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

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ABSTRACT

This report identifies trends in U.S. agricultural trade, examines the commodity composition of both agricultural exports and imports, assesses the relative importance of agricultural exports in relation to domestic production, provides estimates of export market shares for major categories of agricultural products, and discusses the principal markets for exports as well as major suppliers of agricultural products to the U.S. market. The report compares levels of support for agriculture in the United States and the European Union and compares the domestic, trade, and food aid policies and programs of the United States, the European Union, Canada, and Australia. The report is updated as new information becomes available.

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

Summary

U.S. agricultural exports in FY2001 are forecast by the U.S. Department of Agriculture at \$51.5 billion. Agricultural imports are expected to reach a record \$39.5 billion. The trade surplus, is projected to be \$12 billion. Agricultural exports account for about 20% of the value of production and make a positive contribution to the balance of payments. Exports of bulk commodities, e.g., oilseeds, wheat and feed grains, remain significant, but exports of high value products (HVPs), e.g., meats, fruits, and vegetables, are increasing. HVPs accounted for 62% of total U.S. agricultural exports in 1999.

Leading markets for U.S. agricultural exports are Japan, Canada, the European Union, Mexico, Taiwan and Korea. The United States dominates world markets for corn, wheat, soybeans, 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), Australia-New Zealand, Mexico, Indonesia, Brazil, and Colombia.

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 FY2000 exports to Asian markets are estimated to increase. Exports to the Former Soviet Union (FSU), Japan, and China also are estimated to increase in FY2000.

Both the EU and the United States subsidize agriculture, but the EU outsubsidizes 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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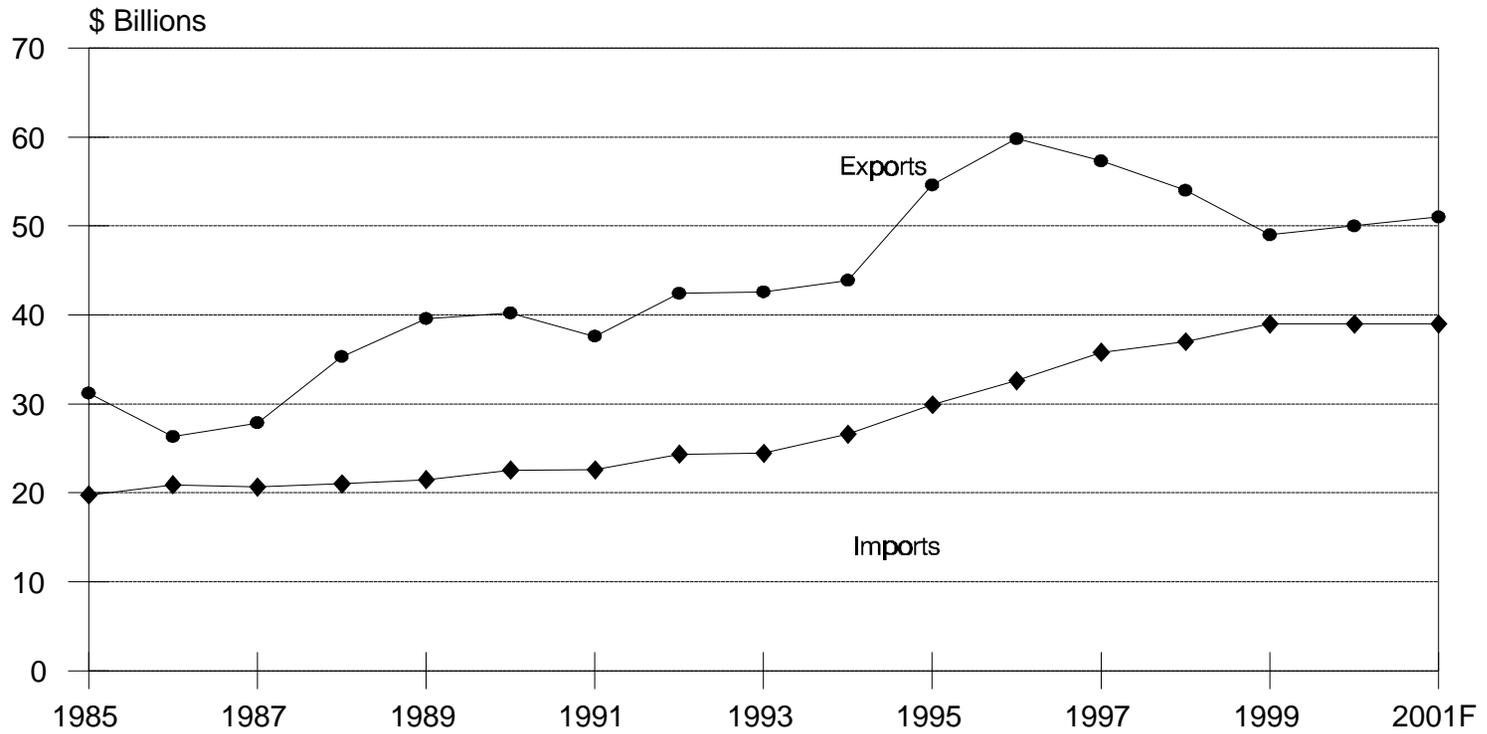
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U.S. Agricultural Trade: Trends, Composition, Direction, and Policy

U.S. Agricultural Exports, Imports and Trade Balance

- ! U.S. agricultural exports in FY2001 are projected to be \$51.5 billion, \$1.5 billion more than in FY2000.
- ! FY2001 increases in exports reflect strong world economic growth and resulting increases in demand.
- ! Agricultural imports are forecast at a record \$39.5 billion in FY2001, \$500 million more than in FY2000.
- ! High-value products -- mainly fruits, vegetables, and wine and malt beverages -- make up most of the increase in imports.

U.S. Agricultural Exports and Imports, FY 1985 - FY 2001F



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

Table 1. U.S. Agricultural Exports and Imports, FY 1985 - FY 2001F

Year	(\$ Millions)		
	Exports	Imports	Trade
1985	31,201	19,740	11,461
1986	26,312	20,884	5,428
1987	27,876	20,650	7,226
1988	35,316	21,014	14,302
1989	39,590	21,476	18,114
1990	40,220	22,560	17,660
1991	37,609	22,588	15,021
1992	42,430	24,323	18,107
1993	42,590	24,454	18,136
1994	43,900	26,600	17,300
1995	54,600	29,900	24,700
1996	59,800	32,600	27,200
1997	57,300	35,800	21,500
1998	53.6	37.0	16.6
1999	49.0	37.5	11.5
2000	50.5	39.0	11.5
2001F	51.5	39.5	12.0

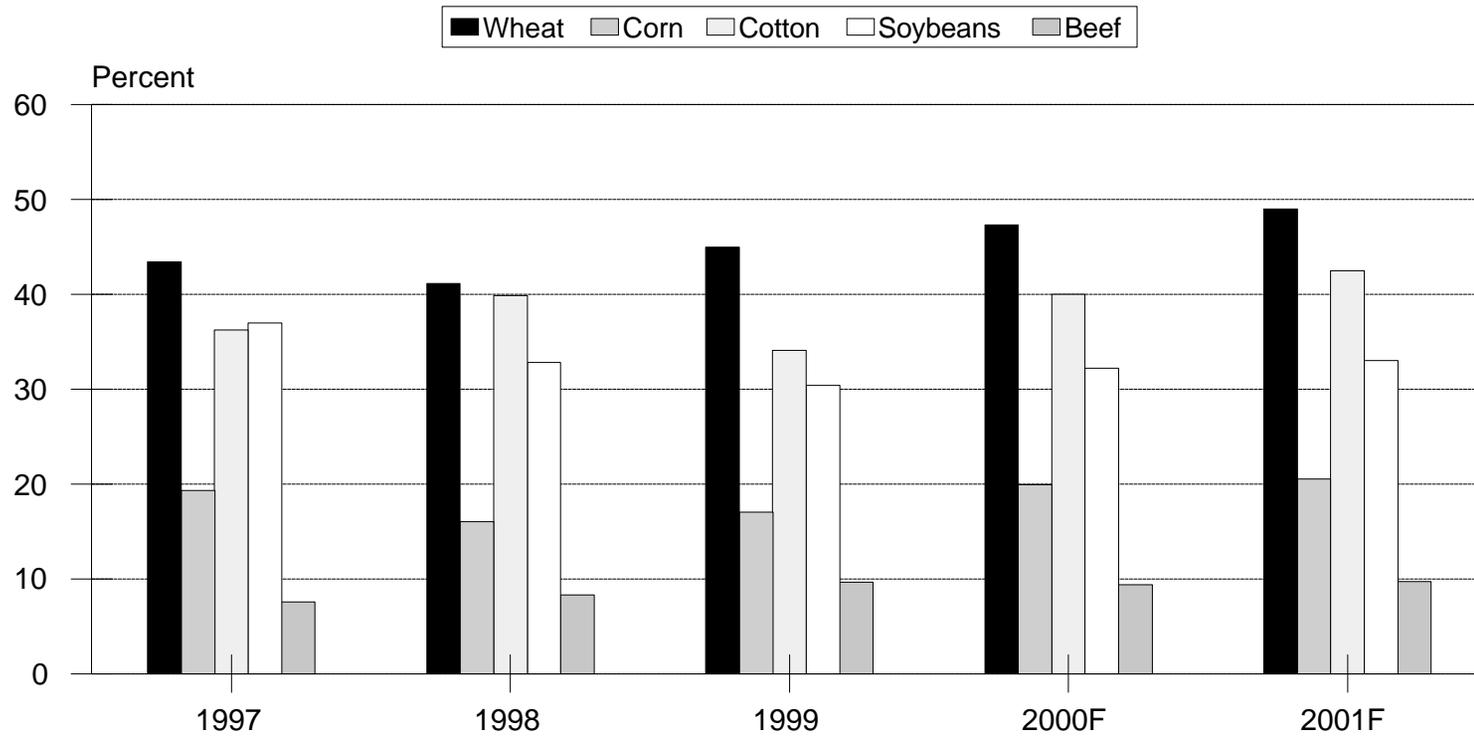
Source: U.S. Department of Agriculture. Economic Research Service

F = Forecast

Share 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, around 47% of the U.S. wheat crop was exported, while 20% of the U.S. corn crop moved into world markets. (Forecasts for FY2001 are for 49% and 20% respectively.)
- ! Export markets are important for soybeans (32%) and cotton (40%).
- ! Beef exports have grown rapidly, but a relatively small percentage of output (9% in FY2000) is exported.

U.S. Agricultural Exports: Share of U.S. Production Exported, 1997 - 2001F



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

Table 2. U.S. Agricultural Exports: Percentage Share of U.S. Production Exported, 1988 - 2001F

Year	Wheat	Corn	Cotton	Soybeans	Beef
1988	75.81	24.06	44.59	41.38	2.88
1989	78.09	41.10	39.61	34.02	4.43
1990	60.48	31.44	63.11	32.38	4.42
1991	39.16	21.74	50.32	28.92	5.18
1992	64.75	21.19	38.07	34.42	5.74
1993	54.88	16.39	32.10	35.16	5.53
1994	51.25	20.96	42.86	31.48	6.61
1995	51.18	21.54	47.71	33.29	7.22
1996	56.8	30.1	43.0	39.1	7.4
1997	44.0	19.5	36.5	37.1	8.4
1998	41.9	16.3	39.9	32.5	8.5
1999	40.9	20.3	30.9	29.2	9.0
2000	47.3	19.9	40.0	32.2	9.4
2001F	49.0	20.5	42.5	33.0	9.7

