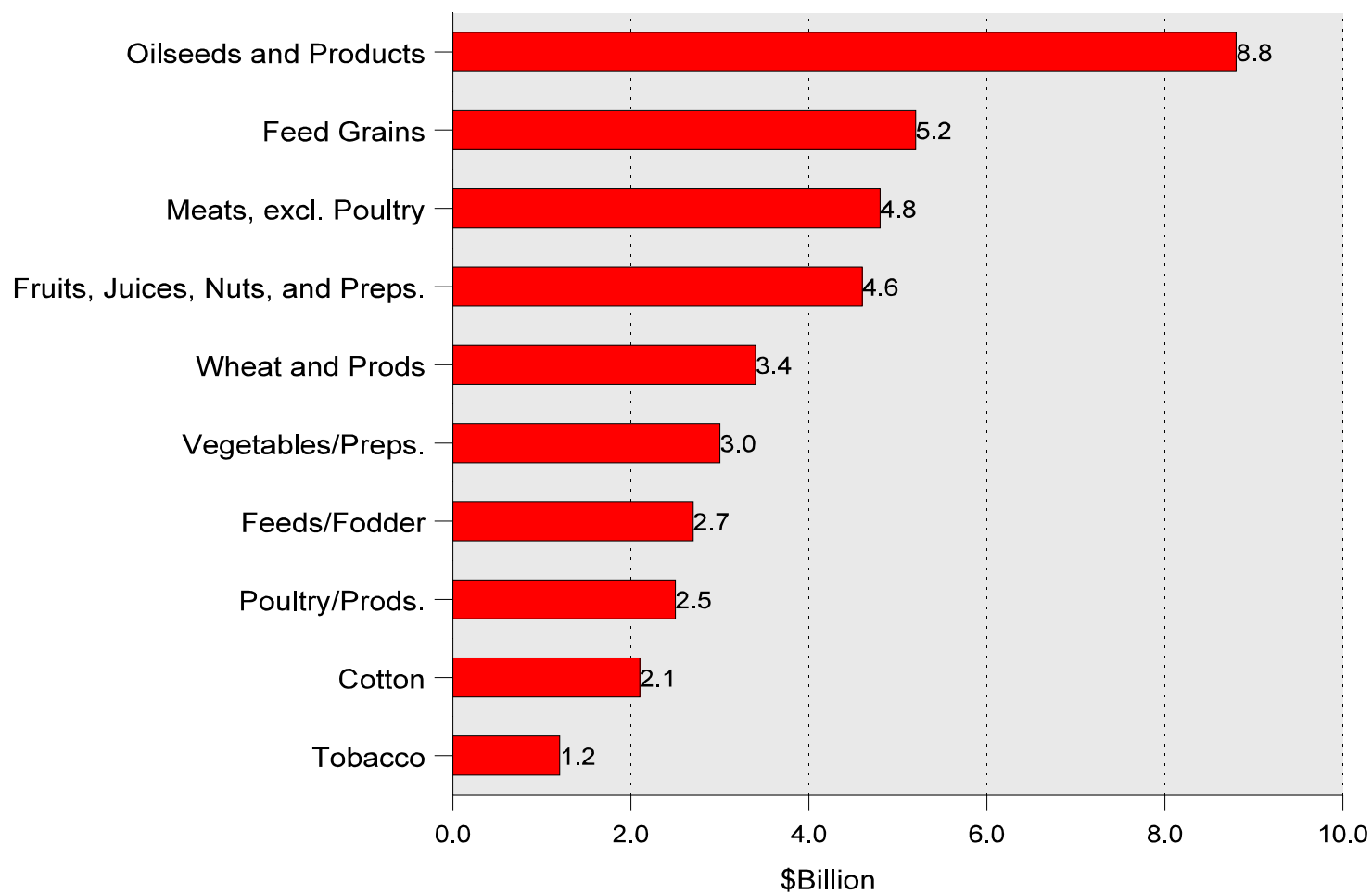
Source: U.S. Department of Agriculture. Economic Research Service.

¹ Includes soybeans, soybean meal and soybean oil.

Commodity Composition of U.S. Agricultural Exports

- ! The United States exports a wide range of agricultural products, including both bulk commodities and high value products.

- ! Oilseeds (mainly soybeans) and oilseed products are the leading (by value) commodity components of U.S. agricultural exports in FY2001, followed by feed grains, meats, fruits, wheat, and vegetables.

Figure 3. U.S. Agricultural Exports of Major Commodities, FY 2001

Source: U.S. Department of Agriculture. Economic Research Service.

**Table 3. U.S. Agricultural Exports of
Major Commodities, FY2001**

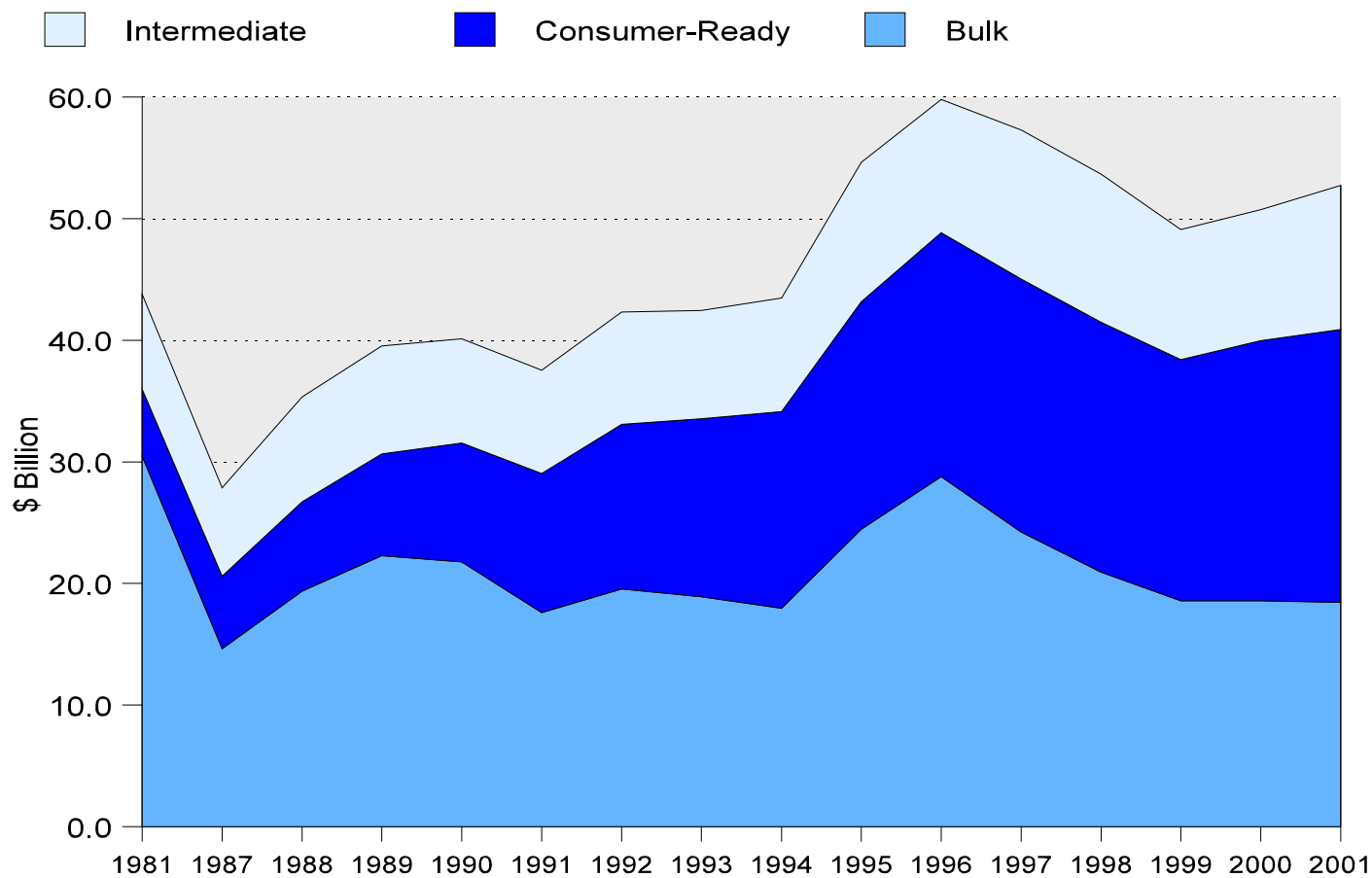
Commodity	(\$Billion)
Oilseeds and Products	8.8
Feed Grains	5.2
Meats, excl. Poultry	4.8
Fruits, Juices, Nuts, and Preps.	4.6
Wheat and Prods	3.4
Vegetables/Preps.	3.0
Feeds/Fodder	2.7
Poultry/Prods.	2.5
Cotton	2.1
Tobacco	1.2

Source: U.S. Department of Agriculture. Economic Research Service.

Composition of U.S. Agricultural Exports: Bulk, Consumer-Ready, and Intermediate

- ! Bulk agricultural exports include products like wheat, coarse grains, and soybeans.
- ! Intermediate products have been processed to some extent and include products like wheat flour, soybean oil, and feeds.
- ! Consumer-ready includes both processed products such as breakfast cereals and products such as fresh fruits and vegetables.
- ! Since FY 1991, the total of high-value intermediate and consumer-ready products has exceeded the value of bulk agricultural exports.
- ! In FY 2001, high-value exports accounted for 65% of total U.S. agricultural exports, bulk for 35%.

**Figure 4. U.S. Agricultural Exports, FY 1981, FY 1987-2001
Bulk, Consumer-Ready, and Intermediate Product Exports**



Source: U.S. Department of Agriculture. Foreign Agricultural Service.

**Table 4. U.S. Agricultural Exports, FY 1981, - FY1987- 2001:
Total, Bulk, Consumer-Ready, and Intermediate Product Exports
(\$ thousands)**

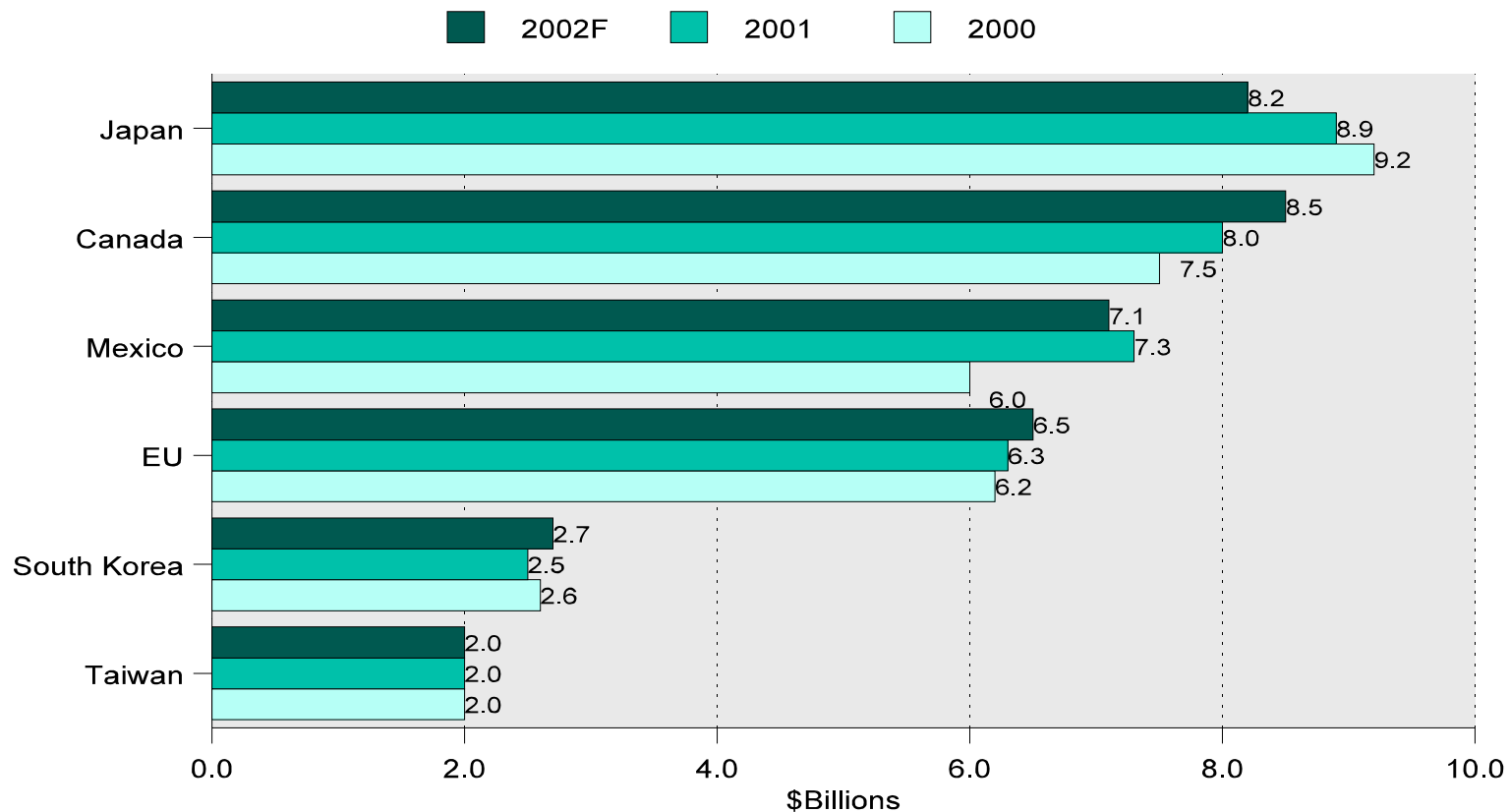
Year	Total	Bulk	% of Total	Consumer-Ready	% of Total	Intermediate	% of Total
1981	43,782,436	30,484,758	69.6	5,498,271	12.6	7,799,407	17.8
1987	27,877,509	14,650,403	52.6	5,951,124	21.3	7,275,982	26.1
1988	35,336,356	19,360,317	54.8	7,360,473	20.8	8,615,566	26.1
1989	39,522,729	22,295,358	56.4	8,352,422	21.1	8,874,949	24.4
1990	40,122,362	21,785,568	54.3	9,766,813	24.3	8,569,981	22.5
1991	37,534,222	17,610,418	46.9	11,431,178	30.5	8,492,626	21.4
1992	42,315,630	19,556,582	46.2	13,521,311	32.0	9,237,737	22.6
1993	42,454,370	18,913,731	44.6	14,626,124	34.5	8,914,515	21.8
1994	43,475,000	17,967,000	41.3	16,167,000	37.2	9,340,000	21.0
1995	54,629,263	24,452,852	44.7	18,717,630	34.3	11,458,781	21.5
1996	59,794,787	28,792,244	48.1	20,047,654	33.5	10,954,889	21.0
1997	57,294,470	24,247,161	42.3	20,787,711	36.3	12,259,598	21.4
1998	53,648,322	20,922,324	39.0	20,561,238	38.2	12,164,761	22.6
1999	49,108,033	18,579,481	38.0	19,830,681	40.4	10,697,870	21.8
2000	50,743,841	18,572,785	37.0	21,396,153	42.2	10,774,903	21.2
2001	52,734,131	18,458,347	35.0	22,431,372	42.5	11,844,412	22.5

Source: U.S. Department of Agriculture. Foreign Agricultural Service.

