Order Code 98-253

CRS Report for Congress

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

Updated March 21, 2007

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

Summary

U.S. agricultural exports for FY2007 are forecast by the U.S. Department of Agriculture at $78 billion, while agricultural imports are expected to reach $70 billion, both historical records. The agricultural trade surplus is projected to be $8 billion. 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 almost 63% of total U.S. agricultural exports in FY2006.

Leading markets for U.S. agricultural exports are Canada, Mexico, Japan, the European Union, China, Korea, and Taiwan. 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 and is the world's leading supplier of beef to world markets. The U.S. share of world beef exports has declined since the discovery of a cow infected with "mad cow disease" in the United States 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. 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

List of Figures

List of Tables

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

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

- The value of U.S. agricultural exports, supported by a weak dollar, strong foreign demand, and high prices for many products, is forecast by the U.S. Department of Agriculture (USDA) to reach $77 billion in FY2007, a record high.

- U.S. agricultural imports, forecast to reach a record $69 billion in FY2007, reflect strong U.S. demand for fruits and vegetables, wines and spirits, beef and pork, and other high value products.

- The $8 billion U.S. agricultural trade surplus forecast for FY2007 is about 30% of its all-time high — $27 billion — in FY1996.

Figure 1. U.S. Agricultural Exports, Imports, and the Trade Balance, FY1988-FY2007F

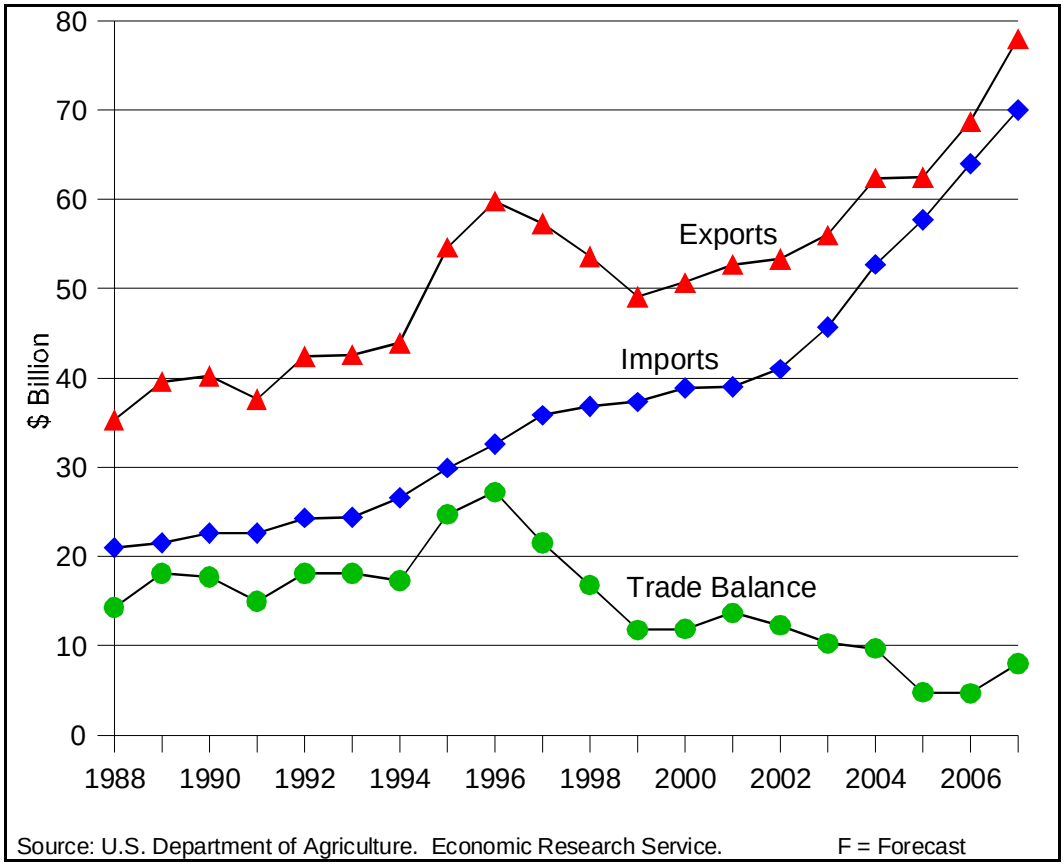


Table 1. U.S. Agricultural Exports and Imports, FY1988-FY2007F

($ 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	62.5	57.7	4.8
2006	68.7	64.0	4.7
2007F	78.0	70.0	8.0

Source: U.S. Department of Agriculture. Economic Research Service, Outlook for U.S. Agricultural Trade, AES-53, March 3, 2007, available at [http://usda.mannlib.cornell.edu/usda/current/AES/AES-03-08-2007.pdf].

F= Forecast

Shares of U.S. Production Exported: Selected Commodities

- USDA estimates that production from one-third of harvested acreage is exported.
- In FY2006, 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 reflects competition from domestic demand for corn for livestock feed and for ethanol production.
- The export shares of soybeans and cotton in FY2006 were 36% and 75%, respectively.
- Beef exports grew from around 4% of production in 1990 to almost 10% in 2003, but the U.S. discovery of a cow infected with bovine spongiform encephalopathy (BSE), or "mad cow" disease, in December 2003 resulted in a precipitous decline in beef exports.

Figure 2. U.S. Agricultural Exports: Share of U.S. Production Exported, 1990/91-2006/07F

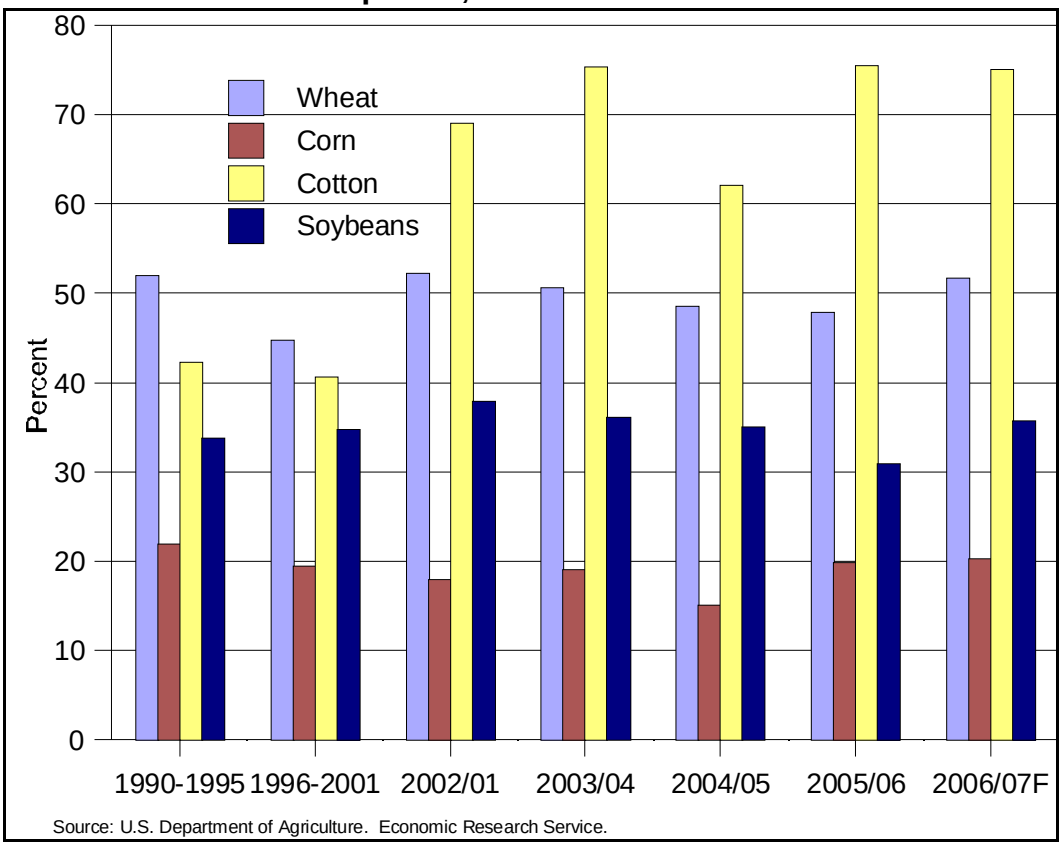


Table 2. U.S. Agricultural Exports: Shares of U.S. Production Exported, 1990/91-2006/07F

(percent)

Year	Wheat	Corn	Cotton	Soybeans
1990/91	38.4	22.1	50.3	28.9
1991/92	65.5	21.4	37.7	34.4
1992/93	55.5	17.7	32.1	35.2
1993/94	50.8	20.6	42.5	31.5
1994/95	51.5	23.0	47.8	33.4
1995/96	56.9	28.1	42.9	39.1
1996/97	44.0	19.9	36.3	37.2
1997/98	41.9	16.2	39.9	32.5
1998/99	41.8	21.0	30.9	29.4
1999/00	47.1	20.7	39.8	36.7
2000/01	46.2	19.2	39.2	36.1
2001/02	49.6	19.6	54.2	36.8
2002/03	52.2	18.0	69.1	37.9
2003/04	50.6	19.0	75.3	36.1
2004/05	48.5	15.1	62.1	35.1
2005/06	47.9	19.9	75.5	30.9
2006/07F	51.7	20.3	75.1	35.7

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].

Figure 3. U.S. Agricultural Exports: Shares U.S. Production of Livestock Exported, 1990-2007F

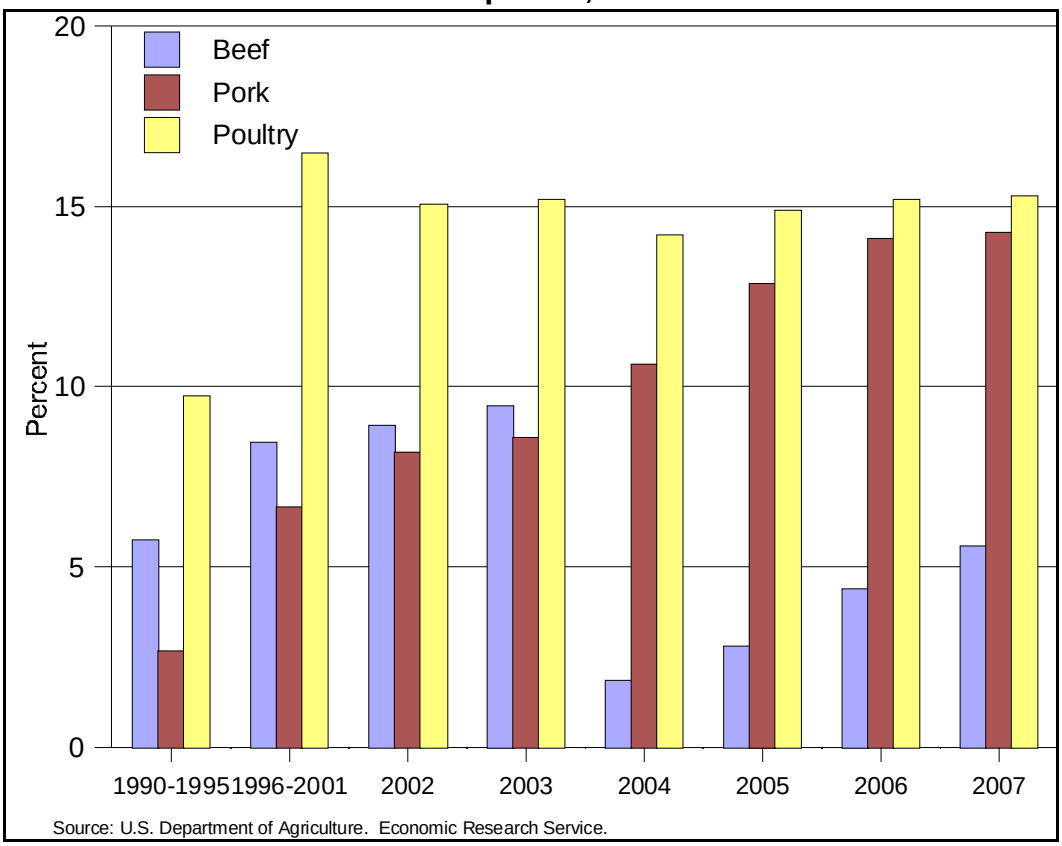


Table 3. U.S. Agricultural Exports: Shares of U.S. Production of Livestock Exported, 1990-2007F

(percent)

