

# CRS Report for Congress

Received through the CRS Web

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

**Updated September 25, 2006**

Charles Hanrahan  
Senior Specialist in Agricultural Policy  
Resources, Science, and Industry Division

Beverly Banks  
Research Assistant  
Knowledge Services Group

Carol Canada  
Information Research Specialist  
Knowledge Services Group

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

## Summary

U.S. agricultural exports for FY2006 are forecast by the U.S. Department of Agriculture at \$68 billion. Agricultural imports are expected to reach \$64.5 billion. The agricultural trade surplus, projected to be \$3.5 billion, is at its lowest level in 19 years. Exports of bulk commodities (e.g., soybeans, wheat, and feed grains) remain significant, but exports of high-value products (HVPs), such as meats, fruits, and vegetables, are increasing. HVPs accounted for 62% of total U.S. agricultural exports in FY2005.

Leading markets for U.S. agricultural exports are Canada, Mexico, Japan, China, the European Union, Taiwan, and Korea. The United States dominates world markets for corn, wheat, and cotton. Brazil has overtaken the United States as the world's leading supplier of soybeans. Brazil is the world's leading supplier of beef to world markets, while the U.S. share has declined since the U.S. discovery of a cow infected with "mad cow disease" in 2003. The United States, European Union, Australia, and New Zealand are dominant suppliers of dairy products in global agricultural trade.

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 the European Union, Canada, and Mexico, which together provide 58% of total U.S. agricultural imports. Australia, Brazil, New Zealand, Indonesia, and Colombia are also major suppliers of agricultural imports to the United States.

Among the fastest-growing markets for U.S. agricultural exports are Canada and Mexico, both partners with the United States in the North American Free Trade Agreement (NAFTA). U.S. agricultural exports to China, recently a member of the World Trade Organization, have grown at an annual rate of 16% since 1992.

Both the EU and the United States subsidize their agricultural sectors, but overall the EU out-subsidizes the United States. Recent reforms of the EU's Common Agricultural policy shift substantial spending into direct income support decoupled from production and into rural development. 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. U.S. and other major food aid donors provide commodities mainly for development assistance or emergency relief.

This report will be updated.

## Contents

U.S. Agricultural Exports, Imports, and Trade Balance .....	1
Shares of U.S. Production Exported .....	3
Composition of U.S. Agricultural Exports: Major Commodity Components .....	5
Composition of U.S. Agricultural Exports: Bulk, Consumer-Ready, and Intermediate Product Exports .....	7
Major Country Markets for U.S. Agricultural Exports .....	9
World Market Shares: Crops .....	11
World Market Shares: Livestock and Dairy .....	21
Major U.S. Agricultural Imports .....	33
U.S. Agricultural Imports by Country of Origin .....	35
Growth in U.S. Agricultural Exports .....	37
Growth in U.S. Agricultural Exports to Asian Markets .....	39
Growth in Agricultural Exports to North and South America .....	41
Market Development Programs in Selected Countries .....	43
Producer Support Estimates (PSEs) in Selected OECD Countries .....	45
Producer Support Estimates (PSEs) in the United States and the European Union .....	47
Domestic Support and Export Subsidies in the United States and the European Union .....	51

## List of Figures

Figure 1. U.S. Agricultural Exports and Imports, FY1988-FY2007F .....	1
Figure 2. U.S. Agricultural Exports: Share of U.S. Production Exported, 1990-2006F .....	3
Figure 3. U.S. Agricultural Exports of Major Commodities, FY2005 .....	5
Figure 4. U.S. Agricultural Exports, FY1989-FY2005: Bulk, Consumer-Ready, and Intermediate Product Exports .....	7
Figure 5. Major Country Markets for U.S. Exports, FY2004-FY2006F .....	9
Figure 6. Shares of World Exports of Wheat and Wheat Products, 2006/2007F .....	11
Figure 7. Shares of World Exports of Rice, 2007F .....	13
Figure 8. Shares of World Exports of Corn, 2006/2007F .....	15
Figure 9. Shares of World Exports of Soybeans, 2005/2006E .....	17
Figure 10. Shares of World Exports of Cotton, 2005/2006E .....	19
Figure 11. Shares of World Exports of Beef and Veal, 2006F .....	21
Figure 12. Shares of World Pork Exports, 2006F .....	23
Figure 13. Shares of World Poultry Meat Exports, 2006F .....	25
Figure 14. Shares of World Nonfat Dry Milk Exports, 2006F .....	27
Figure 15. Shares of World Cheese Exports, 2006F .....	29
Figure 16. Shares of World Butter Exports, FY2006F .....	31
Figure 17. Major Agricultural Imports by Commodity, FY2005 .....	33
Figure 18. Major U.S. Agricultural Imports by Country of Origin, FY2004-FY2006F .....	35
Figure 19. Growth in U.S. Agricultural Exports, FY1992-FY2007F .....	37
Figure 20. Growth in Agricultural Exports to Asian Markets, FY1992-FY2007F .....	39

Figure 21. Growth in Agricultural Exports to North and South America, FY1992-FY2007F .....	41
Figure 22. Expenditures for Market Development, Selected Countries, 2002 ..	43
Figure 23. Producer Support Estimates (PSEs) in Selected OECD Countries ..	45
Figure 24. Producer Support Estimates (PSEs) in Selected Commodities in the United States .....	47
Figure 25. Producer Support Estimates (PSEs) in Selected Commodities in the European Union .....	49

## List of Tables

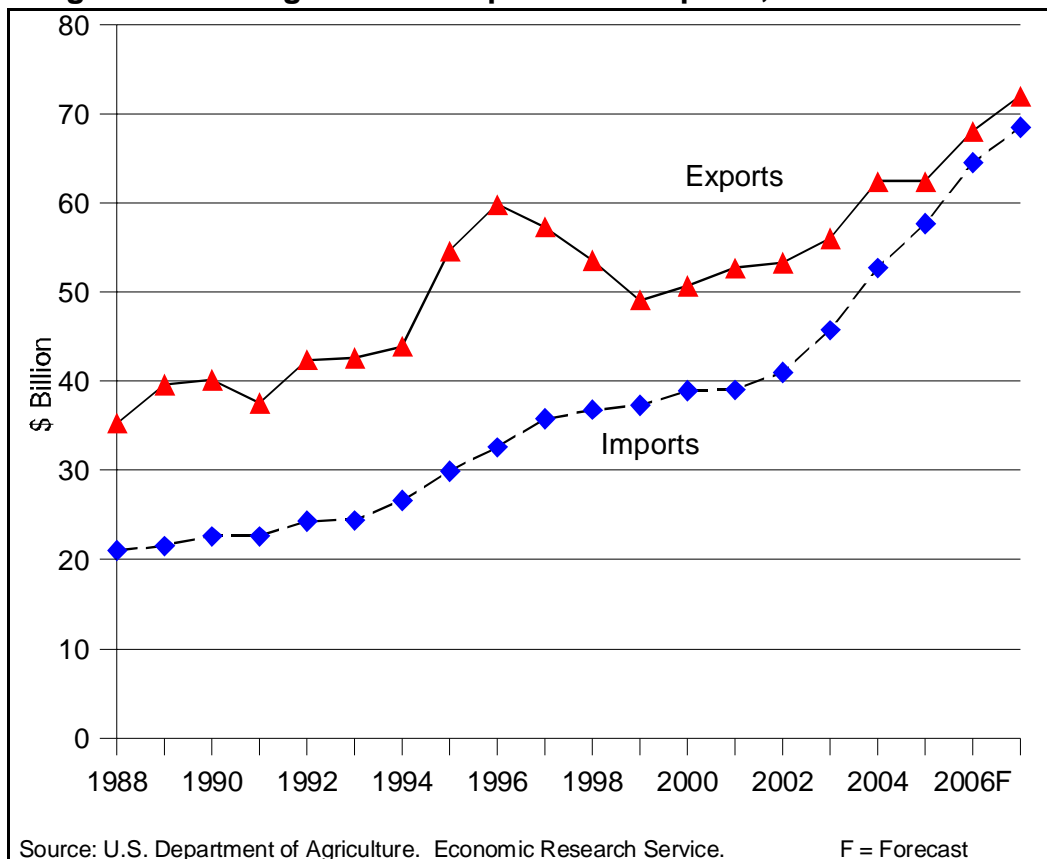
Table 1. U.S. Agricultural Exports and Imports, FY1988-FY2007F .....	2
Table 2. U.S. Agricultural Exports: Shares of U.S. Production Exported, 1990-2006F .....	4
Table 3. U.S. Agricultural Exports of Major Commodities, FY2005 .....	6
Table 4. U.S. Agricultural Exports, FY1989-FY2005: Total, Bulk, Consumer-Ready, and Intermediate Product Exports .....	8
Table 5. Major Country Markets for U.S. Agricultural Exports, FY2004-FY2006F .....	10
Table 6. Shares of World Exports of Wheat and Wheat Products, 1995/1996 - 2006/2007F .....	12
Table 7. Shares of World Exports of Rice, 1995-2007F .....	14
Table 8. Shares of World Exports of Corn, 1995/1996 - 2006/2007F .....	16
Table 9. Shares of World Exports of Soybeans, 1995/1996 - 2005/2006E ....	18
Table 10. Shares of World Exports of Cotton, 1995/1996 - 2004/2005E .....	20
Table 11. Shares of World Exports of Beef and Veal, 1995-2006F .....	22
Table 12. Shares of World Pork Exports, 1994-2006F .....	24
Table 13. Shares of World Total Poultry Meat Exports, 1994-2006F .....	26
Table 14. Shares of World Nonfat Dry Milk Exports, 1994-2006F .....	28
Table 15. Shares of World Cheese Exports, 1994-2006F .....	30
Table 16. Shares of World Butter Exports, 1994-2006F .....	32
Table 17. Major U.S. Agricultural Imports, FY2005 .....	34
Table 18. U.S. Agricultural Imports by Country of Origin, FY2004-FY2007F .....	36
Table 19. Change in U.S. Agricultural Exports, FY1992-FY2007F .....	38
Table 20. Change in Agricultural Exports to Asian Markets, FY1992-FY2007F .....	40
Table 21. Change in Agricultural Exports to North and South America, FY1992-FY2007F .....	42
Table 22. Expenditures for Market Development, Selected Countries, 2002 ...	44
Table 23. Producer Support Estimates (PSEs) in Selected OECD Countries ...	46
Table 24. Producer Support Estimates (PSE) in the United States by Commodity .....	48
Table 25. Producer Support Estimates (PSEs) in the European Union .....	50
Table 26. U.S. and EU Government Spending on Agricultural Support, 2003-2006E .....	52
Table 27. Agricultural and Trade Policies in the United States and the European Union .....	53
Table 28. Agricultural and Trade Policies in Canada and Australia .....	56

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

## U.S. Agricultural Exports, Imports, and Trade Balance

- U.S. agricultural exports in FY2006 are forecast by the U.S. Department of Agriculture (USDA) to be \$67 billion, a record high.
- Agricultural imports also are forecast at a record \$65 billion in FY2006.
- The U.S. agricultural trade surplus — \$2 billion in FY2006 — has declined by almost \$12 billion since FY2001.

**Figure 1. U.S. Agricultural Exports and Imports, FY1988-FY2007F**



**Table 1. U.S. Agricultural Exports and Imports,  
FY1988-FY2007F**  
(\$ 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
2002	53.3	41.0	12.3
2003	56.0	45.7	10.3
2004	62.4	52.7	9.7
2005	62.4	57.7	4.7
2006F	68.0	64.5	3.5
2007F	72.0	68.5	3.5

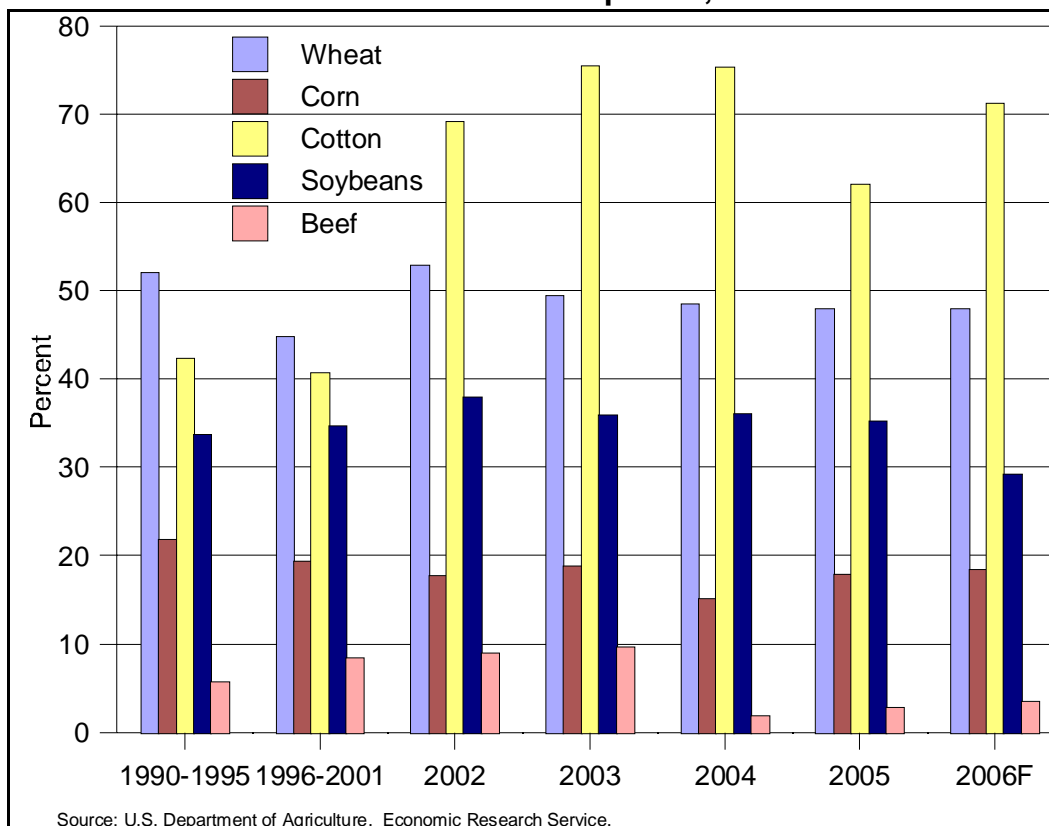
**Source:** U.S. Department of Agriculture. Economic Research Service, Outlook for U.S. Agricultural Trade, AES-51, August 23, 2006, available at [<http://usda.mannlib.cornell.edu/usda/current/AES/AES-08-23-2006.pdf>].

F= Forecast

## Shares of U.S. Production Exported

- USDA estimates that production from one-third of harvested acreage is exported.
- In FY2005, 48% of the U.S. wheat crop was exported, while 18% of the U.S. corn crop moved into world markets. Corn's share of exports has declined as domestic demand for corn for ethanol has grown.
- The export shares of soybeans and cotton in FY2004 were 35% and 63% respectively.
- Beef exports grew rapidly in the 1990s, but the U.S. discovery of a cow infected with bovine spongiform encephalopathy (BSE), or "mad cow" disease, in 2003 resulted in a precipitous decline in beef exports.