Major Country Markets for U.S. Agricultural Exports

- ! Canada is forecast to supersede Japan as the leading country market for U.S. agricultural exports FY2002.
- ! Mexico, which with Canada is a U.S. partner in the North American Free Trade Agreement, is the 3rd largest market for U.S. agricultural products.
- ! The EU is now the 4th largest U.S. export market.
- ! South Korea and Taiwan are in fifth and sixth place. U.S. exports to Asian countries are expanding but have yet to rebound to pre-1997 levels.
- ! China, now a member of the World Trade Organization, is the 7th largest market for U.S. farm products.

**Figure 5. Major Country Markets for U.S. Exports
FY2000 - FY2002F**



Source: U.S. Department of Agriculture. Economic Research Service.
F = Forecast

**Table 5. Major Country Markets for U.S. Agricultural Exports,
FY2000 - FY2002F**
(\$ billion)

Country	2000	2001	2002F
Japan	9.2	8.9	8.2
Canada	7.5	8.0	8.5
Mexico	6.0	7.3	7.1
EU	6.2	6.3	6.5
Korea, Republic of	2.6	2.5	2.7
Taiwan	2.0	2.0	2.0
China	--	1.9	1.7
Hong Kong	--	1.2	1.0

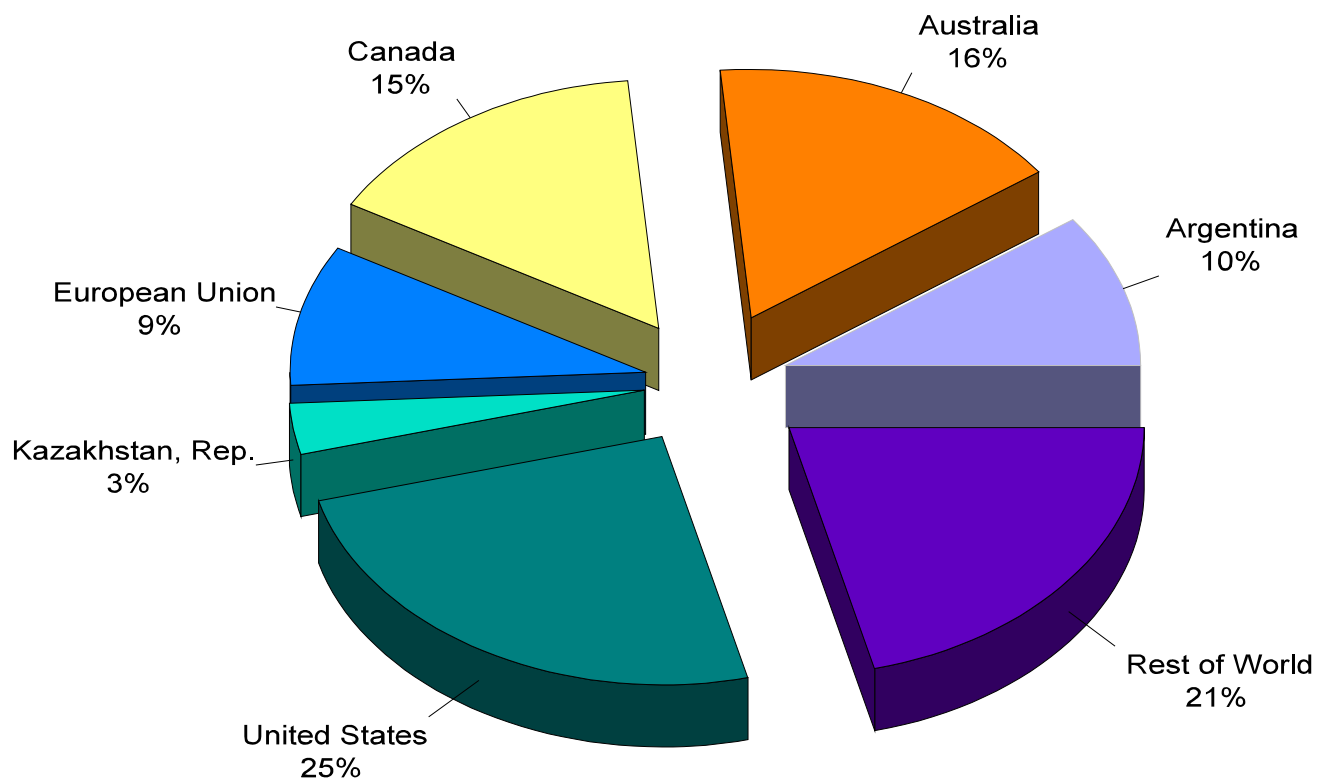
Source: U.S. Department of Agriculture. Economic Research Service.

F = Forecast

World Market Shares Crops

- ! Wheat: Although it has lost market share over the last decade, the United States remains the major supplier of wheat and wheat products to the world market, with a share of 25% in 2001/2002. Canada, Australia, Argentina, and the EU are major competitors in this market.
- ! Rice: Thailand (29.5%) is the world's dominant rice exporter; but India (18.3%) has emerged as a major low-cost producer.
- ! Corn: The United States provided 66% of world corn exports in 2002 and Argentina, 12.5%; China, whose domestic demand for corn is growing, was an important exporter in 2001/2002.
- ! Soybeans: In 2001/2002, the U.S. share of this market was 49%; Brazil and Argentina, who export more soybean meal and oil than beans, together hold more than 40% of the world soybean market.
- ! Cotton: U.S. cotton exports were 38% of world exports in 2001/2002. Uzbekistan, a Republic of the former Soviet Union, and Franc-Zone West African countries account for 11.5% and 12.3% respectively of world cotton exports.

Figure 6. Shares of World Exports of Wheat and Wheat Products, 2001/2002e



Source: U.S. Department of Agriculture. Foreign Agricultural Service.
e = estimate

Table 6. Shares of World Exports of Wheat and Wheat Products (%), 1992/93 - 2001/2002e

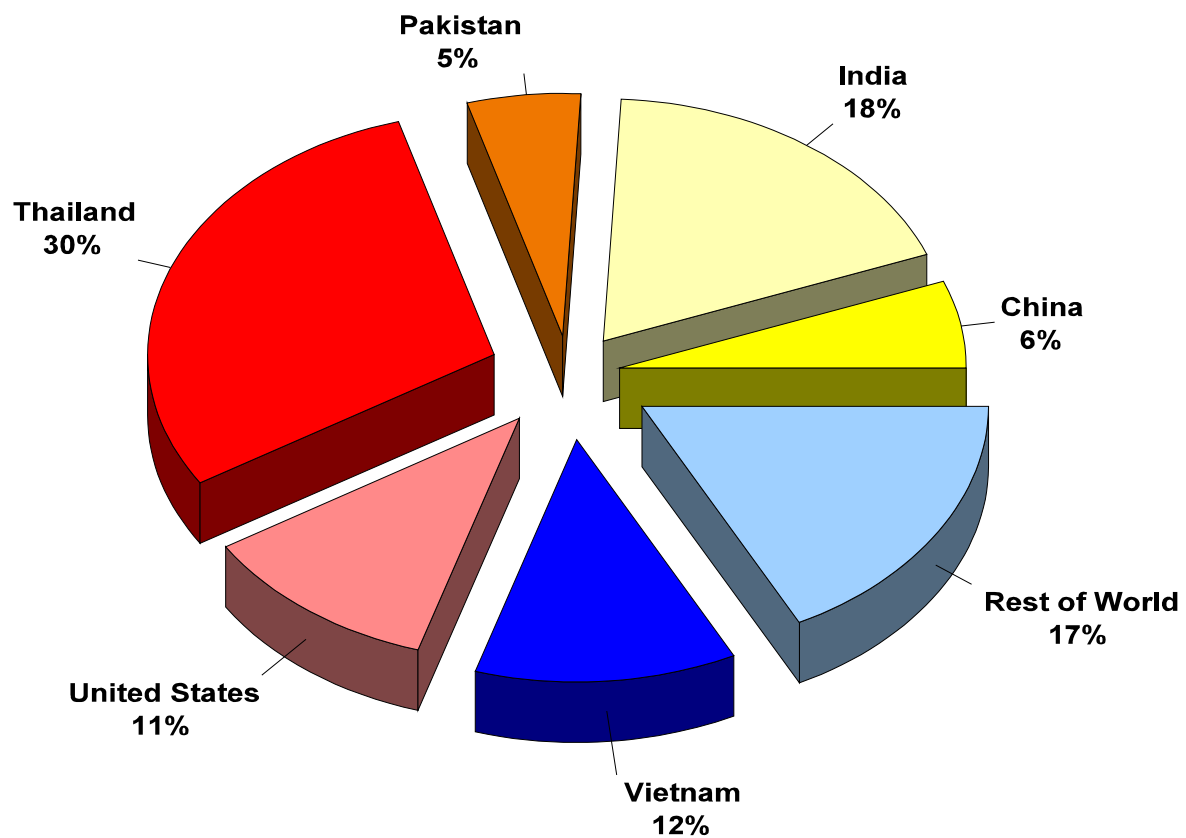
Country	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01F	2001/2002e
Argentina	6.5	4.5	8.1	5.6	9.7	9.2	9.0	9.8	11.0	10.2
Australia	8.4	12.7	8.0	13.0	17.5	15.0	15.8	15.2	16.1	16.3
Canada	19.3	18.7	21.6	18.1	17.5	20.5	14.1	17.2	16.8	15.3
European Union	21.0	20.0	17.4	13.4	17.2	13.6	14.3	15.5	14.7	9.3
Kazakhstan, Rep.	5.1	5.5	3.6	3.2	2.2	3.4	2.2	5.8	3.5	3.2
United States	33.0	33.0	33.4	36.0	26.1	27.0	28.4	20.1	26.9	24.6
Rest of World	6.6	5.6	7.9	10.7	10.3	11.3	16.3	10.4	11.0	21.1

Source: U.S. Department of Agriculture. Foreign Agricultural Service. July-June marketing year.

e = estimate

– = Less than 0.1%.

Figure 7. Shares of World Exports of Rice, 2002e



Source: U.S. Department of Agriculture. Foreign Agricultural Service.
e = estimate

Table 7. Shares of World Exports of Rice (%), 1992 - 2002e

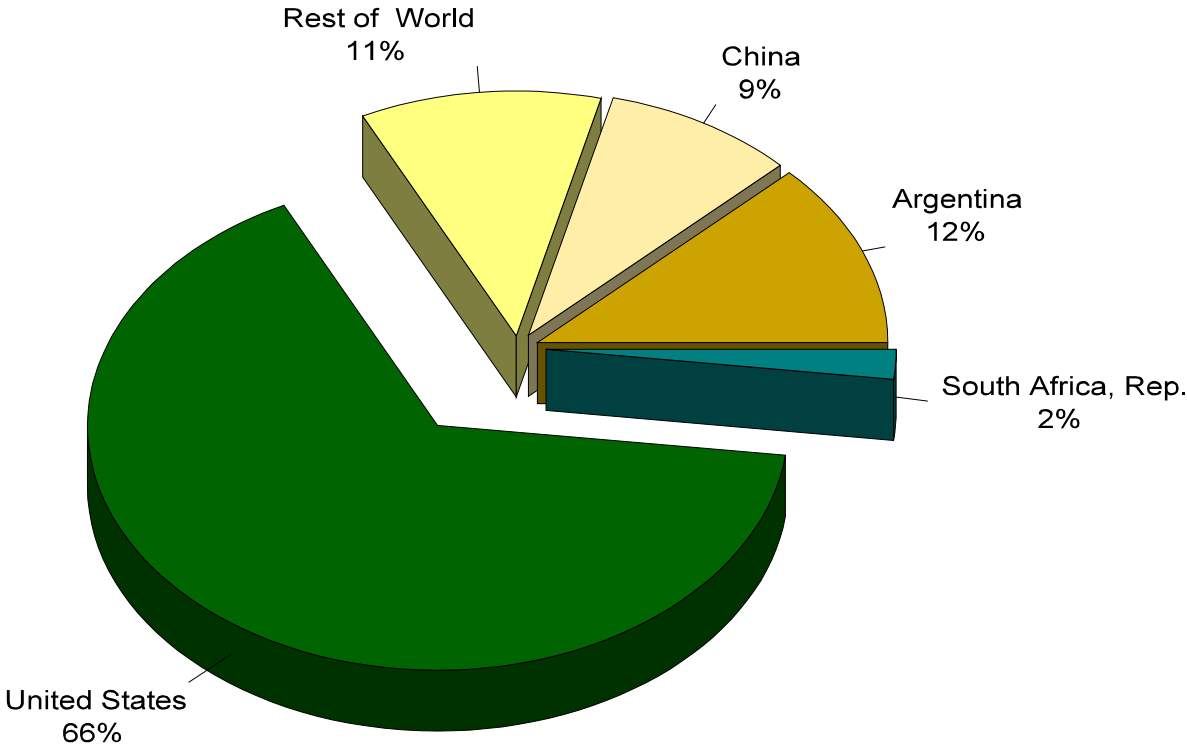
Country	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002e
China	6.6	9.2	9.2	–	1.3	5.0	13.5	10.8	12.9	7.4	6.1
India	4.0	4.2	3.6	20.0	18.0	11.1	16.9	11.0	6.3	7.8	18.3
Pakistan	9.6	6.3	8.5	7.6	8.5	9.4	7.2	7.4	8.9	9.7	5.1
Thailand	34.0	36.2	28.4	28.3	26.8	27.7	23.0	26.8	28.7	30.3	29.5
United States	14.9	17.7	17.0	14.6	13.3	12.2	11.5	10.6	12.5	10.6	11.4
Vietnam	13.6	11.8	13.5	11.0	15.4	17.6	13.6	18.3	14.7	14.2	12.2
Rest of World	17.4	14.6	19.8	18.5	16.7	17.0	14.3	15.1	16.0	20.0	17.4