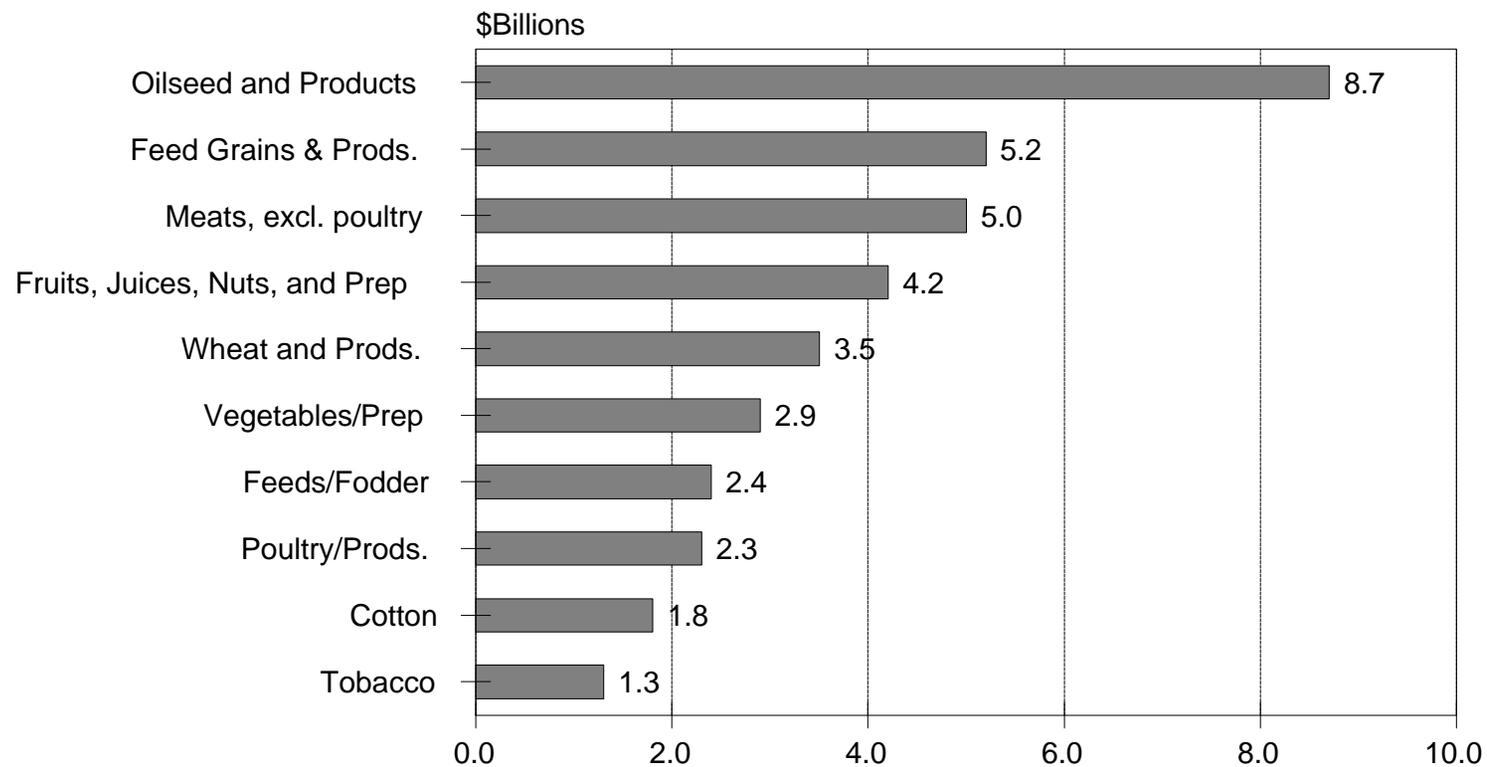
Source: U.S. Department of Agriculture. Economic Research Service, *Agriculture Outlook Various Issues*.

F = Forecast

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 were the leading (by value) commodity components of U.S. agricultural exports in FY2000, followed by feed grains, fruits, meats, wheat, and vegetables.

U.S. Agricultural Exports of Major Commodities, FY2000e



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

**Table 3. U.S. Agricultural Exports of
Major Commodities, FY 2000e**

Commodity	(\$Billions)
Oilseeds and Products	8.7
Feed Grains	5.2
Meats, excl. Poultry	5.0
Fruits, Juices, Nuts, and Preps.	4.2
Wheat and Prods	3.5
Vegetables/Preps.	2.9
Feeds/Fodder	2.4
Poultry/Prods.	2.3
Cotton	1.8
Tobacco	1.3

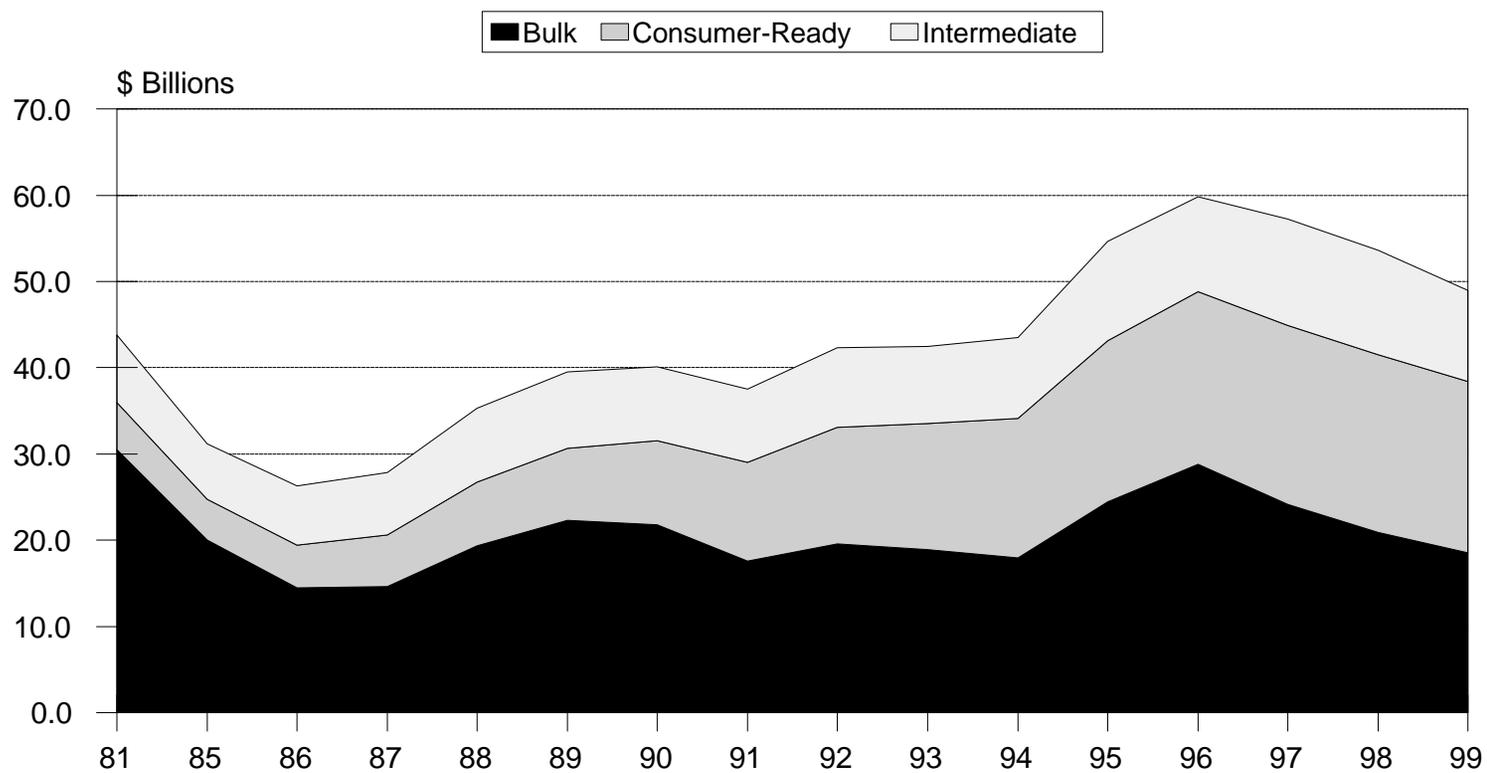
Source: U.S. Department of Agriculture. Economic Research Service.

e = estimate

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 1999, high value exports accounted for 62% of total U.S. agricultural exports, bulk for 38%.

U.S. Agricultural Exports, FY 1981, FY 1985 - 1999 Bulk, Consumer-Ready, and Intermediate Product Exports



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

**Table 4. U.S. Agricultural Exports, FY 1981 - FY 1999:
Total, Bulk, Consumer-Ready, and Intermediate Product Exports**

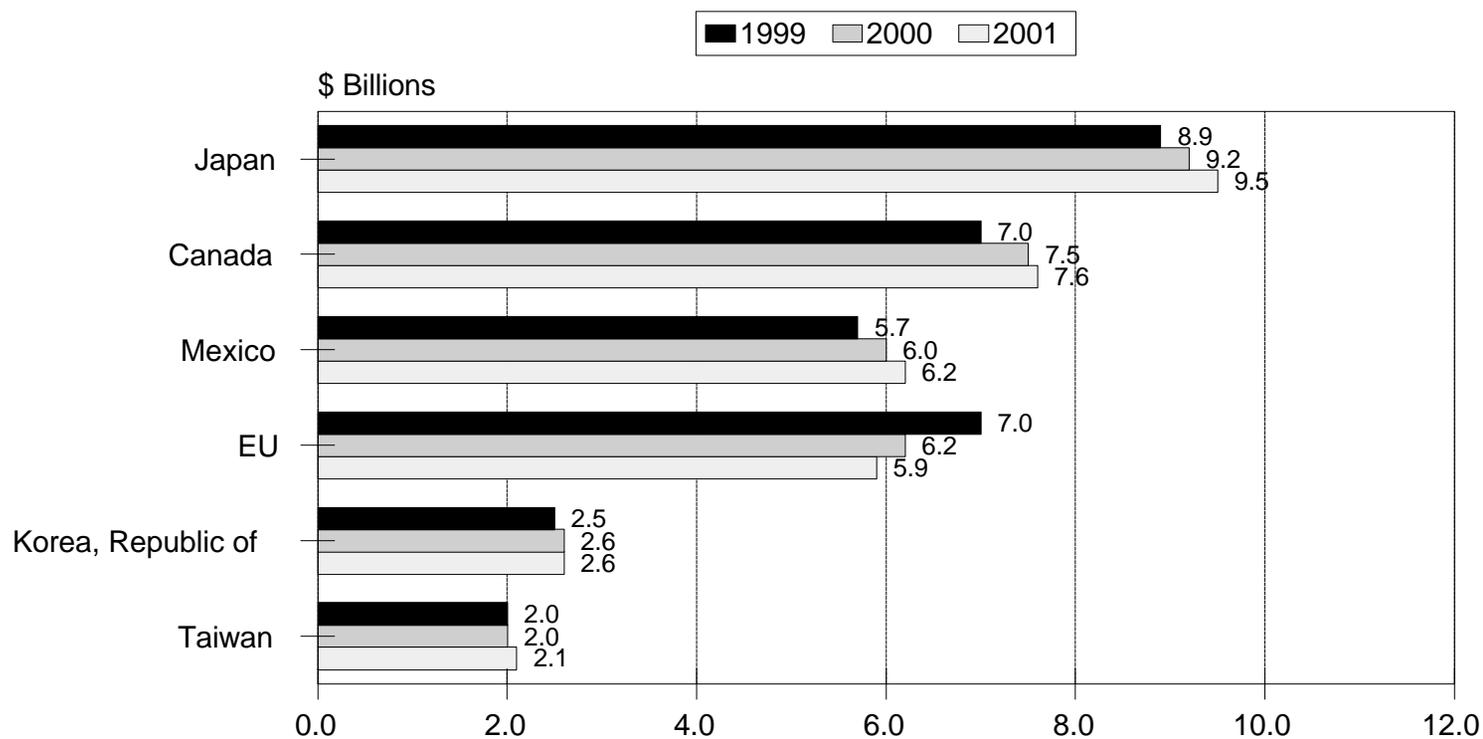
Year	(\$ Thousands)						
	Total	Bulk	% of Total	Consumer-Ready	% of Total	Intermediate	% of Total
1981	43,782,436	30,484,758	69.6	5,498,271	12.6	7,799,407	17.8
1985	31,202,986	19,991,004	64.1	4,794,811	15.4	6,417,171	20.6
1986	26,335,846	14,455,870	54.9	4,959,782	18.8	6,920,194	26.3
1987	27,877,509	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	24.4
1989	39,522,729	22,295,358	56.4	8,352,422	21.1	8,874,949	22.5
1990	40,122,362	21,785,568	54.3	9,766,813	24.3	8,569,981	21.4
1991	37,534,222	17,610,418	46.9	11,431,178	30.5	8,492,626	22.6
1992	42,315,630	19,556,582	46.2	13,521,311	32.0	9,237,737	21.8
1993	42,454,370	18,913,731	44.6	14,626,124	34.5	8,914,515	21.0
1994	43,475,000	17,967,000	41.3	16,167,000	37.2	9,340,000	21.5
1995	54,629,263	24,452,852	44.7	18,717,630	34.3	11,458,781	21.0
1996	59,794,787	28,792,244	48.1	20,047,654	33.5	10,954,889	18.3
1997	57,260,562	24,143,573	42.2	20,793,043	36.3	12,323,946	21.5
1998	53,628,843	20,879,395	39.0	20,626,187	38.5	12,123,261	22.6
1999	49,003,869	18,566,167	38.0	19,809,814	40.0	10,627,888	22.1

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

Major Country Markets for U.S. Agricultural Exports

- ! Japan is the leading country market for U.S. agricultural exports.
- ! Canada and Mexico, U.S. partners in the North American Free Trade Agreement, are the 2nd and 3rd largest markets for U.S. agricultural products.
- ! The EU is now the 4th largest U.S. export market.
- ! The Republic of 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.