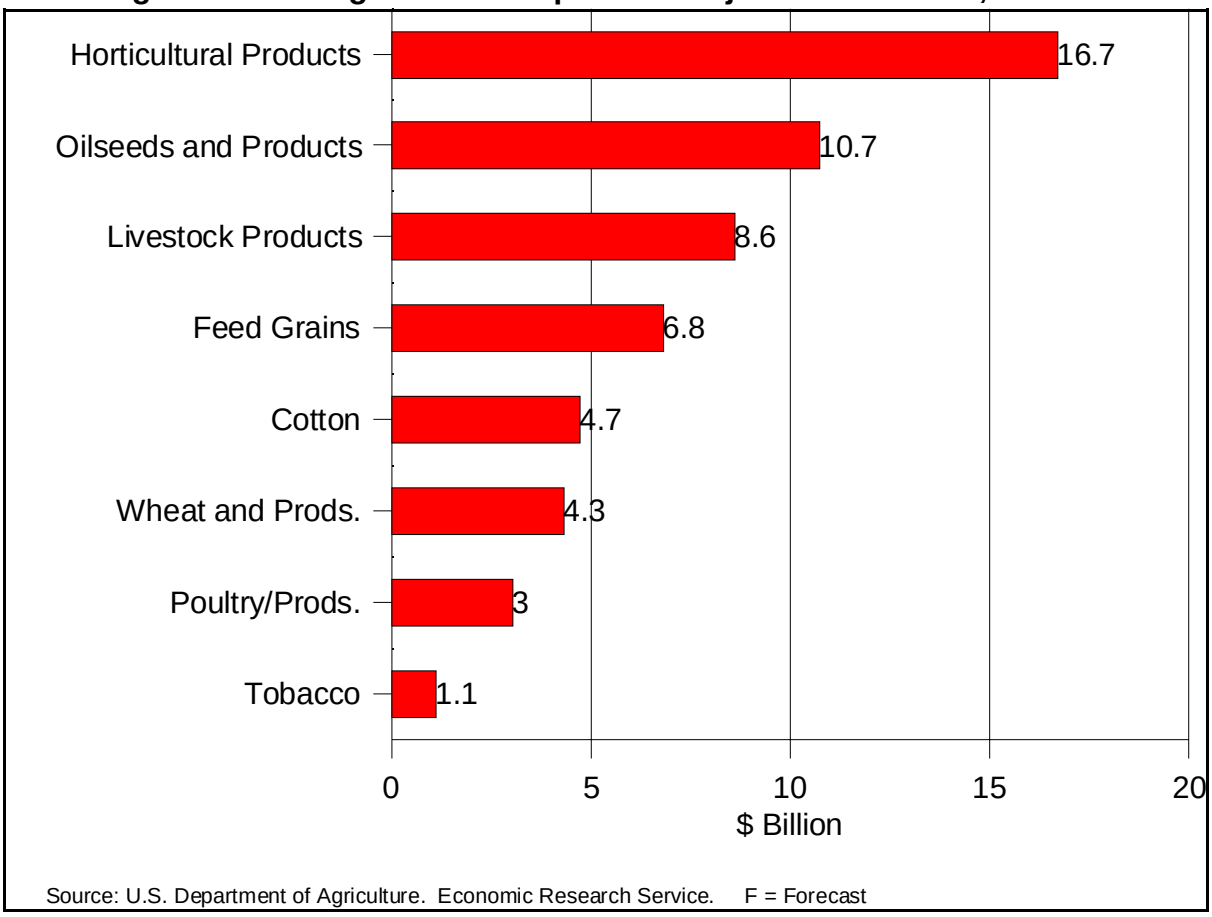
Year	Beef	Pork	Poultry
1990	4.4	1.6	6.2
1991	5.1	1.8	6.4
1992	5.7	2.4	7.1
1993	5.5	2.6	8.9
1994	6.5	3.1	12.1
1995	7.1	4.4	15.7
1996	7.2	5.7	16.9
1997	8.3	6.0	16.3
1998	8.3	6.5	15.8
1999	9.0	6.6	15.6
2000	9.1	6.8	16.3
2001	8.6	8.1	18.0
2002	8.9	8.2	15.1
2003	9.5	8.6	15.2
2004	1.9	10.6	14.2
2005	2.8	12.9	14.9
2006	4.4	14.1	15.2
2007	5.6	14.3	15.3

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].

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 $16.7 billion in FY2006 — are the leading commodity components of U.S. agricultural exports.
- Oilseeds (mainly soybeans) and oilseed products (mainly meal and oil) — valued at $11 billion in FY2006 — comprise the second largest category of U.S. agricultural exports.
- Livestock and poultry products together amounted to $11.6 billion in FY2006.
- Field crop exports (feed grains, wheat and products, cotton, and tobacco) accounted for just over $17 billion of U.S. agricultural exports in FY2006.

Figure 4. U.S. Agricultural Exports of Major Commodities, FY2006



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

Table 4. U.S. Agricultural Exports of Major Commodities, FY2006

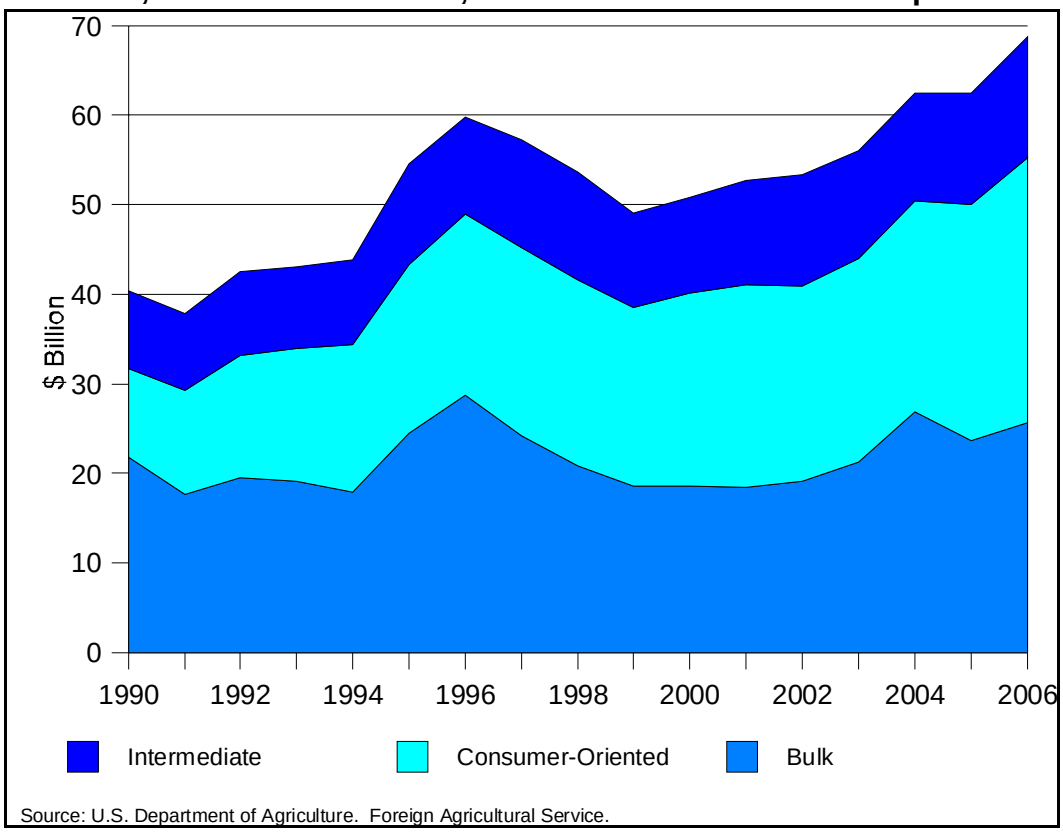
Commodity	($ Billion)
Horticultural Products	16.7
Oilseeds and Products	10.7
Livestock Products	8.6
Feed Grains	6.8
Cotton	4.7
Wheat and Prods.	4.3
Poultry/Prods.	3.0
Tobacco	1.1

Source: U.S. Department of Agriculture. Economic Research Service, Outlook for U.S. Agricultural Trade, AES-52, November 22, 2006, available at [http://usda.mannlib.cornell.edu/usda/current/AES/AES-11-22-2006.pdf].

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

- *Bulk agricultural export*s include products like wheat, coarse grains, cotton, and soybeans.
- *Intermediate product*s 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.
- Until 1990, bulk agricultural exports were the mainstay of U.S. farm export trade. Since FY1991, the total of high-value (intermediate and consumer-ready) products has exceeded the value of bulk agricultural exports.
- In FY2006, high-value exports accounted for 63% of total U.S. agricultural exports and bulk exports for 37%.

Figure 5. U.S. Agricultural Exports, FY1990-FY2006: Bulk, Consumer-Oriented, and Intermediate Product Exports



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

Table 5. U.S. Agricultural Exports, FY1990-FY2006: Total, Bulk, Consumer-Ready, and Intermediate Product Exports

($ thousands)

Year	Total	Bulk	% of Total	Consumer-Oriented	% of Total	Intermediate	% of Total
1990	40,347,960	21,793,461	54.0	9,891,735	24.5	8,662,764	21.5
1991	37,864,207	17,701,487	46.7	11,574,646	30.6	8,588,074	22.7
1992	42,554,780	19,523,240	45.9	13,689,029	32.2	9,342,511	22.0
1993	43,057,753	19,084,550	44.3	14,889,726	34.6	9,083,477	21.1
1994	43,893,020	17,940,578	40.9	16,460,463	37.5	9,491,979	21.6
1995	54,613,152	24,446,611	44.8	18,847,340	34.5	11,319,201	20.7
1996	59,785,653	28,781,235	48.1	20,167,462	33.7	10,836,956	18.1
1997	57,305,347	24,250,805	42.3	20,928,673	36.5	12,125,869	21.2
1998	53,661,663	20,925,957	39.0	20,716,672	38.6	12,019,034	22.4
1999	49,118,260	18,596,897	37.9	19,969,550	40.7	10,551,813	21.5
2000	50,761,767	18,580,955	36.6	21,568,538	42.5	10,612,274	20.9
2001	52,716,911	18,436,458	35.0	22,673,764	43.0	11,606,689	22.0
2002	53,319,318	19,122,275	35.9	21,807,002	40.9	12,390,041	23.2
2003	56,013,986	21,224,523	37.9	22,848,832	40.8	11,940,632	21.3
2004	62,408,828	26,903,911	43.1	23,473,244	37.6	12,031,673	19.3
2005	62,516,244	23,613,456	37.8	26,418,955	42.3	12,483,833	20.0
2006	68,720,594	25,709,989	37.4	29,557,328	43.0	13,453,277	19.6

Source: Data in this table are compiled from U.S. Department of Agriculture, Foreign Agricultural Service databases, available at [http://www.fas.usda.gov/scriptsw/bico/bico_frm.asp].

Major Country Markets for U.S. Agricultural Exports

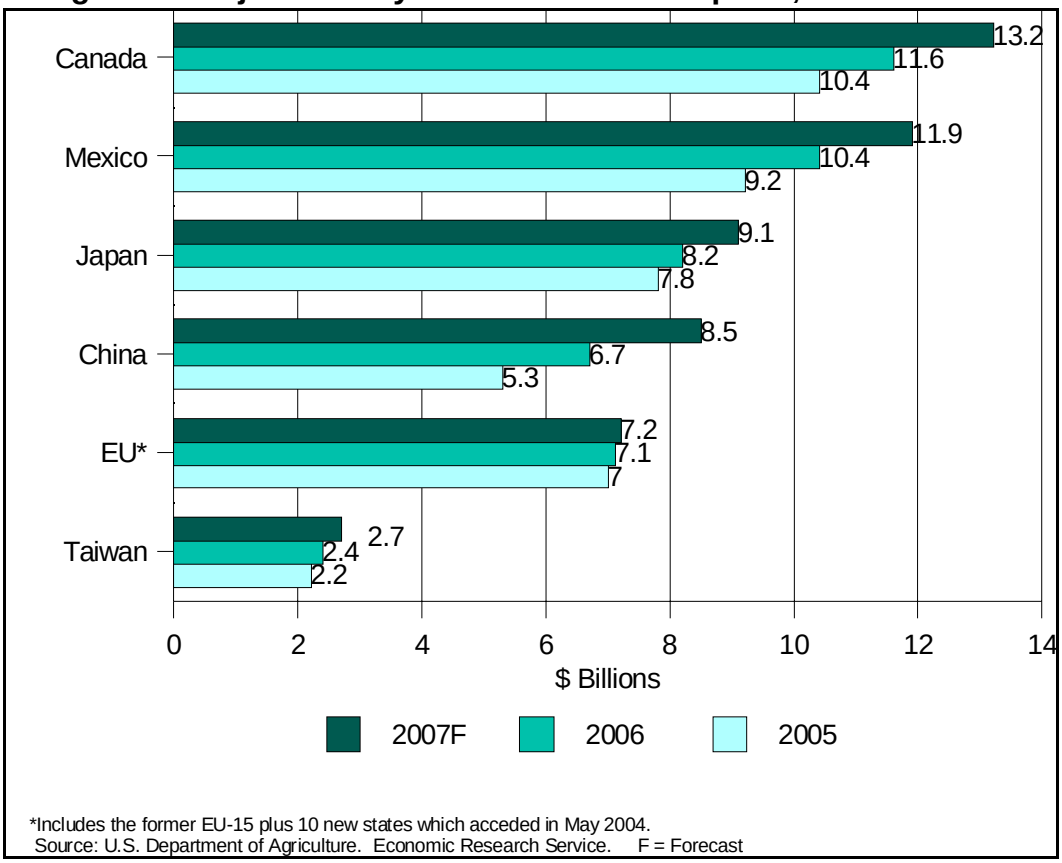
- Canada and Mexico, both U.S. partners in the North American Free Trade Agreement (NAFTA), are the first- and second-largest markets for U.S. agricultural exports. Total U.S. agricultural exports to these two countries in FY2007 is forecast to exceed $25 billion.

- Japan, which was the number one U.S. destination for agricultural products for many years, is the third-largest export destination.

- China, which joined the World Trade Organization in 2001, is forecast to become the fourth-largest market for U.S. agricultural products in FY2007, ahead of the European Union (EU-25) which drops to fifth place.

- Other Asian markets — South Korea and Taiwan — are the sixth- and seventh-largest destinations for U.S. agricultural exports.

