World Agriculture & Trade

U.S. Ag Exports To Turn Up In Fiscal 2000

U.S. agricultural exports are forecast to recover modestly in fiscal year 2000 to $50 billion, the first increase since 1996. The gain from 1999—2 percent—is expected to be limited by relatively low prices, and export value will remain below the levels of 1995-98. For *bulk* exports, the projected gain is 3 percent, and for *high-value products (*HVP's*)* just over 1 percent.

Propelling the export gain are higher global economic growth, especially from recovery in Asia, and reduced export competition for some bulk commodities. Gross Domestic Product (GDP) growth outside the U.S. is forecast to double to 2.9 percent in 2000, reflecting gains in almost every region, especially Japan and the European Union (EU), two key U.S. markets. In addition, the value of the U.S. dollar is projected to decline, particularly against the Japanese yen and other Asian and Latin American currencies, which improves U.S. price competitiveness in foreign markets. The dollar is expected to remain stable against the Mexican peso and the Canadian dollar.

U.S. agricultural imports are expected to rise $500 million from 1999 to $38 billion, the 13th consecutive record. Behind the gain are U.S. economic growth and attractive import prices. U.S. GDP is forecast to grow at 2.5 percent in 2000, slightly slower than expected in 1999. Each of the largest import categories—horticultural products, red meats, and coffee—will increase by $100 million. Volume gains will be greatest for fruits and wine/malt beverages.

With export gains exceeding import growth, agriculture's projected trade surplus in fiscal 2000 is $12 billion, up 4 percent from the 1999 forecast. This is still the second-lowest surplus since 1987 and well below the $27-billion surplus in 1996, the last record year for agricultural exports.

This is the first forecast of agricultural exports for 2000 (released August 31, 1999). *Bulk commodities* include wheat, rice, feed grains, soybeans, cotton, and tobacco. *High-value products* (HVP's) are total exports minus bulk commodities. HVP's include semiprocessed and processed grains and oilseeds (e.g., soybean meal and oil), animals and animal products, horticultural products, and sugar and tropical products. Appendix table 27 presents a breakout of U.S. agricultural exports and imports by major commodity group—both volume and value—for 1998-2000.

Bulk Export Value To Rise Modestly

The value of U.S. bulk commodity exports (wheat, rice, coarse grains, soybeans, cotton, and tobacco) is projected at $18.1 billion, a 3-percent increase over 1999. With most export unit values for bulk commodities projected to decline, the gain reflects mainly the anticipated increases in volume for all bulk commodities except tobacco (to remain stable) and corn (to decline). The bulk share of total agricultural export value will remain at 36 percent, unchanged from fiscal 1999.

Bulk export volume is projected at 115.1 million tons, 5.3 million tons over 1999. Soybeans are expected to see the largest gain in volume, rising by 3.2 million tons. Exports of wheat are projected up 2.5 million tons, cotton up 400,000 tons, and rice up 100,000 tons.

The projected record U.S. soybean harvest in 1999/2000 is expected to keep world soybean production at a high level and prices weak. Consequently, expected U.S. soybean exports in 2000 are forecast to rise 15 percent in volume while gaining only 4 percent in value. Small decreases in South American competitors' supplies should enable the U.S. to boost its share of world soybean trade.

The value of U.S. wheat exports is projected up 11 percent, due mostly to higher volume, as export unit values are forecast only slightly higher than in 1999. Increased foreign demand and decreased export competition explain the growth. Fiscal 2000 exports from Turkey and Eastern Europe—significant exporters in some years—are expected to decline by at least 50 percent due to smaller production. However, Australia and Canada still will be important competitors for the larger demand.