Major Country Markets for U.S. Agricultural Exports FY 1999 - FY 2001F



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

**Table 5. Major Country Markets for U.S. Agricultural Exports,
FY1999 - FY2001F**

Country			
	1999	2000	2001F
Japan	8.9	9.2	9.5
Canada	7.0	7.5	7.6
Mexico	5.7	6.0	6.2
EU	7.0	6.2	5.9
Korea, Republic of	2.5	2.6	2.6
Taiwan	2.0	2.0	2.1

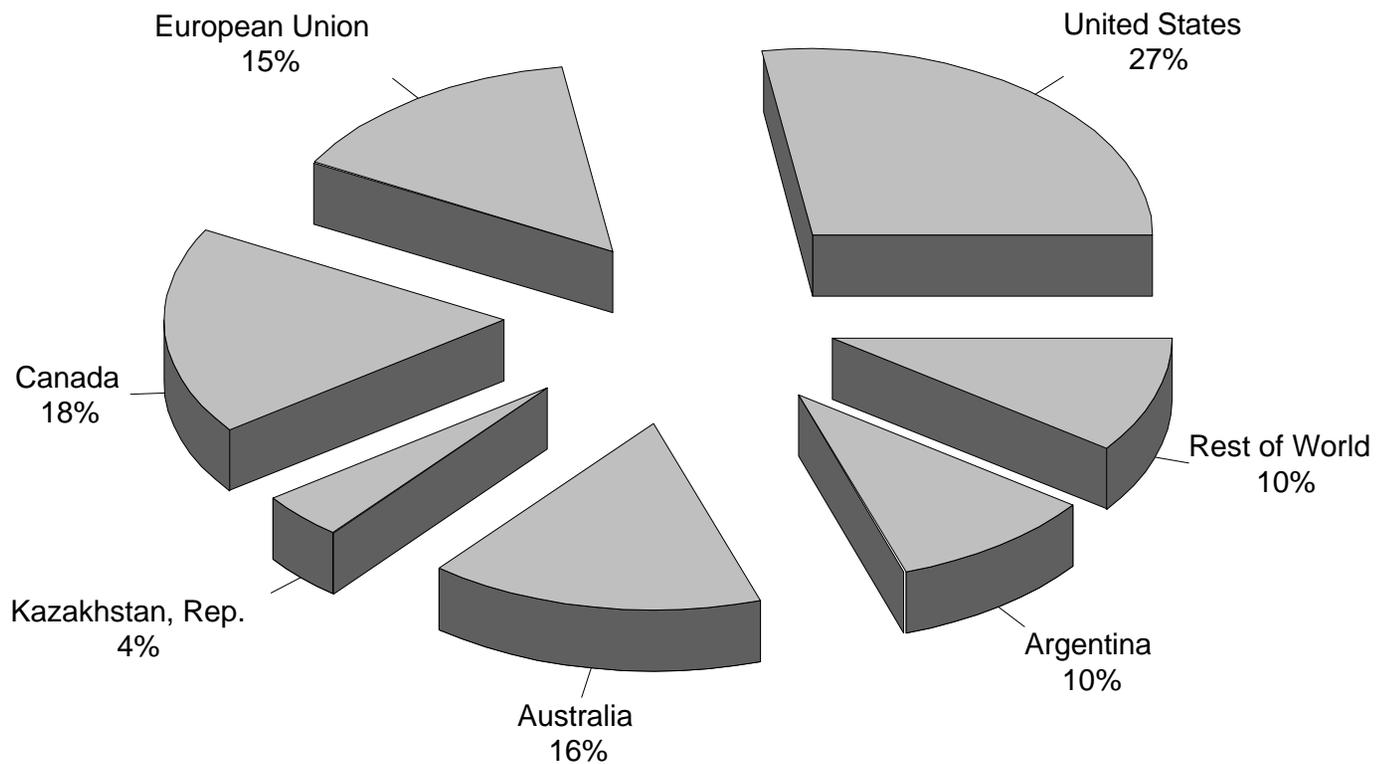
Source: U.S. Department of Agriculture. Economic Research Service.

F = Forecast

U.S. Market Shares Crops

- ! **Wheat:** Although it has lost market share in the 1990s the United States is the major supplier of wheat and wheat products to the world market; its share was 27.3% in 1999/2000. The European Union, Canada, Australia, and Argentina are major competitors in this market.
- ! **Rice:** Thailand (27%) is the world's dominant rice exporter; Vietnam (18%) is re-establishing itself in world rice markets. The United States held 11% of the market in 2000.
- ! **Corn:** The United States provided 67% of world corn exports in 1999 and Argentina, 12%; China, whose domestic demand for corn is growing, was an important exporter in 1999/2000.
- ! **Soybeans:** In 1999/2000, the U.S. share of this market was 56%; Brazil and Argentina, who export more soybean meal and oil than beans, together held more than 30% of the world soybean market.
- ! **Cotton:** U.S. cotton exports were 25% of world exports in 1999/2000. Uzbekistan, a Republic of the Former Soviet Union, and Franc-Zone West African countries accounted for 15% and 13% respectively of world cotton exports.

Share of World Exports of Wheat and Wheat Products, 1999/2000



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

Table 6. Share of World Exports of Wheat and Wheat Products (%), 1991 - 2001F

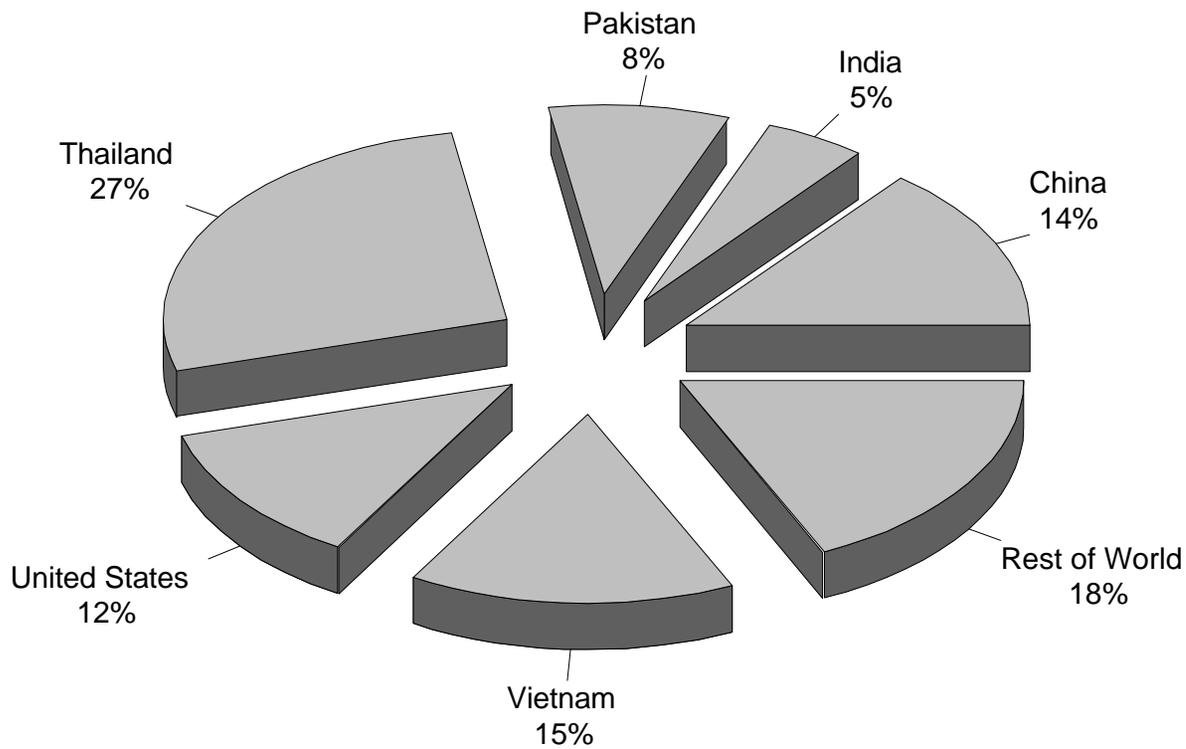
Country	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01F
Argentina	5.2	6.5	4.5	8.1	5.6	9.7	9.2	8.7	10.0	10.5
Australia	7.5	8.4	12.7	8.0	13.0	17.5	14.8	15.7	15.8	15.7
Canada	22.6	19.3	18.7	21.6	18.1	17.5	20.5	14.0	17.9	17.1
European Union	20.0	21.0	20.0	17.4	13.4	17.2	13.7	14.2	14.8	15.2
Kazakhstan, Rep.	--	5.1	5.5	3.6	3.2	2.2	3.3	2.2	4.2	3.8
United States	32.1	33.0	33.0	33.4	36.0	26.1	27.0	28.3	27.3	29.0
Rest of World	13.0	6.6	5.6	7.9	10.7	10.3	11.5	17.2	10.0	8.7

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

F = Forecast

-- = Less than .1%.

Share of World Exports of Rice, 2000



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

Table 7. Share of World Exports of Rice (%), 1991 - 2001F

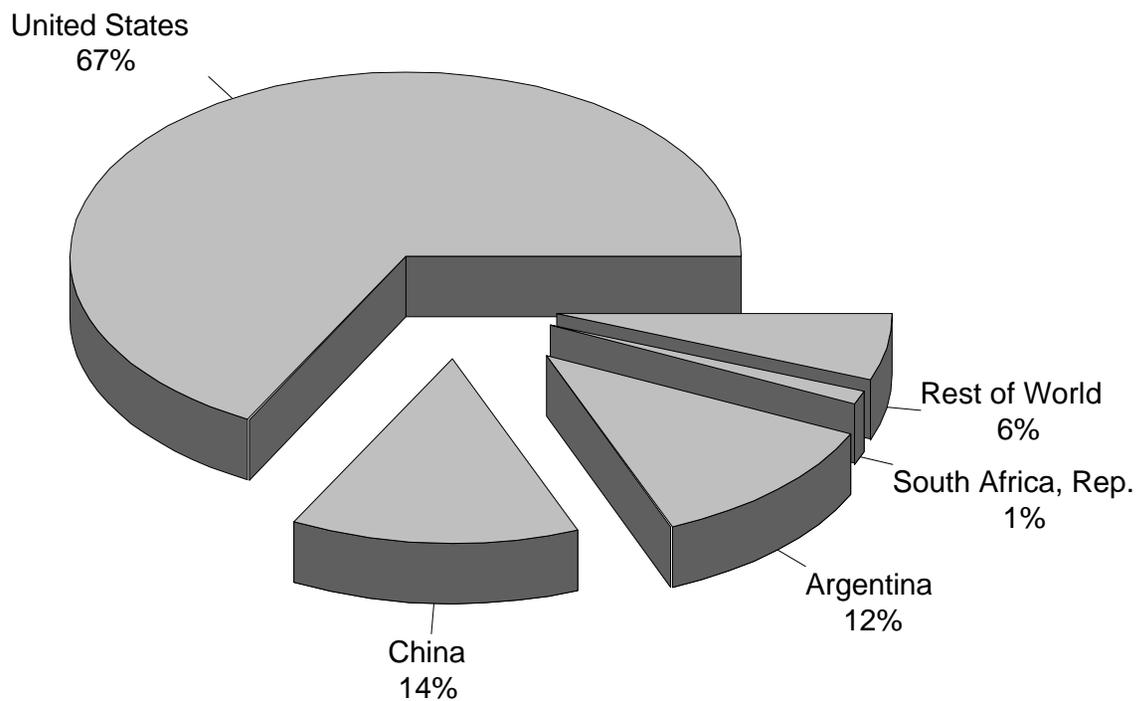
Country	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000F	2001F
China	5.7	6.6	9.2	9.2	--	1.3	5.0	13.7	10.8	14.3	13.8
India	5.4	4.0	4.2	3.6	20.0	18.0	10.4	16.5	10.2	4.9	7.3
Pakistan	10.7	9.6	6.3	8.5	7.6	8.5	10.5	6.6	7.3	8.3	7.3
Thailand	33.1	34.0	36.2	28.4	28.3	26.8	27.7	23.3	26.6	26.8	26.8
United States	18.2	14.9	17.7	17.0	14.6	13.3	12.2	11.6	10.6	12.3	11.2
Vietnam	8.7	13.6	11.8	13.5	11.0	15.4	17.7	13.8	18.2	15.2	16.2
Rest of World	17.7	17.4	14.6	19.8	18.5	16.7	16.5	14.5	16.3	18.2	17.4