Figure 6. Major Country Markets for U.S. Exports, FY2005-FY2007F



*Includes the former EU-15 plus 10 new states which acceded in May 2004.
Source: U.S. Department of Agriculture. Economic Research Service. F = Forecast

Table 6. Major Country Markets for U.S. Agricultural Exports, FY2005-FY2007F

($ billion)

Country	2005	2006	2007F
Canada	10.4	11.6	13.2
Mexico	9.2	10.4	11.9
Japan	7.8	8.2	9.1
China	5.3	6.7	8.5
EU	7.0	7.1	7.2
Taiwan	2.2	2.4	2.7
South Korea	2.2	2.7	3.4
Russia	0.9	0.9	0.9
Turkey	1.0	1.0	1.0
Hong Kong	0.9	0.9	1.0

Source: U.S. Department of Agriculture. Economic Research Service, Outlook for U.S. Agricultural Trade, AES-52, November 22, 2006, available at [http://usda.mannlib.cornell.edu/usda/current/AES/AES-11-22-2006.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 7** and **Table 7**).

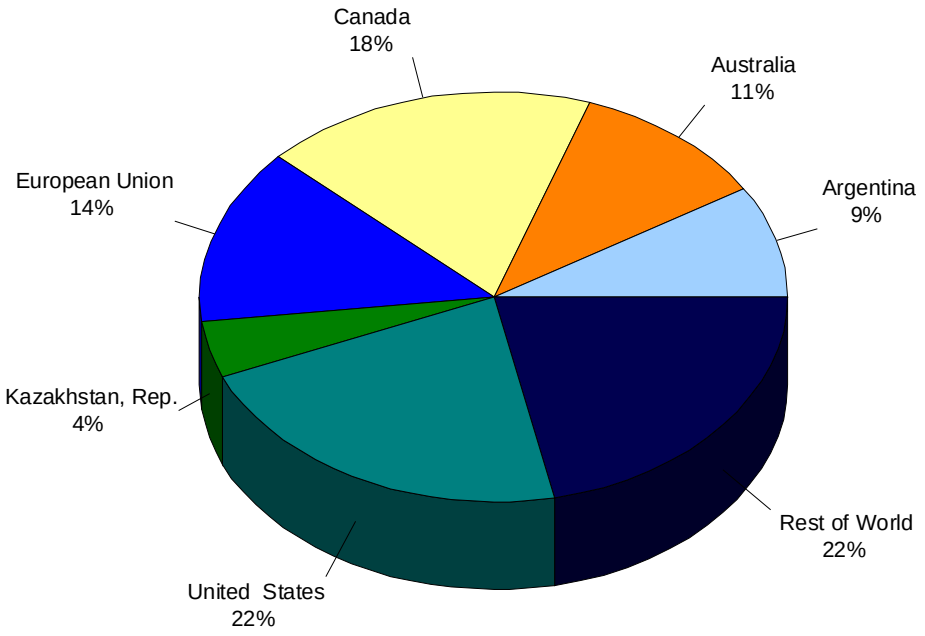
- **Rice:** Thailand (30% forecast for 2007) is the world's dominant rice exporter; but Vietnam (17%) has emerged as a major competitor. India's export market share in 2007 is forecast to be 14% (see **Figure 8** and **Table 8**).

- **Corn:** The United States dominates the world market for corn with a 2007 forecast export share of 70% (see **Figure 9** and **Table 9**).

- **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 10** and **Table 10**).

- **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 11** and **Table 11**).

Figure 7. Shares of World Exports of Wheat and Wheat Products, 2006/07F



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

Table 7. Shares of World Exports of Wheat and Wheat Products, 1995/96-2006/07F

(percent)

Country	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Argentina	4.5	9.7	9.4	9.0	9.8	10.9
Australia	12.2	17.5	14.7	15.8	15.2	16.0
Canada	17.2	17.4	20.4	14.1	17.2	16.7
EU-25	13.3	17.1	13.6	14.3	17.2	16.1
Kazakhstan, Rep.	4.3	2.2	3.4	2.3	5.8	3.8
United States	34.1	26.2	27.1	28.4	26.1	26.9
Rest of World	14.4	9.8	11.4	16.1	8.7	9.5

Country	2001/02	2002/03	2003/04	2004/05	2005/06E	2006/07F
Argentina	10.5	5.7	7.0	11.9	7.3	9.0
Australia	14.9	9.9	14.4	14.0	13.4	10.8
Canada	15.1	8.5	14.9	13.4	13.8	18.4
EU-25	12.8	18.1	10.5	12.7	13.2	13.9
Kazakhstan, Rep.	3.6	5.7	3.9	2.4	2.6	4.5
United States	23.7	20.7	30.9	25.2	24.1	22.0
Rest of World	19.3	31.3	18.4	20.4	25.5	21.6

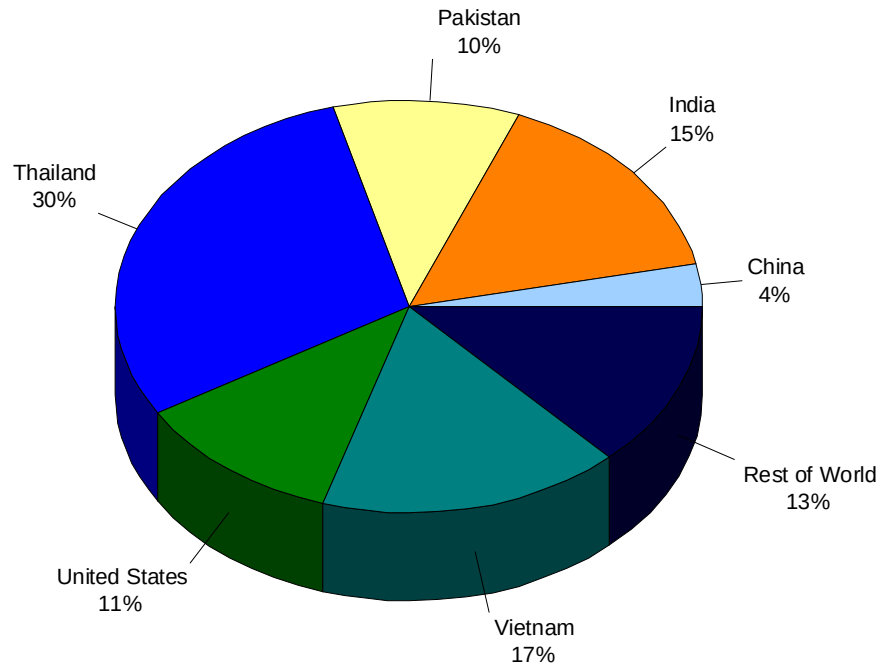
Source: U.S. Department of Agriculture. Foreign Agricultural Service, Grain: World Markets and Trade, FG 01-07, January 2007, available at [http://www.fas.usda.gov/grain/circular/2007/01-07/graintoc.htm].

July-June marketing year.

E = Estimate

F = Forecast

Figure 8. Shares of World Exports of Rice, 2006/07F



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

Table 8. Shares of World Exports of Rice, 1994/95-2006/07F

(percent)

Country	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
China	0.2	1.3	5.0	13.5	10.9	13.0	7.6
India	20.0	18.6	11.1	16.9	11.1	6.4	7.9
Pakistan	8.5	8.5	9.4	7.2	7.4	8.9	9.9
Thailand	28.6	26.8	27.7	23.0	26.9	28.8	30.8
United States	14.6	13.3	12.2	11.5	10.7	12.5	10.4
Vietnam	11.1	15.4	17.6	13.7	18.4	14.8	14.4
Rest of World	17.1	16.1	17.0	14.2	14.7	15.7	19.1

Country	2001/02	2002/03	2003/04	2004/05	2005/06E	2006/07F
China	7.0	9.4	3.2	2.3	4.0	3.6
India	23.9	16.0	11.7	16.2	13.7	15.4
Pakistan	5.8	7.1	7.3	10.5	10.9	10.4
Thailand	26.0	27.4	37.3	25.1	26.4	29.5
United States	11.8	13.9	11.4	13.3	12.7	11.4
Vietnam	11.6	13.8	15.8	17.8	17.4	16.8
Rest of World	13.8	12.4	13.3	14.9	15.0	12.9

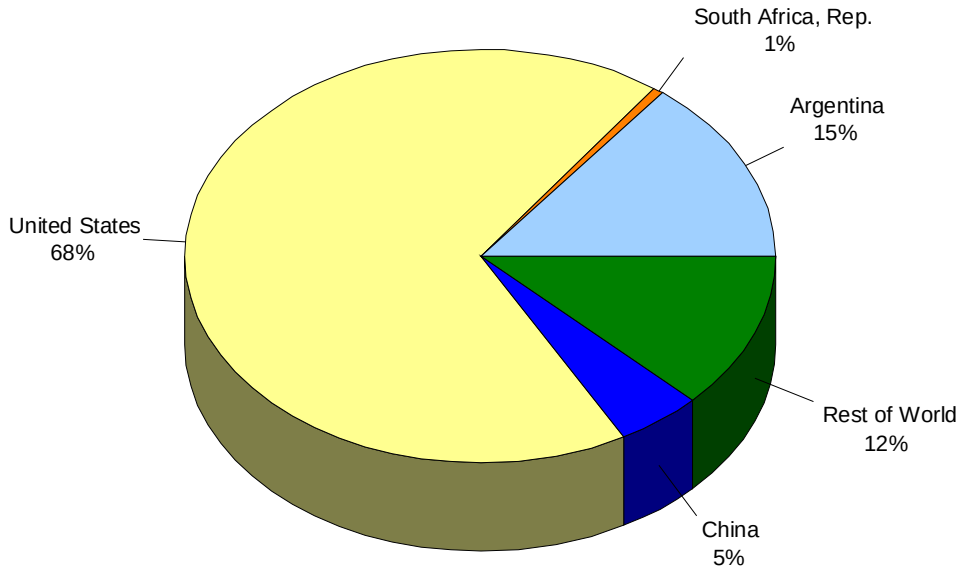
Source: U.S. Department of Agriculture. Foreign Agricultural Service, Grain: World Markets and Trade, FG 01-07, January 2007, available at [http://www.fas.usda.gov/grain/circular/2007/01-07/graintoc.htm].

July-June marketing year.

E = Estimate

F = Forecast

Figure 9. Shares of World Exports of Corn, 2006/07F



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

Table 9. Shares of World Exports of Corn, 1995/96-2006/07F

(percent)

Country	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Argentina	10.7	15.3	20.2	11.4	12.1	16.0
China	0.2	5.8	9.8	4.9	13.5	9.5
South Africa, Rep.	2.7	2.4	1.7	1.2	1.1	1.9
United States	81.4	70.0	59.9	75.7	67.4	63.3
Rest of World	4.9	6.5	8.4	6.8	5.9	9.3

Country	2001/02	2002/03	2003/04	2004/05	2005/06E	2006/07F
Argentina	11.5	15.7	13.2	18.0	12.9	14.5
China	11.5	19.4	9.5	9.9	4.5	4.8
South Africa, Rep.	1.6	1.5	1.0	2.0	1.7	0.6
United States	63.4	51.4	61.6	59.3	67.6	68.1
Rest of World	12.0	12.0	14.7	10.8	13.3	12.0

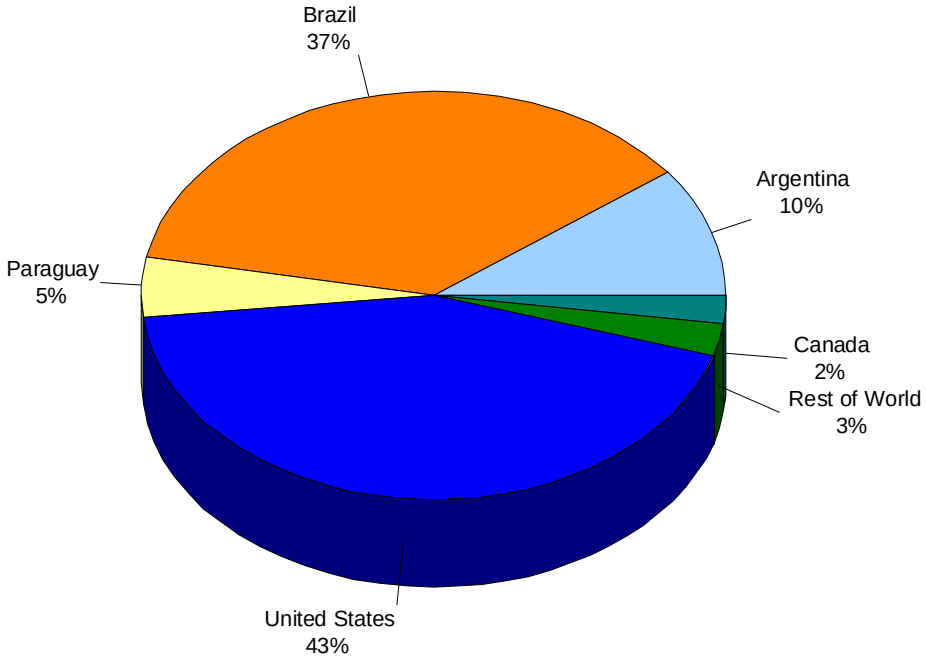
Source: U.S. Department of Agriculture. Foreign Agricultural Service, Grain: World Markets and Trade, FG 01-07, January 2007, available at [http://www.fas.usda.gov/grain/circular/2007/01-07/graintoc.htm].

October-September marketing year.