**Figure 2. U.S. Agricultural Exports:  
Share of U.S. Production Exported, 1990-2006F**



**Table 2. U.S. Agricultural Exports: Shares of U.S. Production Exported, 1990-2006F**

(percent)

Year	Wheat	Corn	Cotton	Soybeans	Beef <sup>a</sup>
1990	39.2	21.7	63.1	32.4	4.4
1991	64.7	21.2	50.3	28.9	5.2
1992	54.9	17.5	38.1	63.3	5.7
1993	52.9	20.9	32.1	58.4	5.5
1994	51.3	20.9	42.9	31.5	6.6
1995	56.8	30.1	43.0	62.9	7.2
1996	44.0	19.5	36.5	39.1	7.4
1997	41.9	16.3	39.9	32.5	8.4
1998	40.9	20.3	30.9	29.4	8.4
1999	47.4	20.5	40.0	36.7	9.1
2000	49.5	22.6	43.4	34.2	9.7
2001	49.4	20.0	39.2	36.1	9.1
2002	52.2	17.7	54.2	36.8	8.9
2003	50.6	19.0	69.1	37.9	9.5
2004	48.5	15.1	75.3	36.1	1.9
2005	48.0	17.9	62.0	35.3	2.8
2006	48.0	18.4	71.2	29.2	3.5

**Source:** Calculated by CRS using data from the U.S. Department of Agriculture's Foreign Agricultural Service World Production, Market, and Trade Reports, available at [<http://www.fas.usda.gov/currwmt.asp>].

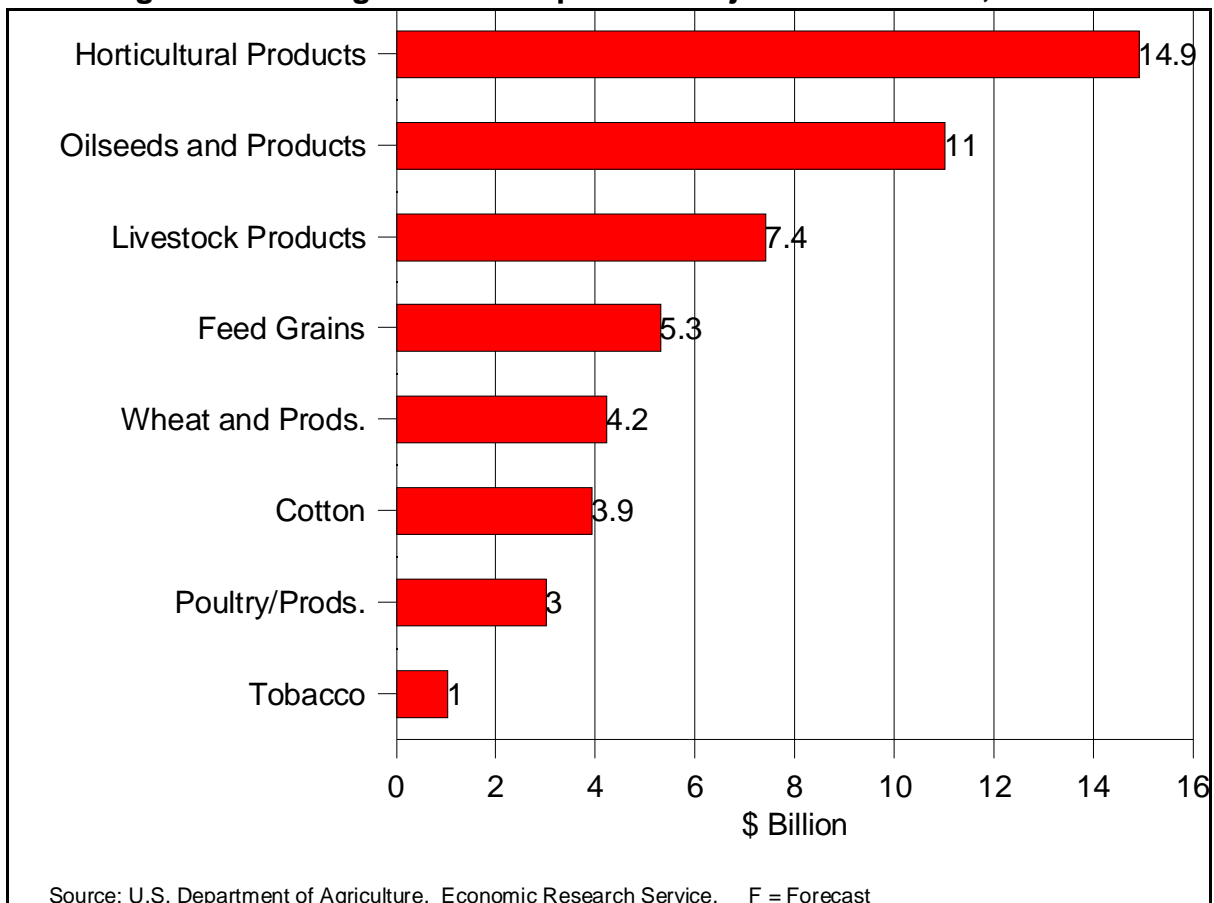
<sup>a</sup>Based on Calendar year.



## Composition of U.S. Agricultural Exports: Major Commodity Components

- The United States exports a wide range of agricultural products, including horticultural products, livestock products and poultry, and field crops.
- Horticultural product exports (fruits, vegetables, tree nuts, and their preparations) — valued at \$14.5 billion — were the leading commodity components of U.S. agricultural exports in FY2005.
- Oilseeds (mainly soybeans) and oilseed products — valued at \$11 billion — comprise the second largest category of U.S. agricultural exports in FY2005.
- Livestock and poultry products together amounted to \$10.4 billion in FY2005.
- Feed grains, wheat and products, and cotton account for a substantial portion of U.S. agricultural exports.

**Figure 3. U.S. Agricultural Exports of Major Commodities, FY2005**



**Table 3. U.S. Agricultural Exports of Major Commodities,  
FY2005**

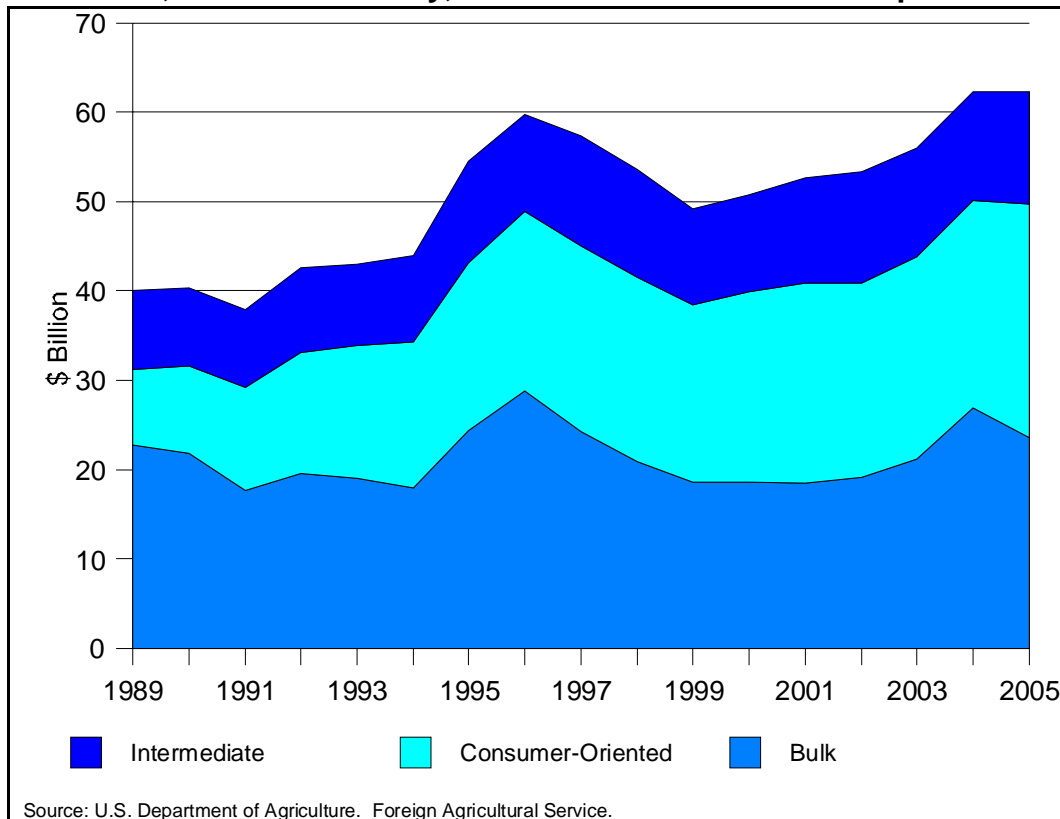
<b>Commodity</b>	<b>(\$ Billion)</b>
Horticultural Products	14.9
Oilseeds and Products	11.0
Livestock Products	7.4
Feed Grains	5.3
Wheat and Prods.	4.2
Cotton	3.9
Poultry/Prods.	3.0
Tobacco	1.0

**Source:** U.S. Department of Agriculture. Economic Research Service, Outlook for U.S. Agricultural Trade, AES-51, August 23, 2006, available at [<http://usda.mannlib.cornell.edu/usda/current/AES/AES-08-23-2006.pdf>].

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

- Bulk agricultural exports include products like wheat, coarse grains, cotton, 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 FY1991, the total of high-value (intermediate and consumer-ready) products has exceeded the value of bulk agricultural exports.
- In FY2005, high-value exports accounted for 62% of total U.S. agricultural exports and bulk exports for 38%.

**Figure 4. U.S. Agricultural Exports, FY1989-FY2005:  
Bulk, Consumer-Ready, and Intermediate Product Exports**



**Table 4. U.S. Agricultural Exports, FY1989-FY2005: Total, Bulk, Consumer-Ready, and Intermediate Product Exports**

(\$ thousands)

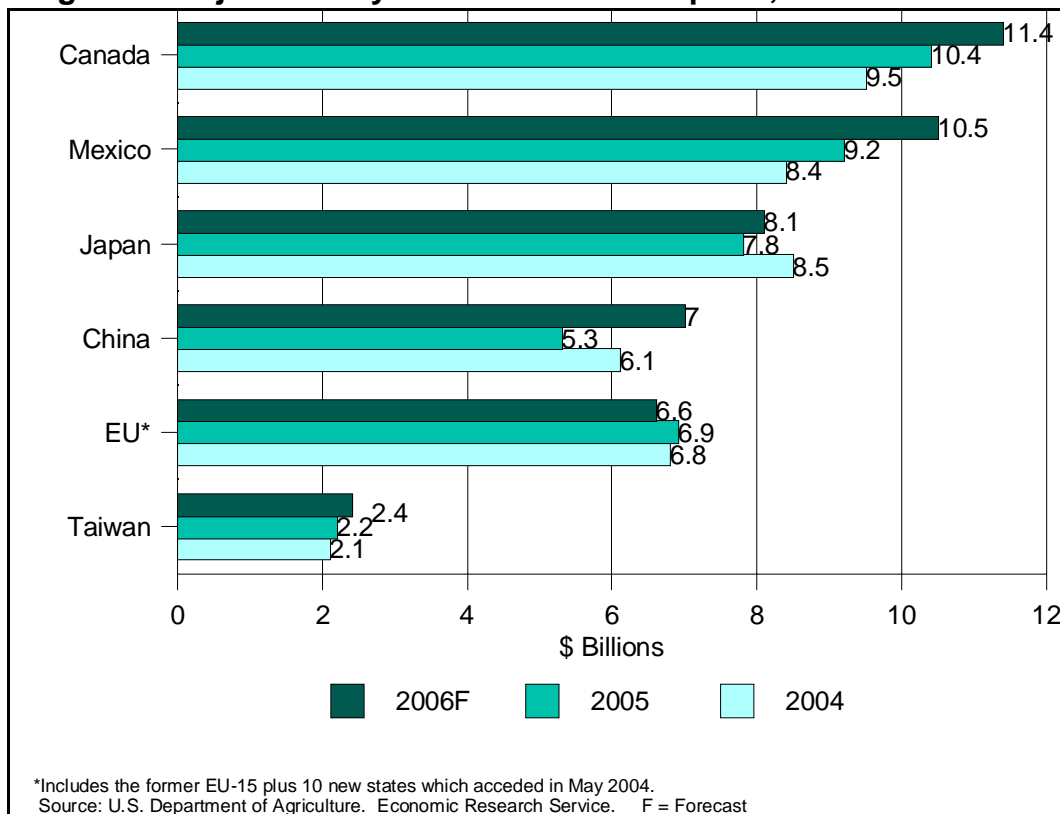
Year	Total	Bulk	% of Total	Consumer-Oriented	% of Total	Intermediate	% of Total
1989	40,022,209	22,813,257	57.0	8,459,788	21.1	8,749,164	24.4
1990	40,341,284	21,785,568	54.0	9,821,323	24.3	8,734,393	21.7
1991	37,858,478	17,693,289	46.7	11,511,714	30.4	8,653,475	22.9
1992	42,546,690	19,511,471	45.9	13,610,605	32.0	9,424,615	22.1
1993	43,050,541	19,073,156	44.3	14,800,983	34.4	9,176,401	21.3
1994	43,855,070	17,934,832	40.9	16,377,119	37.3	9,573,120	21.8
1995	54,599,280	24,443,986	44.8	18,737,945	34.3	11,417,349	20.9
1996	59,776,115	28,778,521	48.1	20,073,106	33.6	10,924,488	18.3
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	38.0	12,164,761	22.7
1999	49,108,033	18,591,806	37.9	19,830,681	40.4	10,685,545	21.8
2000	50,743,841	18,579,841	36.6	21,396,153	42.2	10,767,846	21.2
2001	52,698,239	18,435,158	35.0	22,429,565	42.6	11,833,515	22.5
2002	53,291,233	19,210,010	35.9	21,617,074	40.6	12,554,149	23.6
2003	55,986,644	21,223,290	37.9	22,638,507	40.4	12,124,847	21.7
2004	62,368,052	26,903,096	43.1	23,244,157	37.3	12,220,799	19.6
2005	62,369,349	23,603,104	37.8	26,129,866	41.9	12,636,379	20.3

**Source:** Data in this table are compiled from U.S. Department of Agriculture, Foreign Agricultural Service data bases, available at [[http://www.fas.usda.gov/scripts/w/bico/bico\\_frm.asp](http://www.fas.usda.gov/scripts/w/bico/bico_frm.asp)].

## Major Country Markets for U.S. Agricultural Exports

- Canada and Mexico, both U.S. partners in the North American Free Trade Agreement (NAFTA), are the first- and second-largest markets for U.S. agricultural exports. Total U.S. agricultural exports to these two countries in FY2006 is forecast to be almost \$22 billion.
- Japan, which was the number one U.S. destination for agricultural products for many years, has dropped to third place.
- China, recently acceded to the World Trade Organization, is forecast to become the fourth-largest market for U.S. agricultural products in FY2006, ahead of the EU-25.
- Other Asian markets — Taiwan and South Korea — are the sixth- and seventh-largest destinations for U.S. agricultural products.