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

F = Forecast

-- = Less than .1%

Share of World Exports of Corn, 1999/2000



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

Table 8. Share of World Exports of Corn (%) , 1990 - 2000F

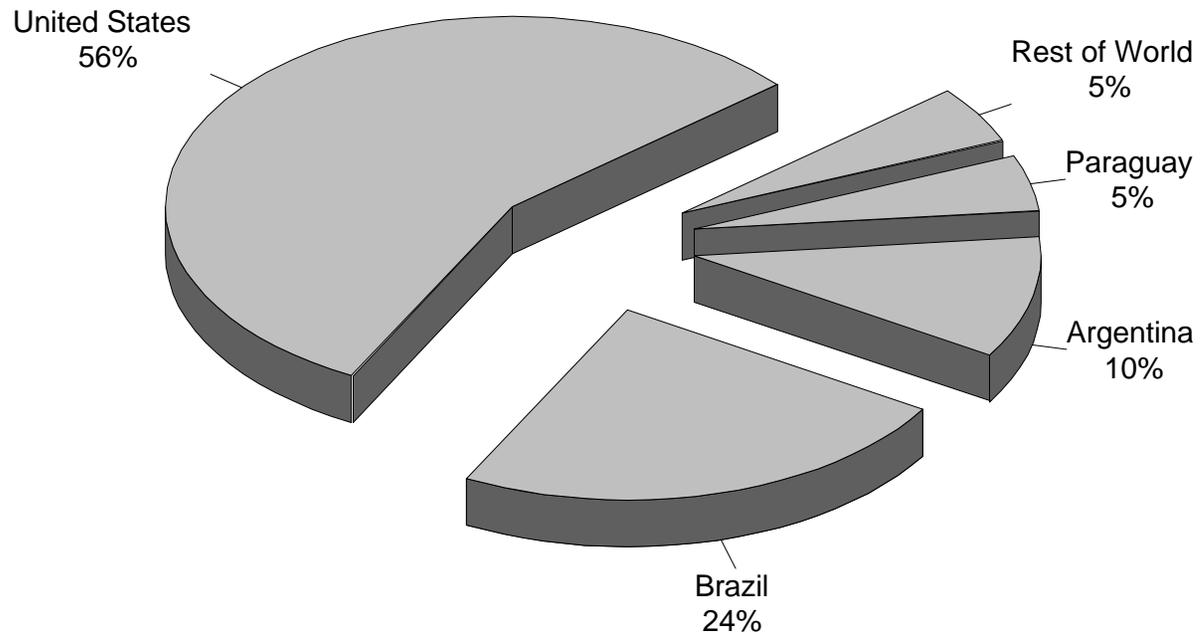
Country	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01F
Argentina	6.1	9.4	7.7	7.5	8.5	10.6	15.4	20.2	11.5	12.1	11.7
China	11.6	15.9	20.3	20.9	2.0	--	5.9	9.8	4.9	13.7	5.5
South Africa, Rep.	1.2	1.3	0	5.3	3.5	2.5	2.4	1.8	1.3	1.2	1.8
United States	75.3	65.0	67.1	58.8	82.4	79.8	70.2	59.8	75.7	67.3	78.5
Rest of World	5.8	8.4	4.9	7.5	3.6	7.1	6.1	8.4	6.6	5.7	2.5

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

F = Forecast

-- = Less than .1%.

Share of World Exports of Soybeans, 1999/00



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

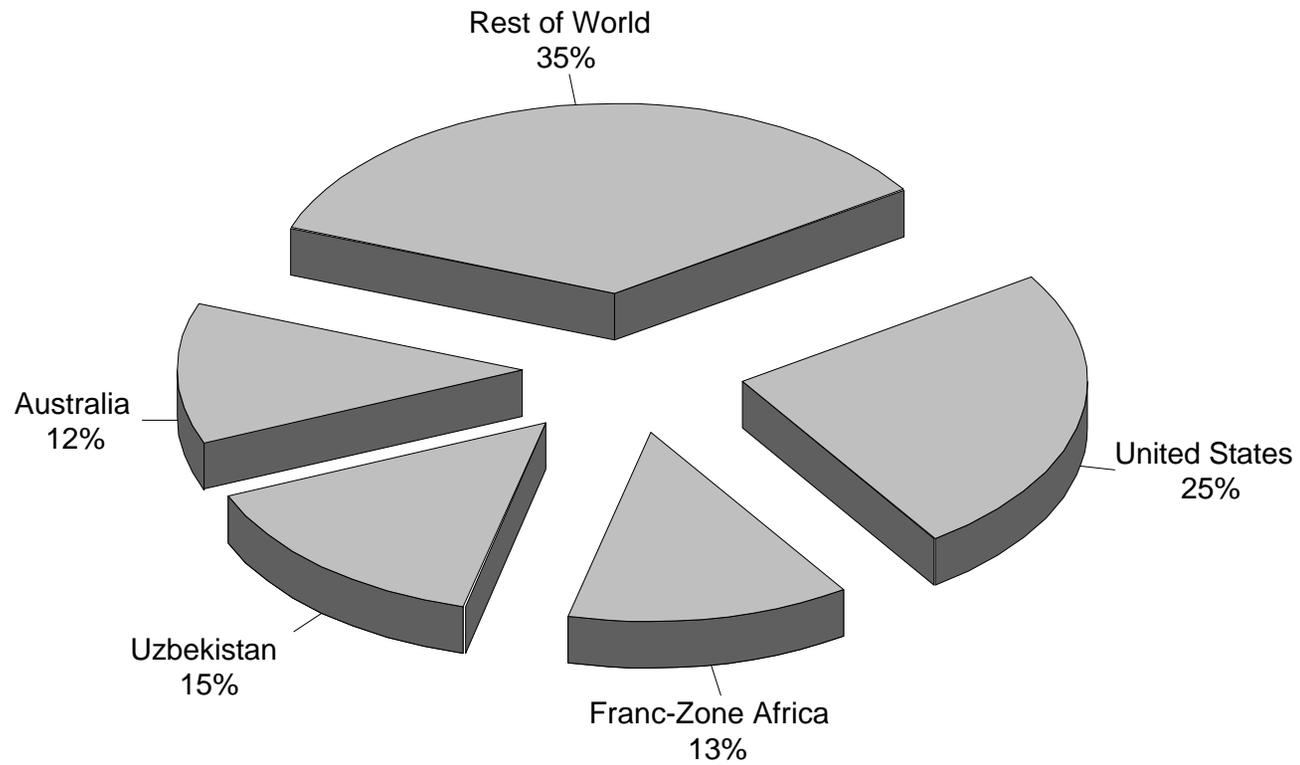
Table 9. Share of World Exports of Soybeans (%), 1990/91 - 2000/01e

Country	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00P	2000/01
Argentina	17.5	11.3	8.1	10.9	7.8	6.9	2.0	8.0	8.3	10.2	9.8
Brazil	10.3	13.7	14.0	19.3	11.1	10.1	22.5	21.6	23.1	23.9	21.9
Paraguay	4.1	2.9	4.2	4.3	4.5	4.7	5.8	5.9	5.9	4.7	5.1
United States	10.4	66.0	70.2	56.9	70.9	73.0	65.0	58.7	56.6	56.3	58.2
Rest of World	7.7	6.1	3.5	8.6	5.7	5.3	4.7	5.8	6.1	4.9	5.0

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

e = estimate

Share of World Exports of Cotton, 1999/00



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

Table 10. Share of World Exports of Cotton (%), 1990/91 - 1999/2000e

Country	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98	1998/99	1999/2000e
Australia	4.6	8.3	6.6	6.3	4.7	5.3	8.8	10.1	12.8	11.8
Franc-Zone Africa	6.9	7.9	8.0	7.6	9.4	10.1	12.3	13.5	15.0	13.1
United States	26.2	23.5	20.5	25.7	33.0	27.4	25.5	28.0	18.3	24.8
Uzbekistan	18.1	18.4	21.5	21.7	17.2	16.3	16.9	17.1	16.1	15.0
Rest of World	39.6	35.0	39.0	37.5	34.8	40.9	36.5	31.3	37.8	35.3

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

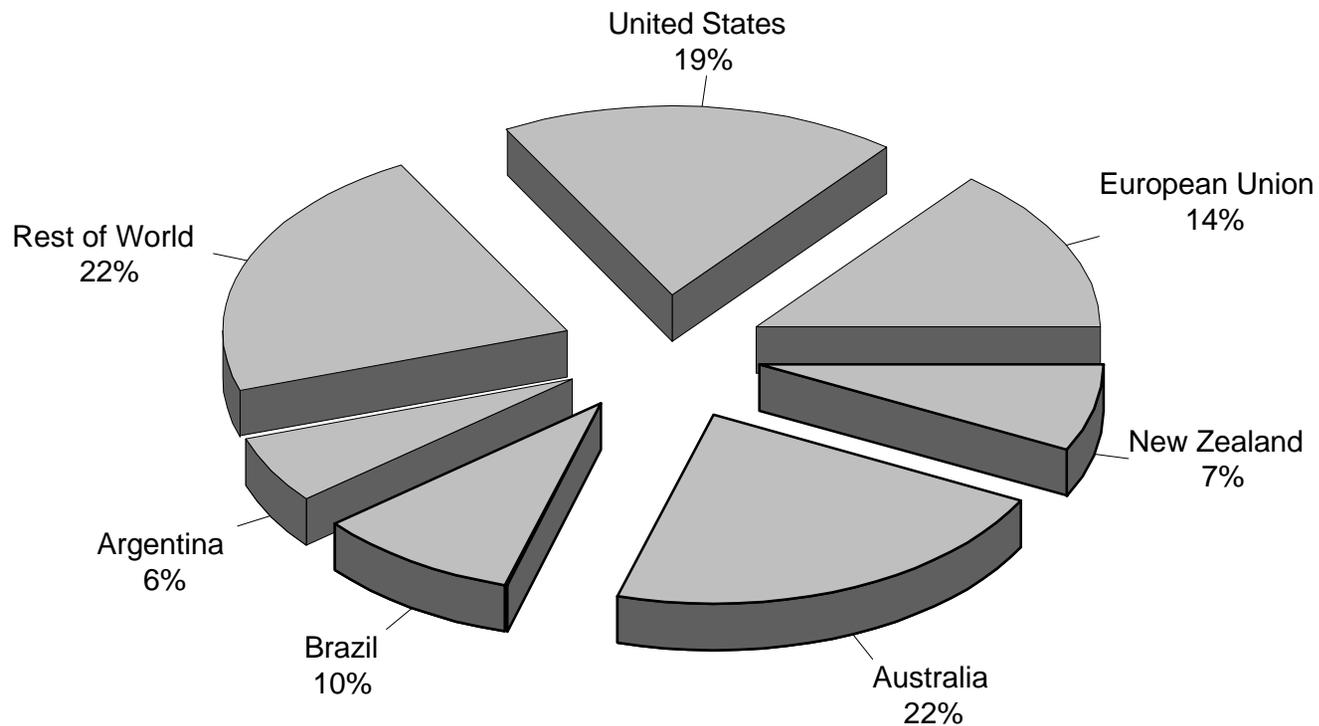
e = estimate

f = forecast

U.S. Market Shares Livestock and Dairy

- ! Beef: Australia and New Zealand together supply about 30% of world beef exports. The United States' share of world beef exports was 19% in 1999. The EU, Brazil and Argentina are the other major suppliers of beef to global markets.
- ! Pork: In 1999, the U.S. share of world pork markets was 17%; the EU's share was around 42%. Canada is the second major supplier of pork to world markets, with a share of 18% in 1999.
- ! Poultry: The United States is the world's leading supplier of poultry meat (42% in 1999). The EU, with around 14% of the world market, is a distant second.
- ! Dairy Products: In 1999, the European Union was the leading supplier of dairy products to the world market, followed by New Zealand and Australia. The United States has only a small share of world markets for dairy products.