Source: U.S. Department of Agriculture. Foreign Agricultural Service. Calendar year.

e = estimate

– = Less than 0.1%

Figure 8. Shares of World Exports of Corn, 2001/2002e



Source: U.S. Department of Agriculture. Foreign Agricultural Service.
e = estimate

Table 8. Shares of World Exports of Corn (%), 1991/92 - 2001/2002e

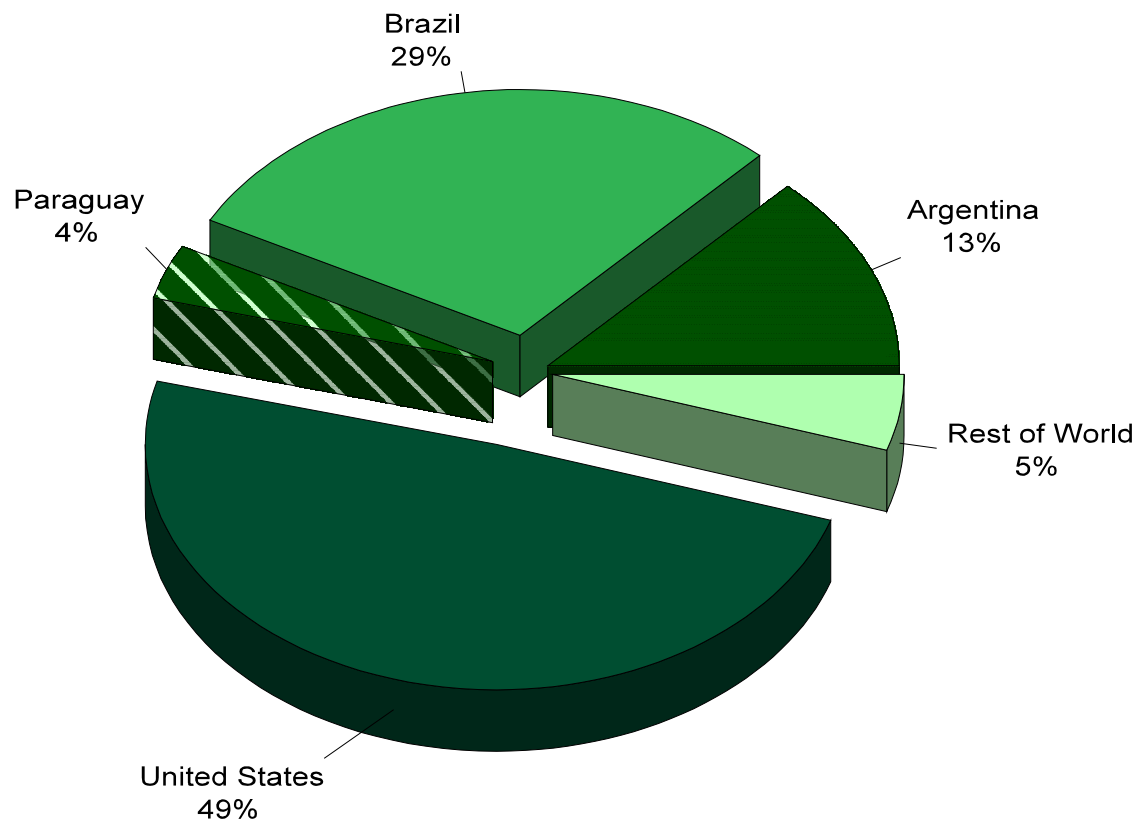
Country	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/2002e
Argentina	9.4	7.7	7.5	8.5	10.6	15.4	20.3	11.4	12.1	16.0	12.5
China	15.9	20.3	20.9	2.0	–	5.9	9.8	4.9	13.6	9.5	8.8
South Africa, Rep.	1.3	0	5.3	3.5	2.5	2.4	1.6	1.2	1.1	2.0	1.7
United States	65.0	67.1	58.8	82.4	79.8	70.2	59.9	75.7	67.4	63.1	66.2
Rest of World	8.4	4.9	7.5	3.6	7.1	6.1	8.4	6.8	5.8	9.4	11.0

Source: U.S. Department of Agriculture. Foreign Agricultural Service. October-September marketing year.

e = estimate

– = Less than 0.1%.

Figure 9. Shares of World Exports of Soybeans, 2001/2002e



Source: U.S. Department of Agriculture. Foreign Agricultural Service.
e = estimate

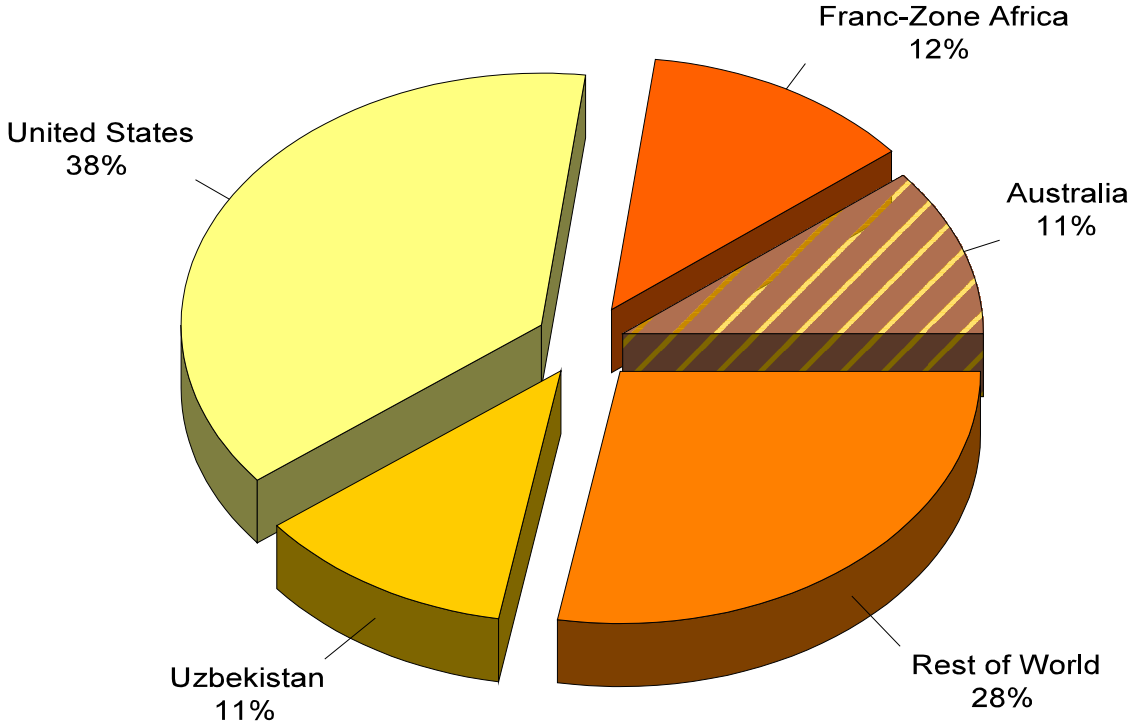
Table 9. Shares of World Exports of Soybeans (%), 1991/92 - 2001/2002e

Country	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/2002e
Argentina	11.3	8.1	10.9	7.8	6.9	2.0	8.0	8.4	8.8	13.4	13.1
Brazil	13.7	14.0	19.3	11.1	10.1	22.5	21.6	23.1	23.9	28.0	29.2
Paraguay	2.9	4.2	4.3	4.5	4.7	5.8	5.9	5.9	4.5	4.6	3.7
United States	66.0	70.2	56.9	70.9	73.0	65.0	58.6	56.6	56.8	49.3	49.0
Rest of World	6.1	3.5	8.6	5.7	5.3	4.7	5.9	6.0	6.0	4.7	5.0

Source: U.S. Department of Agriculture. Foreign Agricultural Service. Marketing year.

e = estimate

Figure 10. Shares of World Exports of Cotton, 2001/2002e



Source: U.S. Department of Agriculture. ForeignAgricultural Service.
e = estimate

Table 10. Shares of World Exports of Cotton (%), 1992/93 - 2001/2002e

Country	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/2002e
Australia	6.6	6.3	4.7	5.3	8.9	10.2	12.8	11.8	12.9	11.1
Franc-Zone Africa	8.0	7.6	9.4	10.2	12.3	13.5	15.2	13.7	12.0	12.3
United States	20.5	25.7	33.0	27.9	25.6	28.1	18.3	24.8	25.6	37.7
Uzbekistan	21.5	21.7	17.2	16.4	17.0	17.1	16.1	15.0	12.9	11.5
Rest of World	39.0	37.5	34.8	40.2	36.2	31.2	37.6	34.7	35.5	27.9

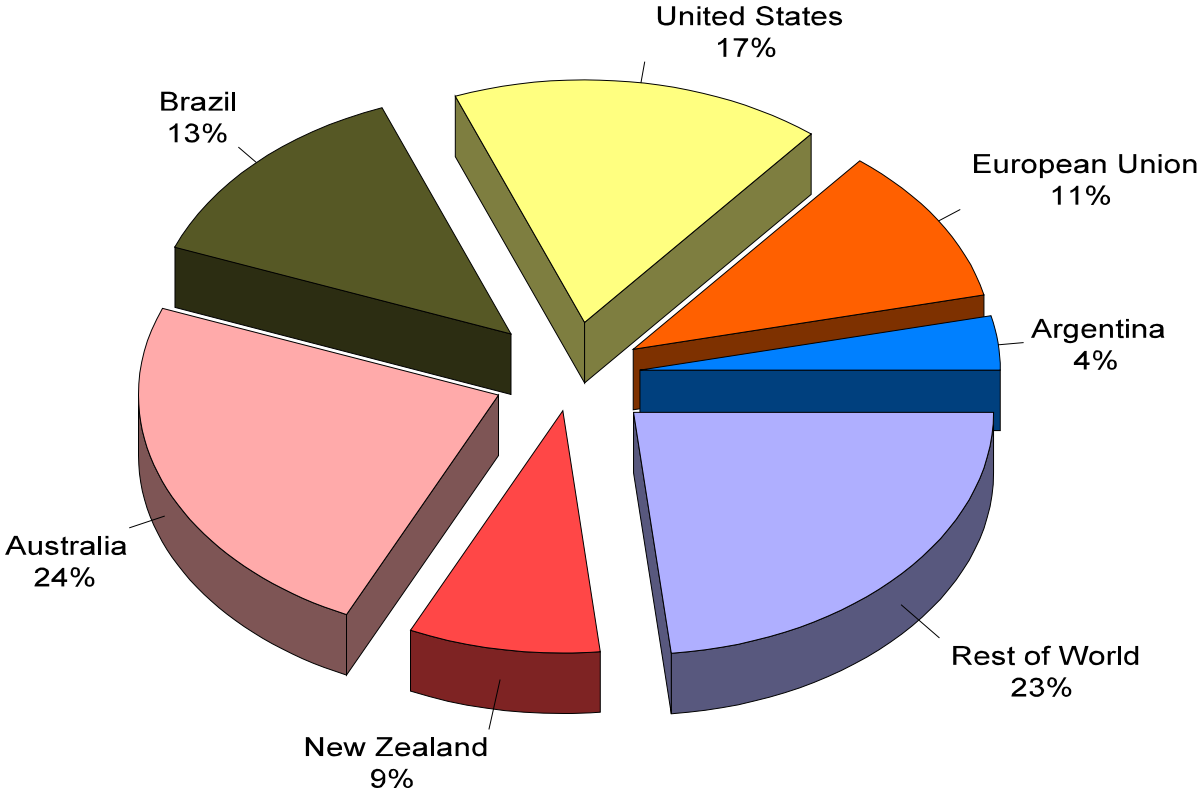
Source: U.S. Department of Agriculture. Foreign Agricultural Service. Marketing year.

e = estimate

World Market Shares Livestock and Dairy

- ! Beef: Australia and New Zealand together supply about 33% of world beef exports. The United States' share of world beef exports was 17% in 2002. The EU, Brazil and Argentina are the other major suppliers of beef to global markets.
- ! Pork: In 2002, the U.S. share of world pork markets is about 18%; the EU's share is around 36%. Canada is the second major supplier of pork to world markets, with a share of 20% in 2002.
- ! Poultry: The United States is the world's leading supplier of poultry meat (45% in 2002). Brazil has become the 2nd leading supplier with 23% in 2002.
- ! Dairy Products: In 2002, Australia and New Zealand were the leading suppliers of NFD to world market followed by the United States and in EU.