E = Estimate

F = Forecast

Figure 10. Shares of World Exports of Soybeans, 2006/07F



Source: U.S. Department of Agriculture. Foreign Agricultural Service.
E = Estimate

Table 10. Shares of World Exports of Soybeans, 1995/96-2006/07F

(percent)

Country	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Argentina	6.6	2.1	8.0	8.9	9.0	13.8
Brazil	10.9	22.9	22.1	23.3	24.3	28.7
Canada	1.9	1.3	1.9	2.3	2.1	1.4
Paraguay	5.0	5.8	5.8	6.0	4.4	4.7
United States	73.0	65.6	60.0	57.2	58.2	50.3
Rest of World	2.5	2.3	2.2	2.2	1.9	1.2

Country	2001/02	2002/03	2003/04	2004/05	2005/06E	2006/07F
Argentina	11.2	14.2	12.4	14.4	11.3	10.5
Brazil	28.1	32.3	35.5	31.2	40.2	36.7
Canada	0.9	1.2	1.6	1.7	2.0	2.2
Paraguay	4.3	4.6	5.0	4.5	4.0	4.7
United States	54.2	46.5	43.2	46.3	40.0	43.4
Rest of World	1.3	1.3	2.3	1.9	2.4	2.5

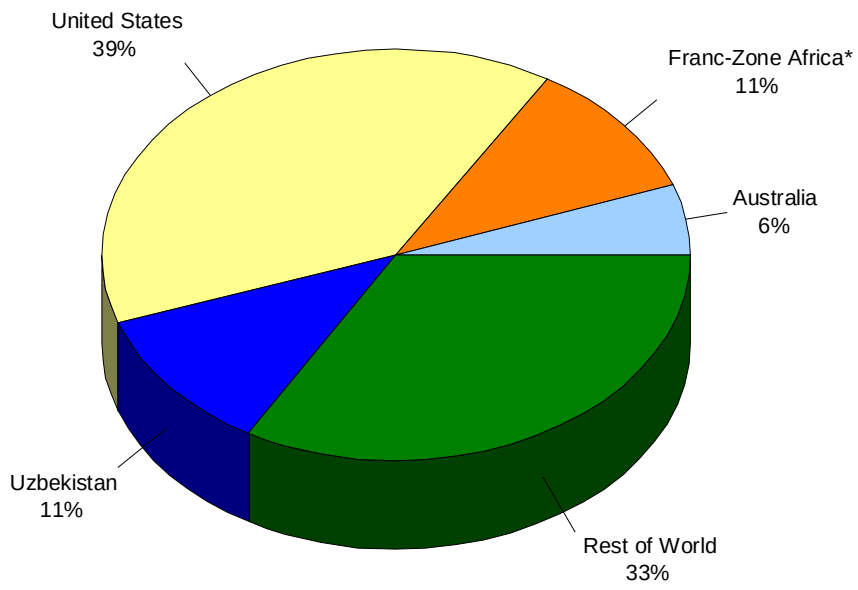
Source: U.S. Department of Agriculture. Foreign Agricultural Service, Oilseeds: World Market and Trade, FOP 1 - 07, January 2007, available at [http://www.fas.usda.gov/oilseeds/circular/2007/January/oilseedsfull0107.pdf].

Marketing year.

E = Estimate

F = Forecast

Figure 11. Shares of World Exports of Cotton, 2006/07F



Source: U.S. Department of Agriculture. Foreign Agricultural Service.
E = Estimate F = Forecast
* Includes Benin, Burkina, Cameroon, CAR, Chad, Cote d'Ivoire, Mali, Niger, Senegal and Togo.

Table 11. Shares of World Exports of Cotton, 1995/96-2006/07F

(percent)

Country	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
Australia	5.3	8.9	10.1	12.9	11.8	14.9
Franc-Zone Africa[a]	10.2	12.3	13.5	15.3	13.7	12.4
United States	28.1	25.6	28.3	18.3	24.8	25.7
Uzbekistan	16.5	17.0	17.1	16.2	15.4	13.1
Rest of World	39.8	36.3	31.0	37.3	34.2	33.9

Country	2001/02	2002/03	2003/04	2004/05	2005/06E	2006/07F
Australia	10.8	8.8	6.5	5.7	6.5	5.6
Franc-Zone Africa[a]	12.2	12.5	13.4	11.8	9.7	11.0
United States	37.9	39.2	41.4	41.2	40.4	38.9
Uzbekistan	12.0	11.2	9.3	11.3	10.7	11.4
Rest of World	27.1	28.3	29.4	30.0	32.7	33.1

Source: U.S. Department of Agriculture. Foreign Agricultural Service, Cotton: World Markets and Trade, FOP 01-07, January 2007, available at [http://www.fas.usda.gov/cotton/circular/2007/January/cottonfull00107.pdf].

[a] Includes Benin, Burkina, Cameroon, CAR, Chad, Cote d'Ivoire, Mali, Niger, Senegal and Togo.

Marketing year.

E = Estimate

F = Forecast

World Market Shares: Livestock and Dairy

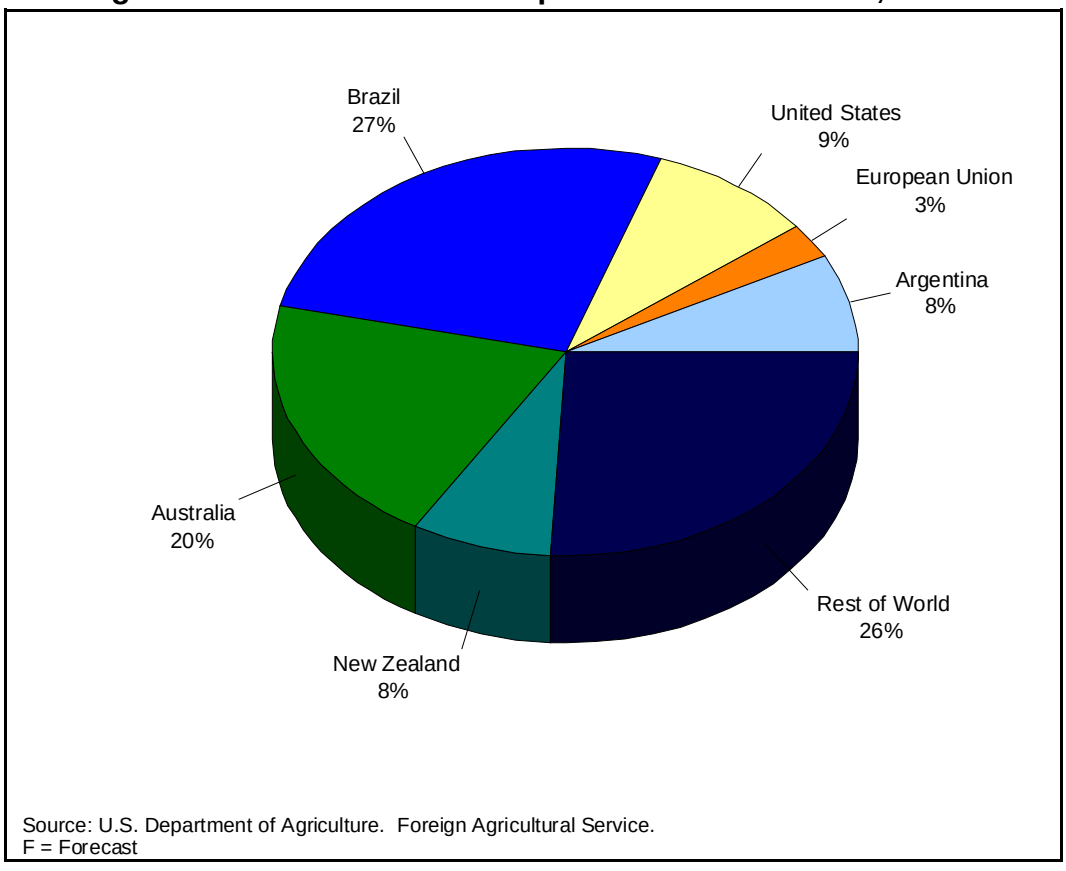
- **Beef**: Brazil, with 27% (forecast) of world exports in 2007, has emerged as the world's largest supplier of beef to world markets. The U.S. share of world beef exports, 18% in 2003, has declined to a forecast 9% for 2007, because of continuing effects of mad cow disease on global beef trade.

- **Pork**: The EU and the United States are the world's largest exporters of pork (each with 26% forecast for 2007). The EU, however, has lost market share to both the United States and Canada.

- **Poultry**: Brazil is the world's leading supplier of poultry meat (38% forecast for 2007). The United States, with 37% of world exports, and the EU (10%) have lost market share to Brazil in recent years.

- **Dairy Products**: In 2007, the United States, New Zealand, and the EU are forecast to be the leading suppliers of nonfat dry milk to world markets. The EU dominates the world market for cheese, while New Zealand is the largest exporter of butter.

Figure 12. Shares of World Exports of Beef and Veal, 2007F



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

Table 12. Shares of World Exports of Beef and Veal, 1995-2007F

(percent)

Country	1995	1996	1997	1998	1999	2000	2001
Argentina	9.8	9.9	7.9	5.6	6.3	6.2	3.0
European Union	22.0	22.0	18.8	14.3	15.7	9.5	8.9
United States	15.1	17.0	16.7	18.1	19.1	19.5	18.1
Brazil	4.2	4.5	4.0	5.6	8.1	8.6	13.2
Australia	20.3	20.5	20.4	23.3	22.2	23.3	24.7
New Zealand	9.1	10.0	8.8	9.0	7.7	8.4	8.7
Rest of World	19.4	15.9	23.3	24.1	20.9	24.5	23.4

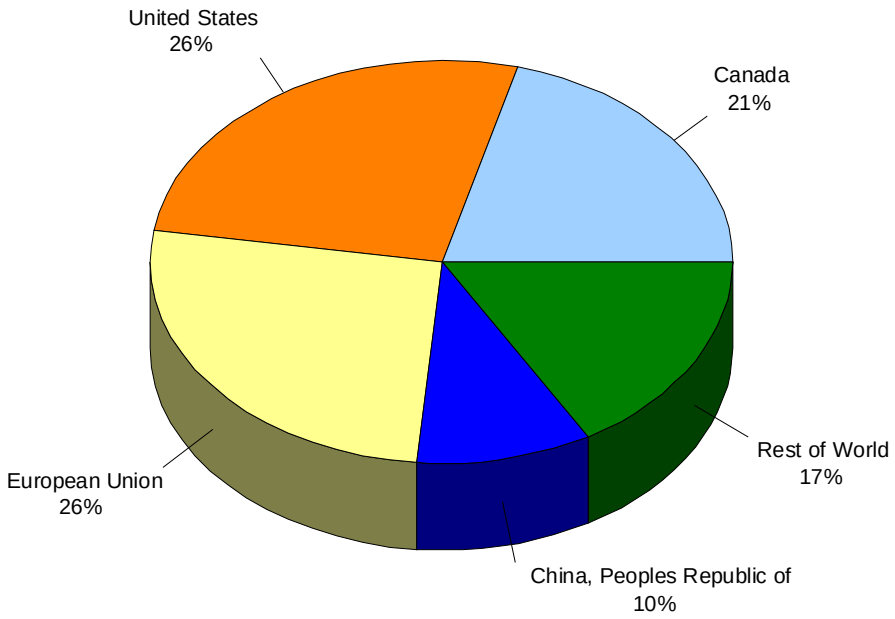
Country	2002	2003	2004	2005	2006P	2007F
Argentina	5.5	6.1	9.6	10.7	7.1	8.0
European Union	7.7	6.1	5.5	3.6	2.9	2.7
United States	17.7	18.0	3.2	4.5	7.5	9.1
Brazil	14.0	18.5	25.1	26.3	27.8	26.6
Australia	21.8	19.9	21.5	19.9	20.3	20.1
New Zealand	7.7	8.8	9.3	8.3	7.7	7.6
Rest of World	25.5	22.5	25.8	26.6	26.7	25.8

Source: U.S. Department of Agriculture. Foreign Agricultural Service, Livestock and Poultry: World Markets and Trade, DL&P 2-06, October 2006, available at [http://www.fas.usda.gov/dlp/circular/2006/2006%20Annual/Livestock&Poultry.pdf].

