



## Quarterly International Trade Report

February 2004  
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### Coarse Grains

#### World Situation and Outlook

**Global PS&D** Strong world consumption, led by robust growth in China, Mexico, South Korea, Brazil, and the United States, continues to outstrip expanding global production, drawing down stocks to the lowest level since 1975/76 and setting a record low stocks-to-use ratio. Heavy drawdowns of stocks in China account for most of the world's stock decline, while stocks in the EU, Eastern Europe, and FSU are also tightening.

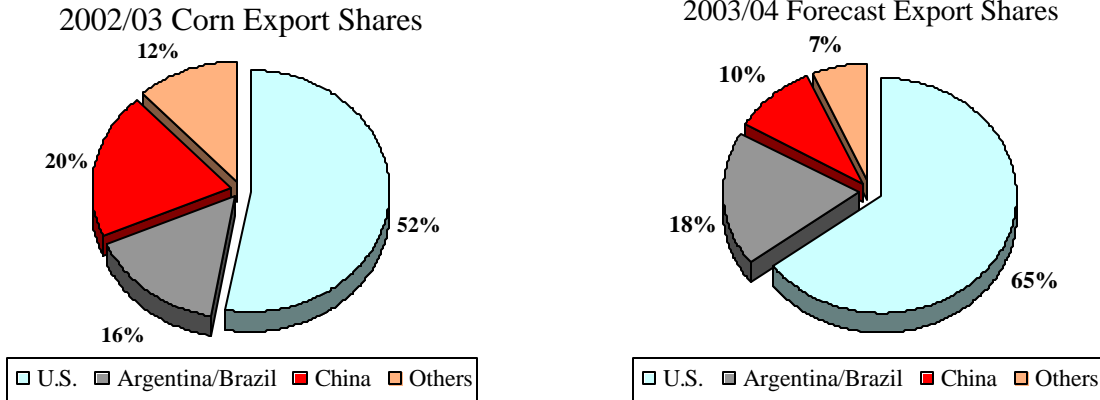
**Global Trade** Although total trade volume is only down slightly from a year ago, there are drastic changes in trade patterns. Feed grain shortages across much of Europe mean less exports from the region and increased import demand. Significantly, the EU is stepping up imports of corn and sorghum, while withdrawing from barley and rye exports. Hungary and Romania are both curtailing their corn exports. Ukraine is no longer a robust barley exporter as compared to last year, though its corn exports are expected to remain strong, given a decent corn crop and swelling regional demand. The Middle East and North Africa have reduced import demand due to the end of a long drought and good pasture conditions. Elsewhere in the world, Australia and Canada are both recovering from last year's drought, and their barley exports will rebound to more normal levels, filling in the gap left by the EU and Ukraine. Canada will need to import less corn as well.

#### SUMMARY POINTS

- Record low global coarse grain stocks-to-use ratio
- Less competition from China and Argentina corn exports
- U.S. corn exports recover

Asia's feed grain situation remains fluid, as both supplies and demand are in question. The outbreak of Avian Influenza in much of the region could pose serious, if temporary, limits on feed grain use. Thailand, the hardest hit country, is expected to more than double its corn exports as domestic prices plummeted following falling feed demand. After a record year, China's corn exports are expected to shrink substantially, leaving a

significant shortfall in regional supplies. South Korea, Malaysia, and Indonesia have all increased purchases of U.S. corn. In the case of Malaysia and Indonesia, the recent purchases mark their return after 3 years of rejecting U.S. corn in favor of Chinese supplies. However, record-high trans-Pacific freight costs could dampen U.S. market expansion, and Brazil's robust exports to South Korea points to strong competition ahead.



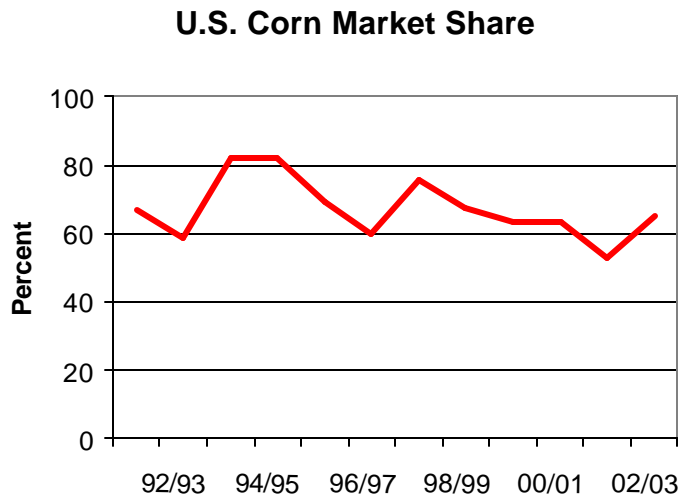
**Sorghum** The EU import estimate of 1.1 million tons is the second-highest in 22 years. Tight feed grain supplies and soaring prices in southern EU countries have made sorghum competitive; however, recent increases in the import levy to about \$35 per ton have greatly impacted new sales.

Brazil has also shipped sorghum to the EU this year. Its export forecast is a record 300,000 tons. (In February, USDA revised Brazil's production, supply, and demand data for sorghum back to 1999/00, based on changing production patterns.)

Even though U.S. supplies are relatively tight and comparatively expensive, Israel has stepped up its buying of U.S. sorghum because of the lack of feed grains from the Black Sea. Poultry feeders are substituting sorghum (and white corn) for feed wheat.

## U.S. Situation and Outlook

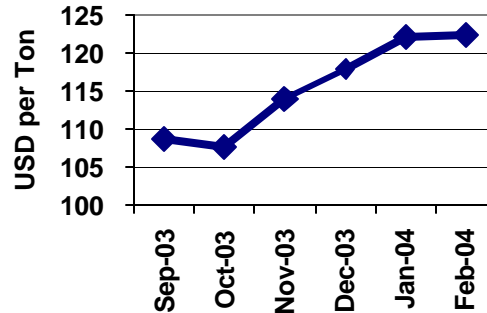
**Corn** After posting the lowest market share (53 percent) in over 30 years, the United States is poised to regain lost corn markets on account of a record crop and reduced competition from China and Argentina. Argentina's exports are expected to shrink with the prospect of a smaller crop. In a reversal from last year, Argentina's sales to North Africa and the Middle



East have stalled, while U.S. sales surged ahead. The United States is in a position to regain markets lost to these competitors.

**Sorghum** U.S. sorghum has enjoyed renewed exports to the EU, having been competitive against feed wheat and South American corn until mid-January when the import levy rose more than sixfold. Spain, Italy, and Portugal have bought nearly 900,000 tons of U.S. sorghum since July, the first significant quantities since 1999/00. The United States had shipped no sorghum (except seed) to Italy since 1995/96.

**U.S. Sorghum Export Bids  
(Texas Gulf)**



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<b>WORLD COARSE GRAIN SITUATION</b>					
	2001/02	2002/03	2003/04	Year to Year Change 02/03 to 03/04	
	MMT	MMT	MMT	MMT	Percent
Production	891	872	884	12	1%
Consumption	904	902	929	27	3%
Trade (Oct/Sep)	102	104	103	-1	-1%
Ending Stocks	176	145	100	-45	-31%
<b>U.S. COARSE GRAIN SITUATION</b>					
Production	262	245	276	31	13%
Consumption	217	216	225	9	4%
Exports (Oct/Sep)	54	47	57	10	21%
Ending Stocks	45	31	27	-4	-13%