Figure 11. Shares of World Exports of Beef and Veal, 2002F



Source: U.S. Department of Agriculture. Foreign Agricultural Service.
F = Forecast

Table 11. Shares of World Exports of Beef and Veal, (%) 1992 -2002F

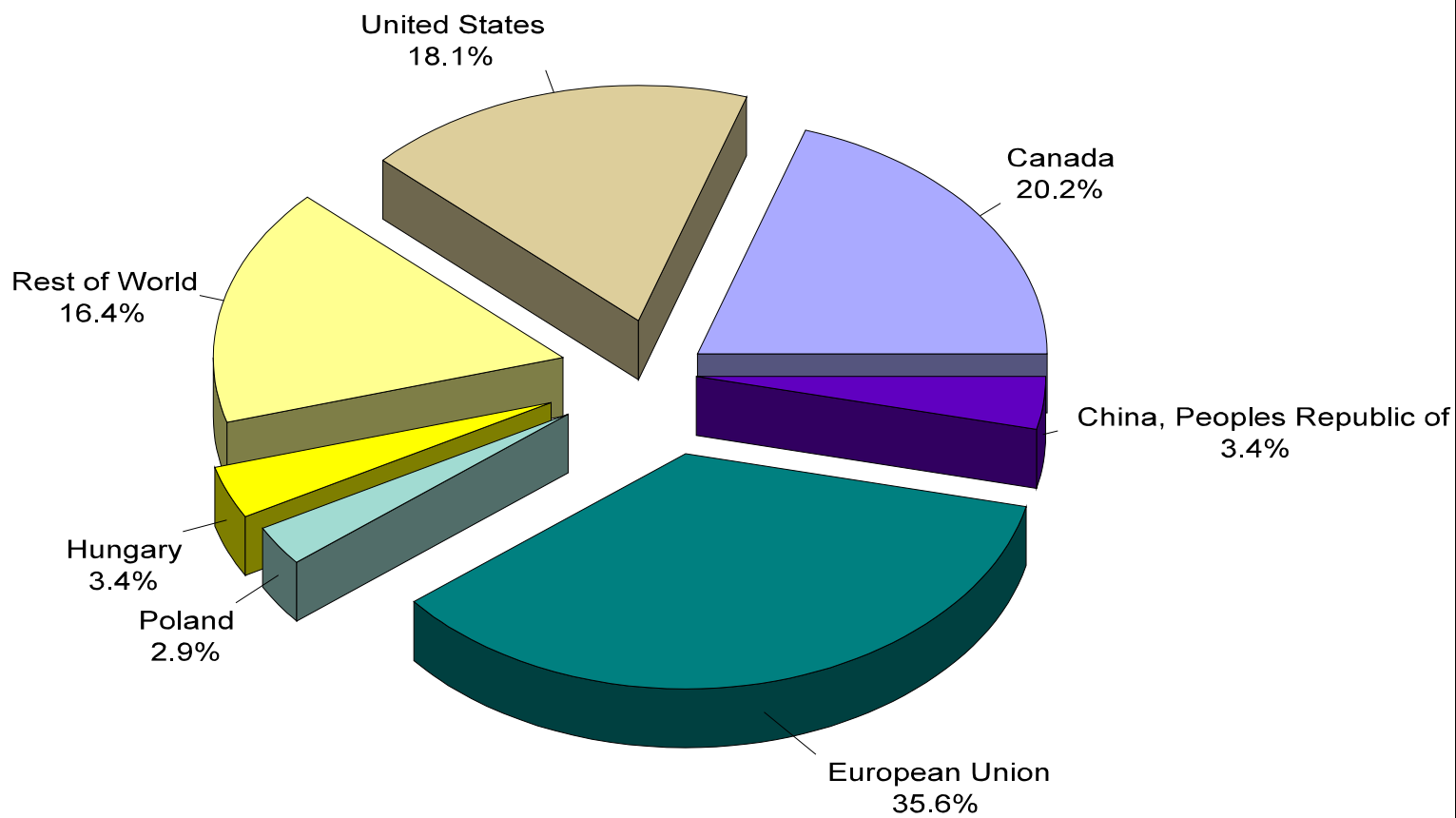
Country	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001P	2002F
Argentina	5.5	5.2	7.3	10.1	9.2	8.2	5.7	6.2	6.1	2.8	3.8
European Union	21.2	20.6	21.1	17.9	17.8	16.1	12.7	14.8	11.1	9.3	10.6
United States	11.2	10.9	14.3	15.9	16.6	17.3	18.6	19.0	19.3	17.9	16.6
Brazil	8.4	7.7	7.5	5.6	5.3	4.1	5.5	8.1	8.5	13.0	13.3
Australia	23.0	23.0	22.8	21.0	19.9	21.2	23.9	22.1	23.0	24.3	23.8
New Zealand	8.2	8.8	9.1	9.7	10.1	9.1	9.2	7.7	8.3	8.6	8.8
Rest of World	19.3	19.9	13.6	15.5	15.5	24.0	24.1	22.1	23.7	24.1	23.1

Source: U.S. Department of Agriculture. Foreign Agricultural Service.

P = Preliminary

F = Forecast

Figure 12. Shares of World Pork Exports, 2002F



Source: U.S. Department of Agriculture. Foreign Agricultural Service.
F = Forecast

Table 12. Shares of World Pork Exports (%), 1991 - 2002F

Country	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001P	2002F
Canada	13.9	17.8	17.7	14.1	15.4	14.5	14.9	15.5	16.8	19.3	20.4	20.2
United States	6.7	11.2	11.5	11.4	15.4	17.2	16.2	20.0	17.6	17.1	19.8	18.1
European Union	32.2	28.5	34.2	41.0	30.5	27.3	34.4	35.9	42.0	43.0	34.6	35.6
Hungary	7.5	4.2	2.6	1.9	2.3	4.0	4.8	3.9	4.0	4.2	3.4	3.4
Poland	1.1	.8	.6	1.2	3.5	6.2	10.1	7.9	7.1	4.7	2.8	2.9
China, Peoples Republic of	14.0	7.1	8.7	8.5	10.0	7.5	5.6	5.1	2.3	2.1	3.9	3.4
Taiwan	16.9	18.4	16.5	15.6	16.4	15.2	2.5	--	--	--	--	--
Rest of World	7.7	12.0	8.2	6.3	6.5	8.1	11.5	11.7	10.2	10.6	16.1	16.4

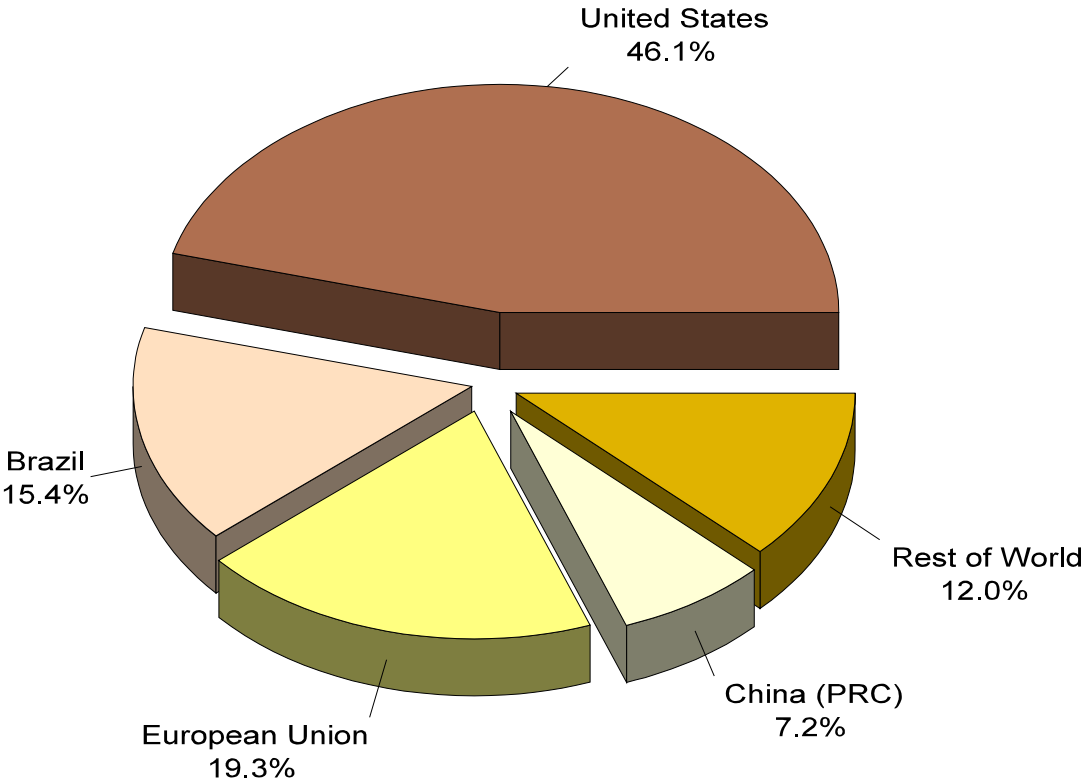
Source: U.S. Department of Agriculture. Foreign Agricultural Service.

P = Preliminary

F = Forecast

-- = Less than 0.1%

Figure 13. Shares of World Total Poultry Meat Exports, 1999



Source: U.S. Department of Agriculture. Foreign Agricultural Service.

Table 13. Shares of World Total Poultry Meat Exports (%), 1992 - 2002F

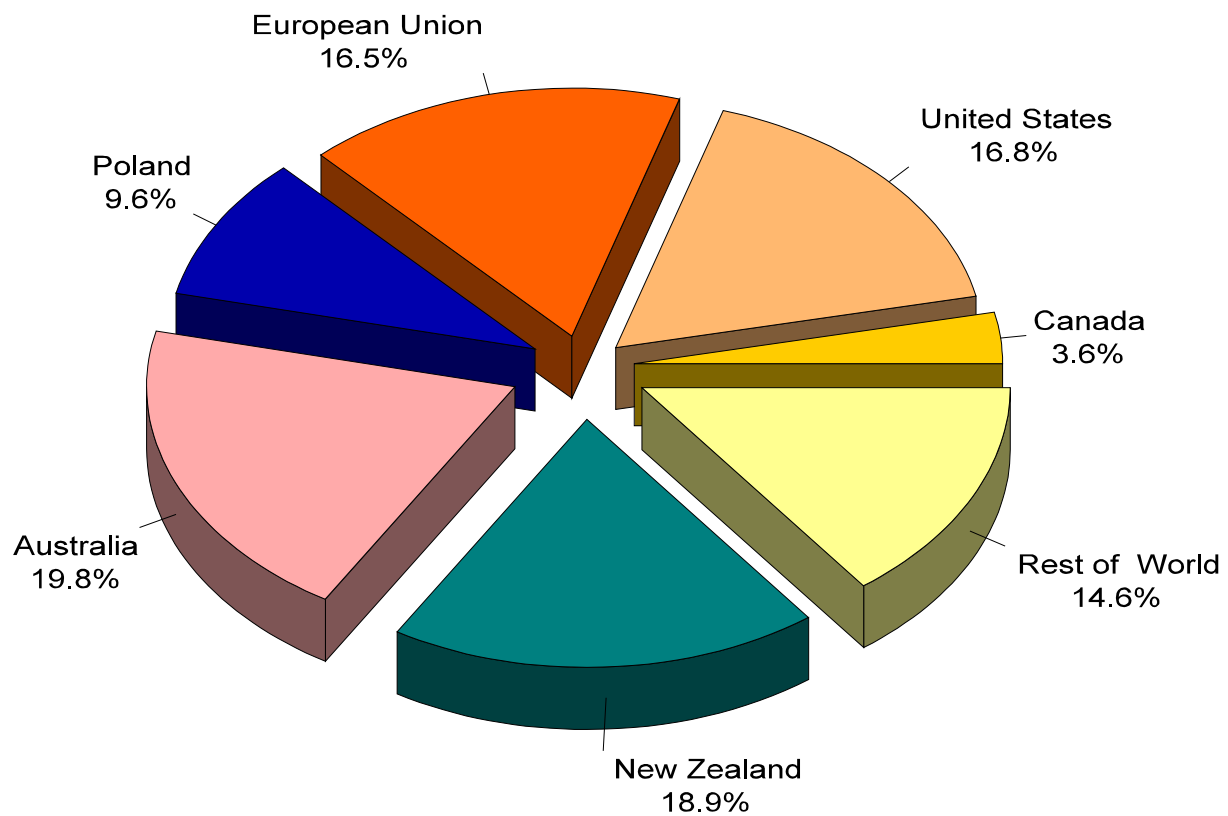
Country	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001P	2002F
United States	23.1	36.2	39.6	44.2	45.2	49.5	42.1	46.1	46.1	45.3	44.6
Brazil	11.6	15.1	13.3	9.8	11.3	13.9	12.9	15.4	16.7	20.0	21.6
European Union	46.6	22.4	20.9	16.6	14.8	19.3	20.5	19.3	17.6	15.3	14.2
China (PRC)	4.7	6.2	6.8	7.4	7.2	7.0	6.5	7.2	8.1	7.3	7.3
Rest of World	10.8	12.9	10.8	11.0	10.4	10.3	12.6	12.0	11.5	12.1	12.3

Source: U.S. Department of Agriculture. Foreign Agricultural Service.