P = Preliminary

F = Forecast

Figure 13. Shares of World Pork Exports, 2007F



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

Table 13. Shares of World Pork Exports, 1994-2007F

(percent)

Country	1995	1996	1997	1998	1999	2000	2001
Canada	15.5	13.8	14.6	14.9	16.4	20.4	21.5
United States	15.1	15.8	16.5	19.2	17.3	18.0	20.9
European Union	32.7	30.9	33.1	35.7	52.1	47.0	33.6
China, People's Republic of	4.4	4.9	7.0	7.0	4.2	4.4	6.6
Taiwan	16.1	13.9	2.4	0.1	—	—	—
Rest of World	16.1	20.7	26.4	23.1	10.0	10.1	17.4

Country	2002	2003	2004	2005	2006P	2007F
Canada	22.2	22.9	20.0	20.8	21.2	21.1
United States	18.8	18.3	20.3	23.2	26.0	26.4
European Union	29.7	29.0	30.1	26.0	27.0	26.3
China, People's Republic of	7.9	9.3	11.0	9.6	9.7	9.6
Taiwan	—	—	—	—	—	—
Rest of World	21.5	20.4	18.5	20.4	16.1	16.6

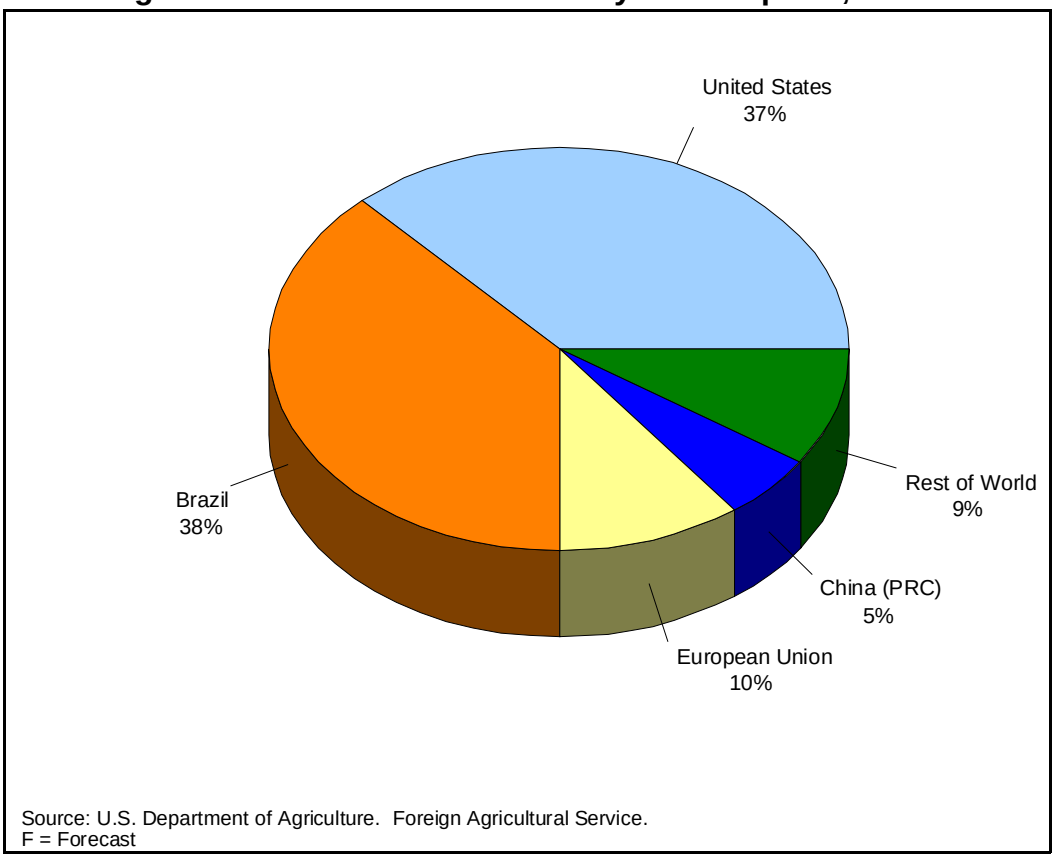
Source: U.S. Department of Agriculture. Foreign Agricultural Service, Livestock and Poultry: World Markets and Trade, DL&P 2-06, November 2006, available at [http://www.fas.usda.gov/dlp/circular/2006/2006%20Annual/Livestock&Poultry.pdf].

P= Preliminary

F= Forecast

— = Less than 0.1%

Figure 14. Shares of World Poultry Meat Exports, 2007F



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

Table 14. Shares of World Total Poultry Meat Exports, 1994-2007F

(percent)

Country	1995	1996	1997	1998	1999	2000	2001
United States	41.3	41.9	49.2	47.1	47.1	46.4	45.6
Brazil	10.0	11.7	15.3	13.9	16.6	18.1	22.2
European Union	36.2	33.3	18.0	19.1	18.8	16.4	13.1
China (PRC)	6.2	6.6	8.2	7.7	8.5	9.6	8.8
Rest of World	6.3	6.5	9.4	12.1	9.0	9.5	10.2

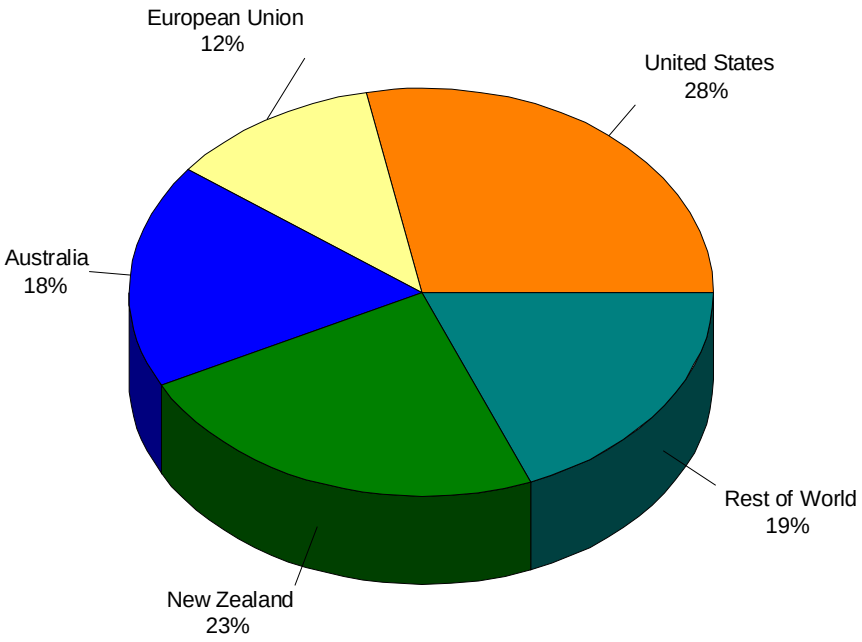
Country	2002	2003	2004	2005	2006P	2007F
United States	38.2	37.1	35.8	34.8	37.9	37.2
Brazil	27.7	31.6	39.9	40.3	38.6	37.9
European Union	15.3	13.1	13.4	11.1	9.6	10.2
China (PRC)	7.7	6.4	4.0	4.9	5.4	5.4
Rest of World	11.2	11.8	6.9	8.9	8.4	9.3

Source: U.S. Department of Agriculture. Foreign Agricultural Service, Livestock and Poultry: World Markets and Trade, DL&P 2-06, November 2006, available at [http://www.fas.usda.gov/dlp/circular/2006/2006%20Annual/Livestock&Poultry.pdf].

P= Preliminary

F= Forecast

Figure 15. Shares of World Nonfat Dry Milk Exports, 2007F



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

Table 15. Shares of World Nonfat Dry Milk Exports, 1995-2007F

(percent)

Country	1995	1996	1997	1998	1999	2000
Canada	2.5	2.5	2.9	3.8	3.6	2.6
United States	9.5	2.4	11.3	11.5	19.0	11.7
European Union	22.4	17.6	27.3	19.4	32.6	37.4
Australia	10.9	12.8	19.8	22.1	21.1	20.9
New Zealand	9.7	11.5	20.8	21.8	18.0	14.5
Rest of World	45.1	53.2	18.0	21.4	5.7	12.9

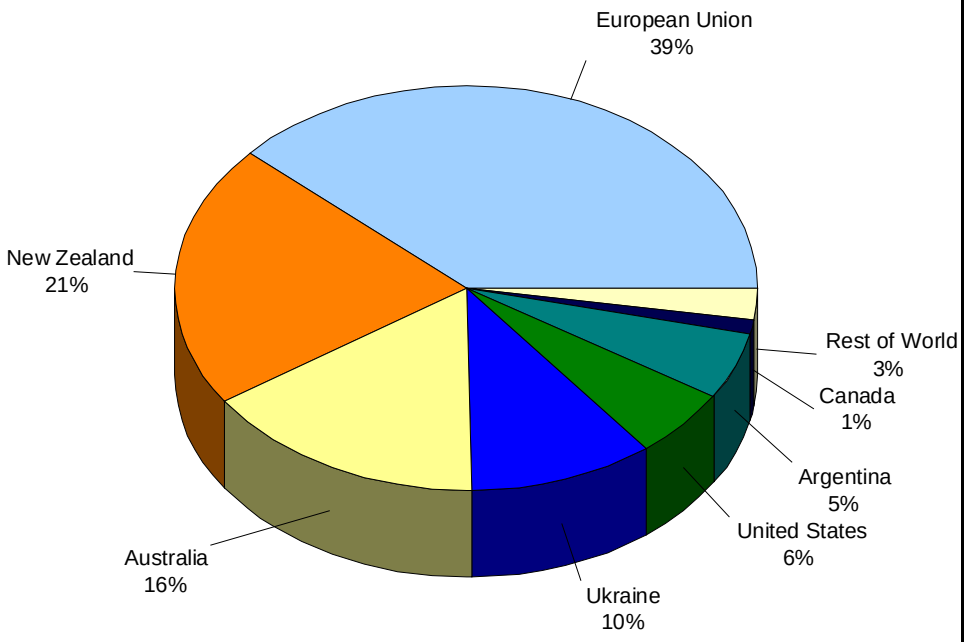
Country	2001	2002	2003	2004	2005	2006P	2007F
Canada	4.8	4.7	3.1	1.4	0.6	1.0	1.0
United States	9.9	12.0	12.0	19.8	28.4	27.6	28.0
European Union	29.4	25.5	28.9	24.3	19.3	12.4	11.4
Australia	22.5	22.1	16.5	16.1	13.9	18.3	17.7
New Zealand	20.2	23.7	26.8	26.2	21.8	23.1	23.2
Rest of World	13.2	12.0	12.7	12.3	16.0	17.7	18.6

Source: U.S. Department of Agriculture. Foreign Agricultural Service Production, Supply and Distribution Online database [http://www.fas.usda.gov/psdonline/psdHome.aspx].

P= Preliminary

F= Forecast

Figure 16. Shares of World Cheese Exports, 2006F



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

Table 16. 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[a]	15.0	17.4	20.4	25.0	25.6	26.9	23.7
Australia[b]	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[a]	23.1	23.9	24.6	23.3	21.5	21.2
Australia[b]	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].

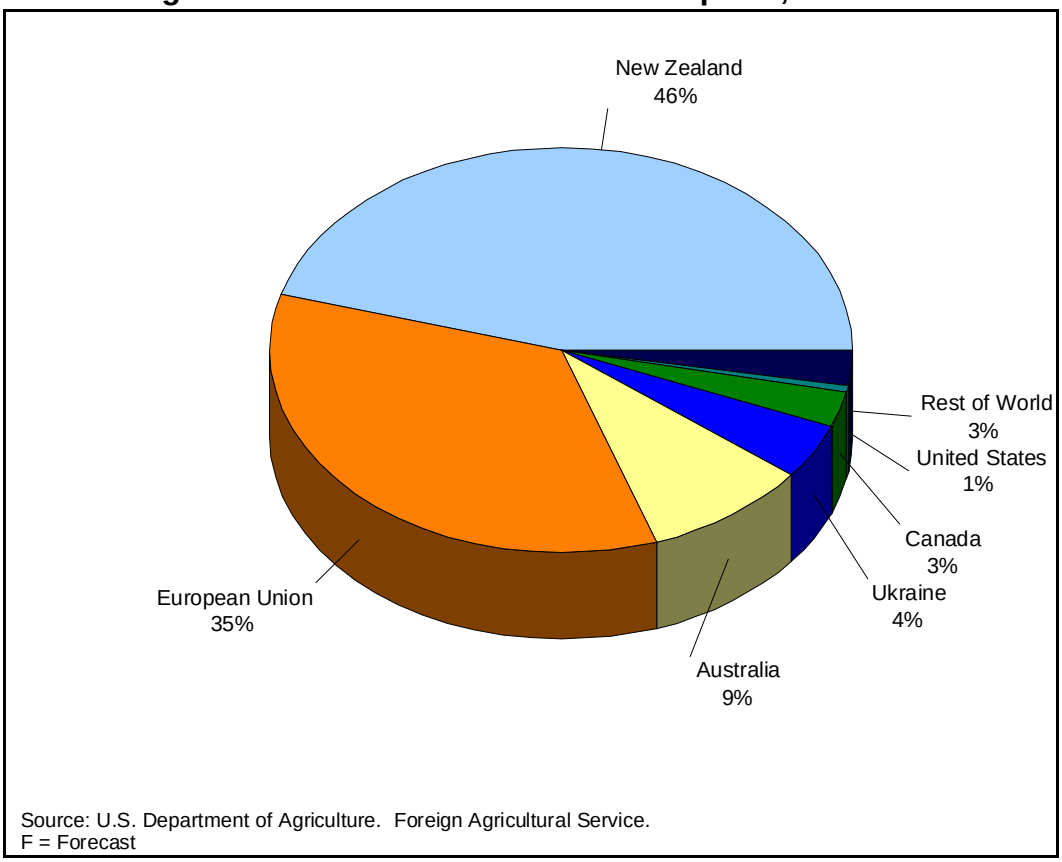
[a] Year ending May 31 of the year shown.

[b] Year ending June 30 of the year shown.

P= Preliminary

F= Forecast

Figure 17. Shares of World Butter Exports, FY2006F



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

Table 17. Shares of World Butter Exports, 1994-2006F

(percent)

Country	1994	1995	1996	1997	1998	1999
New Zealand[a]	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[b]	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[a]	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[b]	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].

[a] Year ending May 31 of the year shown.

[b] Year ending June 30 of the year shown.