Share of World Exports of Beef and Veal, 1999P



Source: U.S. Department of Agriculture. Foreign Agricultural Service.
P = Preliminary

Table 11. Share of World Exports of Beef and Veal, (%) 1990 - 2000F

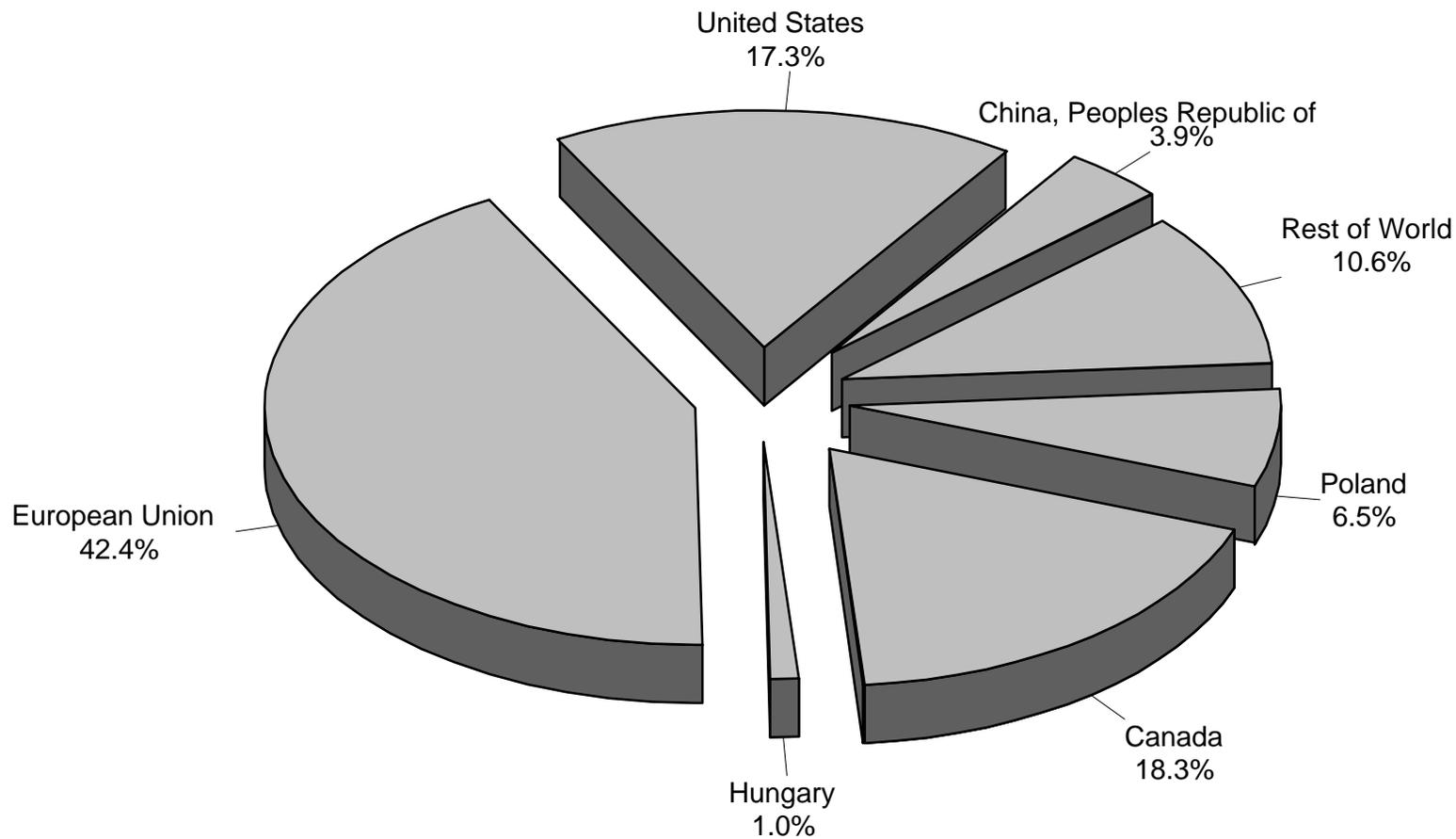
Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999P	2000F
Argentina	8.4	7.0	5.5	5.2	7.3	10.1	9.1	7.9	5.4	5.9	6.5
European Union	19.7	22.4	21.2	20.6	21.1	17.9	17.7	16.4	12.6	14.3	11.2
United States	8.5	9.6	11.2	10.9	14.3	15.9	16.5	17.6	18.4	18.6	18.4
Brazil	7.5	6.1	8.4	7.7	7.5	5.6	5.3	5.3	7.0	9.7	11.4
Australia	21.0	20.1	23.0	23.0	22.8	21.0	19.7	20.9	23.5	22.0	21.3
New Zealand	7.0	8.0	8.2	8.8	9.1	9.7	10.0	9.7	9.7	7.4	8.0
Rest of World	27.9	26.8	22.5	23.8	17.9	19.8	21.7	22.2	23.4	22.1	23.2

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

P = Preliminary

F = Forecast

Share of World Pork Exports, 1999P



Source: U.S. Department of Agriculture. Foreign Agricultural Service.
P = Preliminary

Table 12. Share of World Pork Exports (%), 1989 - 2000F

Country	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999P	2000F
Canada	16.8	15.8	13.9	17.8	17.7	14.1	15.4	14.6	15.4	15.9	18.3	20.0
United States	6.5	5.4	6.7	11.2	11.5	11.4	15.4	17.3	17.6	20.5	17.3	17.8
European Union	32.2	35.4	32.2	28.5	34.2	41.0	30.5	27.5	36.0	37.0	42.4	40.6
Hungary	7.4	10.6	7.5	4.2	2.6	1.9	2.3	4.0	1.8	1.0	1.0	0.8
Poland	4.0	2.5	1.1	.8	.6	1.2	3.5	6.3	10.5	8.2	6.5	6.5
China, Peoples Republic of	11.2	11.8	14.0	7.1	8.7	8.5	10.0	7.5	6.0	6.0	3.9	3.3
Taiwan	8.8	11.3	16.9	18.4	16.5	15.6	16.4	15.2	2.6	--	--	--
Rest of World	3.1	7.2	7.7	12.0	8.2	6.3	6.5	7.6	10.1	11.4	10.6	11.0

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

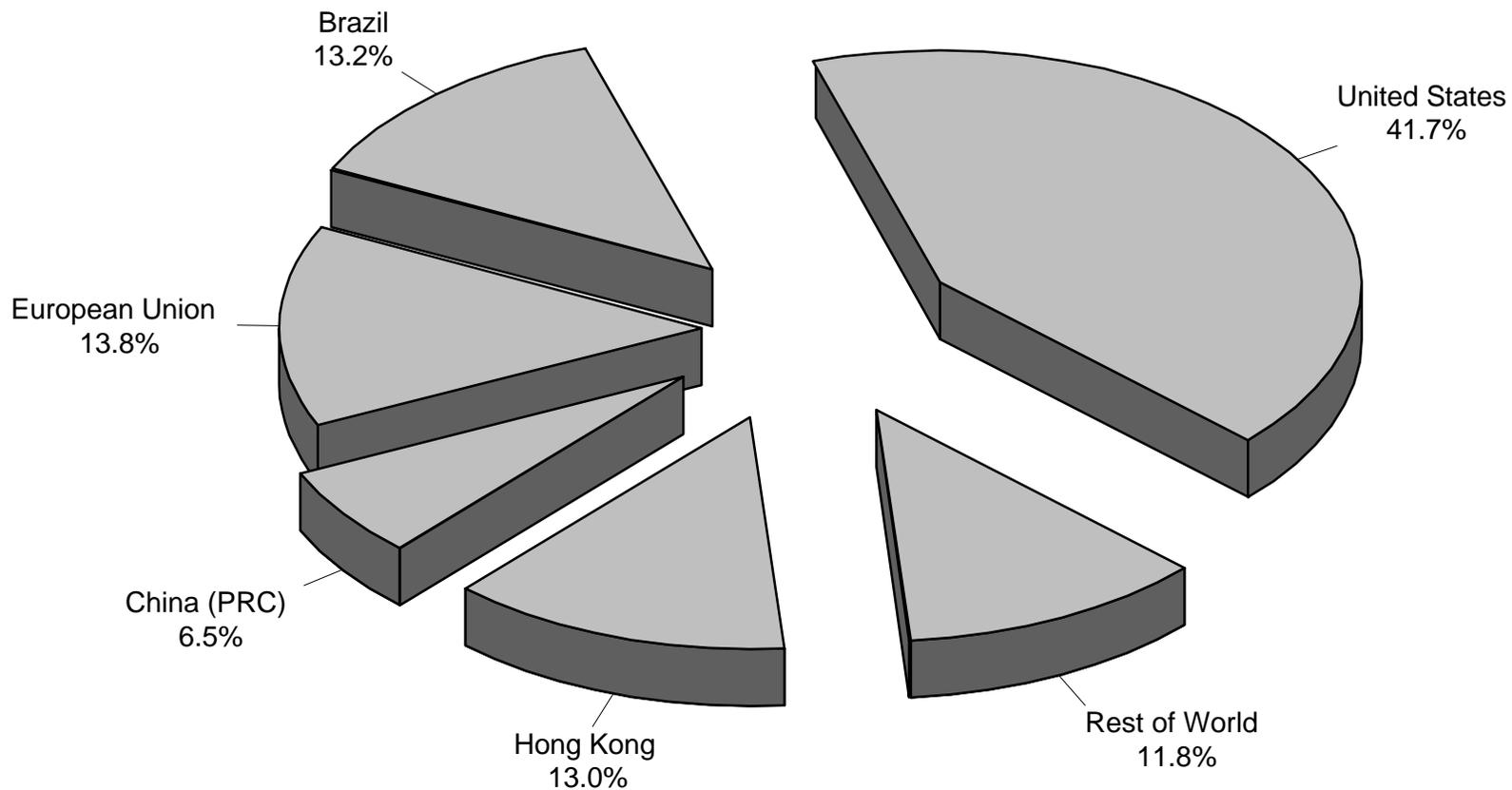
P = Preliminary

F = Forecast

N/A = Not available

-- = Less than .1%.

Share of World Total Poultry Meat Exports, 1999



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

Table 13. Share of World Total Poultry Meat Exports (%), 1990 - 2000F

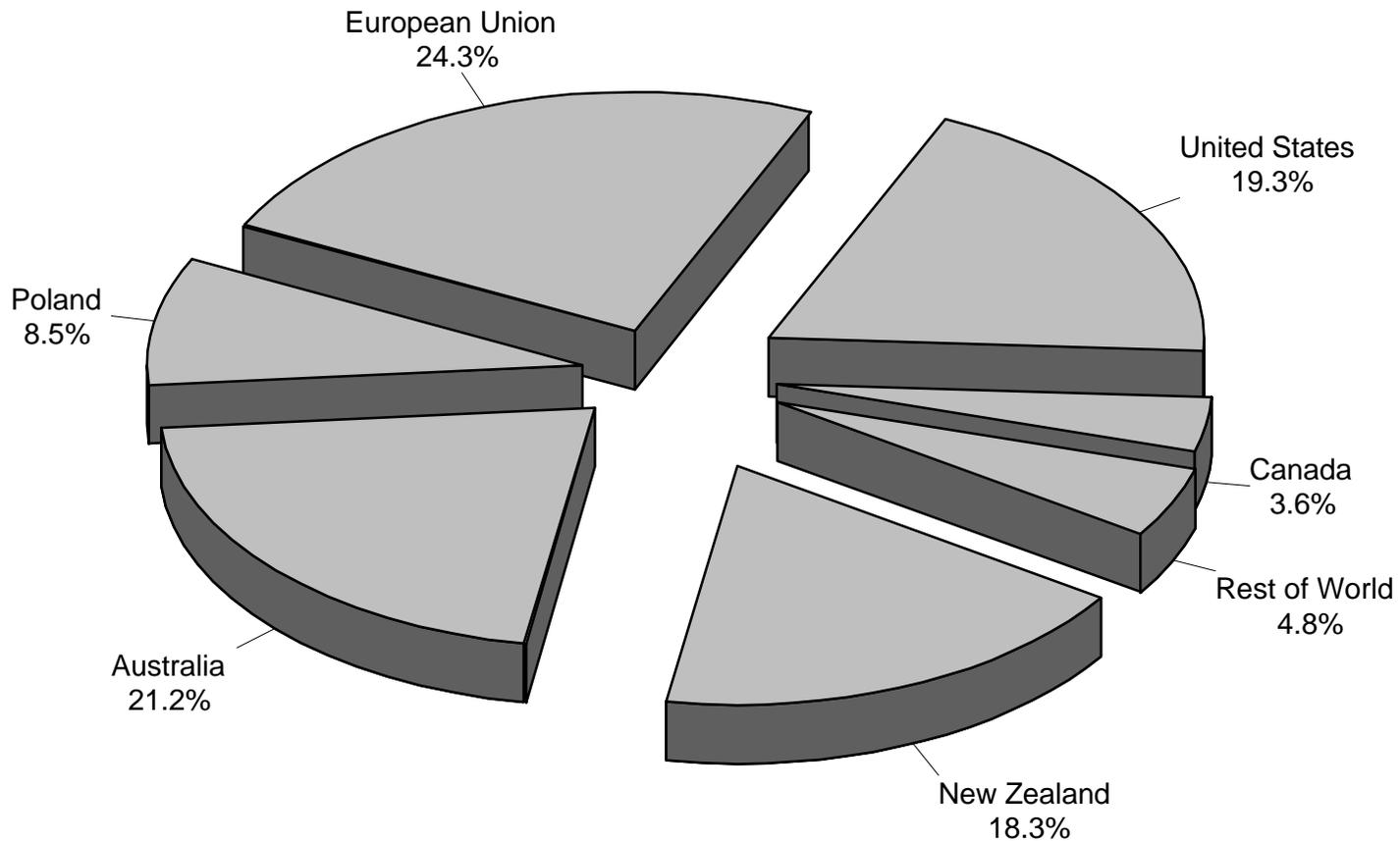
Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999P	2000F
United States	20.3	21.1	23.1	36.2	39.6	44.2	45.2	46.1	44.0	41.7	40.1
Brazil	11.2	10.9	11.6	15.1	13.3	9.8	11.3	11.9	11.0	13.3	13.8
European Union	45.9	45.2	46.6	22.4	20.9	16.6	14.8	14.0	14.8	13.9	13.4
China (PRC)	4.0	4.1	4.7	6.2	6.8	7.4	7.2	6.7	6.2	6.5	6.9
Hong Kong	2.7	3.1	3.2	7.2	8.6	11.0	11.0	10.5	10.7	13.1	14.5
Rest of World	15.9	15.6	10.8	12.9	10.8	11.0	10.5	10.8	13.3	11.5	11.3