P = Preliminary

F = Forecast

Figure 14. Shares of World Nonfat Dry Milk Exports, 2002e



Source: U.S. Department of Agriculture. Foreign Agricultural Service.
e = estimate

Table 14. Shares of World Nonfat Dry Milk Exports (%), 1992 - 2002e

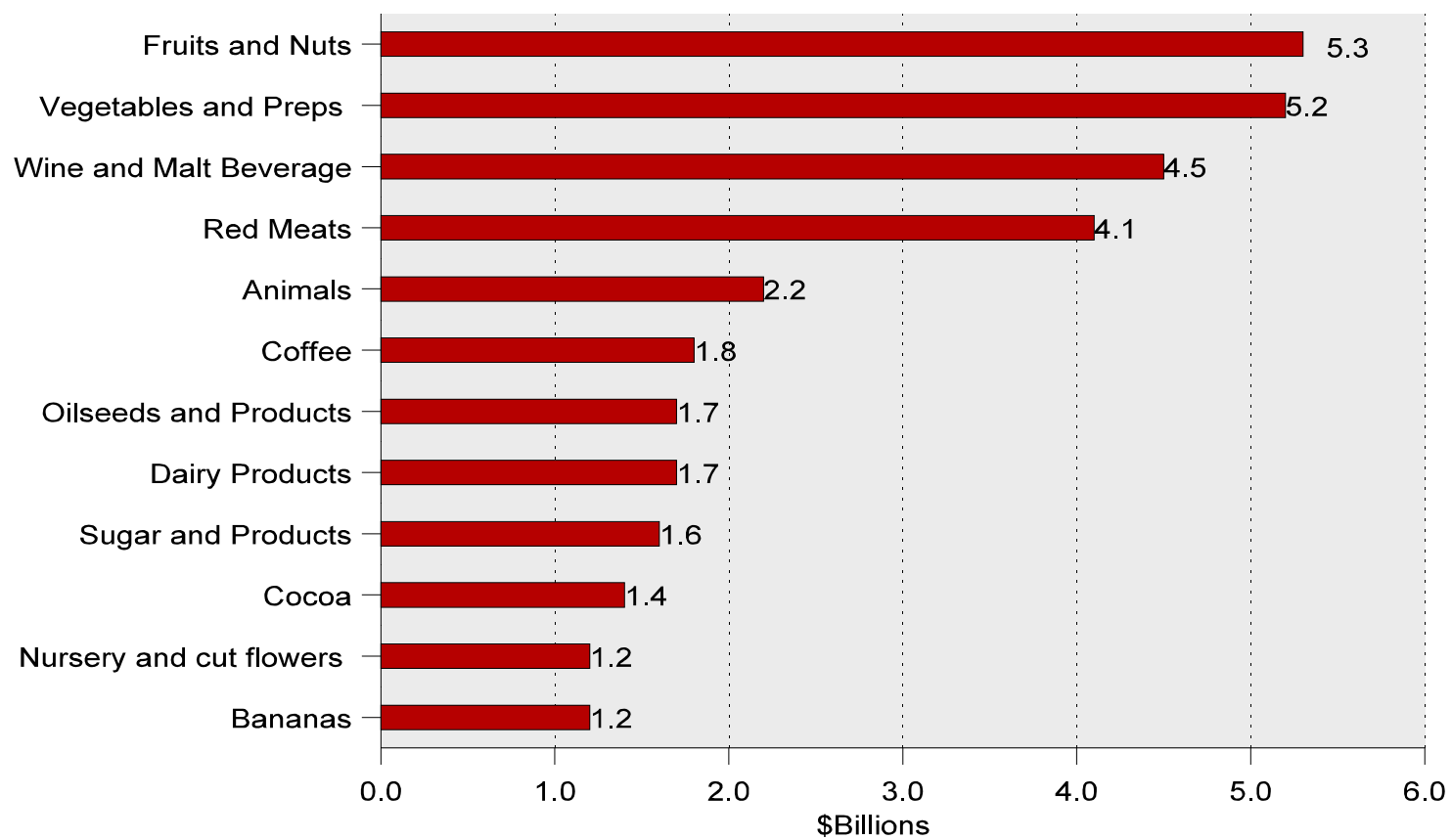
Country	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002e
Canada	3.3	1.9	3.8	4.0	4.7	3.0	3.9	3.8	2.8	4.5	3.8
United States	14.5	15.9	14.4	14.9	4.6	11.9	12.0	20.3	12.5	15.3	16.8
European Union	39.8	33.6	21.1	35.1	23.8	24.0	16.9	20.6	24.1	14.2	16.5
Poland	6.7	14.5	13.1	8.9	11.0	11.4	11.7	7.8	7.5	9.7	9.6
Australia	13.5	15.0	20.6	17.1	23.9	20.8	23.0	22.5	21.4	22.9	19.8
New Zealand	18.3	13.1	17.7	15.1	21.5	21.9	22.7	19.2	17.9	19.9	18.9
Rest of World	3.9	6.0	9.3	4.9	10.9	7.0	9.8	5.8	13.8	13.5	14.6

Source: U.S. Department of Agriculture. Foreign Agricultural Service.

e = estimate

Major U.S. Agricultural Imports

- ! Most U.S. agricultural imports are high value products.
- ! Some imports, such as vegetables, fruits, meats, and live animals, are also produced in the United States.
- ! Other imports, such as coffee, bananas, and cocoa are not produced in the United States.
- ! Horticultural products (fruits, nuts, vegetables and preparations) have been the largest component of imports, followed by wine and malt beverages, and meats.

Figure 15. Major U.S. Agricultural Imports by Commodity FY2001

Source: U.S. Department of Agriculture. Economic Research Service.

Table 15. Major U.S. Agricultural Imports, FY2001
(\$ billions)

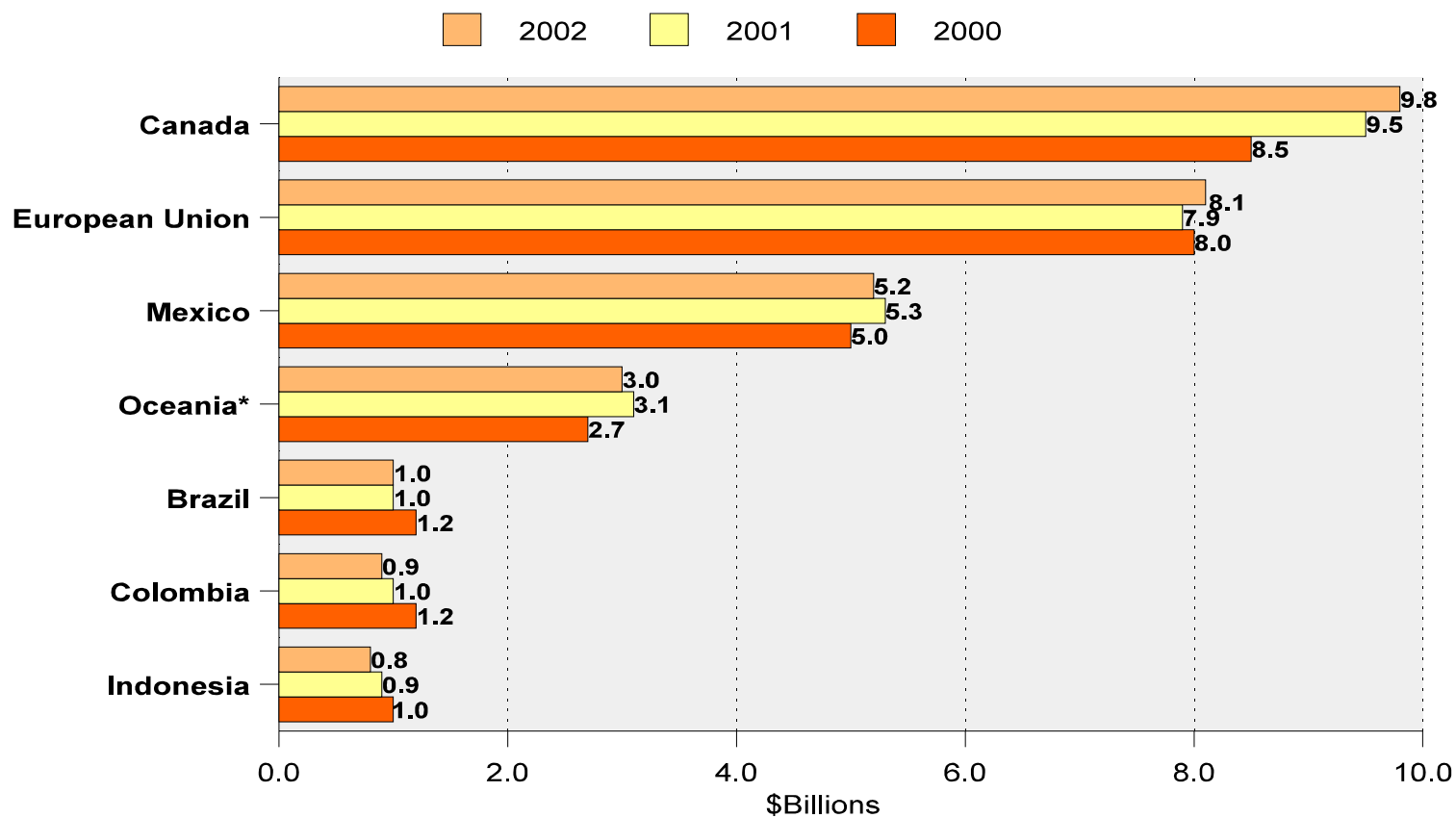
Commodity	FY 2001 Imports
Fruits and Nuts	5.3
Vegetables & Preps	5.2
Wine and Malt Beverage	4.5
Red Meats	4.1
Animals	2.2
Coffee	1.8
Oilseeds and Products	1.7
Dairy Products	1.7
Sugar and Products	1.6
Cocoa	1.4
Nursery and cut flowers	1.2
Bananas	1.2

Source: U.S. Department of Agriculture. Economic Research Service.

U.S. Agricultural Imports by Country of Origin

- ! Canada, the European Union, and Mexico are the major suppliers of U.S. agricultural imports.
- ! Australia, New Zealand, Brazil, Colombia and Indonesia are also major import suppliers.

**Figure 16. Major U.S. Agricultural Imports by Country of Origin
FY2000 - FY2002F**



Source: U.S. Department of Agriculture. Economic Research Service.

F = Forecast

*Australia, New Zealand, and Papua New Guinea.

**Table 16. U.S. Agricultural Imports by Country of Origin
FY2000 - FY2002F**
(\$ billions)

Country	2000	2001	2002F
Canada	8.5	9.5	9.8
European Union	8.0	7.9	8.1
Mexico	5.0	5.3	5.2
Oceania*	2.7	3.1	3.0
Brazil	1.2	1.0	1.0
Colombia	1.2	1.0	0.9
Indonesia	1.0	0.9	0.8

Source: U.S. Department of Agriculture. Economic Research Service.

F = Forecast

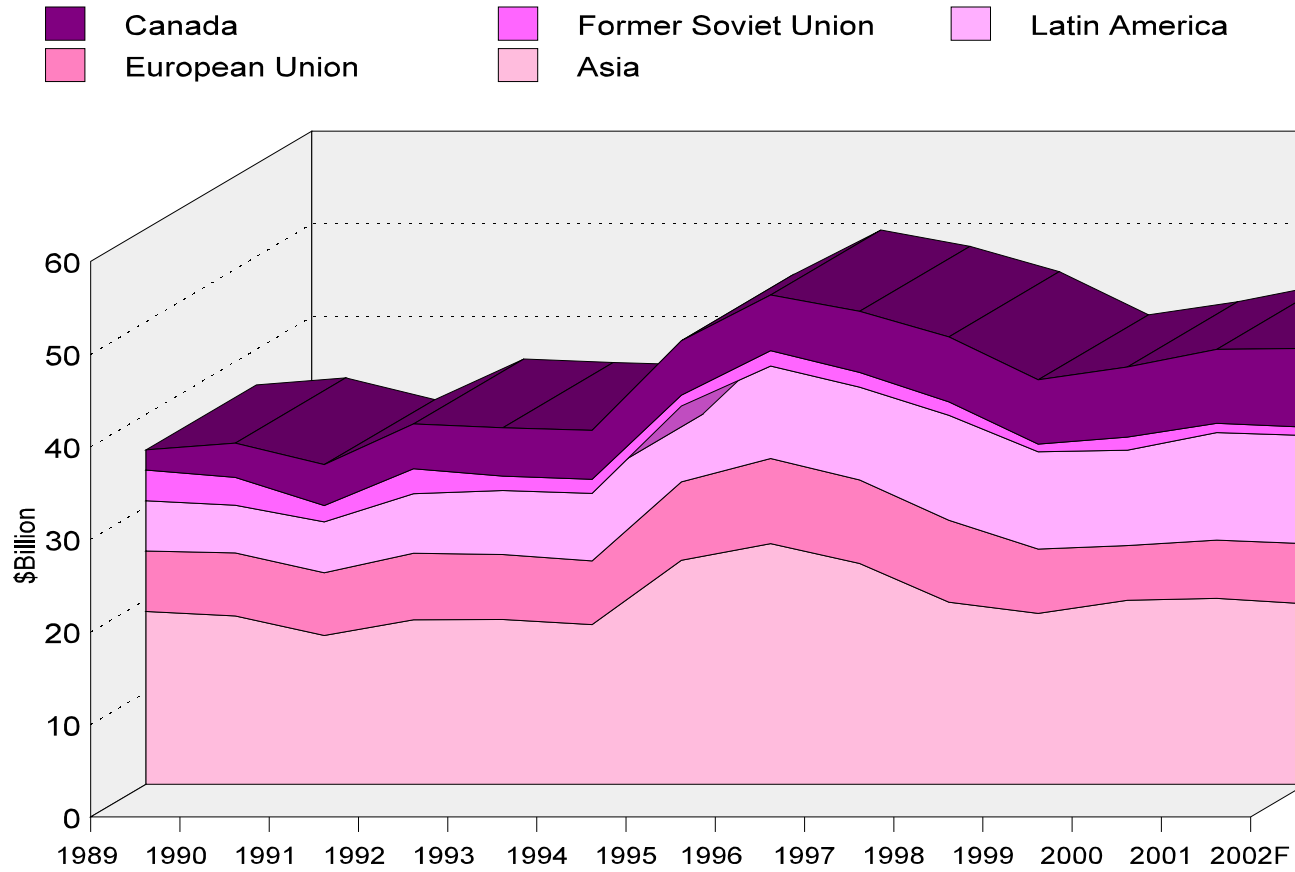
* Australia, New Zealand, and Papua New Guinea.

Growth in U.S. Agricultural Exports, 1988 - 2002F

- ! Asian markets for U.S. agricultural exports grew substantially from 1988-1996. Growth in farm exports to Asia have slowed considerably since Asia's 1997 financial crisis.
- ! U.S. agricultural exports to the European Union grew relatively slowly during the 1990s. FY2002 U.S. farm exports to the EU are forecast to be 30% less than in FY1996.
- ! Agricultural exports to the Former Soviet Union are 1/3 of these value in 1992.
- ! Agricultural exports to Latin America, including Mexico, and to Canada have grown rapidly during the 1990's, because of geographic proximity, NAFTA and other factors.

F = Forecast

**Figure 17. Growth in U.S. Agricultural Exports
FY1989 - FY2002F**



Source: U.S. Department of Agriculture. Economic Research Service.
F = Forecast

**Table 17. Growth in U.S. Agricultural Exports,
FY1989 - FY2002F**
(\$billion)

Year	Asia	European Union	Latin America ¹	Former Soviet Union	Canada
1989	18.674	6.539	5.439	3.299	2.179
1990	18.174	6.815	5.155	3.006	3.715
1991	16.094	6.776	5.499	1.758	4.409
1992	17.782	7.193	6.438	2.704	4.812
1993	17.832	7.022	6.883	1.561	5.220
1994	17.272	6.857	7.309	1.497	5.303
1995	24.199	8.493	8.178	1.168	5.890
1996	26.018	9.180	9.991	1.666	6.004
1997	23.873	8.997	10.020	1.593	6.620
1998	19.668	8.844	11.348	1.456	7.022
1999	18.468	6.960	10.502	0.816	6.957
2000	19.9	5.9	10.3	1.4	7.6
2001	20.1	6.3	11.6	1.0	8.0
2002F	19.5	6.5	11.7	0.9	8.5

Source: U.S. Department of Agriculture. Economic Research Service.