**Figure 5. Major Country Markets for U.S. Exports, FY2004-FY2006F**



**Table 5. Major Country Markets for U.S. Agricultural Exports,  
FY2004-FY2006F**

(\$ billion)

Country	2004	2005	2006F	2007F
Canada	9.5	10.4	11.4	12.4
Mexico	8.4	9.2	10.5	11.3
Japan	8.5	7.8	8.1	8.3
China	6.1	5.3	7.0	7.5
EU	6.8	6.9	6.6	6.6
Taiwan	2.1	2.2	2.4	2.5
South Korea	2.8	2.2	2.5	2.5
Russia	0.7	0.9	1.0	1.0
Turkey	0.9	1.0	0.9	1.0
Hong Kong	1.0	0.9	0.9	1.0

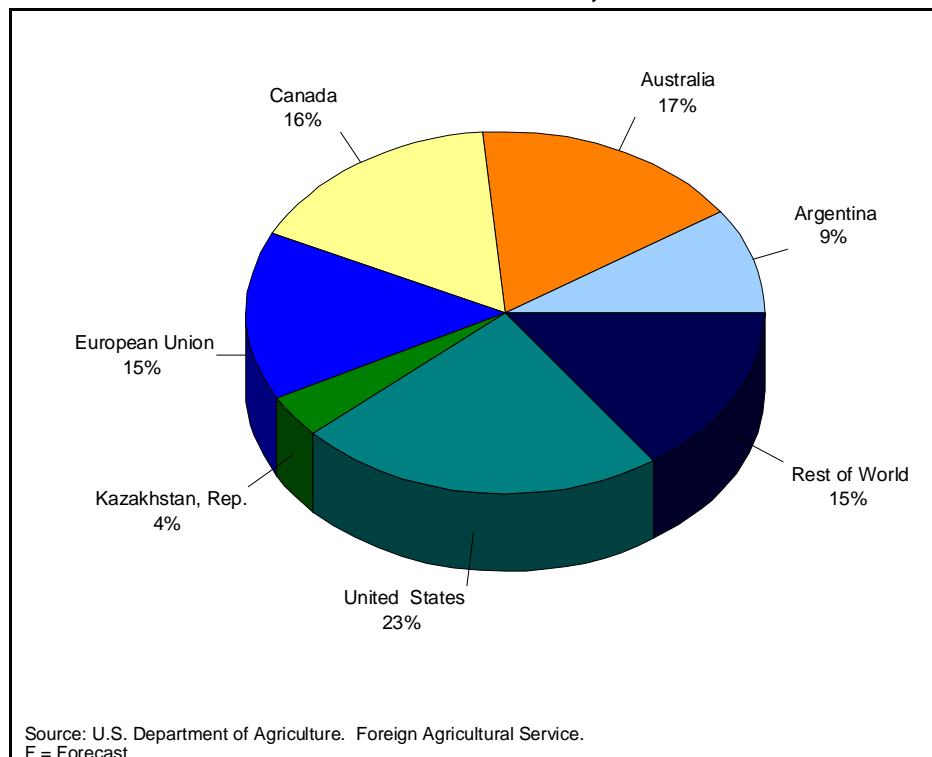
**Source:** U.S. Department of Agriculture. Economic Research Service, Outlook for U.S. Agricultural Trade, AES-51, August 23, 2006, available at [<http://usda.mannlib.cornell.edu/usda/current/AES/AES-08-23-2006.pdf>].

F=Forecast

## World Market Shares: Crops

- **Wheat:** Although it has lost export market share over the last decade, the United States remains the major supplier of wheat and wheat products to the world market, with a forecast share of 25% in marketing year 2006/2007. Australia, Canada, and the EU-25 are major competitors in this market (see **Figure 6** and **Table 6**).
- **Rice:** Thailand (30% forecast for 2007) is the world's dominant rice exporter; but Vietnam (17%) has emerged as a major competitor. India's export market share in 2007 is forecast to be 14% (see **Figure 7** and **Table 7**).
- **Corn:** The United States dominates the world market for corn with a 2007 forecast export share of 70% (see **Figure 8** and **Table 8**).
- **Soybeans:** Brazil has overtaken the United States as the world's main supplier of soybeans with a 2007 forecast share of 39%. The U.S. share has declined from 73% in 1995/1996 to a forecast of 37% in 2005/2006 (see **Figure 9** and **Table 9**).
- **Cotton:** U.S. cotton exports are estimated to be 39% of the world total in 2005/2006. Competitors include Australia (7%), Uzbekistan (11%), and Franc-Zone West African countries (11%) (see **Figure 10** and **Table 10**).

**Figure 6. Shares of World Exports of Wheat and Wheat Products, 2006/2007F**



**Table 6. Shares of World Exports of Wheat and Wheat Products, 1995/1996 - 2006/2007F**

(percent)

Country	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Argentina	4.5	10.1	9.0	9.0	9.8	11.0
Australia	12.4	18.0	15.5	15.8	15.2	16.7
Canada	17.4	18.2	20.5	14.1	17.2	16.8
EU-25	13.5	17.9	15.5	14.3	15.5	14.7
Kazakhstan, Rep.	4.5	2.3	2.6	2.2	5.8	3.5
United States	34.3	27.1	28.1	28.5	26.1	26.9
Rest of World	13.3	6.5	8.7	16.1	10.5	10.3

Country	2001/02	2002/03	2003/04	2004/05	2005/06 E	2006/07 F
Argentina	10.5	5.7	7.0	13.5	7.2	10.5
Australia	14.9	10.0	14.4	15.8	16.0	19.0
Canada	15.1	8.5	14.9	15.1	16.0	18.0
EU-25	12.9	18.1	10.5	14.4	14.5	16.5
Kazakhstan, Rep.	3.6	5.7	3.9	2.7	3.0	4.5
United States	23.7	20.8	30.9	28.5	27.5	25.5
Rest of World	19.3	31.2	18.4	23.0	30.4	16.7

**Source:** U.S. Department of Agriculture. Foreign Agricultural Service, Grain: World Markets and Trade, FG 07-06, July 2006, available at [<http://www.fas.usda.gov/grain/circular/2006/07-06/all.pdf>].

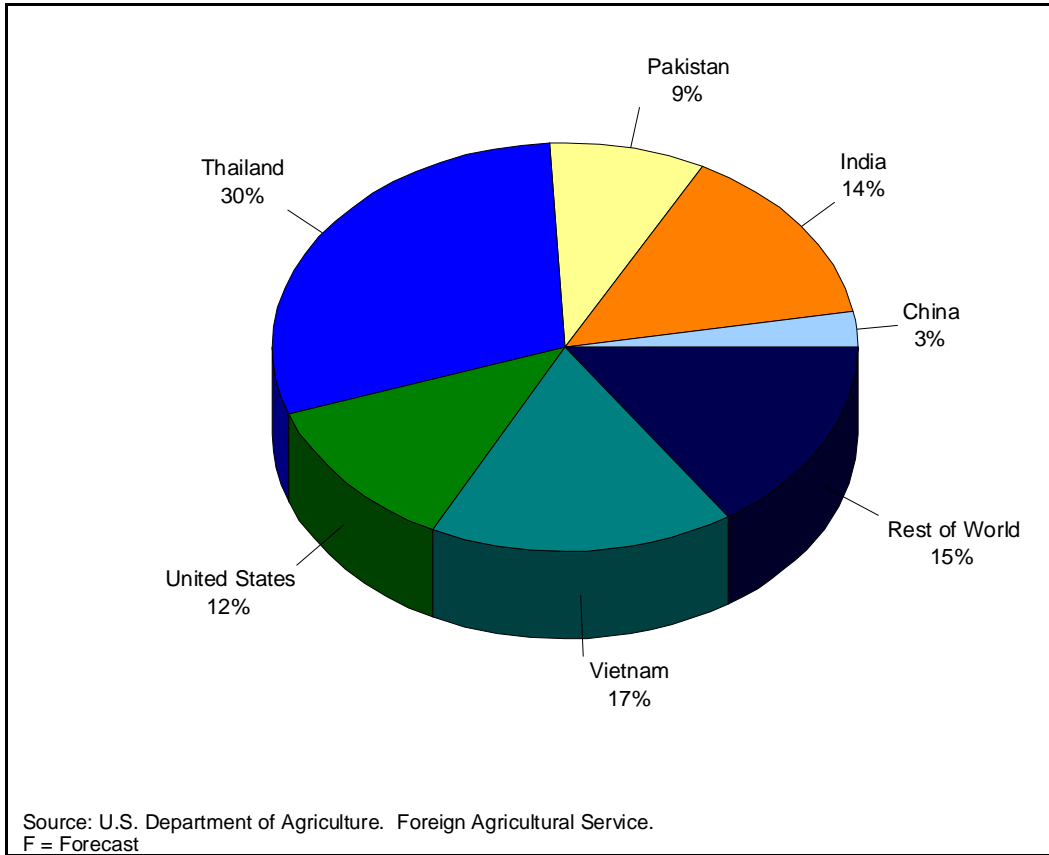
July-June marketing year.

E = Estimate

F = Forecast



**Figure 7. Shares of World Exports of Rice, 2007F**



**Table 7. Shares of World Exports of Rice, 1995-2007F**  
(percent)

Country	1995	1996	1997	1998	1999	2000	2001
China	15.2	1.4	5.0	13.7	10.9	12.9	7.4
India	20.2	18.2	10.4	16.5	11.0	6.3	7.8
Pakistan	7.6	8.6	10.5	6.6	7.4	8.9	9.7
Thailand	28.3	27.0	28.0	23.3	26.8	28.7	30.8
United States	14.6	13.4	12.2	11.6	10.6	12.5	10.6
Vietnam	11.0	15.5	17.3	13.8	18.3	14.8	14.2
Rest of World	18.3	16.0	16.8	14.4	13.8	16.0	19.3

Country	2002	2003	2004	2005	2006E	2007F
China	7.1	9.4	3.7	2.3	2.9	2.9
India	23.9	16.0	11.7	15.7	13.8	14.4
Pakistan	5.8	7.1	7.3	10.0	10.2	8.6
Thailand	26.0	27.4	37.4	25.4	26.6	29.6
United States	11.8	13.9	11.4	13.4	12.0	12.2
Vietnam	11.7	13.8	15.8	18.1	18.9	16.9
Rest of World	12.0	12.4	16.4	15.1	15.6	15.5

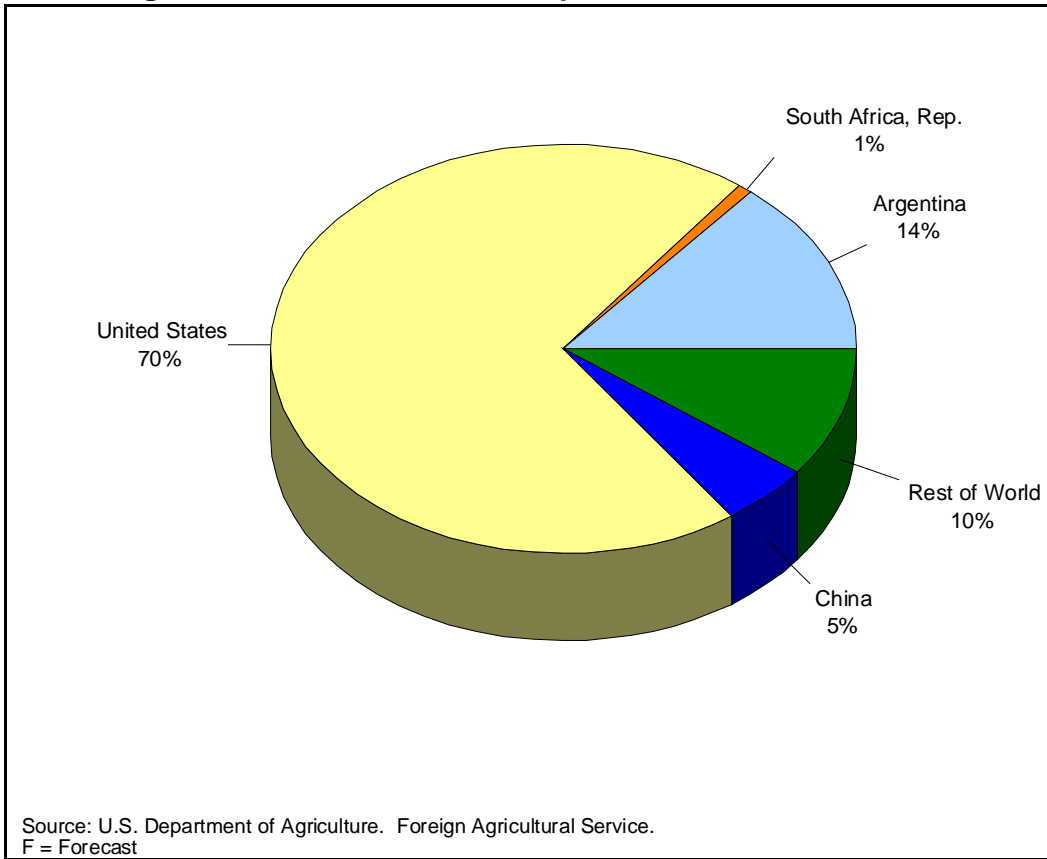
**Source:** U.S. Department of Agriculture. Foreign Agricultural Service, Grain: World Markets and Trade, FG 07-06, July 2006, available at [<http://www.fas.usda.gov/grain/circular/2006/07-06/all.pdf>].

July-June marketing year.

E = Estimate

F = Forecast

**Figure 8. Shares of World Exports of Corn, 2006/2007F**



**Table 8. Shares of World Exports of Corn,  
1995/1996 - 2006/2007F**

(percent)

Country	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Argentina	8.9	11.8	16.8	8.8	9.2	12.5
China	.22	2.4	7.0	3.5	9.5	7.0
South Africa, Rep.	1.9	2.4	1.7	.90	.83	1.4
United States	66.8	56.8	51.0	59.7	54.2	53.0
Rest of World	22.2	24.7	23.6	27.1	26.3	25.8

Country	2001/02	2002/03	2003/04	2004/05	2005/06 E	2006/07 F
Argentina	8.9	12.5	10.5	14.6	13.8	14.1
China	8.4	14.7	7.5	6.0	6.6	5.1
South Africa, Rep.	1.2	1.1	.81	1.5	1.8	.64
United States	52.3	44.5	52.4	51.4	68.2	70.0
Rest of World	29.0	27.1	28.8	26.5	9.6	10.1

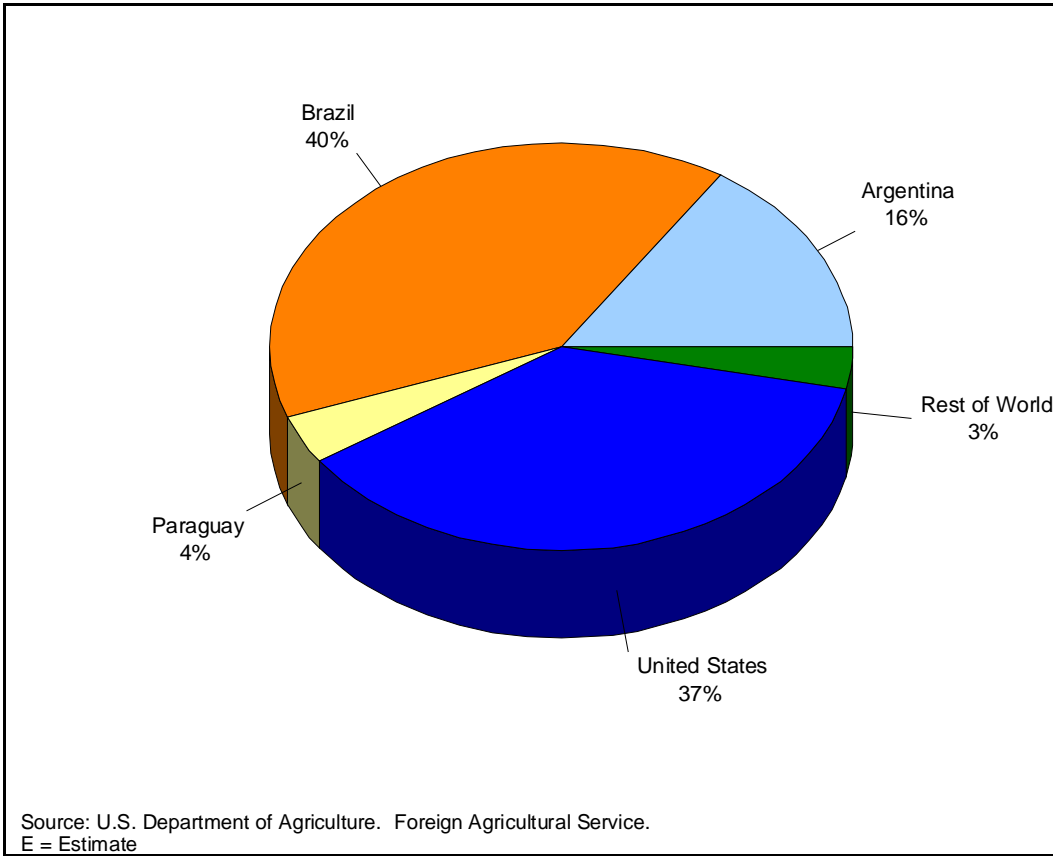
**Source:** U.S. Department of Agriculture. Foreign Agricultural Service, Grain: World Markets and Trade, FG 07-06, July 2006, available at [<http://www.fas.usda.gov/grain/circular/2006/07-06/all.pdf>].