U.S. cotton exports in 2000 face expanding global supplies as well as an expected increase in exports by China, a major importer in some years. U.S. production will rebound to a more normal level of

U.S. Agricultural Exports To Rise Slightly in 2000

	1996	1997	1998	1999	2000
			$ billion		
Grain and feeds	21.6	16.5	14.1	14.4	14.4
Oilseeds and products	9.7	11.4	11.1	8.2	8.3
Livestock products	8.1	7.7	7.6	7.4	7.7
Poultry and products	2.7	2.9	2.7	2.1	2.2
Dairy products	0.7	0.8	0.9	0.8	0.9
Tobacco, unmanufactured	1.4	1.6	1.4	1.4	1.4
Cotton and linters	3.0	2.7	2.5	1.4	1.7
Seeds	0.7	0.9	0.8	0.8	0.9
Horticultural products	10.0	10.6	10.3	10.3	10.5
Sugar and tropical	1.9	2.1	2.1	2.0	2.0
Total	59.8	57.3	53.6	49.0	50.0

Fiscal years. 1999 forecast; 2000 projected. Based on commodity forecasts in August 12, 1999 *World Agricultural Supply and Demand Estimates*. Total includes miscellaneous products.

Economic Research Service, USDA

approximately 4 million tons (18.3 million bales) from last year's drought-reduced low of just 3 million tons (13.9 million bales). With larger production, U.S. exports are forecast up 44 percent in quantity, but stiffer export competition will limit expected gains in export value.

Record U.S. rice production will bolster U.S. exports in 1999/2000. However, export competition will heighten in 2000 and prices will fall sharply as production rises in several major exporting countries (China, Thailand, and Vietnam) and in several major import markets. While U.S. export volume is projected at 3.3 million tons (up 100,000 tons), expected low prices will keep export value at $1 billion (the same as 1999).

In contrast to all other bulk commodity exports, prospective U.S. exports of corn fall 1.5 million tons in fiscal 2000 to 48.5 million tons, valued at $4.6 billion, as China boosts exports and intensifies competition in the world corn market. Total U.S. coarse grain exports (value and volume) are forecast to decline, with the drop in corn exports offsetting an expected increase in barley and sorghum exports.

HVP Exports To Recover From 1999 Decline

Greater world economic growth should begin to raise global incomes and increase overseas demand for high-value product trade again in 2000. U.S. HVP exports are forecast at $31.9 billion, 1.3 percent over 1999. Most categories are projected up slightly, including soybean meal, red meats, poultry meat, dairy products, fruits, and tree nuts. The only commodities not gaining are soybean oil and vegetables. The HVP share of total agricultural export value is essentially unchanged at 64 percent in 2000.

The record-large U.S. soybean crop and expected gains in demand support increased soybean meal exports in 2000, forecast at 6.3 million tons and $1.2 billion. Most of the gain is in volume, up 1 million tons; continued weak export prices limit gains in value to $100 million. Forecast U.S. soybean oil exports drop to $400 million (down $200 million) as soybean oil prices decline under record-large world oilseed production (including a record palm oil crop).

Prices of both beef and pork are forecast to increase in 2000, which will raise expected beef and pork export value by 7 percent. In addition, some beef and pork food-aid shipments to Russia from 1999 will be pushed into first-quarter fiscal 2000, raising expected export volume.

Exports of poultry meat are forecast at $1.8 billion, up $100 million, supported by a small rise in demand from Asia and the Baltic States and slightly higher export unit values. With economic turnaround for Russia unlikely, the export volume of U.S. poultry meat is not expected to recover in 2000 after plummeting in 1999.

Total horticultural exports are forecast to expand $200 million to $10.5 billion. U.S. fruit and tree nut exports are each forecast up $200 million. Fruit exports should be bolstered by a recovery in the U.S. fresh orange crop and by higher prices, along with growth in grapefruit and apple shipments to Asia. A larger U.S. tree nut crop is projected to boost U.S. tree nut exports. Offsetting some of the gain in fruits and tree nuts is a decline in vegetable exports due to sharper export competition and flat demand. AO

Carol Whitton (202) 694-5287
cwhitton@econ.ag.gov