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

P = Preliminary

F = Forecast

Share of World Nonfat Dry Milk Exports, 1999P



Source: U.S. Department of Agriculture. Foreign Agricultural Service.
P = Preliminary

Table 14. Share of World Nonfat Dry Milk Exports (%), 1990 - 2000F

Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999P	2000F
Canada	5.0	5.7	3.3	1.9	3.8	4.0	4.3	2.9	3.7	3.6	2.5
United States	1.2	8.3	14.5	15.9	14.4	14.9	4.2	11.2	11.2	19.3	13.7
European Union	43.1	30.5	39.8	33.6	21.1	35.1	30.3	28.3	22.1	24.3	28.3
Poland	8.3	10.6	6.7	14.5	13.1	8.9	10.4	10.7	10.9	8.5	9.5
Australia	11.4	16.0	13.5	15.0	20.6	17.1	21.9	19.6	21.5	21.2	21.1
New Zealand	21.0	21.3	18.3	13.1	17.7	15.1	19.6	20.6	21.2	18.3	8.8
Rest of World	10.0	7.6	3.9	6.0	9.3	4.9	9.3	6.7	9.5	4.8	6.1

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

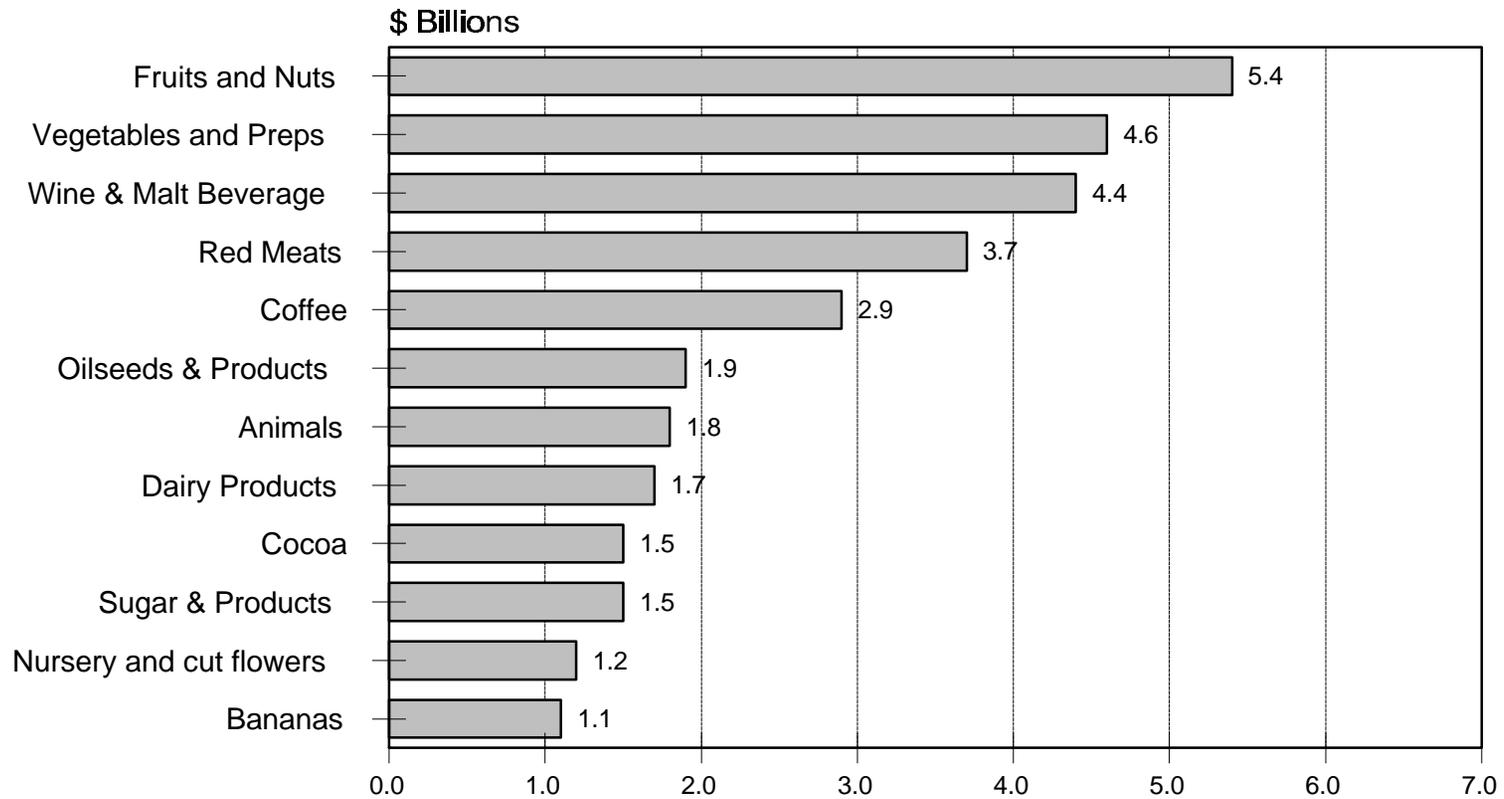
P = Preliminary

F = Forecast

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.

Major U.S. Agricultural Imports by Commodity FY2000



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

Table 15. Major U.S. Agricultural Imports, FY2000

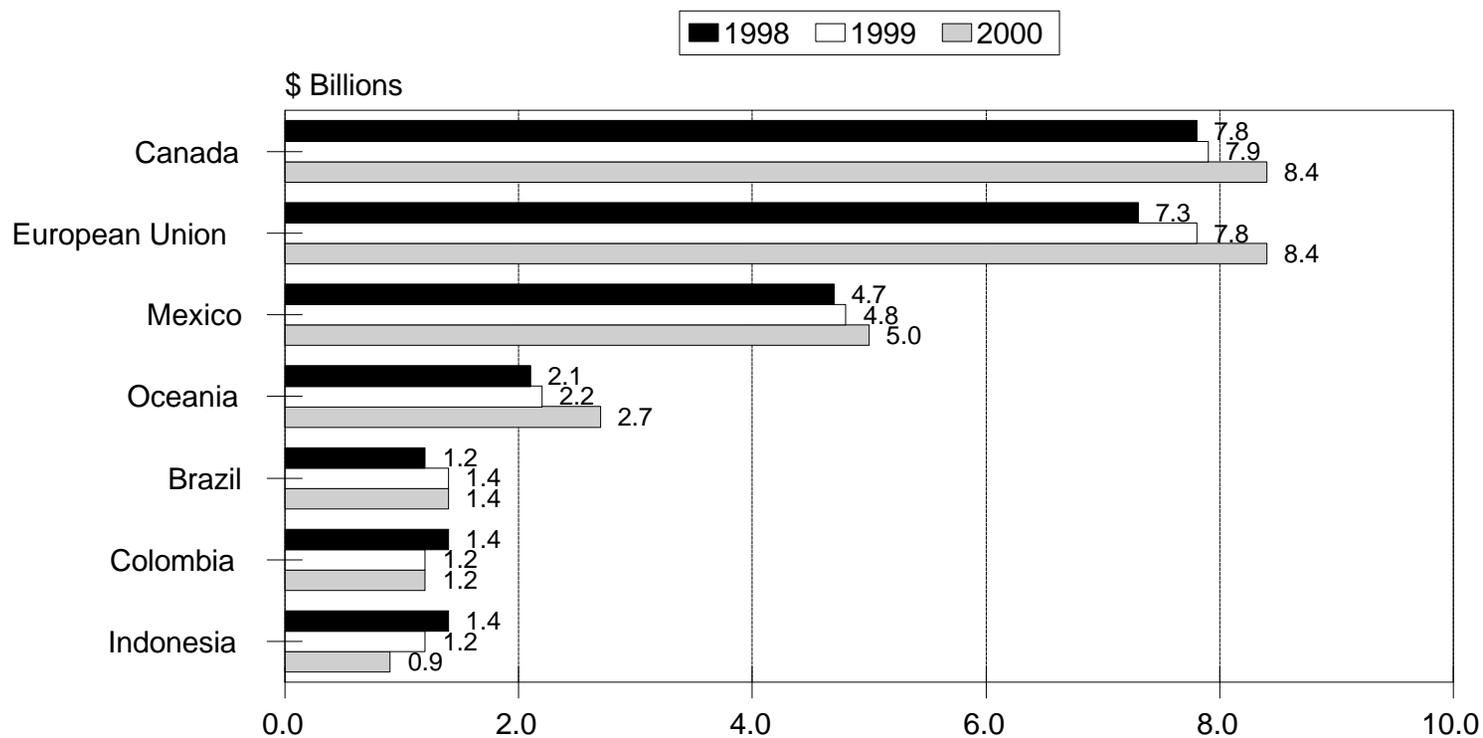
Commodity	FY 2000 Imports (\$ Billions)
Fruits and Nuts	5.4
Vegetables & Preps	4.6
Wine and Malt Beverage	4.4
Red Meats	3.7
Coffee	2.9
Oilseeds and Products	1.9
Animals	1.8
Dairy Products	1.7
Cocoa	1.5
Sugar and Products	1.5
Nursery and cut flowers	1.2
Bananas	1.1

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 and New Zealand, Brazil, Colombia, Indonesia, and other Latin American countries, are also major import suppliers.

Major U.S. Agricultural Imports by Country of Origin FY 1998 - FY 2000F



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

**Table 16. U.S. Agricultural Imports by Country of Origin
1998 - 2000F (\$ Billions)**

Country	1998	1999	2000F
Canada	7.8	7.9	8.4
European Union	7.3	7.8	8.4
Mexico	4.7	4.8	5.0
Oceania ¹	2.1	2.2	2.7
Brazil	1.2	1.4	1.4
Colombia	1.4	1.2	1.2
Indonesia	1.4	1.2	0.9

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

F = Forecast

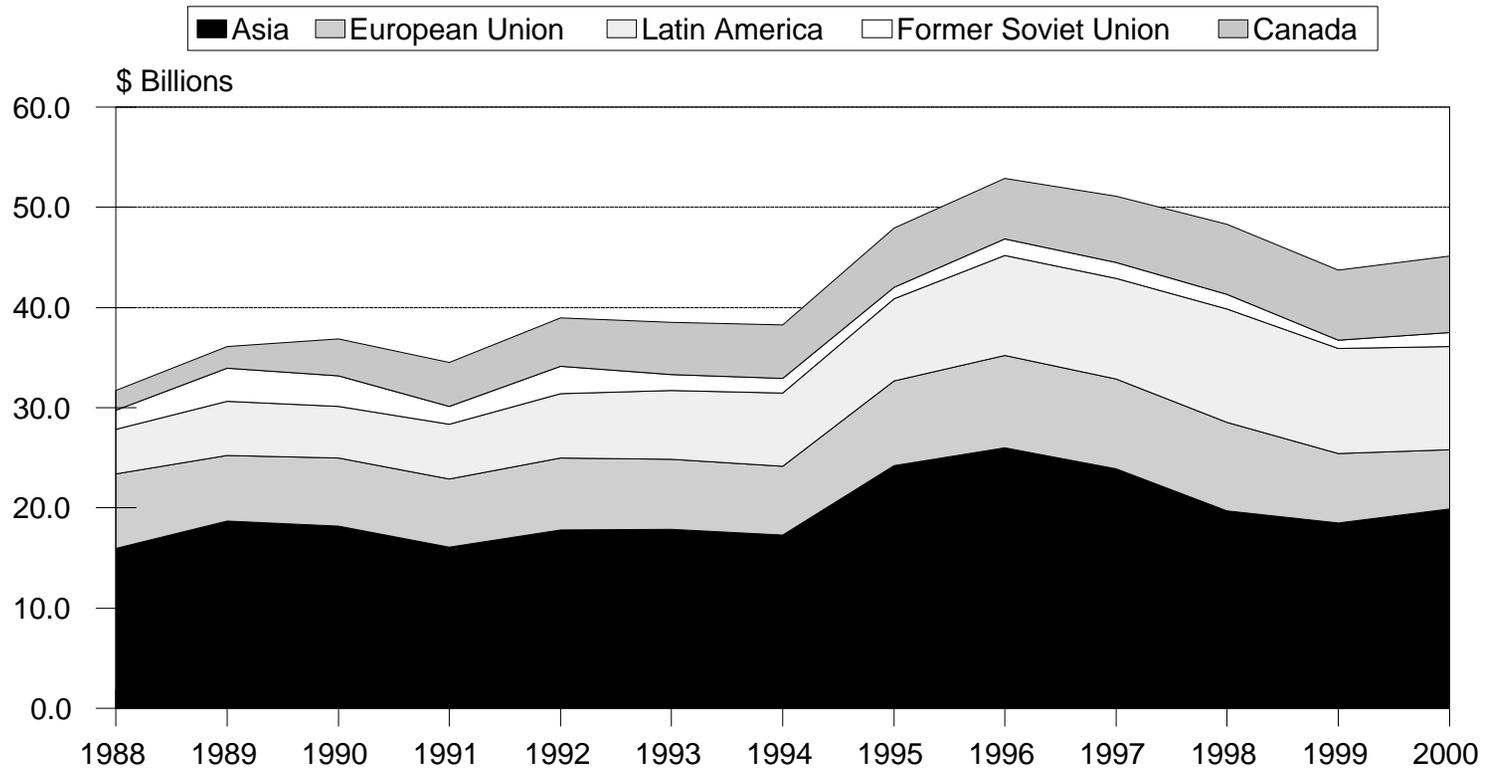
¹Australia, New Zealand, and Papua New Guinea.