October-September marketing year.

E = Estimate

F = Forecast

**Figure 9. Shares of World Exports of Soybeans, 2005/2006E**



**Table 9. Shares of World Exports of Soybeans,  
1995/1996 - 2005/2006E**

(percent)

Country	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Argentina	6.9	2.3	8.0	8.3	8.9	13.2
Brazil	10.1	10.8	21.6	22.6	23.9	27.5
Paraguay	4.7	6.7	5.9	6.3	4.5	4.6
United States	72.8	75.0	58.6	55.4	56.8	49.9
Rest of World	5.5	5.1	5.9	7.4	5.9	4.8

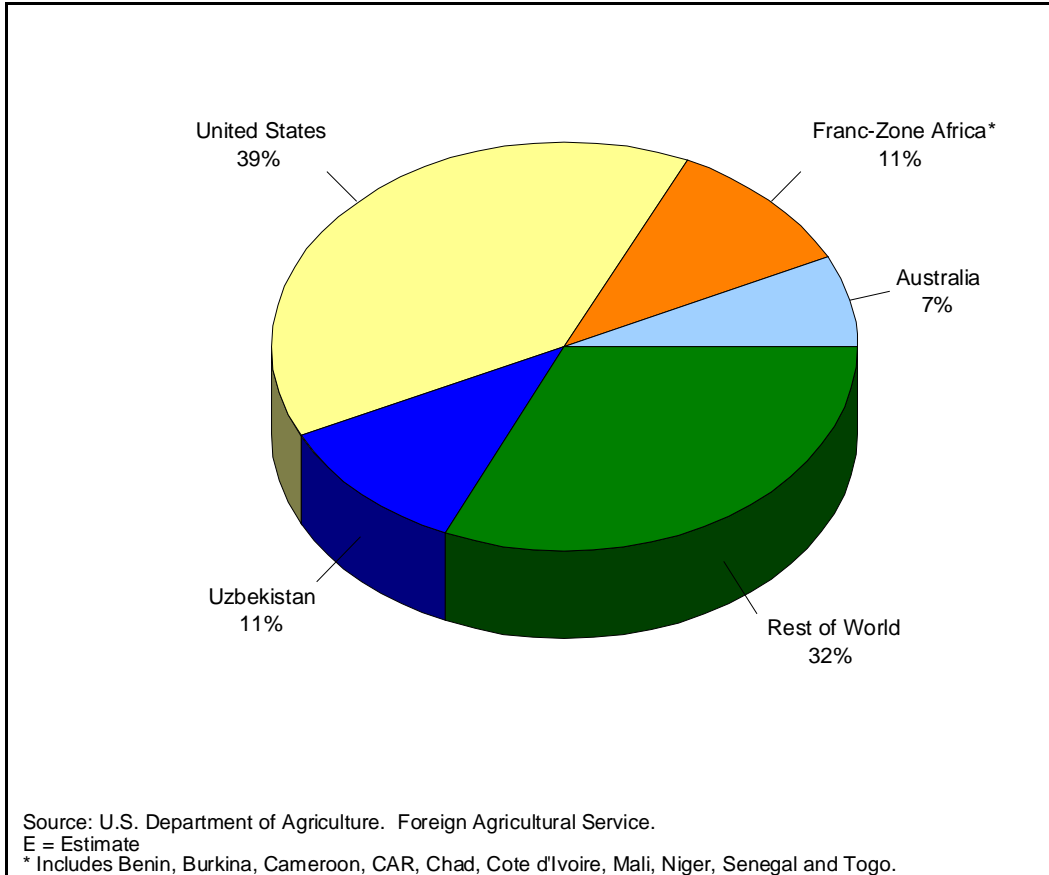
Country	2001/02	2002/03	2003/04	2004/05	2005/06E
Argentina	13.9	14.1	12.1	14.3	15.8
Brazil	30.4	32.0	35.6	31.0	39.2
Paraguay	4.4	5.2	5.0	4.4	4.0
United States	46.4	46.1	43.0	46.3	36.9
Rest of World	4.6	2.6	4.4	2.8	3.1

**Source:** U.S. Department of Agriculture. Foreign Agricultural Service, Oilseeds: World Market and Trade, FOP 7 - 06, July 2006, available at [<http://www.fas.usda.gov/oilseeds/circular/2006/06-07/FULL06July.pdf>].

Marketing year.

E = Estimate

**Figure 10. Shares of World Exports of Cotton, 2005/2006E**



**Table 10. Shares of World Exports of Cotton,  
1995/1996 - 2004/2005E**

(percent)

Country	1995/96	1996/97	1997/98	1998/99	1999/00
Australia	5.3	8.9	10.1	10.1	11.8
Franc-Zone Africa <sup>a</sup>	10.1	12.3	13.5	13.5	13.7
United States	27.6	25.6	28.1	28.1	24.7
Uzbekistan	16.3	17.0	17.1	16.1	15.0
Rest of World	7.2	36.3	31.0	37.6	34.8

Country	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06 E
Australia	14.8	10.8	8.7	6.5	5.8	7.4
Franc-Zone Africa <sup>a</sup>	2.0	2.3	2.4	2.9	11.9	10.7
United States	25.5	38.1	39.1	41.6	41.4	39.1
Uzbekistan	12.8	11.8	11.5	8.9	11.4	11.0
Rest of World	44.8	37.0	38.2	40.1	29.5	31.5

**Source:** U.S. Department of Agriculture. Foreign Agricultural Service, Cotton: World Markets and Trade, FC-07-06, July 2006, available at [<http://www.fas.usda.gov/cotton/circular/2006/07/CottonWMT.pdf>].

<sup>a</sup> Includes Benin, Burkina, Cameroon, CAR, Chad, Cote d'Ivoire, Mali, Niger, Senegal and Togo.

Marketing year.

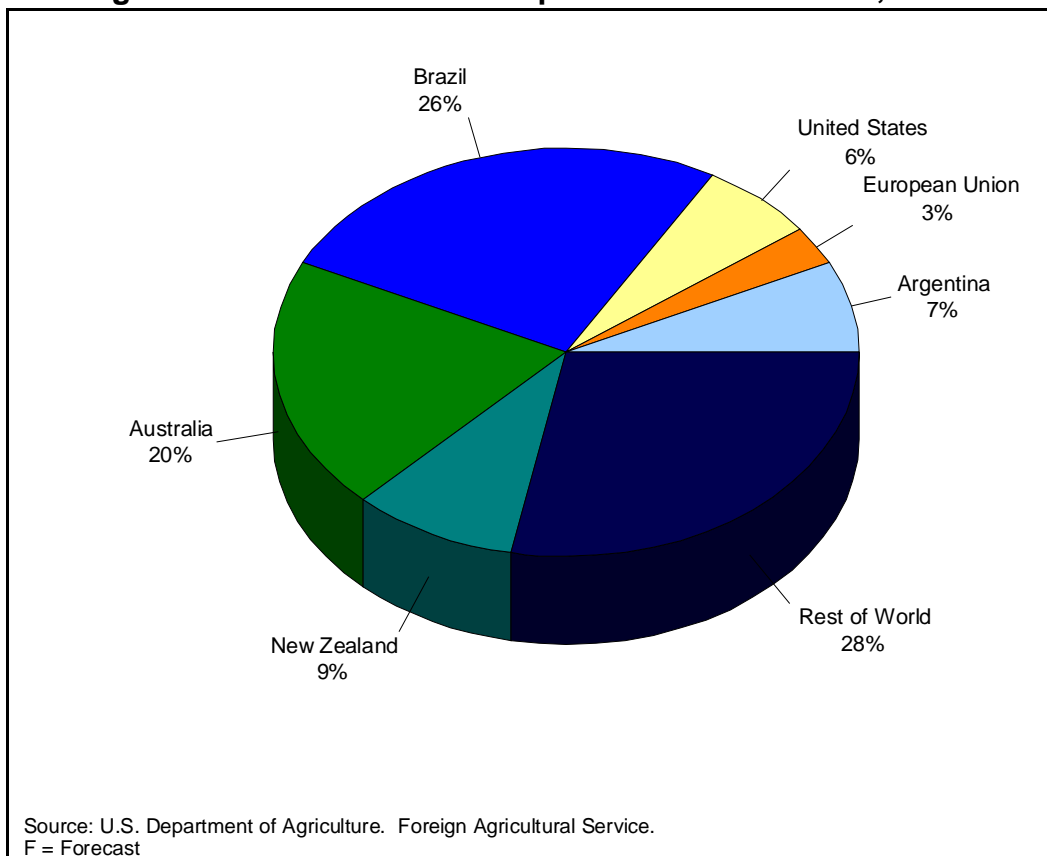
E = Estimate



## World Market Shares: Livestock and Dairy

- **Beef:** Brazil, with 26% (forecast) of world exports in 2006, has emerged as the world's largest supplier of beef to world markets. The U.S. share of world beef exports, 18% in 2003, has declined to a forecast 6% in 2006, because of mad cow disease.
- **Pork:** The EU retains its position as the world's largest exporter of pork (29% forecast for 2006), but has lost market share to the United States and Canada. The U.S. share of world pork exports is forecast to be 25% in 2006.
- **Poultry:** Brazil is the world's leading supplier of poultry meat (41% forecast for 2006). The United States with 34% of world exports and the EU (10%) have lost market share to Brazil in recent years.
- **Dairy Products:** In 2006, Australia and New Zealand were the leading suppliers of nonfat dry milk (NFD) to world markets, followed by the United States and the EU. The EU dominates the world market for cheese, while New Zealand is the largest exporter of butter.

**Figure 11. Shares of World Exports of Beef and Veal, 2006F**



**Table 11. Shares of World Exports of Beef and Veal, 1995-2006F**  
(percent)

Country	1995	1996	1997	1998	1999	2000
Argentina	10.0	9.1	8.0	5.4	6.3	6.2
European Union	17.9	17.7	15.7	12.6	14.8	9.5
United States	15.9	16.5	17.6	18.4	19.0	19.5
Brazil	5.6	5.3	5.3	7.0	8.1	8.5
Australia	21.0	19.7	20.9	23.5	22.1	23.2
New Zealand	9.7	10.0	9.7	10.0	7.8	8.4
Rest of World	20.0	17.5	22.2	23.3	22.0	24.6

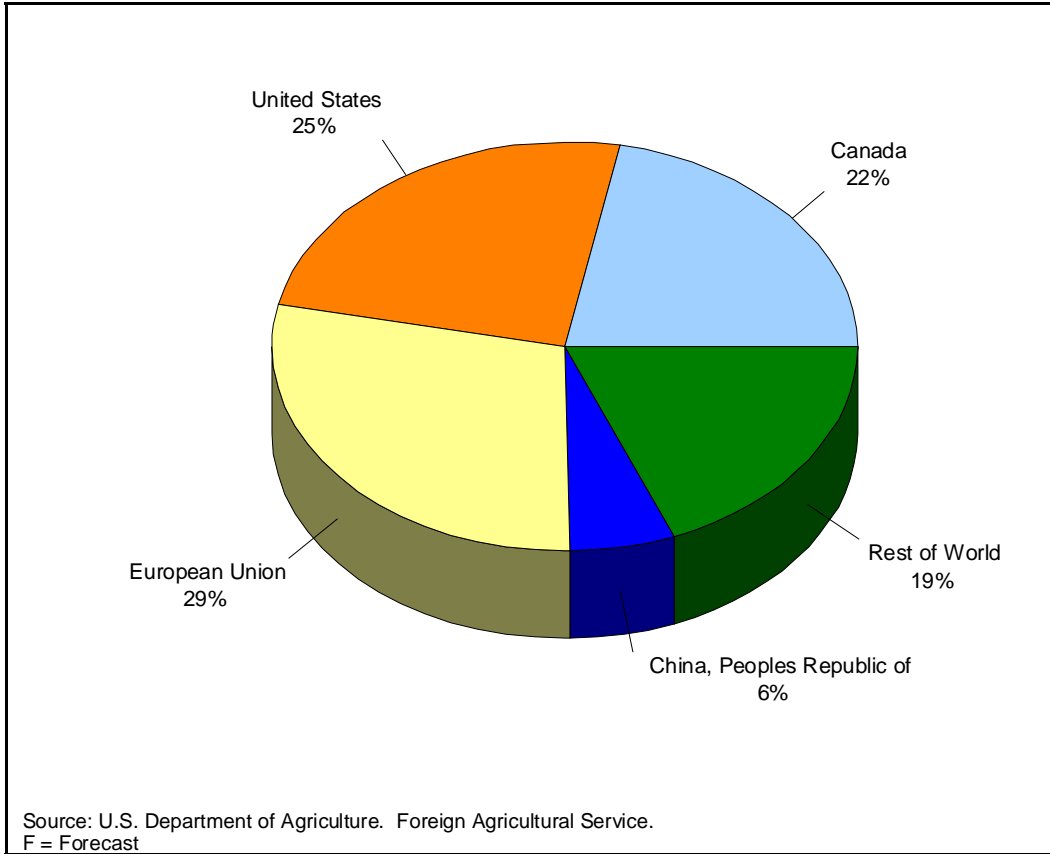
Country	2001	2002	2003	2004	2005P	2006F
Argentina	3.0	5.6	6.1	9.6	10.8	7.3
European Union	8.8	7.8	6.2	5.5	3.5	3.2
United States	18.1	17.8	18.1	3.2	4.4	6.4
Brazil	13.2	14.1	18.7	25.1	26.5	26.1
Australia	24.7	21.9	20.1	21.4	20.1	20.3
New Zealand	8.7	7.8	8.9	9.3	8.4	9.1
Rest of World	23.5	25.0	22.0	25.9	26.3	28.1

**Source:** U.S. Department of Agriculture. Foreign Agricultural Service, Livestock and Poultry: World Markets and Trade, DL&P 1-06, March 2006, available at [[http://www.fas.usda.gov/dlp/circular/2006/06-03LP/dlp06\\_03LP.pdf](http://www.fas.usda.gov/dlp/circular/2006/06-03LP/dlp06_03LP.pdf)].

P = Preliminary

F = Forecast

**Figure 12. Shares of World Pork Exports, 2006F**



**Table 12. Shares of World Pork Exports, 1994-2006F**  
(percent)

Country	1994	1995	1996	1997	1998	1999
Canada	13.8	15.4	14.6	14.9	15.5	16.8
United States	11.4	15.4	17.3	16.8	20.0	17.6
European Union <sup>a</sup>	39.7	30.5	27.5	34.4	35.9	42.0
Hungary	1.9	2.3	4.0	4.8	3.9	4.0
Poland	1.2	3.5	6.3	10.1	7.9	7.1
China, Peoples Republic of	8.3	9.9	7.5	5.6	5.1	2.3
Taiwan	15.1	16.4	15.1	—	—	—
Rest of World	8.6	6.8	8.3	11.3	11.8	10.4

Country	2000	2001	2002	2003	2004	2005P	2006F
Canada	19.3	22.6	23.2	24.2	20.8	21.6	22.0
United States	17.1	22.0	19.7	19.4	21.1	24.1	24.7
European Union <sup>a</sup>	43.1	35.2	31.1	30.7	31.3	27.5	28.7
Hungary	4.2	—	—	—	N/A	N/A	N/A
Poland	4.7	—	—	—	N/A	N/A	N/A
China, Peoples Republic of	2.1	4.3	5.8	7.0	8.2	6.6	5.9
Taiwan	—	—	—	—	—	—	—
Rest of World	10.0	15.9	20.1	18.8	18.7	20.3	18.7

**Source:** U.S. Department of Agriculture. Foreign Agricultural Service, Livestock and Poultry: World Markets and Trade, DL&P 1-06, March 2006, available at [[http://www.fas.usda.gov/dlp/circular/2006/06-03LP/dlp06\\_03LP.pdf](http://www.fas.usda.gov/dlp/circular/2006/06-03LP/dlp06_03LP.pdf)].