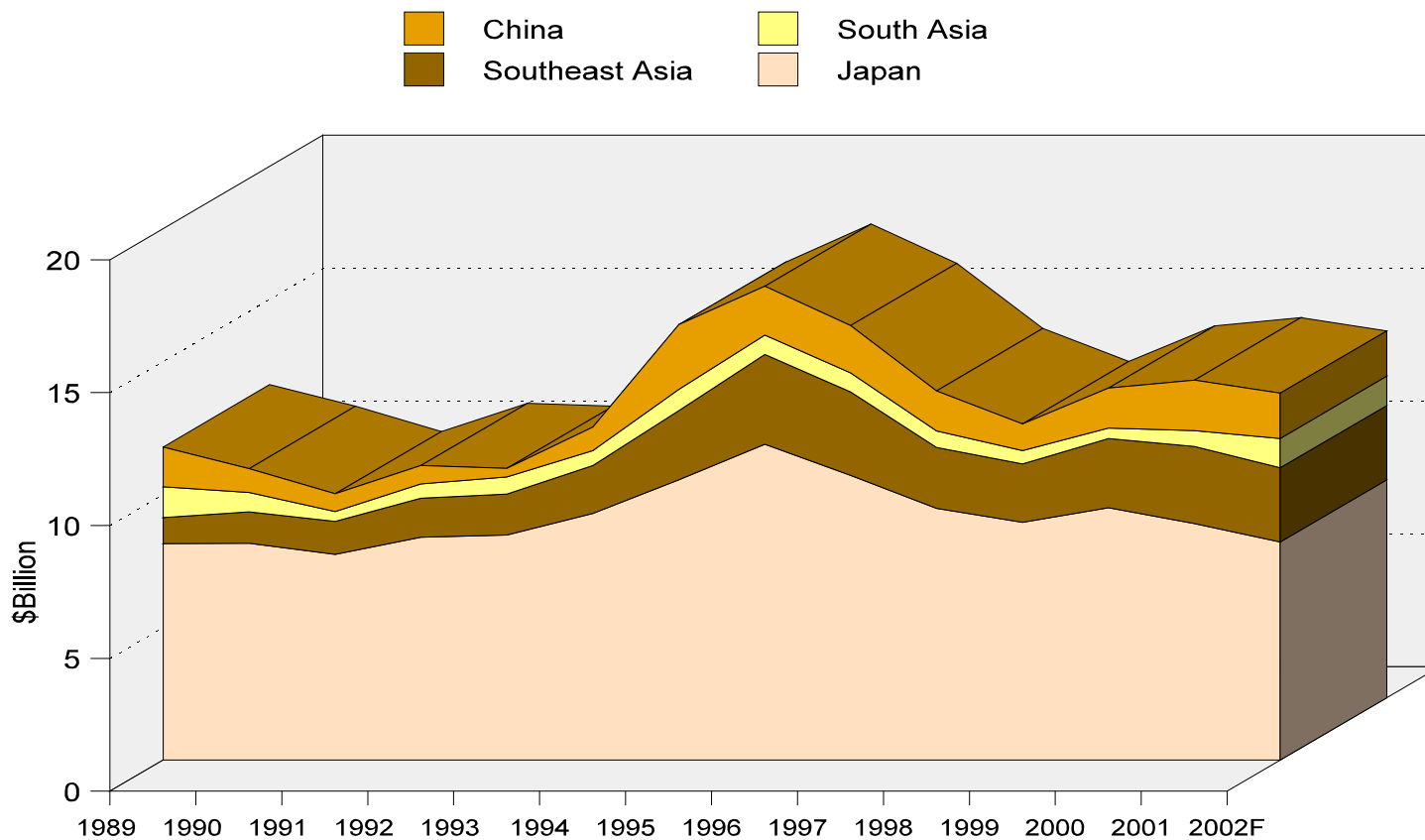
F = Forecast

¹ Including Mexico

Growth in U.S. Agricultural Exports to Asian Markets

- ! Japan is the United States 2nd largest agricultural export market. A continuing recession is slowing Japan's demand for U.S. farm exports.
- ! Rapid income growth in Southeast Asia stimulated demand for U.S. agricultural exports in the 1990s. Resumption of economic growth since 2000 is fueling increased demand for U.S. products.
- ! U.S. agricultural exports to China grew during the 1990s but fluctuated considerably. U.S. exports which declined in 1999 as China increased domestic production of grains and cotton, are trending up.
- ! Agricultural exports to South Asia are forecast to increase substantially in FY2002.

**Figure 18. Growth in Agricultural Exports to Asian Markets
FY 1988 - FY 2002F**



Source: U.S. Department of Agriculture. Economic Research Service.
F = Forecast

**Table 18. Growth in Agricultural Exports to Asian Markets,
FY1989 - FY2002F**
(\$billion)

Year	Japan	Southeast Asia	South Asia	China
1989	8.148	.975	1.161	1.496
1990	8.155	1.184	0.723	0.909
1991	7.736	1.239	0.375	0.668
1992	8.383	1.470	0.536	0.690
1993	8.461	1.551	0.641	0.322
1994	9.281	1.803	0.560	0.884
1995	10.546	2.605	0.801	2.434
1996	11.882	3.386	0.730	1.828
1997	10.713	3.136	0.728	1.774
1998	9.469	2.288	0.626	1.514
1999	8.940	2.202	0.500	1.012
2000	9.5	2.6	0.4	1.5
2001	8.9	2.9	0.6	1.9
2002F	8.2	2.8	1.1	1.7

Source: U.S. Department of Agriculture. Economic Research Service.

F = Forecast

Growth in Agricultural Exports to North and South America

- ! Growth in U.S. agricultural trade with Canada and Mexico, NAFTA trading partners, has been particularly strong.
- ! Farm export to Latin American markets resumed growth in FY2000.
- ! U.S. agricultural exports to Canada are forecast to reach \$8.5 billion in FY2002.
- ! U.S. agricultural export to Mexico are expected to be \$7.1 billion in FY2002.

**Figure 19. Growth in Agricultural Exports to North and South America
FY 1988 - FY 2002F**

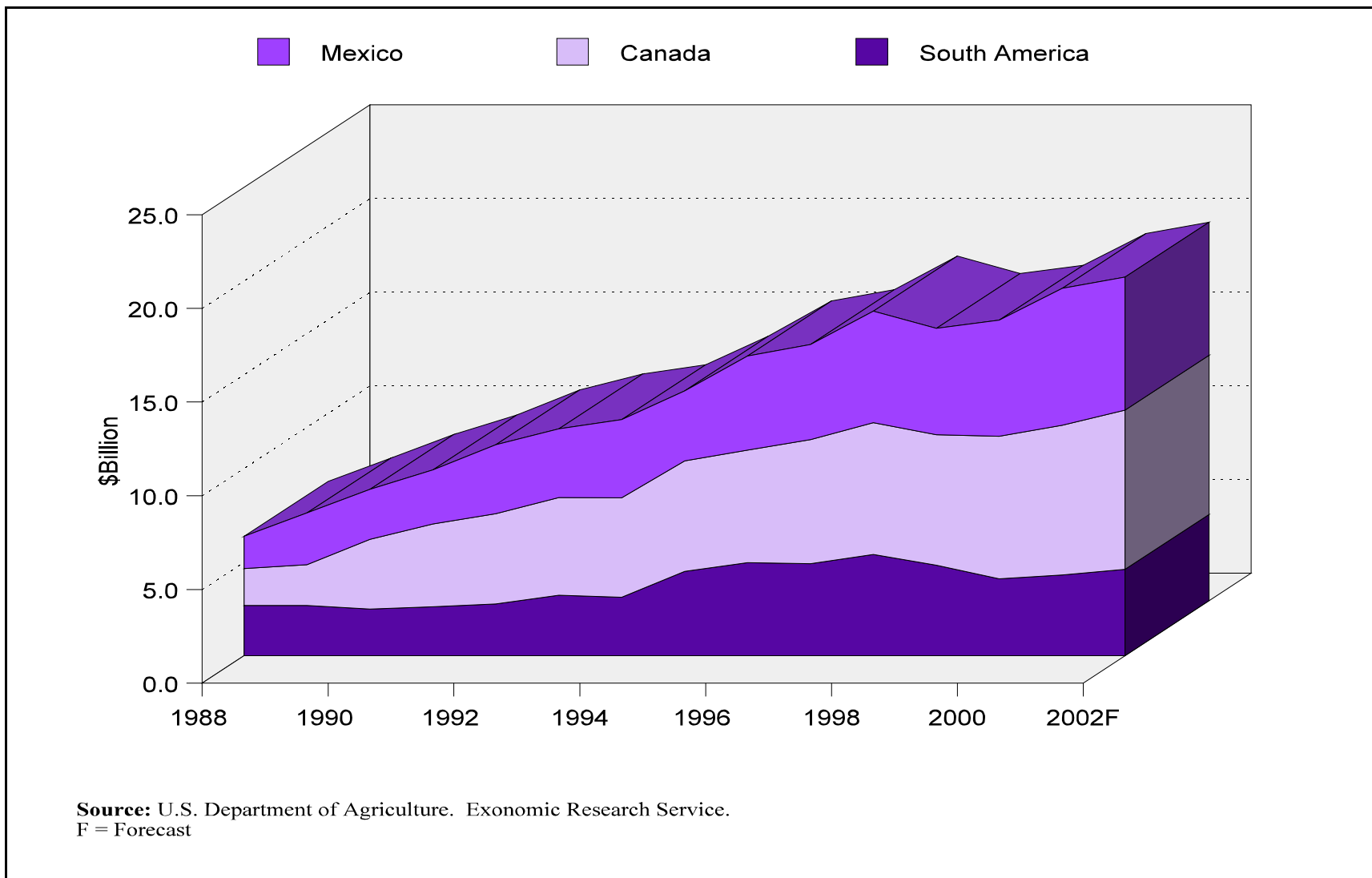


Table 19. Growth in Agricultural Exports to North and South America, FY1988 - FY2002F
(\$ billion)

Year	Latin America ex. Mexico	Canada	Mexico
1988	2.675	1.973	1.726
1989	2.682	2.179	2.757
1990	2.491	3.715	2.666
1991	2.615	4.409	2.885
1992	2.762	4.812	3.676
1993	3.223	5.220	3.660
1994	3.119	5.303	4.166
1995	4.503	5.890	3.733
1996	4.968	6.004	5.023
1997	4.907	6.620	5.077
1998	5.407	7.022	5.956
1999	4.827	6.957	5.675
2000	4.1	7.6	6.2
2001	4.3	8.0	7.3
2002F	4.6	8.5	7.1

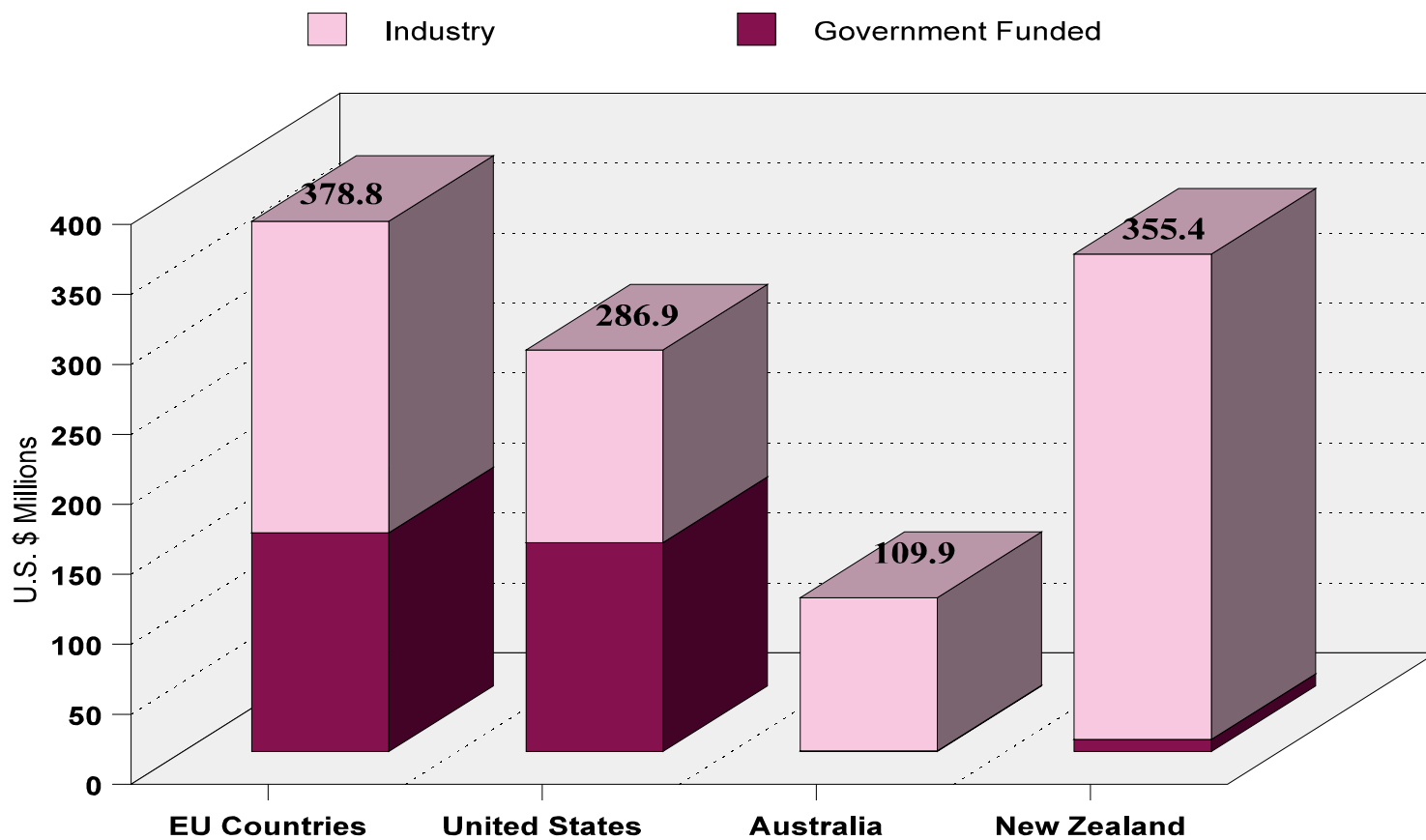
Source: U.S. Department of Agriculture. Economic Research Service.