Growth in U.S. Agricultural Exports, 1988 - 2000F

- ! Asian markets for U.S. agricultural exports grew substantially from 1988-1996. Because of financial and economic problems, FY2000 U.S. agricultural exports to Asia are forecast to be 23% less than in FY1996.
- ! U.S. agricultural exports to the European Union grew relatively slowly during the 1990s. FY2000 U.S. farm exports to the EU are forecast to be 36% less than in FY1996.
- ! Agricultural exports to the Former Soviet Union are forecast to increase from \$816 million in FY1999 to \$1.4 billion in FY2000.
- ! Agricultural exports to Latin America, including Mexico, and to Canada have grown rapidly during the 1990's. They declined less rapidly than have exports to Asian markets in 1999.

F = Forecast

Growth in U.S. Agricultural Exports FY 1988 - FY 2000F



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

Table 17. Growth in U.S. Agricultural Exports, FY1988 - FY2000F

Year	(\$ Billions)				
	Asia	European Union	Latin America ¹	Former Soviet Union	Canada
1988	15.928	7.486	4.401	1.940	1.973
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
2000F	19.9	5.9	10.3	1.4	7.6

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

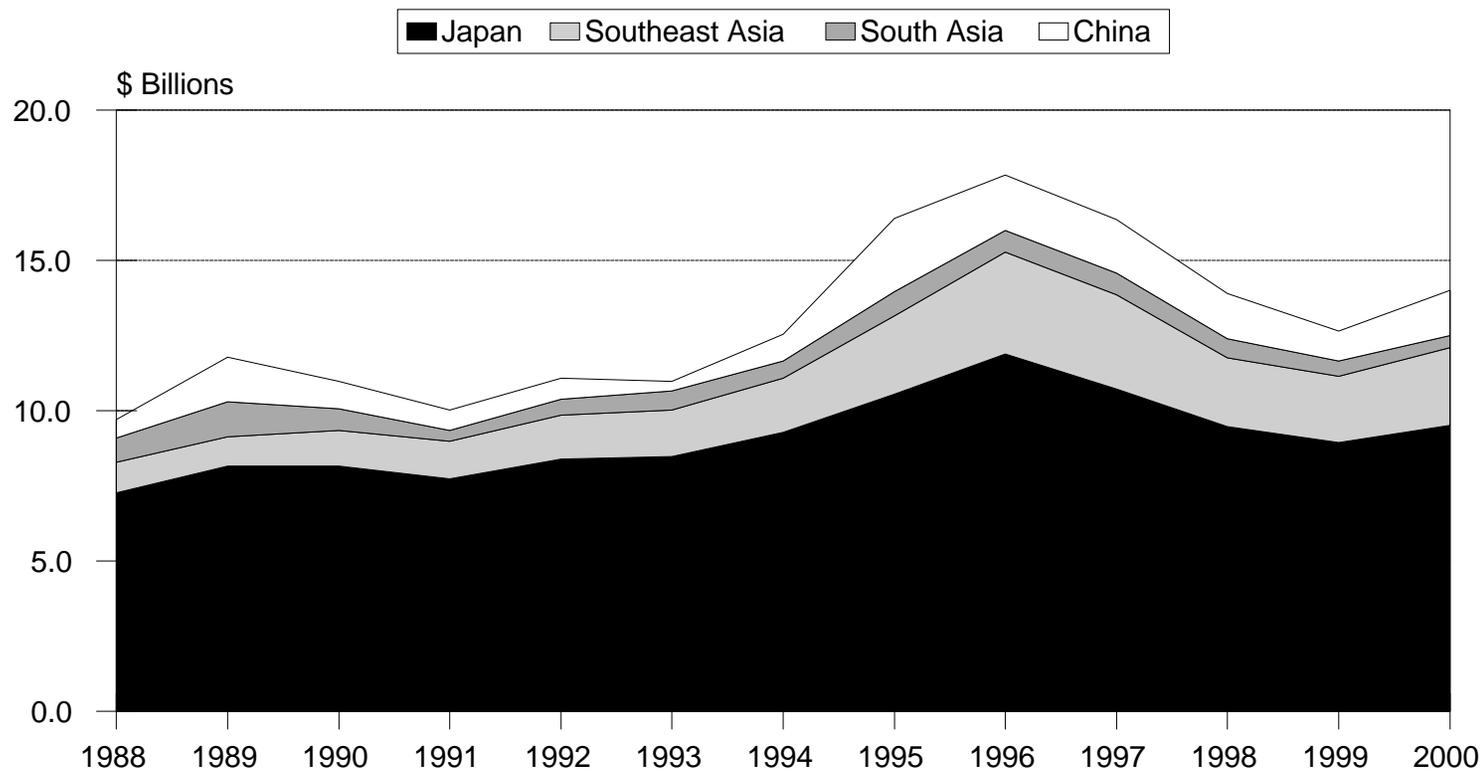
F = Forecast

¹ Including Mexico

Growth in U.S. Agricultural Exports to Asian Markets

- ! Japan is the United States largest agricultural export market. Because of it's continuing recession, U.S. farm exports to Japan declined by 25% from 1996 to 1999.
- ! Rapid income growth in Southeast Asia stimulated demand for U.S. agricultural exports in the 1990s. Financial and economic problems in the region have since slowed the growth in agricultural exports.
- ! U.S. agricultural exports to China grew during the 1990s but fluctuated considerably. U.S. exports declined in 1999 as China increased domestic production of grains and cotton.
- ! Agricultural exports to Asian markets (except South Asia) are forecast to increase in FY2000.

Growth in Agricultural Exports to Asian Markets FY 1988 - FY 2000F



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

Table 18. Growth in Agricultural Exports to Asian Markets, FY1988 - FY2000F

Year	(\$ Billions)			
	Japan	Southeast Asia	South Asia	China
1988	7.274	1.015	.805	.612
1989	8.148	.975	1.161	1.496
1990	8.155	1.184	.723	.909
1991	7.736	1.239	.375	.668
1992	8.383	1.470	.536	.690
1993	8.461	1.551	.641	.322
1994	9.281	1.803	.560	.884
1995	10.546	2.605	.801	2.434
1996	11.882	3.386	.730	1.828
1997	10.713	3.136	.728	1.774
1998	9.469	2.288	0.626	1.514
1999	8.940	2.202	0.500	1.012
2000F	9.5	2.6	0.4	1.5

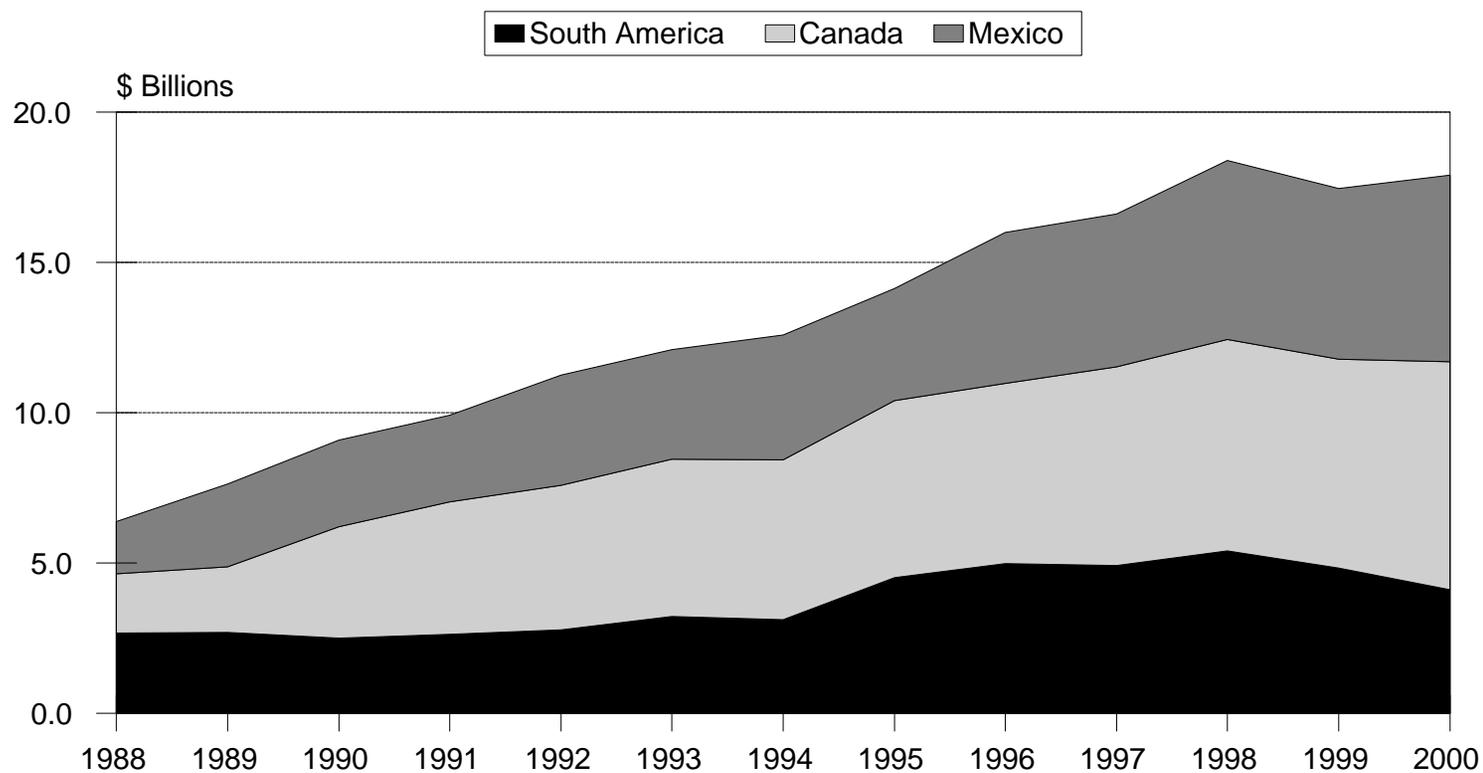
Source: U.S. Department of Agriculture. Economic Research Service.

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.
- ! Latin American markets have declined since FY1998.
- ! U.S. agricultural exports to Canada are forecast to reach \$7.6 billion in FY2000.
- ! U.S. agricultural export to Mexico are expected to increase by more than \$500 million in 2000.