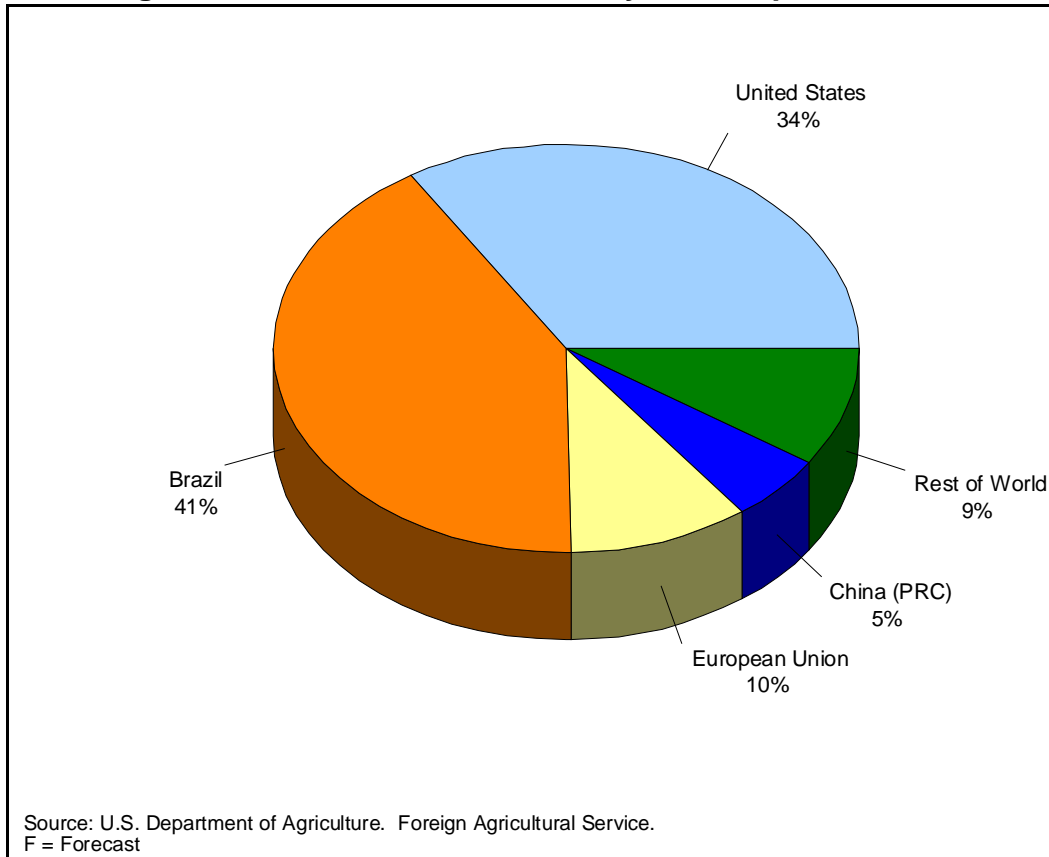
<sup>a</sup> Hungary and Poland joined the EU-25 in May 2004.

P= Preliminary

F= Forecast

— = Less than 0.1%

**Figure 13. Shares of World Poultry Meat Exports, 2006F**



**Table 13. Shares of World Total Poultry Meat Exports,  
1994-2006F**

(percent)

Country	1994	1995	1996	1997	1998	1999	2000
United States	40.4	43.2	44.4	49.4	47.6	47.3	45.6
Brazil	13.4	9.5	11.1	15.2	13.8	16.4	17.8
European Union	21.4	19.4	17.1	17.2	18.0	16.4	17.3
China (PRC)	5.2	7.2	7.1	7.7	7.3	7.9	9.5
Rest of World	19.5	20.6	20.3	10.6	13.3	11.9	9.8

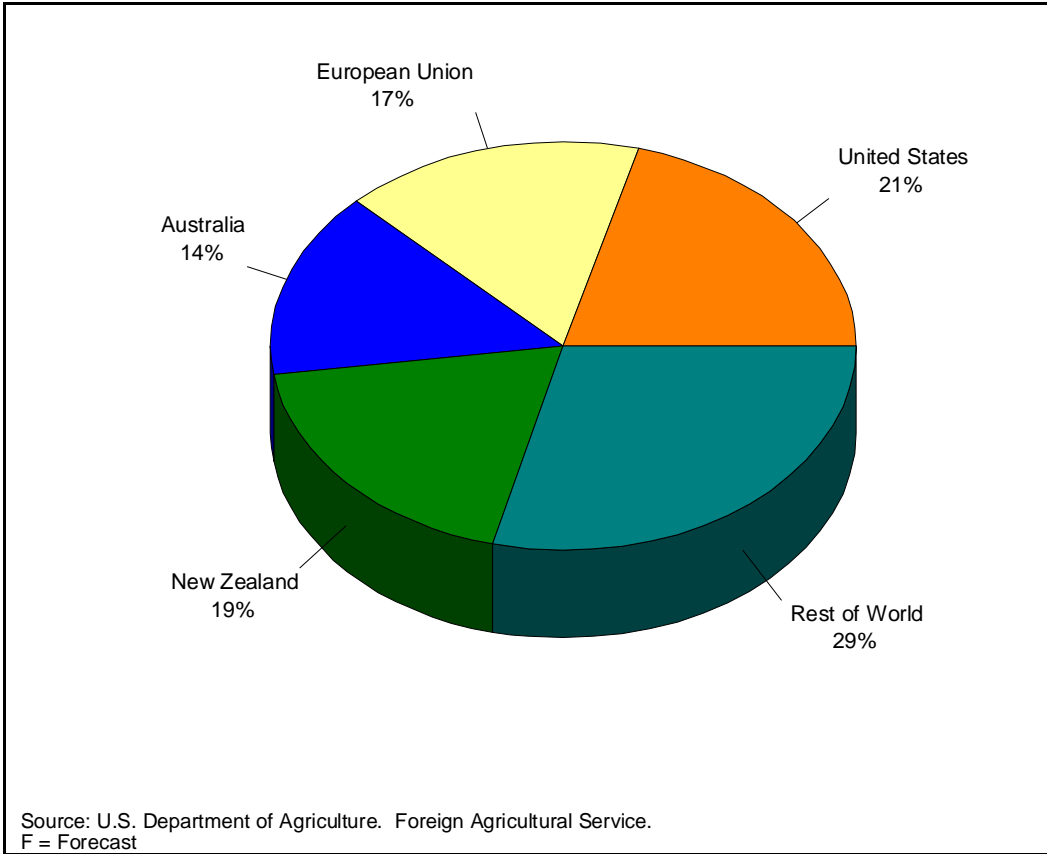
Country	2001	2002	2003	2004	2005P	2006F
United States	45.1	37.9	36.9	35.9	35.0	34.1
Brazil	21.9	27.4	31.7	40.0	41.0	41.2
European Union	13.7	15.2	12.6	13.5	11.1	10.2
China (PRC)	8.7	7.6	6.4	4.0	5.0	5.3
Rest of World	10.6	11.8	12.5	6.7	8.0	9.2

**Source:** U.S. Department of Agriculture. Foreign Agricultural Service, Livestock and Poultry: World Markets and Trade, DL&P 1-06, March 2006, available at [[http://www.fas.usda.gov/dlp/circular/2006/06-03LP/dlp06\\_03LP.pdf](http://www.fas.usda.gov/dlp/circular/2006/06-03LP/dlp06_03LP.pdf)].

P= Preliminary

F= Forecast

**Figure 14. Shares of World Nonfat Dry Milk Exports, 2006F**



**Table 14. Shares of World Nonfat Dry Milk Exports,  
1994-2006F**

(percent)

Country	1994	1995	1996	1997	1998	1999
Canada	3.9	3.8	4.6	3.1	3.9	3.8
United States	14.4	14.9	4.0	11.9	12.0	20.3
European Union	21.1	34.7	36.7	24.0	16.9	20.6
Poland <sup>a</sup>	13.1	8.8	10.0	11.4	11.7	7.8
Australia	20.7	16.9	21.7	20.9	11.4	22.5
New Zealand	17.7	15.0	19.5	21.9	22.7	19.2
Rest of World	9.0	5.4	10.0	6.9	9.8	5.7

Country	2000	2001	2002	2003	2004	2005P	2006F
Canada	2.6	4.8	4.7	3.1	1.4	1.5	.30
United States	11.7	9.9	12.0	12.0	19.8	27.9	24.4
European Union	37.4	29.4	25.5	28.9	24.2	20.9	19.6
Poland <sup>a</sup>	—	—	—	—	—	—	—
Australia	20.9	22.5	22.1	16.5	16.1	16.2	16.9
New Zealand	14.5	20.2	23.7	26.8	26.2	20.6	22.1
Rest of World	12.9	13.2	12.0	12.7	12.3	14.0	33.6

**Source:** U.S. Department of Agriculture. Foreign Agricultural Service, Dairy: World Markets and Trade, FD 1-06, July 2006, [[http://www.fas.usda.gov/dlp/circular/2006/06-07Dairy/dairy06\\_07.pdf](http://www.fas.usda.gov/dlp/circular/2006/06-07Dairy/dairy06_07.pdf)].

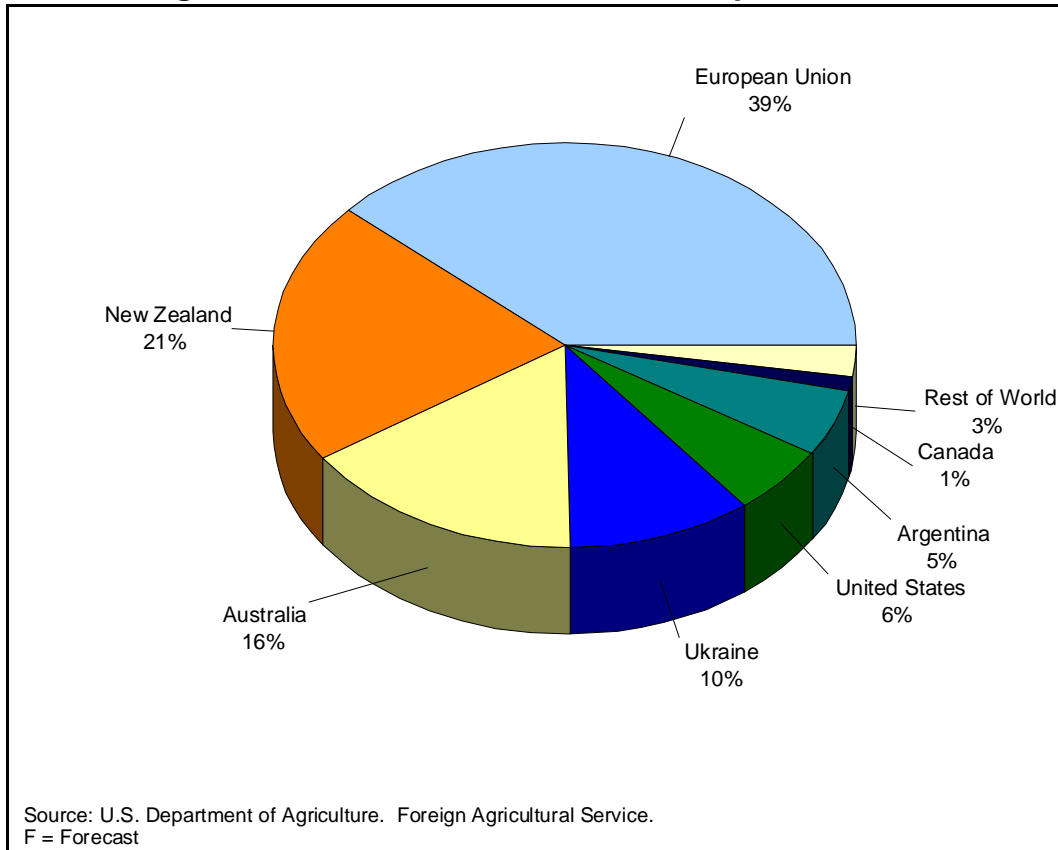
<sup>a</sup> Poland joined the European Union in 2004.

P= Preliminary

F= Forecast



**Figure 15. Shares of World Cheese Exports, 2006F**



**Table 15. Shares of World Cheese Exports, 1994-2006F**  
(percent)

Country	1994	1995	1996	1997	1998	1999	2000
European Union	60.3	56.7	57.3	51.0	46.2	42.2	45.2
New Zealand <sup>a</sup>	15.0	17.4	20.4	25.0	25.6	26.9	23.7
Australia <sup>b</sup>	10.6	11.5	13.1	13.3	16.6	19.3	20.9
Ukraine	0.5	0.6	0.4	0.2	0.4	0.7	1.1
United States	2.7	2.9	3.8	4.0	4.1	4.3	4.4
Argentina	1.4	1.3	1.3	2.0	1.9	2.2	2.1
Canada	0.9	1.4	1.8	2.4	3.0	2.8	1.7
Rest of World	8.5	8.2	2.0	2.0	2.2	1.7	0.9

Country	2001	2002	2003	2004	2005P	2006F
European Union	44.7	44.6	43.6	41.6	39.7	38.5
New Zealand <sup>a</sup>	23.1	23.9	24.6	23.3	21.5	21.2
Australia <sup>b</sup>	20.2	18.8	17.5	17.1	18.4	15.6
Ukraine	2.9	3.2	5.2	7.6	8.9	10.4
United States	4.9	4.7	4.4	4.9	4.7	5.6
Argentina	1.7	2.2	1.9	2.5	3.6	5.2
Canada	1.8	1.5	0.9	0.9	0.8	1.0
Rest of World	0.9	1.0	1.9	2.2	2.4	2.5

**Source:** U.S. Department of Agriculture. Foreign Agricultural Service, Dairy: World Markets and Trade, FD 1-06, July 2006, [[http://www.fas.usda.gov/dlp/circular/2006/06-07Dairy/dairy06\\_07.pdf](http://www.fas.usda.gov/dlp/circular/2006/06-07Dairy/dairy06_07.pdf)].