F= Forecast

Market Development Programs in Selected Countries

- ! Most major agricultural exporting countries have programs to promote agricultural exports and develop markets. Programs include consumer promotions, market research, technical assistance, and trade servicing.
- ! 52% of the funds for U.S. market development programs are from the Federal Government; and 48% from commodity groups, trade associations, or firms.
- ! European Union countries operate market development/export promotion programs funded by mandatory producer levies (59% in 1998) and national budgets (41% in 1998).
- ! In Australia and especially New Zealand, where less direct government funding is provided, most agricultural export promotion is carried out by commodity marketing boards, trade associations, and private firms.

Figure 20. Expenditures for Market Development, Selected Countries, 1998



Source: Foreign Agricultural Service, 2000.
 EU Countries includes Denmark, France, Germany, Italy, Netherlands, Spain, and U.K.

Table 20. Expenditures for Market Development, Selected Countries, 1998
(\$ millions)

Country	Total	Funding			
		Government	%	Industry	%
EU Countries	378.8	156.2	41.2	222.6	58.8
United States	286.9	149.2	52.0	137.7	48.0
Australia	109.9	0.3	0.3	109.6	99.7
New Zealand	355.4	8.6	2.4	346.8	97.6

Source: Foreign Agricultural Service.

Producer Support Estimates (PSEs) in Selected OECD Countries

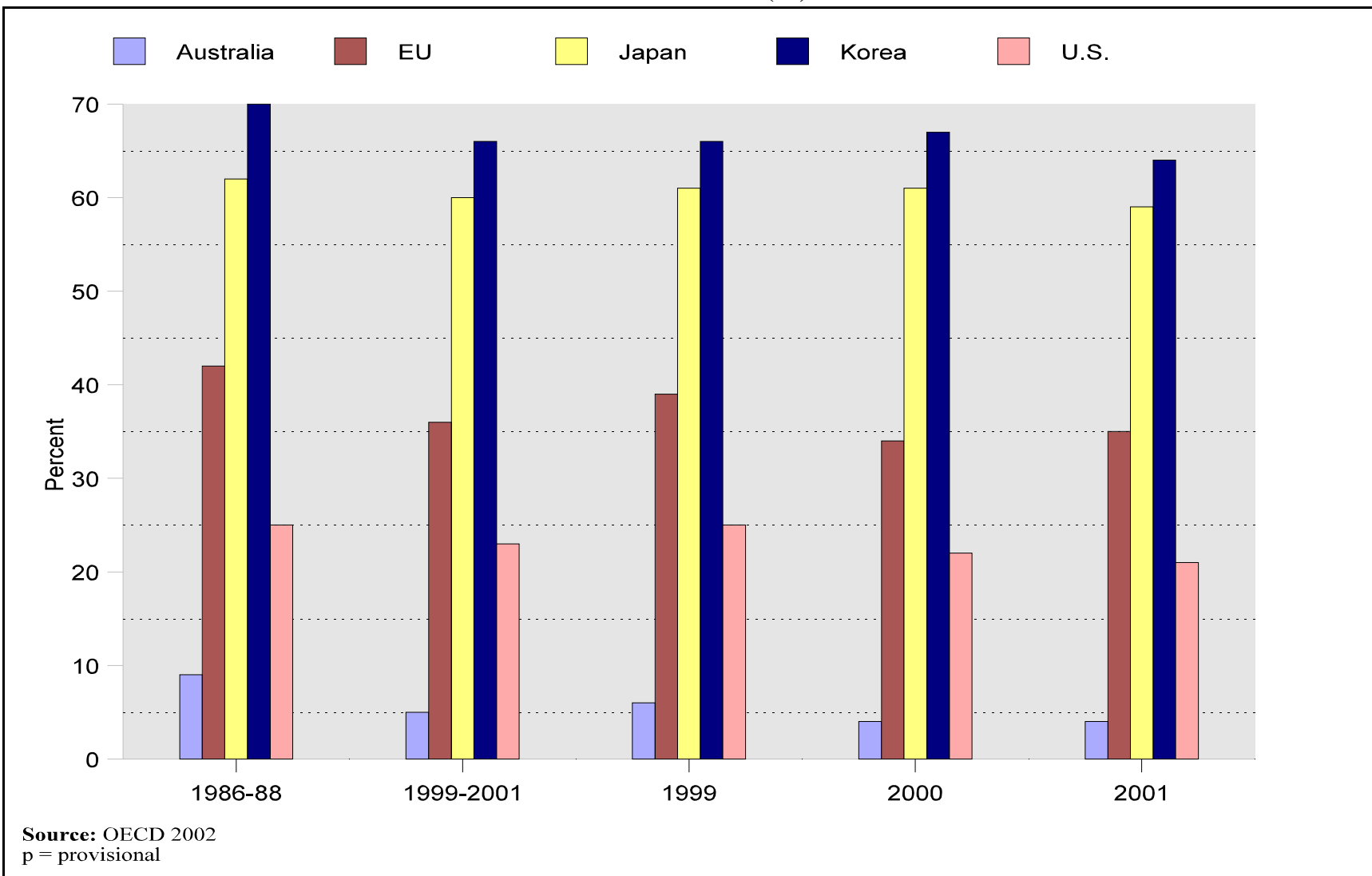
- ! PSEs measure assistance to producers in terms of the value of monetary transfers generated by agricultural policy. Transfers are paid either by consumers or by taxpayers in the form of market price support, direct payments or other support. They are a broader measure of support than direct government subsidies alone. PSEs can be expressed in money terms in aggregate or per unit of production, or in percentage terms.

- ! PSE's vary considerably among OECD countries.

- ! Australia with 4% is among the lowest, while Korea at 64% and Japan at 59% are among the highest.

- ! The EU's PSE equals about one-third, and the United States' about one-fifth, of the value of total agricultural production.

Figure 21. Producer Support Estimates (PSEs) in Selected in OECD Countries (%)



**Table 21. Producer Support Estimates (PSEs) in
Selected OECD Countries
(percent)**

Country	1986-88	1999-2001	1999	2000	2001 ^P
Australia	9	5	6	4	4
EU	42	36	39	34	35
Japan	62	60	61	61	59
Korea	70	66	66	67	64
U.S.	25	23	25	22	21

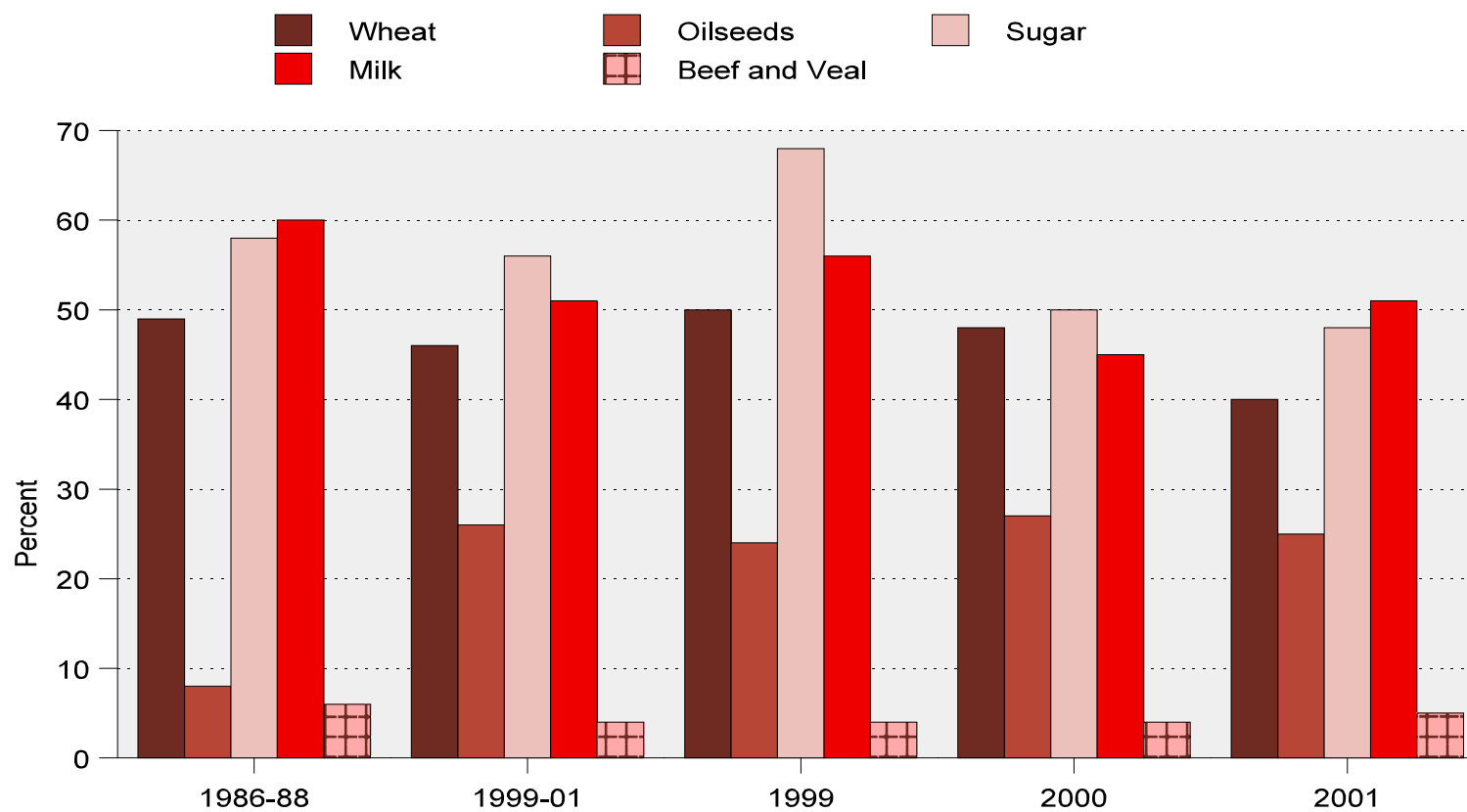
Source: OECD 2002

^P = provisional

Producer Support Estimates (PSEs) in the United States and the European Union

- ! The PSE for all agricultural products in the EU declined from 42% to 36% from 1986-88 to 1999-2001, and was 35% in 2001.
- ! The PSE for all agricultural products in the United States declined from 25% in 1986-88 to 21% in 2001.
- ! Products most heavily supported in the EU are beef and veal, sugar, poultry, milk, wheat, and rice.
- ! Products most heavily supported in the United States are milk, sugar, wheat and rice.

Figure 22. Producer Support Estimates (PSEs) Selected Commodities in the United States (%)



Source: OECD, 2002.
Estimates for 2001 provisional.

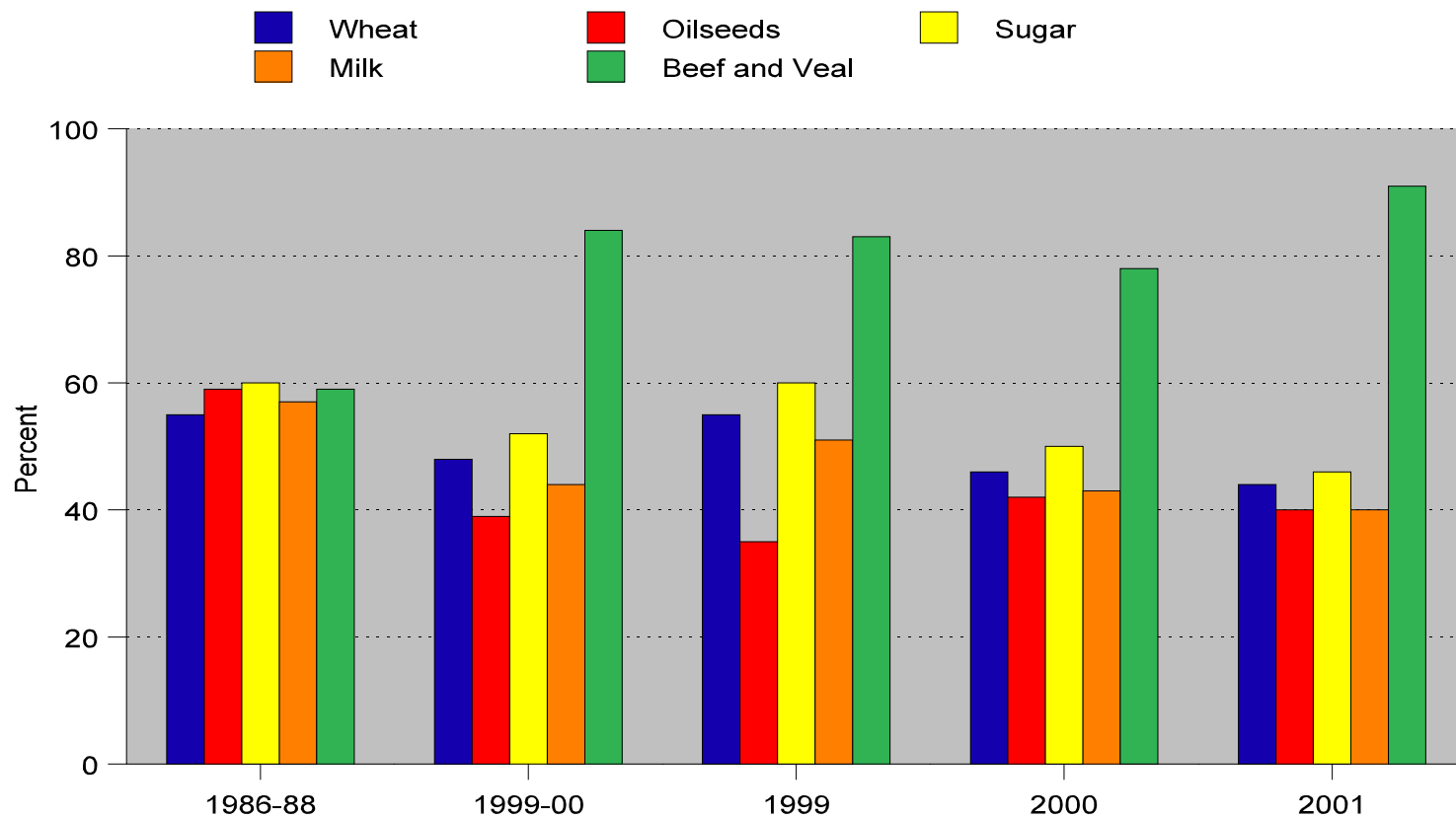
Table 22. Producer Support Estimates (PSE) in the United States by Commodity (percent)

Products	1986-88 (Average)	1999-2001	1999	2000	2001^P
Wheat	49	46	50	48	40
Corn	38	31	34	33	26
Rice	52	41	37	40	47
Oilseeds	8	26	24	27	25
Sugar	58	56	68	50	48
Milk	60	51	56	45	51
Beef and Veal	6	4	4	4	5
Pork	4	4	4	4	4
Poultry	13	4	4	4	4
All Products	25	23	25	22	21

Source: Organization for Economic Cooperation and Development, 2002.