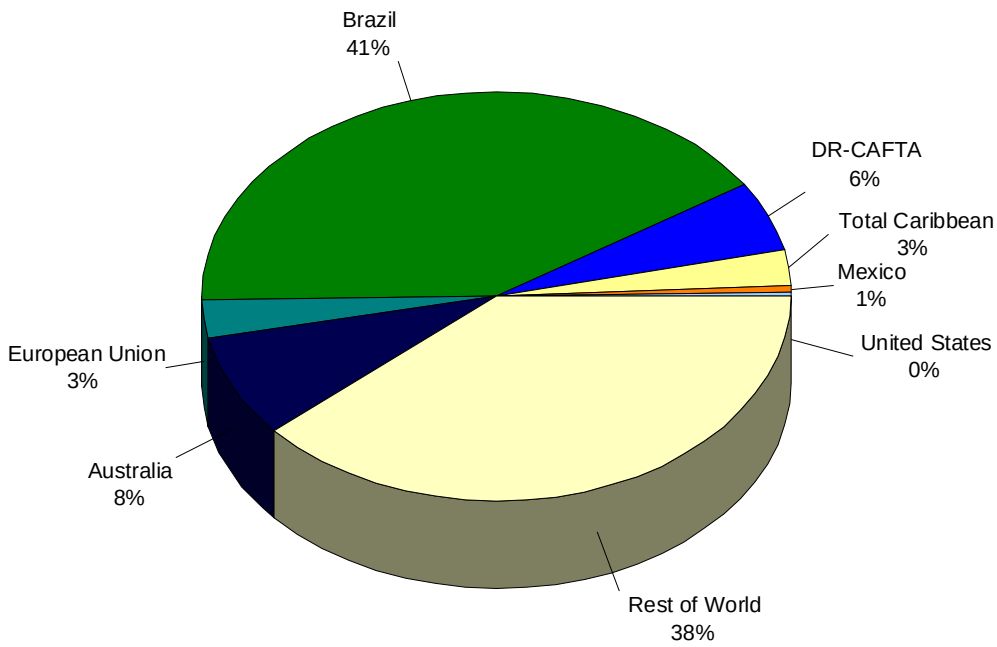
P= Preliminary

F= Forecast

World Market Shares: Sugar

- Brazil dominates the world market for sugar with an export market share forecast at 41% for 2007.
- Australia is the world's second-largest exporter of sugar.
- Sugar exports from the United States, a sugar importer, are negligible (only 0.4% forecast for 2007).

Figure 18. Shares of World Centrifugal Sugar Exports, 2006/07F



Source: U.S. Department of Agriculture. Foreign Agricultural Service. October-September marketing year.
DR-CAFTA includes the Dominican Republic and Central America.
European Union data include French overseas departments of Reunion, Guadeloupe, and Martinique, but does not include intra trade. EU data include sugar containing products.

Table 18. Shares of World Centrifugal Sugar Exports, 1995/96-2006/07F

(percent)

Country	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01
United States	0.9	0.5	0.4	0.6	0.3	0.3
Mexico	1.7	2.0	3.2	1.6	0.8	0.4
Total Caribbean	12.8	7.8	9.2	9.5	9.1	8.6
DR-CAFTA[a]	5.1	4.8	6.3	5.2	5.2	6.0
Brazil	7.4	15.5	19.1	23.2	27.1	20.0
European Union[b]	13.1	14.0	16.9	14.2	14.7	17.2
Australia	12.0	12.2	12.1	10.8	9.9	7.9
Rest of World	47.0	43.2	32.8	35.0	33.0	39.5

Country	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07F
United States	0.3	0.3	0.6	0.5	0.4	0.4
Mexico	1.0	0.1	0.0	0.3	1.4	0.7
Total Caribbean	7.8	4.4	4.9	5.2	4.5	2.6
DR-CAFTA[a]	5.3	5.0	5.3	5.6	5.0	5.7
Brazil	27.4	29.5	32.6	37.8	33.7	41.0
European Union[b]	11.3	11.8	10.5	12.6	17.1	3.1
Australia	8.5	8.7	8.9	9.3	8.3	8.1
Rest of World	38.4	40.2	37.4	28.7	29.6	38.5

Source: U.S. Department of Agriculture. Foreign Agricultural Service, Sugar: World Markets and Trade, November 2006, [http://www.fas.usda.gov/psdonline/psdgetreport.aspx?hidReportRetrievalName=BVS&hidReportRetrievalID=731&hidReportRetrievalTemplateID=3].

[a] The EU Includes French overseas departments of Reunion, Guadeloupe, and Martinique. EU trade data does not Include intra trade. Beginning 2004/05, the data reflects the EU enlargement by accession of ten countries. EU exports include sugar-containing products.

[b] DR-CAFTA includes Dominican Republic and Central America.

P= Preliminary

F= Forecast

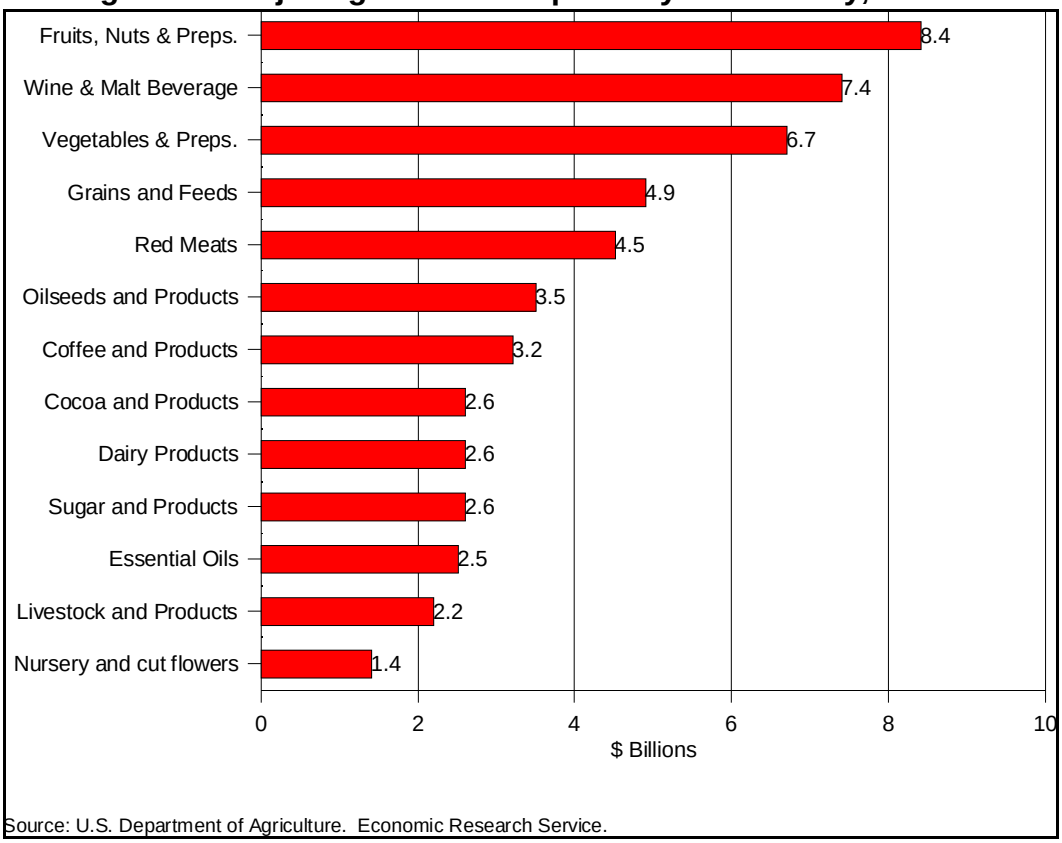
Major U.S. Agricultural Imports

- High-value horticultural products (fruits, vegetables, nuts, wine, beer, nursery stock and flowers, and others) are the largest category of U.S. agricultural imports — almost $24 billion — in FY2006.

- Other high-value imports include red meats ($4.5 billion), and oilseeds and products ($3.5 billion).

- Imports of tropical products such as coffee, cocoa, and sugar amounted to $8.4 billion in FY2006.

Figure 19. Major Agricultural Imports by Commodity, FY2006



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

Table 19. Major U.S. Agricultural Imports, FY2006

($ billions)

Commodity	FY2006 Imports
Fruits, Nuts & Preps.	8.4
Wine & Malt Beverage	7.4
Vegetables & Preps.	6.7
Grains and Feeds	4.9
Red Meats	4.5
Oilseeds and Products	3.5
Coffee and Products	3.2
Dairy Products	2.6
Sugar and Products	2.6
Cocoa and Products	2.6
Essential Oils	2.5
Livestock and Products	2.2
Nursery and cut flowers	1.4

Source: U.S. Department of Agriculture. Economic Research Service, Outlook for U.S. Agricultural Trade, AES-52, November 22, 2006, available at [http://usda.mannlib.cornell.edu/usda/current/AES/AES-11-22-2006.pdf].

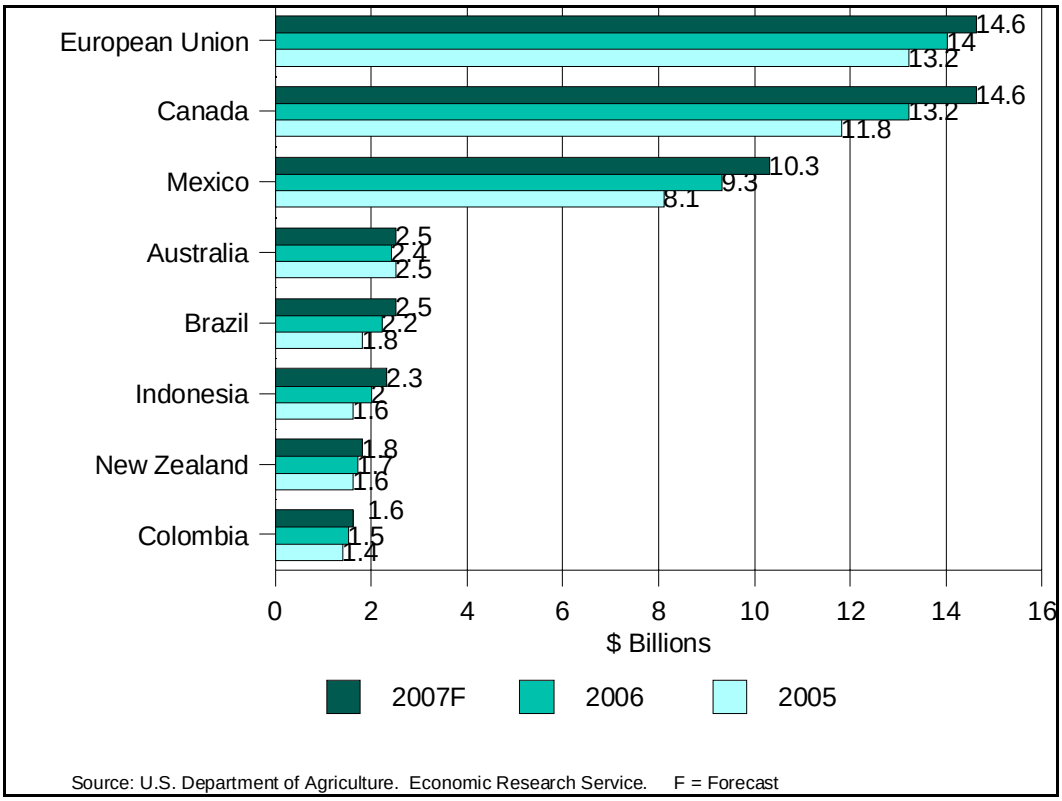
U.S. Agricultural Imports by Country of Origin

- The EU-25 ($14.6 billion) and NAFTA partners Canada ($14.6 billion) and Mexico ($10.3 billion), with a total FY2007 forecast import value of $39.5 billion, are the source of more than 57% of total U.S. agricultural imports.

- Australia (at $2.5 billion), with whom the United States entered a free trade agreement (FTA) in 2005, is forecast to be the fourth-largest supplier in FY2007.

- Agricultural imports from Brazil also are expected to reach $2.5 billion in FY2007.

Figure 20. Major U.S. Agricultural Imports by Country of Origin, FY2005-FY2007F



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

Table 20. U.S. Agricultural Imports by Country of Origin, FY2005-FY2007F

($ billion)

Country	FY2005	FY2006	2007F
European Union	13.2	14.0	14.6
Canada	11.8	13.2	14.6
Mexico	8.1	9.3	10.3
Australia	2.5	2.4	2.5
Brazil	1.8	2.2	2.5
New Zealand	1.6	1.7	1.8
Colombia	1.4	1.5	1.6
Indonesia	1.6	2.0	2.3

Source: U.S. Department of Agriculture. Economic Research Service, Outlook for U.S. Agricultural Trade, AES-52, November 22, 2006, available at [http://usda.mannlib.cornell.edu/usda/current/AES/AES-11-22-2006.pdf].

F= Forecast

Regional Market Growth in U.S. Agricultural Exports

- Economic growth in Asia has contributed to relatively consistent long-term growth in U.S. agricultural exports to the region.
- Despite some year-to-year variation, the EU, the United States' fifth-largest export market, has been a relatively stable market for U.S. agricultural exports.
- 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 grew rapidly during the 1990s because of geographic proximity, NAFTA, and other factors.