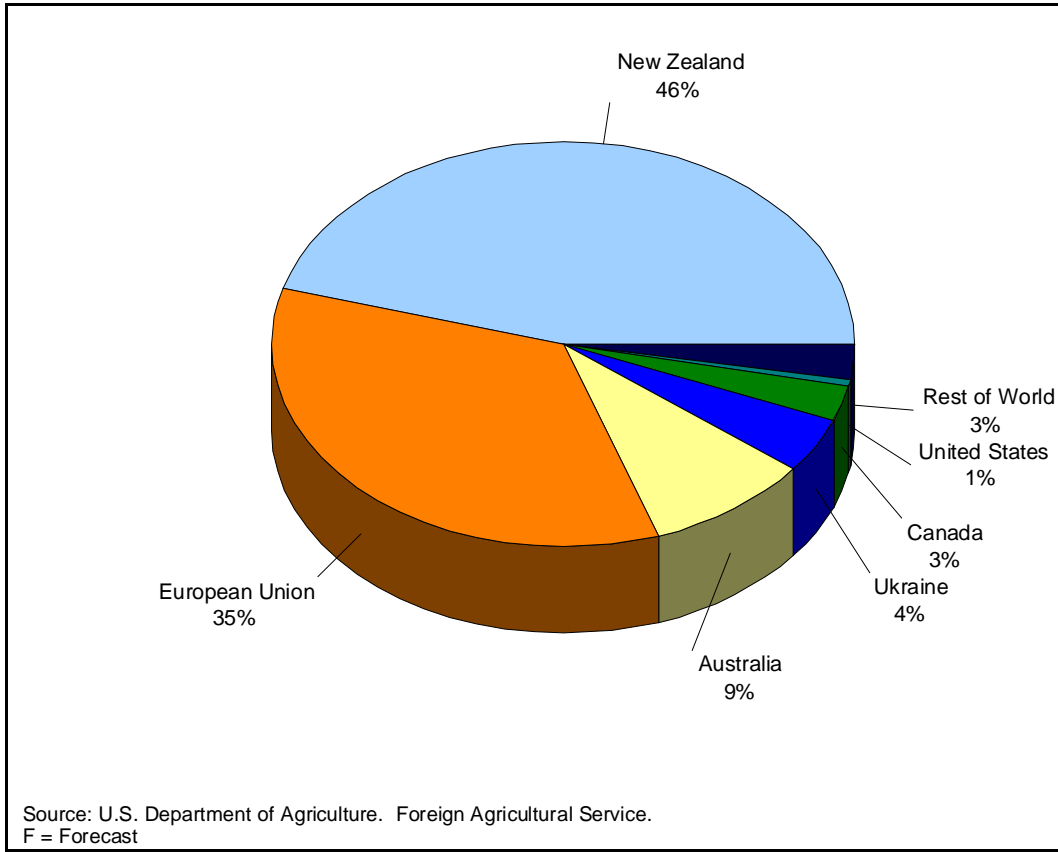
<sup>a</sup> Year ending May 31 of the year shown.

<sup>b</sup> Year ending June 30 of the year shown.

P= Preliminary

F= Forecast

**Figure 16. Shares of World Butter Exports, FY2006F**



**Table 16. Shares of World Butter Exports, 1994-2006F**  
(percent)

Country	1994	1995	1996	1997	1998	1999
New Zealand <sup>a</sup>	38.7	35.3	39.1	42.1	50.2	47.7
European Union	27.9	27.7	23.6	29.2	26.8	27.5
Australia <sup>b</sup>	13.7	12.6	12.3	14.8	16.7	20.0
Ukraine	3.3	10.2	15.6	7.9	1.6	1.4
Canada	0.3	0.9	2.1	1.6	1.9	1.9
United States	13.7	9.5	3.1	2.4	0.5	0.3
Rest of World	2.5	3.9	4.1	2.0	2.2	1.2

Country	2000	2001	2002	2003	2004	2005P	2006F
New Zealand <sup>a</sup>	47.5	46.7	47.5	46.1	44.2	39.5	45.7
European Union	26.0	26.4	29.9	35.5	39.2	42.5	34.6
Australia <sup>b</sup>	19.5	16.6	16.8	12.7	8.3	8.8	9.3
Ukraine	4.4	7.1	2.0	2.1	4.6	3.8	4.3
Canada	1.4	2.2	2.3	1.4	1.9	2.5	2.7
United States	0.6	0.0	0.4	1.2	0.9	1.0	0.7
Rest of World	0.7	1.1	1.1	1.0	0.9	2.0	2.6

**Source:** U.S. Department of Agriculture. Foreign Agricultural Service, Dairy: World Markets and Trade, FD 1-06, July 2006, [[http://www.fas.usda.gov/dlp/circular/2006/06-07Dairy/dairy06\\_07.pdf](http://www.fas.usda.gov/dlp/circular/2006/06-07Dairy/dairy06_07.pdf)].

<sup>a</sup> Year ending May 31 of the year shown.

<sup>b</sup> Year ending June 30 of the year shown.

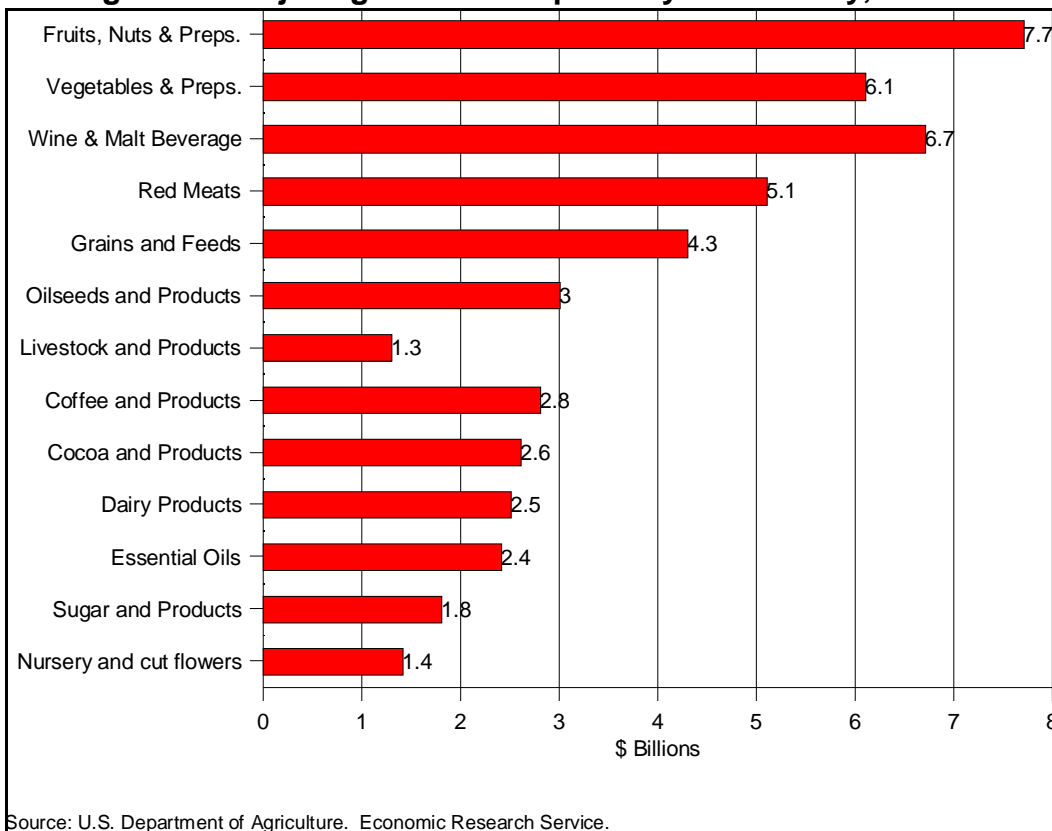
P= Preliminary

F= Forecast

## Major U.S. Agricultural Imports

- High-value horticultural products (fruits, vegetables, nuts, wine, beer, and others) are the largest category of U.S. agricultural imports — \$22 billion — in FY2005.
- Other high-value imports include red meats (\$5.7 billion), and oilseeds and products (\$2.9 billion).
- Imports of coffee, cocoa, and sugar amounted to \$7.7 billion in FY2005.

**Figure 17. Major Agricultural Imports by Commodity, FY2005**



**Table 17. Major U.S. Agricultural Imports, FY2005**  
(\$ billions)

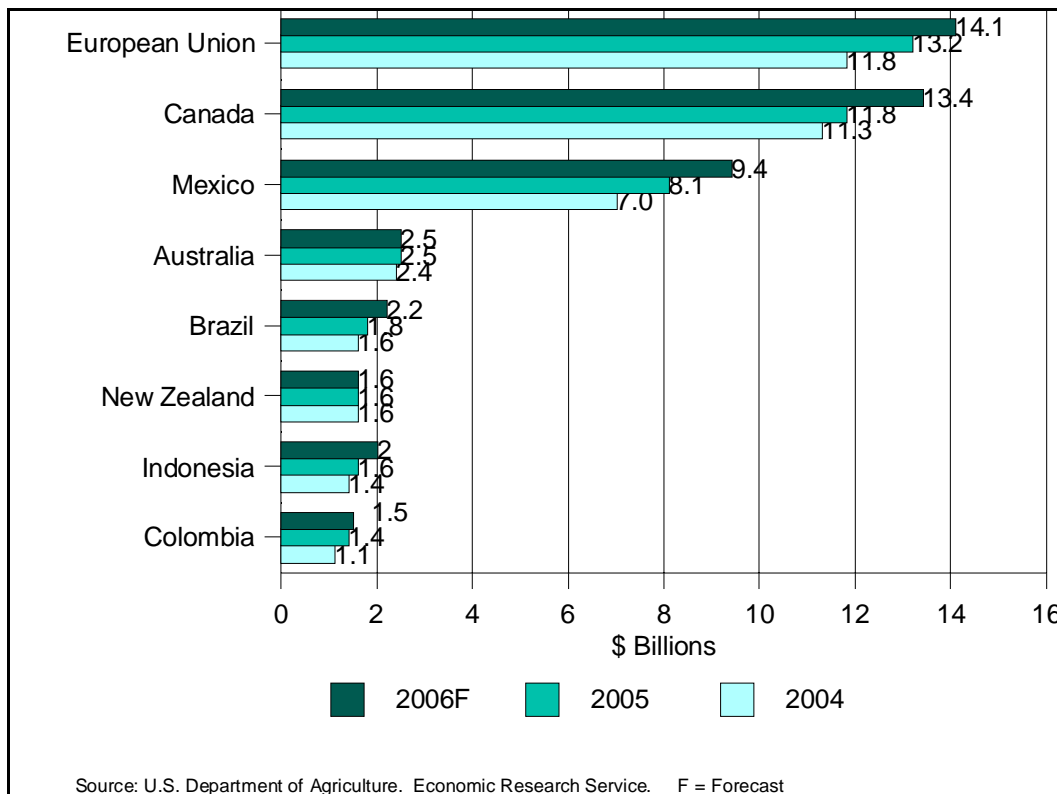
Commodity	FY2005 Imports
Fruits, Nuts & Preps.	7.7
Vegetables & Preps.	6.1
Wine & Malt Beverage	6.7
Red Meats	5.1
Grains and Feeds	4.3
Oilseeds and Products	3.0
Livestock and Products	1.3
Coffee and Products	2.8
Cocoa and Products	2.6
Dairy Products	2.5
Sugar and Products	1.8
Essential Oils	2.4
Nursery and cut flowers	1.4

**Source:** U.S. Department of Agriculture. Economic Research Service, Outlook for U.S. Agricultural Trade, AES-51, August 23, 2006, available at [<http://usda.mannlib.cornell.edu/usda/current/AES/AES-08-23-2006.pdf>].

## U.S. Agricultural Imports by Country of Origin

- Agricultural imports from the EU-25, Canada and Mexico, account for 58% of total U.S. agricultural imports in FY2006.
- Australia (at \$2.6 billion) is forecast to be the fourth largest supplier.
- Agricultural imports from Brazil are expected to reach \$2.2 billion in FY2006, making it the fifth largest supplier of food and agricultural products to the United States in FY2006.

**Figure 18. Major U.S. Agricultural Imports by Country of Origin, FY2004-FY2006F**



**Table 18. U.S. Agricultural Imports by Country of Origin,  
FY2004-FY2007F**  
(\$ billion)

Country	2004	2005	2006F	2007F
European Union	11.8	13.2	14.1	14.6
Canada	11.3	11.8	13.4	14.4
Mexico	7.0	8.1	9.4	10.2
Australia	2.4	2.5	2.5	2.6
Brazil	1.6	1.8	2.2	2.5
New Zealand	1.6	1.6	1.6	1.6
Colombia	1.1	1.4	1.5	1.6
Indonesia	1.4	1.6	2.0	2.3

**Source:** U.S. Department of Agriculture. Economic Research Service, Outlook for U.S. Agricultural Trade, AES-51, August 23, 2006, available at [<http://usda.mannlib.cornell.edu/usda/current/AES/AES-08-23-2006.pdf>].

<sup>a</sup> Australia, New Zealand, and Papua New Guinea.

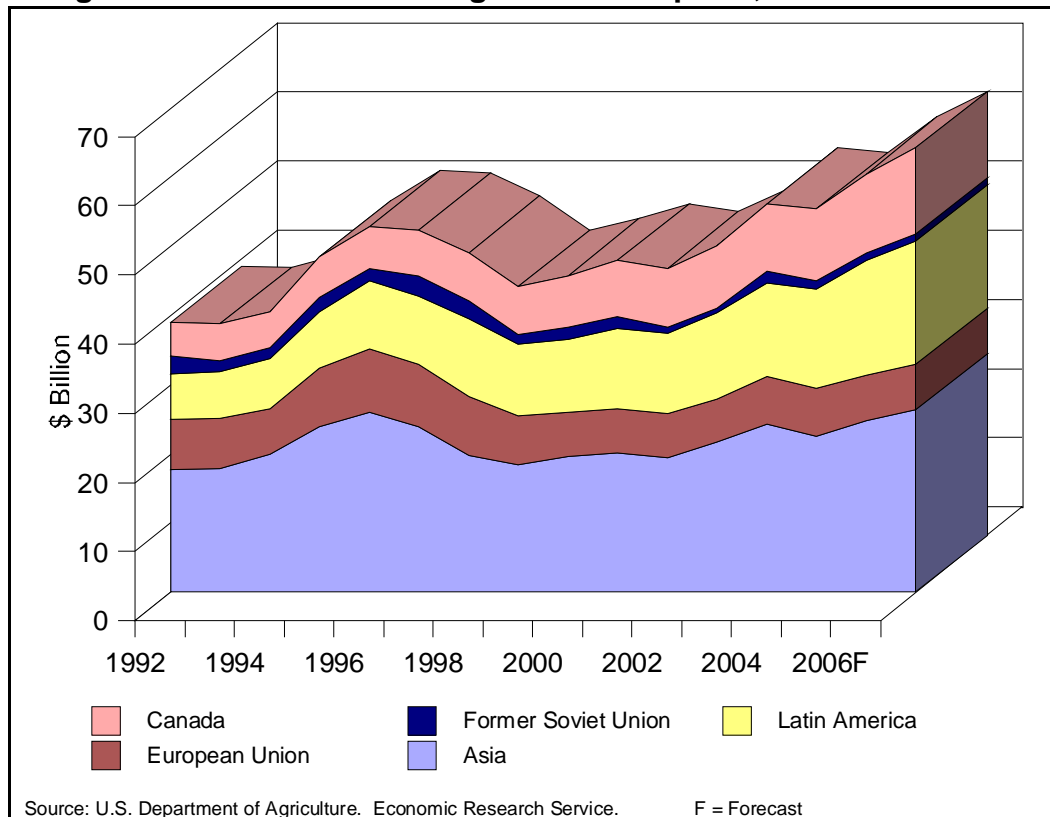
F= Forecast



## Growth in U.S. Agricultural Exports

- Growth in U.S. farm exports to Asia slowed considerably following a 1997 financial crisis, but have since resumed an upward trend.
- U.S. agricultural exports to the EU have declined from highs of around \$9 billion in the late 1990s to around \$6.6 billion forecast for FY2006.
- Agricultural exports to countries in the former Soviet Union have declined in value since the 1992 break-up of the USSR.
- 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.

**Figure 19. Growth in U.S. Agricultural Exports, FY1992-FY2007F**



**Table 19. Change in U.S. Agricultural Exports,  
FY1992-FY2007F**  
(\$ billion)

Year	Asia	European Union	Latin America <sup>a</sup>	Former Soviet Union	Canada
1992	17.8	7.2	6.5	2.7	4.8
1993	17.8	7.2	6.9	1.6	5.2
1994	19.9	6.6	7.4	1.5	5.3
1995	24.0	8.4	8.2	2.1	5.8
1996	26.0	9.2	9.9	1.7	6.0
1997	23.9	9.0	10.0	2.9	6.6
1998	19.7	8.5	11.3	2.6	7.0
1999	18.5	7.0	10.4	1.4	7.0
2000	19.7	6.4	10.6	1.6	7.5
2001	20.1	6.5	11.6	1.8	8.0
2002	19.5	6.5	11.5	0.9	8.6
2003	21.7	6.3	12.4	0.7	9.1
2004	24.3	6.8	13.6	1.7	9.6
2005	22.5	6.9	14.4	1.2	10.4
2006F	24.8	6.6	16.6	1.1	11.4
2007F	26.3	6.6	17.8	1.1	12.4
Rate of Growth <sup>b</sup>	2.47%	-0.54%	6.50%	-5.46%	6.11%

**Source:** U. S. Department of Agriculture. Economic Research Service, Outlook for U.S. Agricultural Trade, AES-51, August 23, 2006, available at [<http://usda.mannlib.cornell.edu/usda/current/AES/AES-08-23-2006.pdf>].