^P = provisional

**Figure 23. Producer Support Estimates (PSEs) Selected Commodities
in the European Union (%)**



Source: OECD, 2000.
Estimates for 2001 provisional.

**Table 23. Producer Support Estimates (PSEs) in the
European Union
(percent)**

Products	1986-88 (Average)	1999-2001	1999	2000^p	2001^p
Wheat	52	48	55	46	44
Corn	52	40	43	41	37
Rice	55	24	16	11	43
Oilseeds	59	39	35	42	40
Sugar	60	52	60	50	46
Milk	57	44	51	43	40
Beef and Veal	59	84	83	78	91
Pork	7	25	37	19	20
Poultry	14	43	31	53	46
All Products	42	36	39	34	35

Source: Organization for Economic Cooperation and Development, 2002.

^p = provisional

Domestic Support and Export Subsidies in the United States and the European Union

- ! The Governments of both the United States and the European Union provide income support to farmers and subsidize agricultural exports. EU direct subsidies in 1998 were more than 4 times larger than direct U.S. subsidies; in 1999 EU subsidies were a little over 2 times as large.
- ! In the United States, domestic support and export subsidies are concentrated on wheat, rice, feed grains, and cotton.
- ! U.S. support increased by 80% in 1999 because of a large emergency assistance program for farmers and because low prices triggered increased outlays for marketing assistance and loan deficiency payments.
- ! The European Union provides domestic support and export subsidies to a broader range of products including grains, sugar, oils and fats, dairy products, meat, poultry and eggs, and fruits and vegetables.

Table 24. U.S. and EU Government Spending on Agricultural Support, 1999-2000
(\$ billion)

European Union	1999	2000	2001^e	2002^e
Export Subsidies ^a	5.984	5.283	3.396	3.328
Domestic Support ^b	32.660	29.119	29.720	34.443
Total	38.644	34.402	33.116	37.771

United States	1999	2000	2001	2002^e
Export Subsidies ^c	0.390	0.414	0.157	1.037
Domestic Support ^d	18.272	18.338	24.945	17.206
Total	18.662	18.702	25.102	18.243

Source: U.S. Dept. of Agriculture and Commission of the European Union.

e=estimate

^a EU export subsidies include export refunds, but exclude food aid.

^b EU domestic support includes expenditures for intervention purchasing and other price support measures, production and processing subsidies, set-aside and income support, monetary compensatory amounts, and stock depreciation.

^c U.S. export subsidies include net outlays of the Commodity Credit Corporation for the Export Enhancement Program, Dairy Export Incentive Program, Export Credit Guarantee Programs, and the Market Access Program. Foreign food aid is excluded.

^d U.S. domestic support includes net CCC outlays, including 1999 emergency assistance, interest payments, and operating expenses, minus CCC export outlays. Net costs of crop insurance are included. Conservation Reserve Program spending is excluded.

Agricultural and Trade Policies in the United States and the European Union

United States	European Union
Domestic Support	
<p>Producers of wheat, feed grains, upland cotton, rice and oilseeds are eligible for production flexibility contracts entitling them to fixed annual payments until 2007. Payments are based on established acreage and yields. A few planting restrictions apply and conservation rules must be observed. Holders of contracts qualify for nonrecourse marketing assistance loans and loan deficiency payments. Producers of soybeans and other oilseeds also are eligible for contract payments and nonrecourse marketing assistance loans and loan deficiency payments.</p> <p>Substantial emergency assistance was provided to U.S. farmers in 1998, 1999, 2000 and 2001 to counter the effects of declining commodity prices and natural disasters.</p> <p>Prices of milk and dairy products are supported by an administered minimum price for milk, CCC purchase of dairy products, tariffs and import quotas. Other livestock products are not supported by administered prices.</p> <p>The price of sugar is supported above an administered minimum price by controlling supply through a tariff import quota.</p> <p>A counter-cyclical income support program for grain, cotton and oilseed producers was included in the 2002 farm bill.</p>	<p>Agricultural support has been based primarily on market price support provided through institutional prices. For many commodities, these policies have been operated together with measures to limit the volume of production to which the price support applies. From 1993/1994 on, as part of the May 1992 reform of the Common Agricultural Policy (CAP), there has been some substitution for market price support by direct payments.</p> <p>For supported crops, direct payments are based on historical areas and yields and are operated in conjunction with a land set-aside requirement. Oilseeds support is based on area payments.</p> <p>For livestock products, direct payments are based on fixed reference numbers and for beef they are subject to limitations on stocking density. Further price reductions, part of Agenda 2000 reform have further reduced grain and meat prices and will be only partially compensated by increases in direct payments.</p>

Agricultural and Trade Policies in the United States and the European Union

United States	European Union
Trade Measures	
<p>Import quotas for dairy and sugar are subject to conversion to tariff quotas under the Uruguay Round Agreement on Agriculture</p> <p>Export subsidies provided under the Export Enhancement Program (EEP) and other commodity specific subsidies are subject to reduction under the UR Agreement</p> <p>Export market development programs, MAP and FMDP, assist producer groups, associations, and firms with promotional and other activities.</p> <p>The CCC makes credit guarantees available to private financial institutions who lend to countries that want to purchase U.S. agricultural exports.</p> <p>The United States has negotiated free trade agreements with Canada and Mexico which cover substantially all agricultural trade among FTA signatories.</p>	<p>Trade restrictions in the form of variable import levies which kept imported agricultural products at prices that are as high as EU internal prices were converted to tariff quotas as the EU implemented the Uruguay Round Agreement on Agriculture.</p> <p>Export restitutions or refunds are provided to traders to cover the difference between internal EU commodity prices and world market prices. Export restitutions are subject to reduction commitments negotiated in the Uruguay Round Agreement on Agriculture.</p> <p>EU countries (but not the EU itself) operate market development and export promotion programs funded by Government outlays and mandatory producer levies. France, Netherlands, and Germany have the largest programs devoted to promoting mainly exports of high value products.</p> <p>France, for example, assists with export financing through the Company for International Trade Insurance (COFACE), which is majority held independently. COFACE commercial risk coverage is usually less than 3 years, but longer terms are available in certain cases.</p> <p>Several preferential trade arrangements have been concluded with former European colonies in Africa, the Caribbean, and the Pacific. More recently, some trade concessions for central and eastern European countries have been negotiated.</p>

Agricultural and Trade Policies in the United States and the European Union

United States	European Union
Food Aid	
<p>The United States is the world's leading supplier of food aid. It provides more than half of the global total.</p> <p>The United States provides food aid mainly through P.L. 480 also known as the Food for Peace program. Wheat and wheat flour are the main commodities provided as food aid, but rice and vegetable oils are also important in P.L. 480 programs. Higher value products are made available in special feeding programs. Responsibility for implementing food aid programs is shared by USDA and the U.S. Agency for International Development (AID).</p> <p>P.L. 480 food aid is provided on concessional terms (Title I) and as donations (Titles II and III). Title I food aid is intended to help develop overseas markets; Titles II and III are for humanitarian or developmental purposes.</p> <p>Two other food aid programs are conducted under Section 416(b) of the Agricultural Act of 1949 and the Food for Progress Act of 1985. The former provides surplus CCC inventories as donations; the latter provides concessional credit terms or commodity donations to support emerging democracies or countries making free market economic reforms.</p>	<p>The EU provides about 1/3 of world food aid.</p> <p>EU food aid consists of two parts, EU aid and individual country bilateral programs. EU aid is distributed mainly through the United Nations' World Food Program; bilateral aid is distributed directly to receiving countries. Bilateral food aid constitutes about 70% of the total of EU food aid. All EU food aid is provided as donations.</p> <p>Wheat is the predominant commodity in EU food aid; lesser amounts of skim milk powder, vegetable oils, sugar and pulses are provided.</p>

Agricultural and Trade Policies in Canada and Australia

Canada	Australia
Domestic Support	
<p>Agricultural policy involves a broad range of measures implemented by both the Federal and Provincial Governments.</p> <p>Producers of grains and oilseeds receive assistance under a Federal-Provincial income stabilization program. Assistance through transport subsidies has been eliminated. The Canadian Wheat Board (CWB) has an exclusive right to purchase wheat produced in Manitoba, Saskatchewan, Alberta, and the Peace River Valley of British Columbia, and to export it or sell it domestically.</p> <p>Producers of livestock receive support under the National Tripartite Stabilization Programs, funded by the Federal and Provincial Governments and producers.</p> <p>Farmers can participate in the Net Income Stabilization Account (NISA) program. Farmers set aside money in individual accounts, which is then matched by Federal and Provincial treasuries. Farmers can make withdrawals when their incomes fall below their 5-year average returns after costs, or when their taxable incomes fall below a fixed level.</p>	<p>Both Commonwealth and State programs provide funds for farm restructuring, rural development and research, and income-tax concessions. Under the Rural Adjustment Scheme, the Commonwealth offers interest rate subsidies on commercial loans for productivity improvements, short-term downturns, or reestablishment after leaving farming.</p> <p>Excise taxes on diesel fuel used in off-road vehicles and machinery are refunded under the Diesel Fuel Rebate Scheme.</p> <p>The Commonwealth guarantees Australian Wheat Board loans used to finance advance payments to wheat producers.</p> <p>A large number of statutory marketing boards exist at the Commonwealth and State levels. The purposes of these boards are to increase producer returns, stabilize prices, and assist with marketing.</p> <p>States impose supply controls on milk. Some States impose supply controls on eggs, sugar, and rice. Marketing arrangements operate in some States for barley, sorghum, corn, rice, and tobacco.</p>

Canada	Australia
Domestic Support	
<p>Supply management systems exist for several commodities, including milk, poultry, and eggs. Marketing boards set producer prices and production quotas for some commodities.</p> <p>Provincial governments operate other, autonomous programs, often through provincial marketing boards. About one-third of total budgetary expenditure for Canadian agriculture is provided by Provincial Governments.</p>	

Canada	Australia
Trade Measures	
<p>Import quotas apply to imports of certain products, particularly dairy, poultry, and eggs, and are used in conjunction with supply management schemes for those products. The Uruguay Round Agreement required that these quotas be converted to tariffs with some minimum access for imports provided.</p> <p>A tariff rate quota on imports of boneless beef applies to imports from all countries except the United States and Mexico, Canada's partners in NAFTA.</p> <p>Canada agreed to gradually eliminate its tariffs on most U.S. agricultural products under the bilateral free trade agreement with the United States. It reached a separate bilateral agreement with Mexico under the North American Free Trade Agreement, which also requires a scheduled elimination of tariffs on most agricultural products.</p> <p>The Federal Government guarantees export credit for wheat exports, usually for 3 years or less. It is also responsible for debt of the Canadian Wheat Board, which can borrow money to finance wheat sales.</p> <p>Canada promotes exports, including agricultural exports, through the Program for Export Market Development. Assistance is made available to commodity associations. Some important commodity groups and associations fund all are part of their own export market development activities. Provincial Governments have modest export promotion programs.</p>	<p>Tariffs protect sugar, tobacco, and processed fruit and vegetables. A tariff-rate quota applies to cheese imports from all countries except New Zealand</p> <p>Local content restrictions apply to fruit juices and tobacco.</p> <p>Manufacturing milk (milk used in the manufacturing of dairy products) is supported through export subsidies financed by levies on all domestic milk production.</p> <p>AWB Ltd., the privatized version of the Australian Wheat Board has monopoly control of wheat exports. A Crown corporation is the sole exporting authority for sugar in Queensland, the main sugar producing state.</p> <p>The Commonwealth provides export credit for wheat exports and extends credit insurance. The Australian Wheat Board makes sales on credit terms. The Government's Export Finance and Insurance Corporation provides export insurance and insures credit sales by the Australian Wheat Board.</p> <p>Export promotion is provided primarily by commodity marketing boards and associations; the Commonwealth Government provides only modest assistance to promote agricultural exports.</p>

Canada	Australia
Food Aid	
<p>Canada is the third largest provider of food aid.</p> <p>Food aid is administered as part of Canada's foreign aid program; the Canadian International Development Agency (CIDA) is responsible for implementing the program. Food aid is donated and used to help recipient countries reform their agricultural policies or to meet humanitarian emergencies. In 1994, 60% of Canadian food aid was distributed multilaterally, mainly through the U.N. World Food Program.</p> <p>Wheat and wheat flour make up the largest portion of Canadian food aid. Non-grain products, especially canola (rapeseed) oil, pulses and fish account for about a third.</p>	<p>Australian food aid is provided mainly to meet disaster or emergency situations. Australian food aid is provided both bilaterally and through the U.N. World Food Program.</p> <p>The main commodities provided under Australia's food aid program have been wheat, rice, and wheat flour. Other commodities include vegetable oils, peas, and biscuits.</p>