Figure 21. Growth in U.S. Agricultural Exports, FY1992-FY2007F

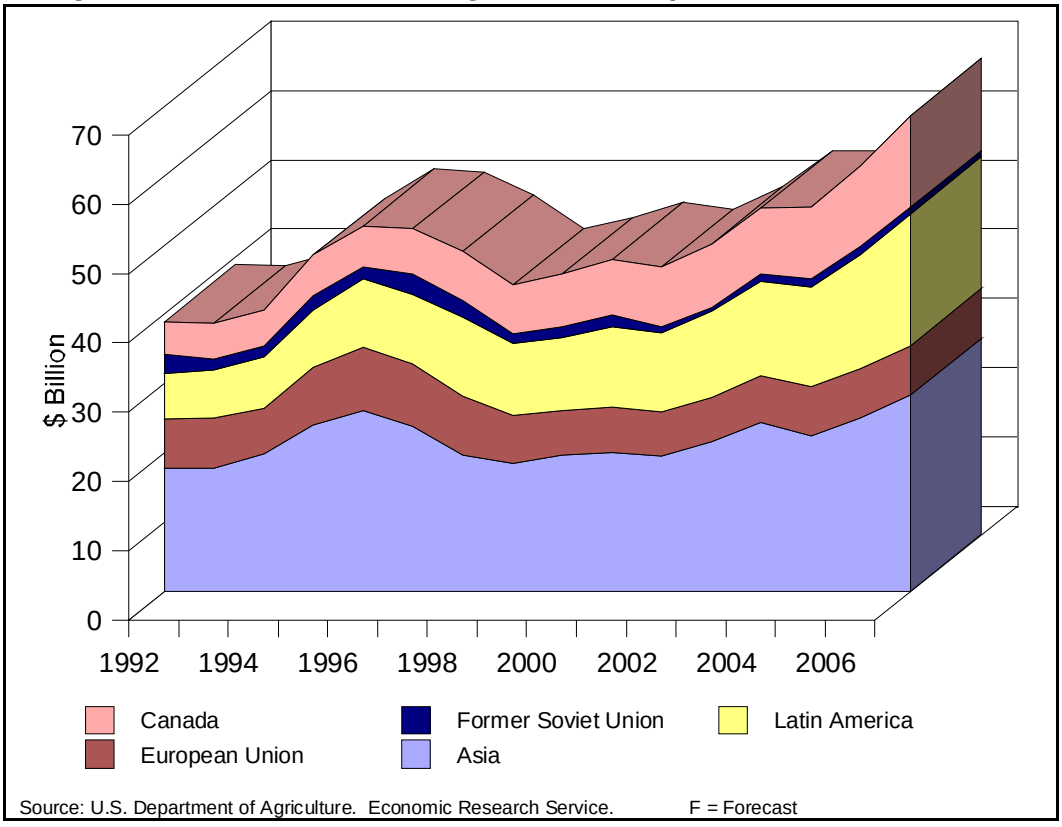


Table 21. Change in U.S. Agricultural Exports to Selected Markets, FY1992-FY2007F

($ billion)

Year	Asia	European Union	Latin America[a]	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	1.0	9.6
2005	22.5	7.0	14.4	1.2	10.4
2006	25.0	7.1	16.5	1.1	11.6
2007F	28.3	7.2	19.0	1.0	13.2
Rate of Growth[b]	2.94%	0%	6.93%	-6.02%	6.53%

Source: U. S. Department of Agriculture. Economic Research Service, Outlook for U.S. Agricultural Trade, AES-52, November 22, 2006, available at [http://usda.mannlib.cornell.edu/usda/current/AES/AES-11-22-2006.pdf].

[a] Including Mexico.

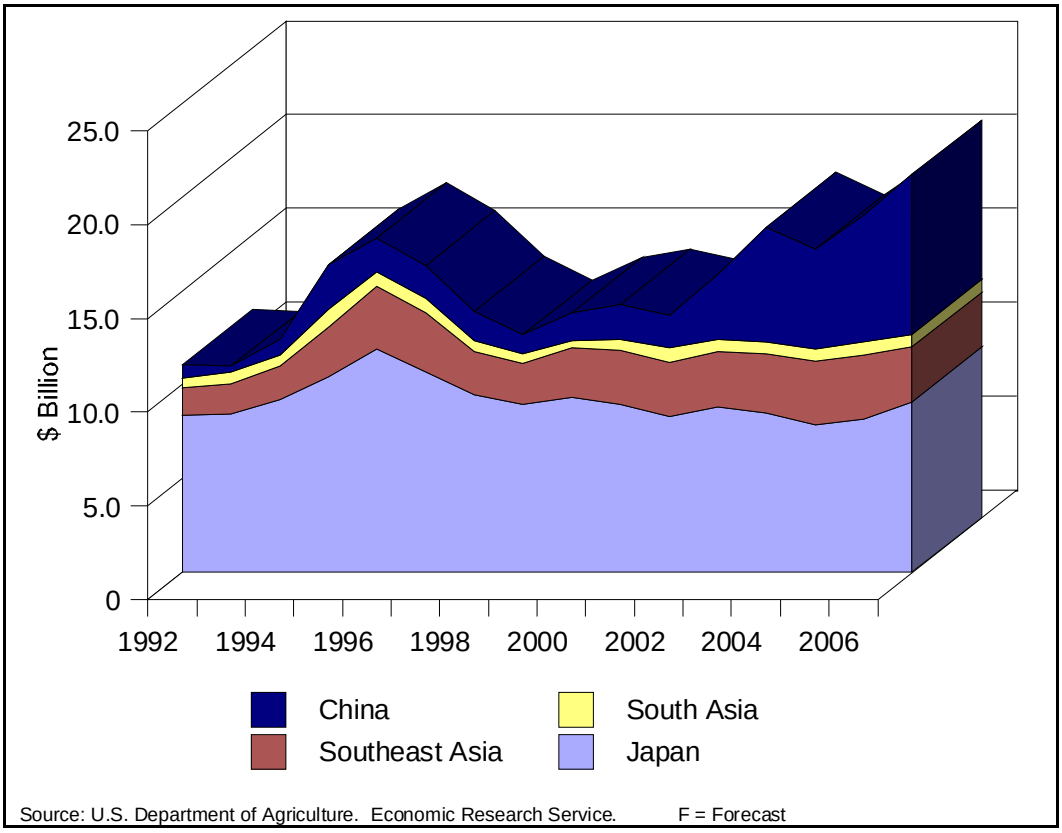
[b] The rate of growth is the change in U.S. exports from 1992 to 2007F. Calculations were made by CRS using a compound rate of growth calculator.

F= Forecast

Growth in U.S. Agricultural Exports to Asian Markets

- Like the EU, Japan also has been a relatively stable export market for U.S. agricultural exports.
- U.S. agricultural exports to China have grown rapidly, fueled by rates of GDP growth in excess of 9%. In FY2007 U.S. agricultural exports to China are forecast to be more than four times their value in FY2001, when China became a member of the World Trade Organization.
- Rapid income growth in Southeast Asia also has stimulated demand for U.S. agricultural exports since 1992.
- Agricultural exports to South Asia have shown slow but steady growth since 1992.

Figure 22. Growth in Agricultural Exports to Asian Markets, FY1992-FY2007F



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

Table 22. Change in U.S. 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	3.4	0.7	5.3
2006	8.2	3.4	0.7	6.7
2007F	9.1	2.9	0.7	8.5
Rate of Growth[a]	0.50%	4.21%	2.13%	16.89%

Source: U.S. Department of Agriculture. Economic Research Service, Outlook for U.S. Agricultural Trade, AES-52, November 22, 2006, available at [http://usda.mannlib.cornell.edu/usda/current/AES/AES-11-22-2006.pdf].

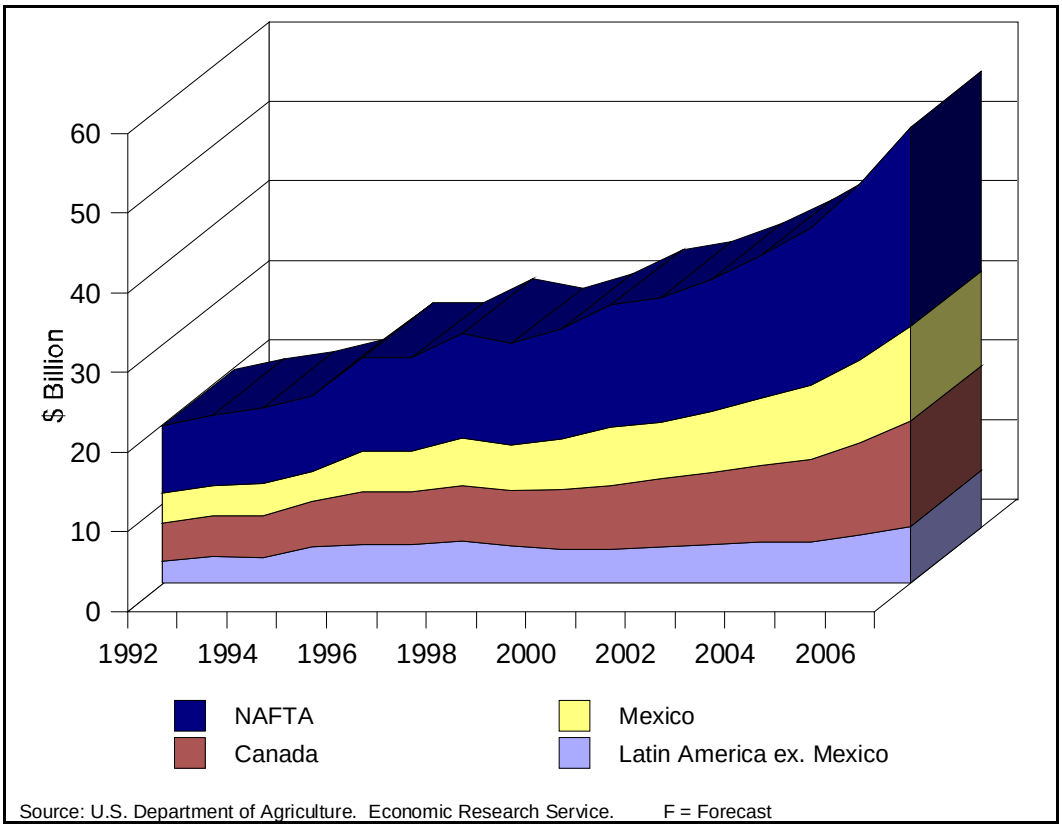
[a] The rate of growth is the change in U.S. exports from 1992 to 2007F. Calculations were made by CRS using a compound rate of growth calculator.

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 $13.2 billion in FY2007.
- U.S. agricultural exports to Mexico are expected to be $11.9 billion in FY2007.
- U.S. agricultural exports to Latin America (excluding Mexico) are expected to reach $7 billion in FY2007.

Figure 23. Growth in Agricultural Exports to North and South America, FY1992-FY2007F



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

Table 23. 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	9.6	8.4	18.0
2005	5.2	10.4	9.3	19.7
2006	6.1	11.6	10.4	22.0
2007F	7.1	13.2	11.9	25.1
Rate of Growth	5.99%	6.53%	7.57%	7.00%

Source: U.S. Department of Agriculture. Economic Research Service, Outlook for U.S. Agricultural Trade, AES-52, November 22, 2006, available at [http://usda.mannlib.cornell.edu/usda/current/AES/AES-11-22-2006.pdf].

[a] The rate of growth is the change in U.S. exports from 1992 to 2007F. Calculations were made by CRS using a compound rate of growth calculator.

F= Forecast

Market Development Programs in Selected Countries

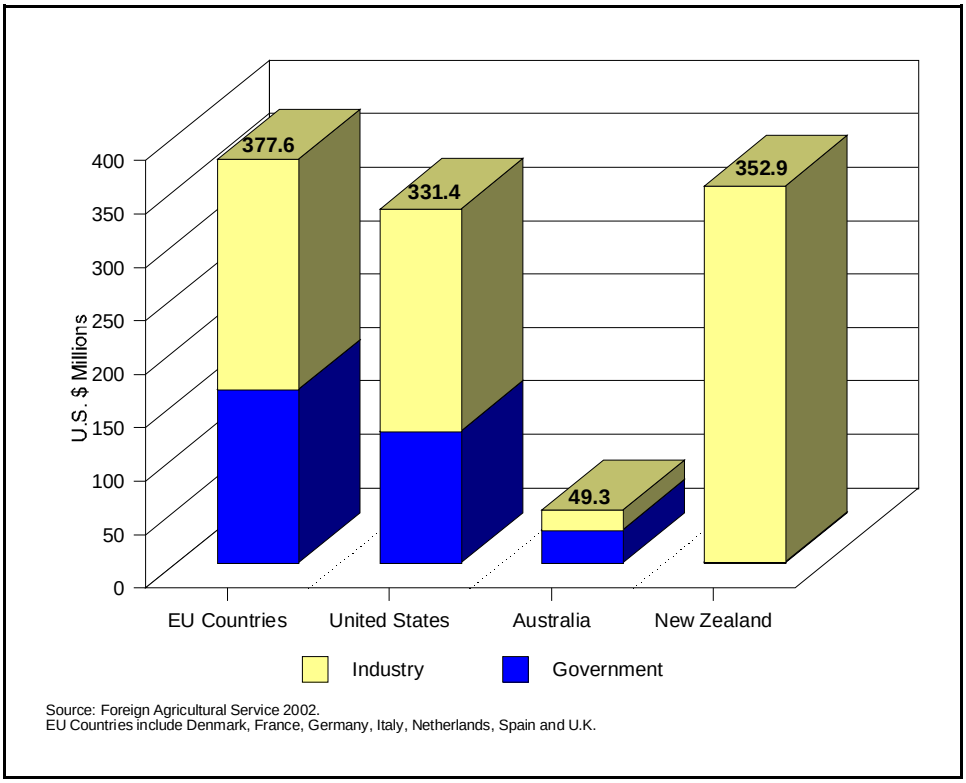
- Most major agricultural exporting countries have programs to promote agricultural exports and develop markets. Programs include consumer promotions, market research, technical assistance, and trade servicing.[1]

- According to data compiled by USDA, 37% of the funds for U.S. market development programs are from the federal government, and 63% are from commodity groups, trade associations, cooperatives, or private firms.