<sup>a</sup> Including Mexico.

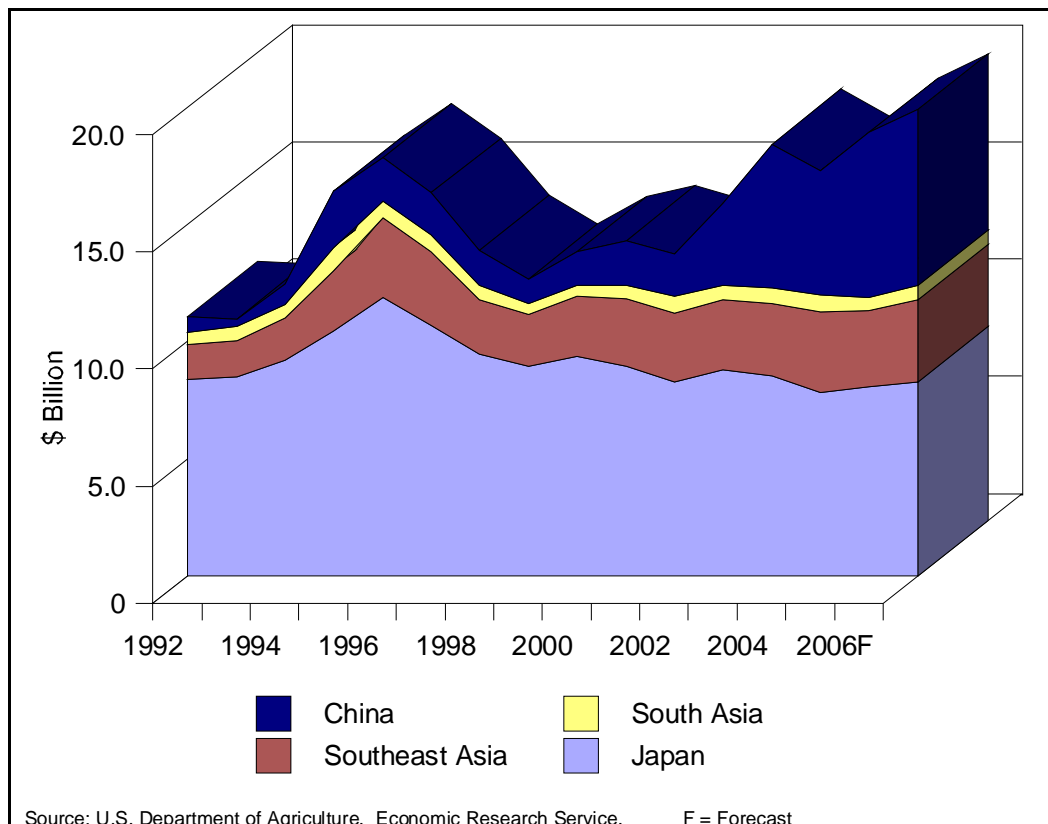
<sup>b</sup> The rate of growth is the change in U.S. exports from 1992 to 2007F. Calculations were computed using a compound rate of growth calculator, available at [[http://www.moneychimp.com/calculator/compound\\_interest\\_calculator.htm](http://www.moneychimp.com/calculator/compound_interest_calculator.htm)].

F= Forecast

## Growth in U.S. Agricultural Exports to Asian Markets

- U.S. agricultural exports to Japan, the United States' third largest agricultural export market, have declined since 1996.
- U.S. agricultural exports to China have grown rapidly during 1992-2006. Since 2001, when China became a member of the World Trade Organization, U.S. agricultural exports to China have more than tripled as its annual rates of GDP growth have averaged more than 9%.
- Rapid income growth in Southeast Asia also has stimulated demand for U.S. agricultural exports since 1992.
- Agricultural exports to South Asia have grown at a little over 1% since 1992.

**Figure 20. Growth in Agricultural Exports to Asian Markets, FY1992-FY2007F**



**Table 20. Change in Agricultural Exports to Asian Markets,  
FY1992-FY2007F**

(\$ billion)

Year	Japan	Southeast Asia	South Asia	China
1992	8.4	1.5	0.5	0.7
1993	8.5	1.6	0.6	0.3
1994	9.2	1.8	0.6	0.9
1995	10.5	2.6	1.0	2.4
1996	11.9	3.4	0.7	1.8
1997	10.7	3.1	0.7	1.8
1998	9.5	2.3	0.6	1.5
1999	8.9	2.2	0.5	1.0
2000	9.4	2.6	0.4	1.5
2001	8.9	2.9	0.6	1.9
2002	8.3	2.9	0.8	1.8
2003	8.8	2.9	0.6	3.5
2004	8.5	3.1	0.7	6.1
2005	7.8	3.5	0.7	5.3
2006F	8.1	3.2	0.6	7.0
2007F	8.3	3.5	0.6	7.5
Rate of Growth <sup>a</sup>	-0.07%	5.44%	1.15%	15.98%

**Source:** U.S. Department of Agriculture. Economic Research Service, Outlook for U.S. Agricultural Trade, AES-51, August 23, 2006, available at [<http://usda.mannlib.cornell.edu/usda/current/AES/AES-08-23-2006.pdf>].

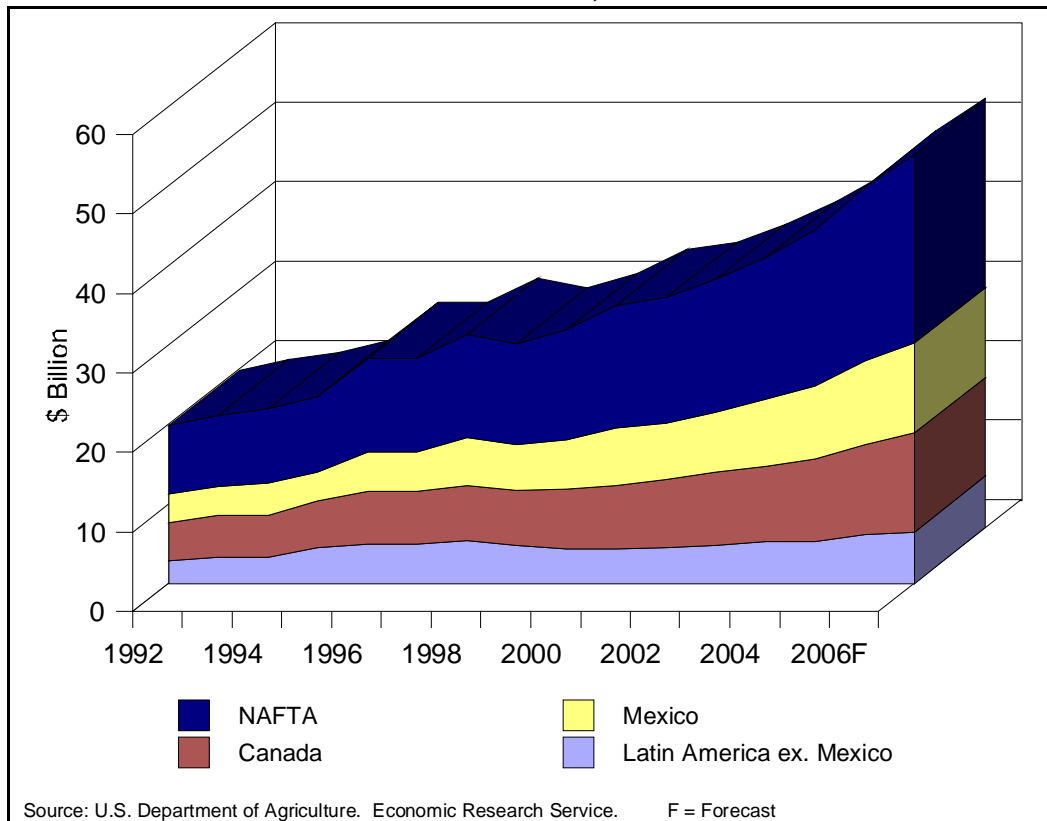
<sup>a</sup> The rate of growth is the change in U.S. exports from 1992 to 2007F. Calculations were computed using a compound rate of growth calculator, available at [[http://www.moneychimp.com/calculator/compound\\_interest\\_calculator.htm](http://www.moneychimp.com/calculator/compound_interest_calculator.htm)].

F= Forecast

## Growth in Agricultural Exports to North and South America

- Growth in U.S. agricultural trade with Canada and Mexico, both NAFTA trading partners, and with Latin America has been particularly strong since 1992.
- U.S. agricultural exports to Canada are forecast to reach \$11.4 billion in FY2006.
- U.S. agricultural exports to Mexico are expected to be \$10.4 billion in FY2006.
- U.S. agricultural exports to Latin America (excluding Mexico) are expected to reach \$6 billion in FY2006.

**Figure 21. Growth in Agricultural Exports to North and South America, FY1992-FY2007F**



**Table 21. Change in Agricultural Exports to North and South America, FY1992-FY2007F**

(\$ billion)

Year	Latin America ex. Mexico	Canada	Mexico	NAFTA
1992	2.8	4.8	3.7	8.5
1993	3.3	5.2	3.7	8.9
1994	3.2	5.3	4.1	9.4
1995	4.5	5.8	3.7	9.5
1996	4.9	6.6	5.1	11.7
1997	4.9	6.6	5.1	11.7
1998	5.3	7.0	6.0	13.0
1999	4.7	7.0	5.7	12.7
2000	4.3	7.5	6.3	13.8
2001	4.3	8.0	7.3	15.3
2002	4.5	8.6	7.1	15.7
2003	4.8	9.1	7.6	16.7
2004	5.2	9.5	8.4	17.9
2005	5.2	10.4	9.2	19.6
2006F	6.1	11.4	10.5	21.9
2007F	6.5	12.4	11.3	23.7
Rate of Growth	5.40%	6.11%	7.23%	6.62%

**Source:** U.S. Department of Agriculture. Economic Research Service, Outlook for U.S. Agricultural Trade, AES-51, August 23, 2006, available at [<http://usda.mannlib.cornell.edu/usda/current/AES/AES-08-23-2006.pdf>].

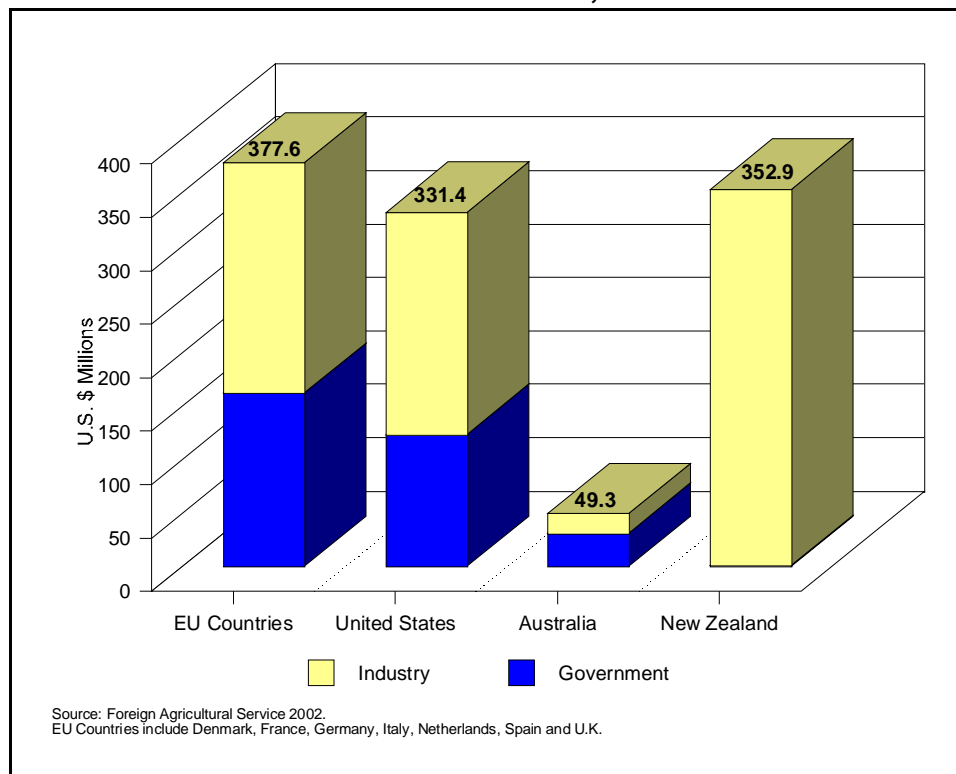
<sup>a</sup> The rate of growth is the change in U.S. exports from 1992 to 2007F. Calculations were computed using a compound rate of growth calculator, available at [[http://www.moneychimp.com/calculator/compound\\_interest\\_calculator.htm](http://www.moneychimp.com/calculator/compound_interest_calculator.htm)].

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.<sup>1</sup>
- 37% of the funds for U.S. market development programs are from the Federal Government; 63% are from commodity groups, trade associations, cooperatives, or private firms.
- EU countries operate market development/export promotion programs funded by mandatory producer levies (57% in 2002) and national budgets (43% in 2002).
- In Australia, the government provided 63% of export market development funds in 2002 and industry 37%.
- In New Zealand, 99.8% of export market development funds are provided by industry.

**Figure 22. Expenditures for Market Development, Selected Countries, 2002**



<sup>1</sup> Information on spending for foreign country market development programs is from *The Competition in 2002: U.S. and Competitor Expenditures on Export Promotion for Agricultural, Forestry, and Fishery Products*, USDA, Foreign Agricultural Service, August 2004, available at [<http://www.fas.usda.gov/cmp/com-study/2002/2002.pdf>]

**Table 22. Expenditures for Market Development,  
Selected Countries, 2002**

(\$ millions)

Country	Total	Funding			
		Government	%	Industry	%
EU Countries	377.6	162.1	42.9	215.5	57.0
United States	331.4	123.4	37.2	208.0	62.8
Australia	49.3	31.1	63.1	18.2	36.9
New Zealand	352.9	0.6	0.2	352.3	99.8

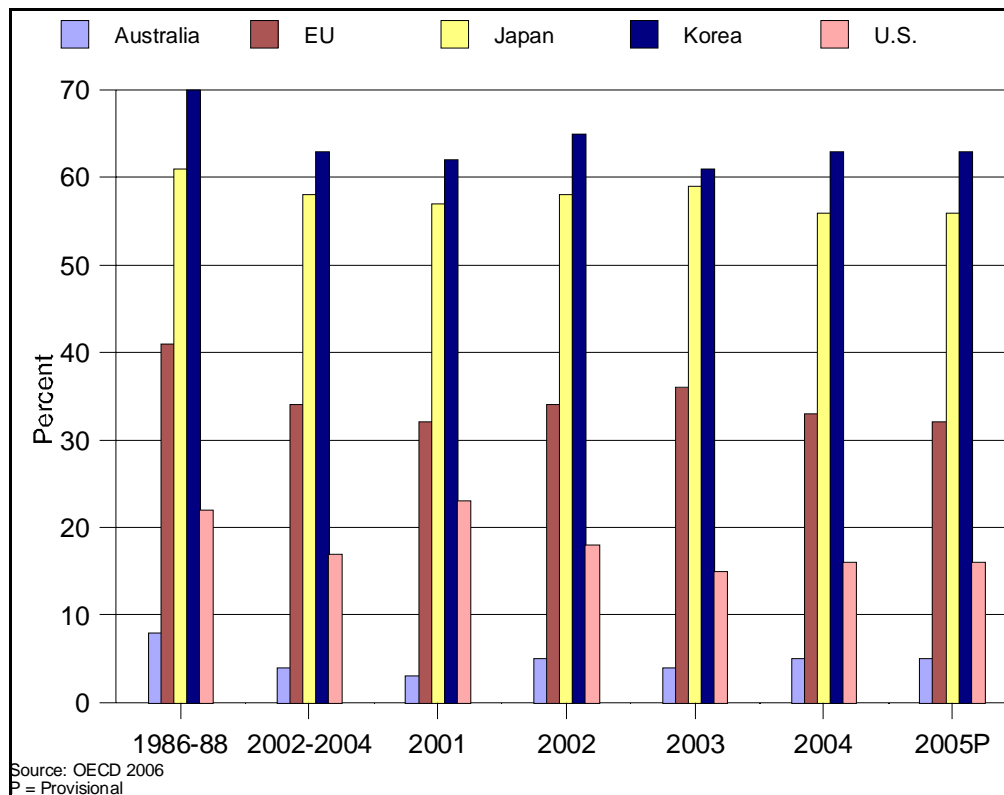
**Source:** U.S. Department of Agriculture, Foreign Agricultural Service, The Competition in 2002: U.S. and Competitor Expenditures on Export Promotion for Agricultural, Forestry, and Fishery Products, August 2004, available at [<http://www.fas.usda.gov/cmp/com-study/2002/2002.pdf>].