Growth in Agricultural Exports to North and South America FY 1988 - FY 2000F



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

Table 19. Growth in Agricultural Exports to North and South America, FY1988 - FY2000F

Year	(\$ Billions)		
	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
2000F	4.1	7.6	6.2

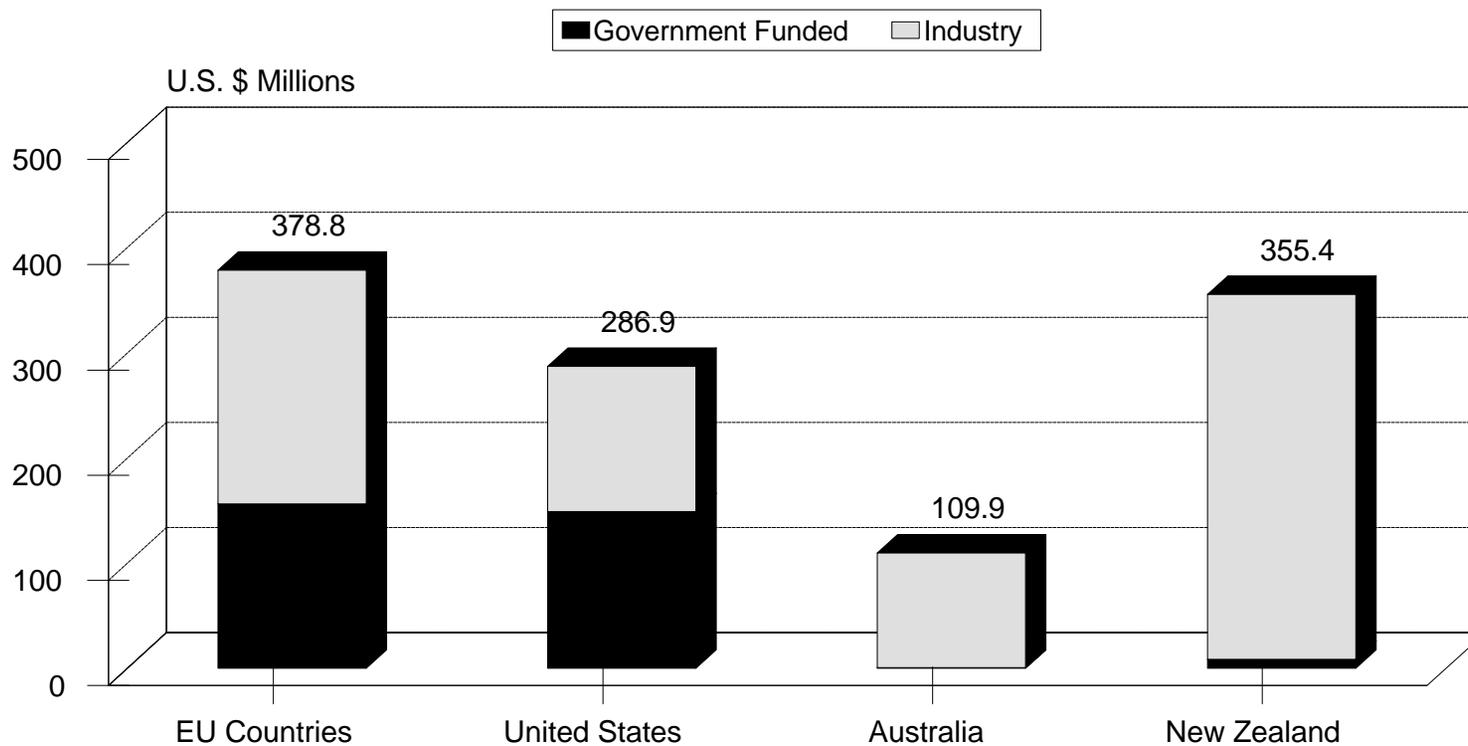
Source: U.S. Department of Agriculture. Economic Research Service.

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.

Expenditures for Market Development, Selected Countries, 1998



Source: Foreign Agricultural Service.

EU Countries includes Denmark, France, Germany, Italy, Netherlands, Spain, and U.K.

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

Country	(\$ Millions)				
	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

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 21. A Comparison of U.S. and EU Government Spending on Agricultural Support, 1996-1999

European Union	1996	1997	1998 ^e	1999 ^e
	Export Subsidies ^a	7.221	6.696	5.913
Domestic Support ^b	42.328	39.306	39.077	37.389
Total	49.549	46.002	44.990	43.088
United States	1996	1997	1998	1999 ^e
Export Subsidies ^c	0.422	0.125	0.212	0.344
Domestic Support ^d	5.068	7.131	9.931	18.047
Total	4.646	7.256	10.143	18.391

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

e=estimate

^a EU export subsidies include export refunds (amounts paid to exporters who bought at high internal market prices and sold at world market prices), 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.

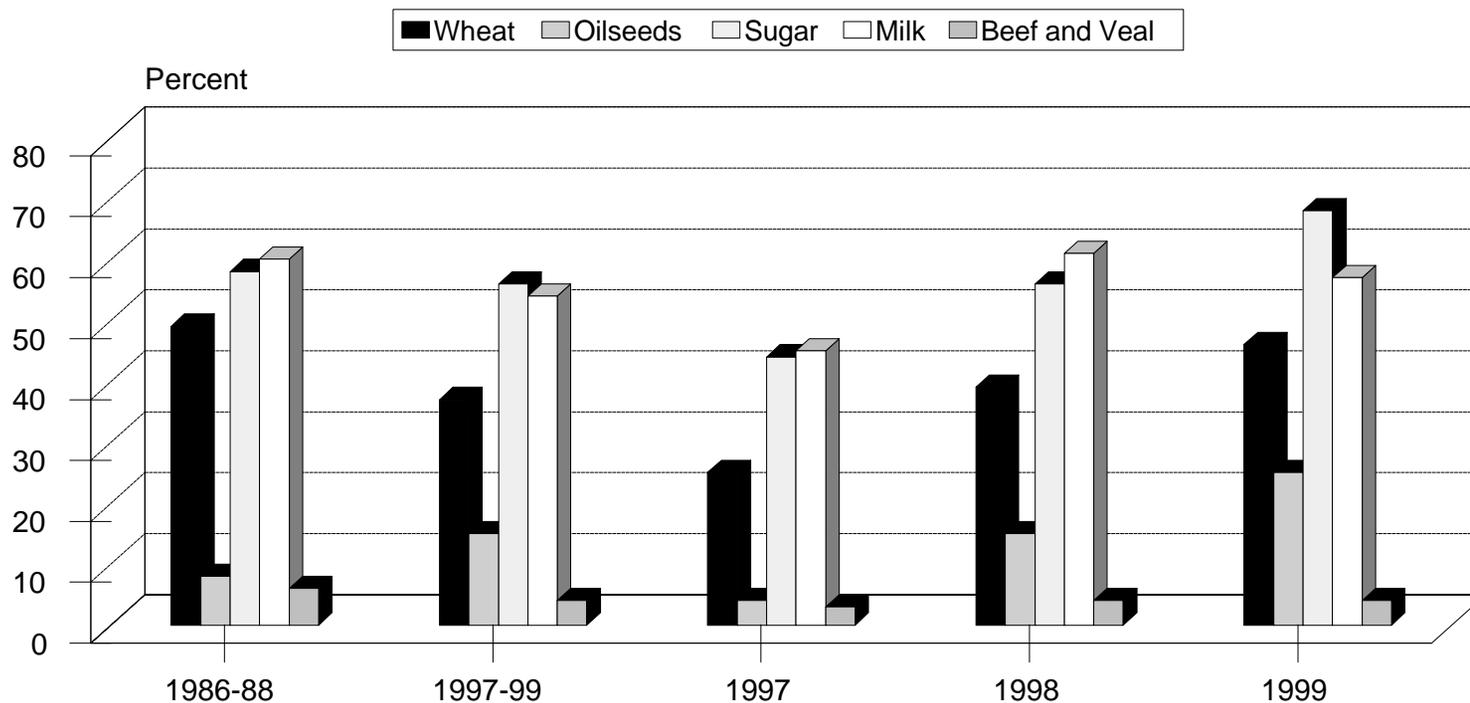
^c U.S. export subsidies include net outlays of the Commodity Credit Corporation for the Export Enhancement Program, Dairy Export Incentive Program, Export Credit Guarantee Programs, and the Market Access Program. Foreign food aid is excluded.

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

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

- ! PSEs measure assistance to producers in terms of the value of transfers to farmers 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.
- ! The PSE for all agricultural products in the EU declined from 44% to 39% from 1997 to 1998, but rose to 49% in 1999.
- ! The PSE for all agricultural products in the United States which declined from 1986-88 to 1997, increased from 14% in 1997 to 24% in 1999.
- ! Products most heavily supported in the EU are beef and veal, milk, sugar, wheat, and oilseeds.
- ! Products most heavily supported in the United States are sugar, milk, wheat and corn.

Producer Support Estimates (PSEs) Selected Commodities in the United States



Source: OECD, 2000.
Estimates for 1998 and 1999 are provisional.

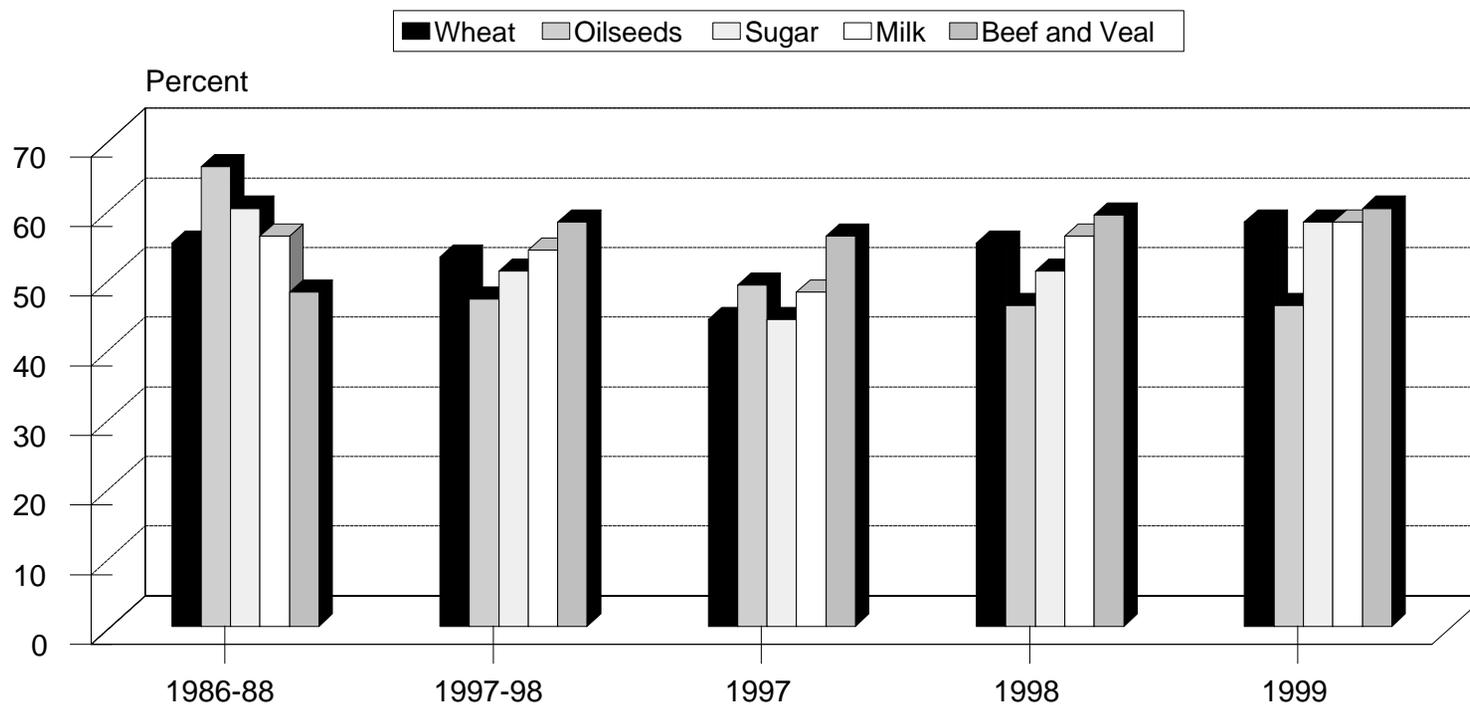
Table 22. Producer Support Estimates (PSE) in the United States by Commodity

Products	Percent				
	1986-88 (Average)	1997-99	1997	1998^p	1999^p
Wheat	49	37	25	39	46
Corn	38	24	14	27	30
Rice	52	17	10	15	26
Oilseeds	8	15	4	15	25
Sugar	58	56	44	56	68
Milk	60	54	45	61	57
Beef and Veal	6	4	3	4	4
Pork	4	4	3	3	5
Poultry	13	3	3	3	4
All Products	25	20	14	22	24

Source: Organization for Economic Cooperation and Development, 2000.

^p = provisional

Producer Support Estimates (PSEs) Selected Commodities in the European Union



Source: OECD, 2000.
Estimates for 1998 and 1999 are provisional.

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

Products	Percent				
	1986-88 (Average)	1997-98	1997	1998 ^p	1999 ^p
Wheat	55	53	44	55	58
Corn	54	40	35	42	42
Rice	57	23	20	18	29
Oilseeds	66	47	49	46	46
Sugar	60	51	44	51	58
Milk	56	54	48	56	58
Beef and Veal	48	58	56	59	60
Pork	1	11	10	12	10
Poultry	22	23	20	12	35
All Products	44	44	38	45	49

Source: Organization for Economic Cooperation and Development, 2000.

^p = provisional

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, and rice are eligible for production flexibility contracts entitling them to fixed but declining annual payments until 2002. 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, other oilseeds, and ELS cotton are not eligible for contract payments but are eligible for nonrecourse marketing assistance loans and loan deficiency payments.</p> <p>Substantial emergency assistance was provided to U.S. farmers in 1998, 1999, and 2000 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>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 of 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 have been generally in the form of variable import levies and export subsidies.</p> <p>Variable import levies, which keep imported agricultural products at prices that are as high as EU internal prices, have been converted to tariff quotas as the EU implements 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>The EU does not have a broad export financing program. Individual countries have their own programs. 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>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>

Agricultural and Trade Policies in Canada and Australia

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 requires 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>

Agricultural and Trade Policies in Canada and Australia

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>