- USDA reports that 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%, while in New Zealand, 99.8% of export market development funds are provided by industry.

Figure 24. Expenditures for Market Development, Selected Countries, 2002



Source: Foreign Agricultural Service 2002.
EU Countries include Denmark, France, Germany, Italy, Netherlands, Spain and U.K.

[1] 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 24. 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[2]

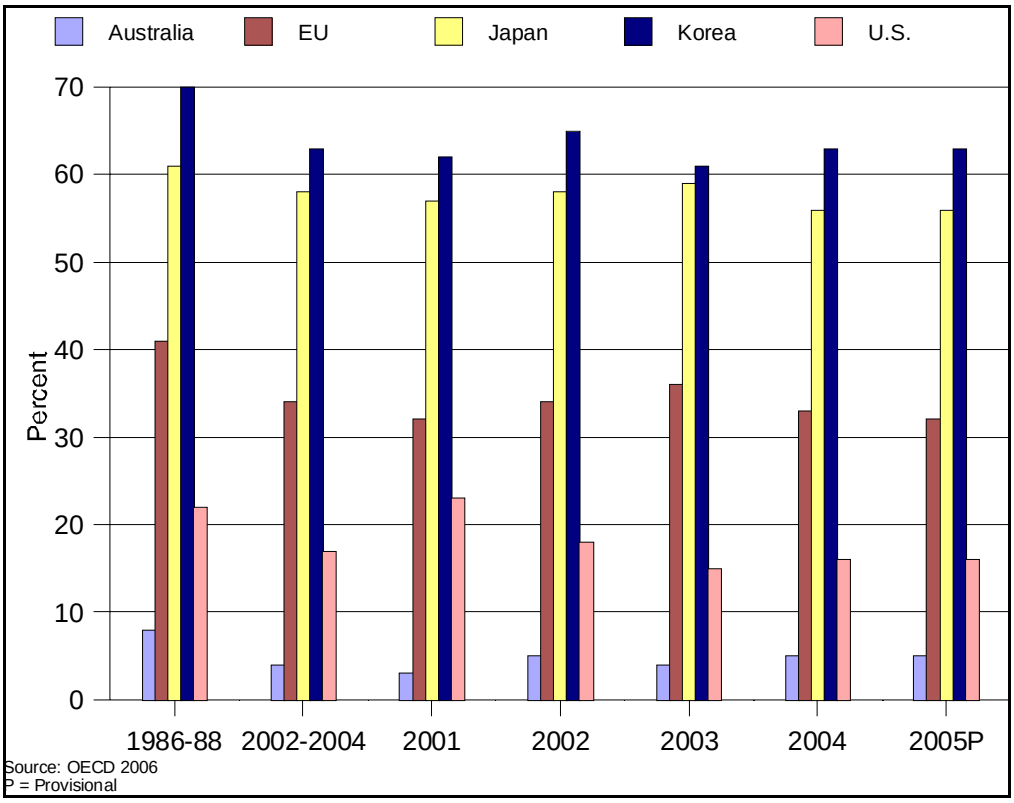
- PSEs measure assistance to producers in terms of the value of monetary transfers generated by agricultural policy. Transfers are paid either by consumers or by taxpayers in the form of market price support, direct payments, or other support. They are a broader measure of support than direct government 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 (subsidizes) agricultural producers.

- PSEs 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 25. Producer Support Estimates (PSEs) in Selected OECD Countries



[2] *Agricultural policies in OECD Countries At a Glance*, Paris, OECD, 2006.

Table 25. Producer Support Estimates (PSEs) in Selected OECD Countries

(percent)

Country	1986-88	2002-2004	2001	2002	2003	2004	2005P
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

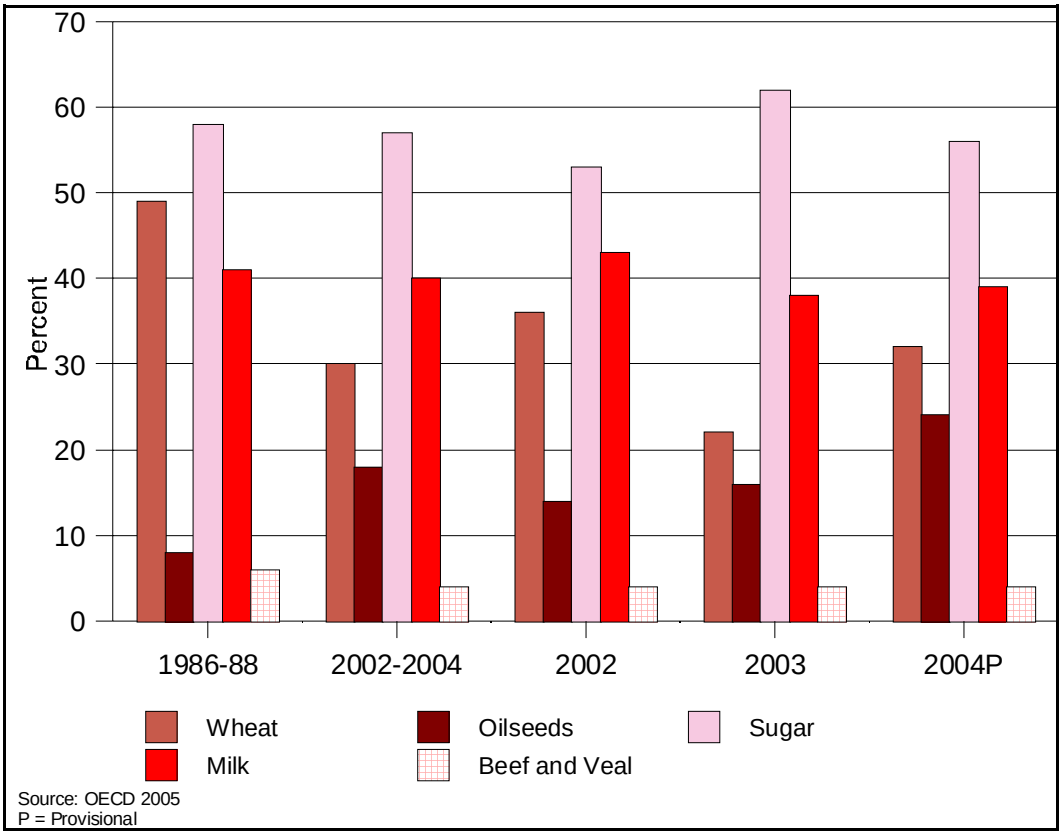
Source: Organization for Economic Co-operation and Development (OECD), Agricultural policies in OECD Countries at a Glance, 2006 edition, [http://www.oecd.org/document/4/0,2340,en_2649_201185_36967364_1_1_1_1,00.html].

P = Provisional

Producer Support Estimates (PSEs) in the United States and the European Union: Selected Commodities[3]

- 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. (OECD does not calculate PSEs for no-food crops, such as cotton, which is heavily subsidized in the United States).

Figure 26. Producer Support Estimates (PSEs): Selected Commodities in the United States



[3] PSEs for individual commodities are from *Agricultural Policies in OECD Countries: Monitoring and Evaluation*, Paris, OECD, 2005.

Table 26. Producer Support Estimates (PSE) in the United States by Commodity

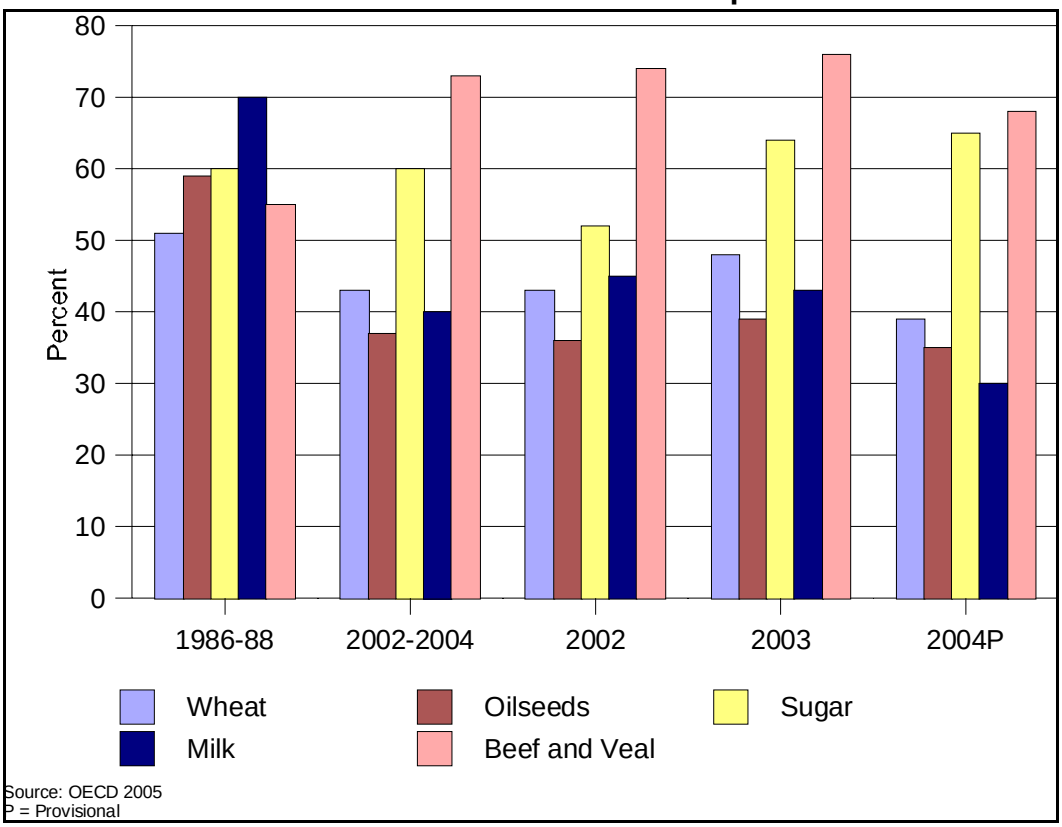
(percent)

Products	1986-88 (Average)	2002-2004	2002	2003	2004P
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
All Products	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].

P = Provisional

Figure 27. Producer Support Estimates (PSEs) for Selected Commodities in the European Union



Source: OECD 2005
P = Provisional

Table 27. Producer Support Estimates (PSEs) in the European Union

(percent)

Products	1986-88 (Average)	2002-2004	2002	2003	2004P
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
All Products	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].

P = Provisional

Domestic Support and Export Subsidies in the United States and the European Union: Budgetary Outlays

- 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.

- A near doubling of U.S. support from FY2004 to FY2005 reflects mainly an increase in price support loans, and 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 28. U.S. and EU Government Spending on Agricultural Support, 2003-2006E

($ billion)

European Union	2004	2005	2006E
Export Subsidies [a]	2.864	4.210	4.244
Domestic Support [b]	60.453	58.150	67.592
Total	63.317	62.360	71.836

United States	2004	2005	2006E
Export Subsidies [c]	0.061	0.046	0.292
Domestic Support [d]	10.514	20.141	20.323
Total	10.575	20.187	20.615

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].

E = Estimate

[a] EU export subsidies include export refunds, but exclude foreign 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. Rural development spending, including agri-environmental spending, is included.

[c] 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).

[d] 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 included.

Table 29. Agricultural and Trade Policies in the United States and the European Union

United States	European Union
Domestic Support	
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. 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. 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. The price of sugar is supported above an administered minimum price by controlling supply through a tariff import quota. 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.	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. 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. 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. 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.

United States	European Union
Trade Measures	
Import quotas for dairy and sugar are subject to conversion to tariff quotas under the 1994 Uruguay Round (UR) Agreement on Agriculture. Export subsidies provided under the Export Enhancement Program (EEP) and other commodity specific subsidies are subject to reduction under the UR Agreement. 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. 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. 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.	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. 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. 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. 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. Several preferential trade arrangements have been concluded with former European colonies in Africa, the Caribbean, and the Pacific.

United States	European Union
Food Aid	
The United States is the world's leading supplier of food aid. It provides more than half of the global total. 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.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. 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.	The EU provides about 1/3 of world food aid. 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. Wheat is the predominant commodity in EU food aid; lesser amounts of skim milk powder, vegetable oils, sugar, and pulses are provided.

Table 30. Agricultural and Trade Policies in Canada and Australia

Canada	Australia
Domestic Support	
Agricultural policy involves a broad range of measures implemented by both the Federal and Provincial Governments. 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. Farmers can participate in the Canadian Agricultural income Stabilization Program which protects farmer against risks associated with weather and low prices. Supply management systems exist for several commodities, including milk, poultry, and eggs. Marketing boards set producer prices and production quotas for some commodities. 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.	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. Excise taxes on diesel fuel used in off-road vehicles and machinery are refunded under the Diesel Fuel Rebate Scheme The Commonwealth guarantees Australian Wheat Board loans used to finance advance payments to wheat producers. 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. 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.

Canada	Australia
Trade Measures	
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. 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. 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. 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. 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.	Tariffs protect sugar, tobacco, and processed fruit and vegetables. A tariff-rate quota applies to cheese imports from all countries except New Zealand Local content restrictions apply to fruit juices and tobacco. Manufacturing milk (milk used in the manufacturing of dairy products) is supported through export subsidies financed by levies on all domestic milk production. 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. 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. Export promotion is provided primarily by commodity marketing boards and associations; the Commonwealth Government provides only modest assistance to promote agricultural exports.

Canada	Australia
Food Aid	
Canada is the third largest provider of food aid. 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. 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.	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. 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.