## Producer Support Estimates (PSEs) in Selected OECD Countries<sup>2</sup>

- 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 (which are discussed below). PSEs can be expressed in money terms in aggregate or per unit of production, or in percentage terms.
- PSEs are an indication of the extent to which government policy supports agricultural producers.
- PSE's vary considerably among OECD countries. Australia with 5% is among the lowest, while Korea at 63% and Japan at 56% are among the highest.
- The EU's PSE (32%) equals about one-third, and the United States' (16%) less than one-fifth, of the value of total agricultural production.

**Figure 23. Producer Support Estimates (PSEs) in Selected OECD Countries**



<sup>2</sup> *Agricultural policies in OECD Countries At a Glance*, Paris, OECD, 2006.

**Table 23. Producer Support Estimates (PSEs)  
in Selected OECD Countries**

(percent)

Country	1986-88	2002-2004	2001	2002	2003	2004	2005 P
Australia	8	4	3	5	4	5	5
EU	41	34	32	34	36	33	32
Japan	61	58	57	58	59	56	56
Korea	70	63	62	65	61	63	63
U.S.	22	17	23	18	15	16	16

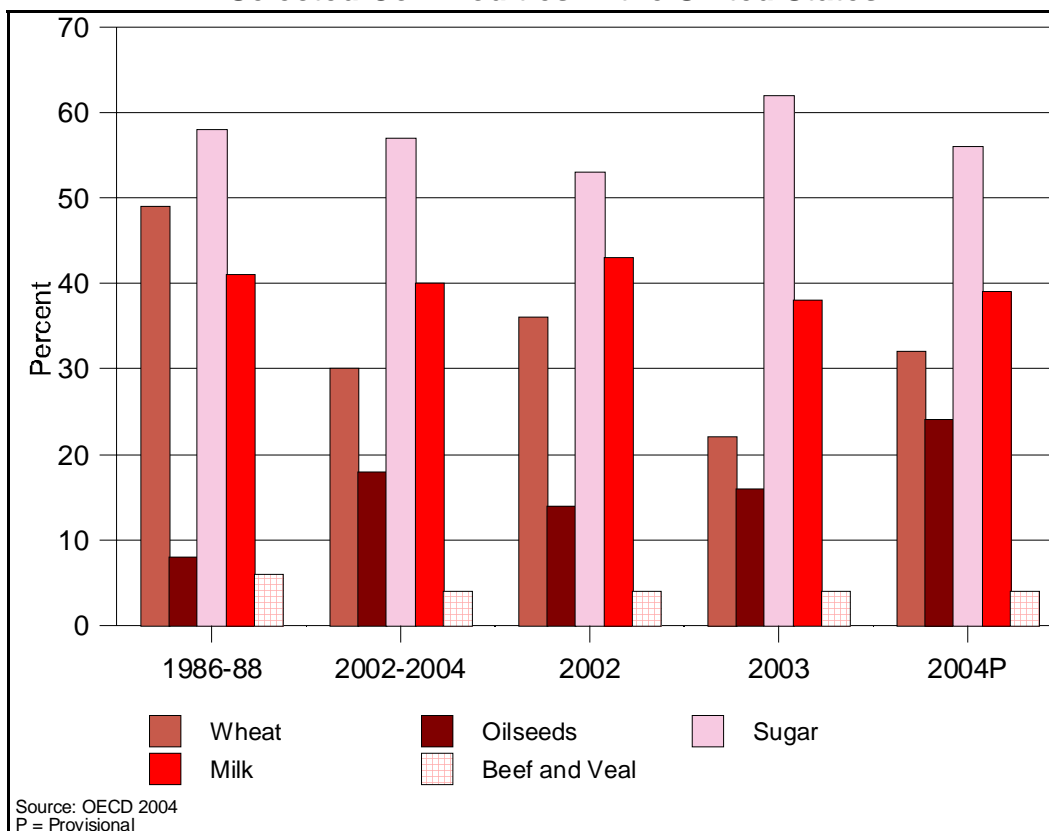
**Source:** Organization for Economic Co-operation and Development (OECD), Agricultural policies in OECD Countries At a Glance, 2006 edition, [[http://www.oecd.org/document/4/0,2340,en\\_2649\\_201185\\_36967364\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/4/0,2340,en_2649_201185_36967364_1_1_1_1,00.html)].

P = Provisional

## Producer Support Estimates (PSEs) in the United States and the European Union<sup>3</sup>

- The PSE for all agricultural products in the EU declined from 41% in 1986-88, and was 32% in 2005.
- The PSE for all agricultural products in the United States declined from 22% in 1986-88 to 16% in 2005.
- 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 24. Producer Support Estimates (PSEs) in Selected Commodities in the United States**



<sup>3</sup> PSEs for individual commodities are from *Agricultural Policies in OECD Countries: Monitoring and Evaluation*, Paris, OECD, 2005.

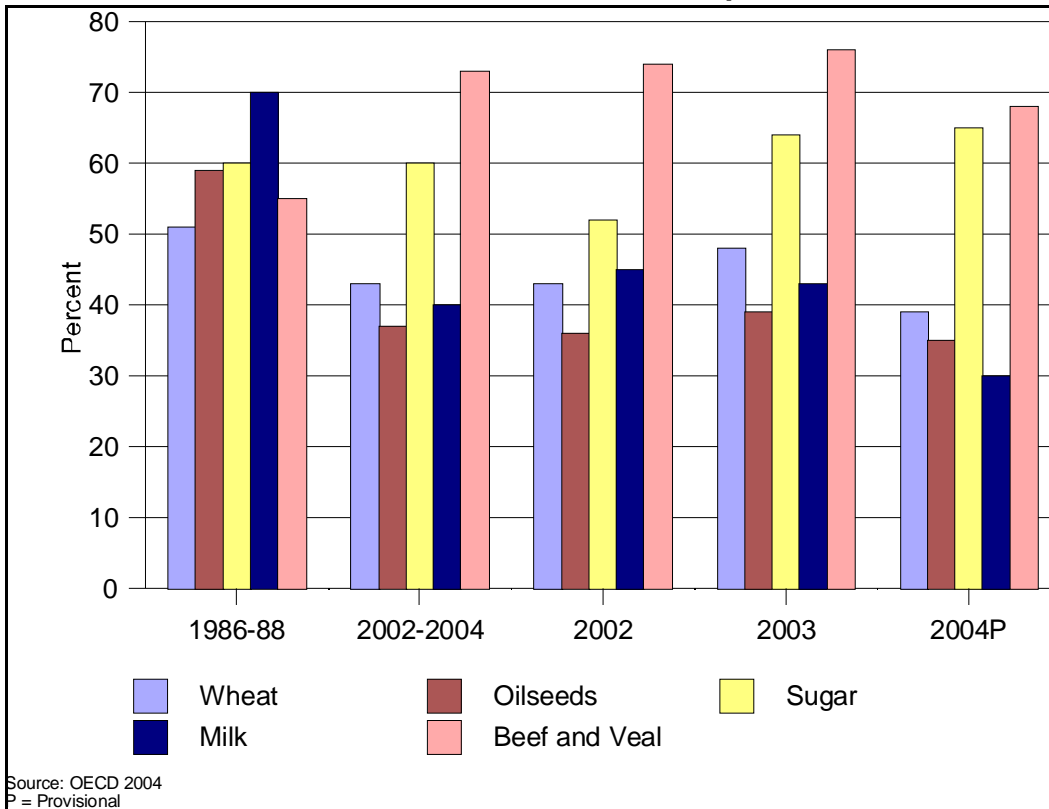
**Table 24. Producer Support Estimates (PSE)  
in the United States by Commodity**  
(percent)

<b>Products</b>	<b>1986-88 (Average)</b>	<b>2002-2004</b>	<b>2002</b>	<b>2003</b>	<b>2004P</b>
Wheat	49	30	36	22	32
Corn	38	20	20	13	27
Rice	52	33	50	31	18
Oilseeds	8	18	14	16	24
Sugar	58	57	53	62	56
Milk	41	40	43	38	39
Beef and Veal	6	4	4	4	4
Pork	4	4	4	4	4
Poultry	13	4	4	4	4
<b>All Products</b>	22	17	18	15	18

**Source:** Organization for Economic Cooperation and Development (OECD), Agricultural Policies in OECD Countries: Monitoring and Evaluation, 2005 edition, [[http://www.oecd.org/document/9/0,2340,en\\_2649\\_201185\\_35015433\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/9/0,2340,en_2649_201185_35015433_1_1_1_1,00.html)].

P = Provisional

**Figure 25. Producer Support Estimates (PSEs) in Selected Commodities in the European Union**



**Table 25. Producer Support Estimates (PSEs)  
in the European Union**  
(percent)

<b>Products</b>	<b>1986-88 (Average)</b>	<b>2002-2004</b>	<b>2002</b>	<b>2003</b>	<b>2004P</b>
Wheat	51	43	43	48	39
Corn	53	39	30	44	43
Rice	60	35	34	32	39
Oilseeds	59	37	36	39	35
Sugar	60	60	52	64	65
Milk	70	40	45	43	30
Beef and Veal	55	73	74	76	68
Pork	16	24	21	26	24
Poultry	24	40	38	35	46
<b>All Products</b>	41	34	34	36	33

**Source:** Organization for Economic Cooperation and Development (OECD), Agricultural Policies in OECD Countries: Monitoring and Evaluation, 2005 edition, [[http://www.oecd.org/document/9/0,2340,en\\_2649\\_201185\\_35015433\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/9/0,2340,en_2649_201185_35015433_1_1_1_1,00.html)].

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 four times larger than direct U.S. subsidies; in 1999 EU subsidies were a little over twice 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 26. U.S. and EU Government Spending on  
Agricultural Support, 2003-2006E**  
(\$ billion)

<b>European Union</b>	<b>2004</b>	<b>2005</b>	<b>2006E</b>
Export Subsidies <sup>a</sup>	3.629	4.356	3.962
Domestic Support <sup>b</sup>	40.891	44.056	26.486
<b>Total</b>	<b>44.520</b>	<b>48.412</b>	<b>30.448</b>

<b>United States</b>	<b>2004</b>	<b>2005</b>	<b>2006E</b>
Export Subsidies <sup>c</sup>	0.610	-1.441	0.265
Domestic Support <sup>d</sup>	8.616	19.777	18.982
<b>Total</b>	<b>9.226</b>	<b>18.336</b>	<b>19.247</b>

**Source:** U.S. Department Of Agriculture, Economic Research Service Table 35 — CCC Net Outlays by Commodity and Function available at [<http://www.ers.usda.gov/Publications/AgOutlook/AOTables/>] and Commission of the European Union, Agriculture in the European Union, Statistical and economic information 2005 available at [[http://ec.europa.eu/agriculture/agrista/2005/table\\_en/index.htm](http://ec.europa.eu/agriculture/agrista/2005/table_en/index.htm)].

E = Estimate

<sup>a</sup> EU export subsidies include export refunds, but exclude food aid.

<sup>b</sup> 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. Estimates 2006 spending excludes spending for rural development and environment.

<sup>c</sup> U.S. export subsidies include net outlays of the Community Credit Corporation for the Export Enhancement Program, Dairy Export Incentive Program, Export Credit Guarantee Programs, Market Access Program, Technical Assistance to Emerging Markets, Foreign Market Development Cooperative Program, and Quality Samples Program. Foreign food aid is excluded. Minus (-) indicates a net receipt (excess of repayments or other receipts over gross outlays of funds).

<sup>d</sup> U.S. domestic support includes net CCC outlays, including interest payments and operating expenses, minus CCC export outlays. Net costs of crop insurance are included. Conservation Reserve Program and other conservation spending is excluded.



**Table 27. Agricultural and Trade Policies in the United States and the European Union**

United States	European Union
<b>Domestic Support</b>	
<p>Producers of wheat, feed grains, upland cotton, rice, and oilseeds are eligible for direct payments 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. Dairy farmers also receive a form of counter-cyclical support through Milk Income Loss Contract payments under the 2002 farm bill.</p>	<p>Historically, 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 were based on historical areas and yields and operated in conjunction with a land set-aside requirement. Oilseeds support is based on area payments.</p> <p>For livestock products, direct payments were based on fixed reference numbers and for beef they are subject to limitations on stocking density. Further price reductions, part of Agenda 2000 reforms further reduced grain and meat prices and will be only partially compensated by increases in direct payments.</p> <p>Beginning in 2005, EU farmers receive a decoupled Single Farm Payment (SFP) which generally groups the previous direct payments into one and is decoupled from production. Eligibility for the SFP is conditioned on farmers' observing enumerated environmental and "good farming" practices.</p>

United States	European Union
<b>Trade Measures</b>	
<p>Import quotas for dairy and sugar are subject to conversion to tariff quotas under the 1994 Uruguay Round (UR) 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, the Market Access Program (MAP,) and the Foreign Market Development Program (FMDP) assist producer groups, associations, and firms with promotional and other activities.</p> <p>A federally chartered public corporation, the Commodity Credit Corporation (CCC), makes credit guarantees available to private financial institutions who finance the purchase U.S. agricultural exports.</p> <p>The United States has negotiated free trade agreements (FTAs) with Canada and Mexico which cover substantially all agricultural trade among FTA signatories. The United States has negotiated FTAs with Chile and Central American countries and is involved in negotiating other bilateral FTAs with Thailand and South Korea, among others.</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 1994 Uruguay Round Agreement on Agriculture.</p> <p>Export subsidies (called 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 three 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.</p>

United States	European Union
<b>Food Aid</b>	
<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. A recently enacted food aid program, the McGovern-Dole School Food for Education program, finances school feeding and child nutrition projects in poor countries.</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>

**Table 28. Agricultural and Trade Policies in Canada and Australia**

Canada	Australia
<b>Domestic Support</b>	
<p>Agricultural policy involves a broad range of measures implemented by both the Federal and Provincial Governments.</p> <p>Wheat and other grain prices are supported by the Canadian Wheat Board (CWB) which 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>Farmers can participate in the Canadian Agricultural Income Stabilization Program which protects farmer against risks associated with weather and low prices.</p> <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>	<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
<b>Trade Measures</b>	
<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 three 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
<b>Food Aid</b>	
<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>