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Agricultural exports up in fiscal 1987

Estimates of U.S. agricultural exports for fiscal 1987 have been revised steadily upward since December of last year. The most recent revisions point to year-to-year gains in both the value and tonnage of export shipments for the fiscal year that ended in September. The value of U.S. farm product exports is now pegged at $28 billion, up 2 percent from the previous estimate and almost 6.5 percent greater than in fiscal 1986. The volume of shipments for fiscal 1987 is estimated at 129 million metric tons, suggesting a year-to-year gain in export tonnage of almost 18 percent. These increases mark an upturn from the cyclical lows recorded in fiscal 1986. Initial projections for fiscal 1988 point to further gains.

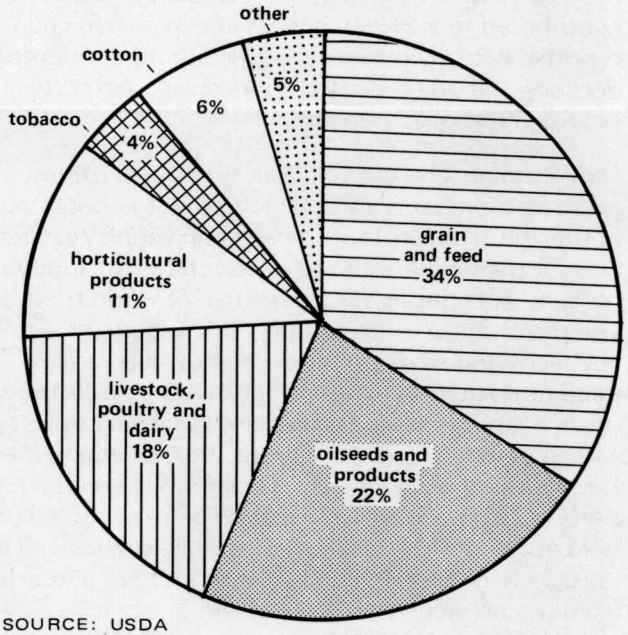
Following six consecutive years of declining tonnage, U.S. agricultural exports have responded to the lower valued dollar and to lower commodity price supports that have improved the price competitiveness of U.S. products. In addition, the greater use of subsidies through the export enhancement program, which provides government commodities to exporters to lower the effective cost of commodities exported, contributed to the upturn in agricultural export shipments. In the first 10 months of fiscal 1987, cumulative sales of grains and grain products under the export enhancement program have totaled more than 14 million tons.

Reflecting these developments, the increase in exports last fiscal year was largely accounted for by increased shipments of grains. U.S. exports of wheat and wheat flour in fiscal 1987 rose more than 14 percent from a year earlier. Coarse grain exports, which are primarily corn, jumped almost a third from the depressed 1986 level.

Despite these impressive gains, export shipments of grains remain well below the peaks recorded in the early 1980s. At 29 million metric tons in fiscal 1987, wheat exports remained 35 percent below the fiscal 1982 peak. In terms of market share, the proportion of world wheat trade (based on an aggregate of different marketing years among exporting countries) accounted for by U.S. exports did rise slightly to about 27 percent in 1986/87, but remained well below the 44 percent share enjoyed in the early 1980s. Coarse grain exports, at 47.8 million metric tons last fiscal year, remained 33 percent below the fiscal 1980 peak. The U.S. share of world coarse grain trade in 1986/87 exceeded 47 percent, up sharply from the 38 percent share of a year earlier but still well below the 60 to 70 percent shares that prevailed in the early 1980s.

While grain exports showed improvement in fiscal 1987, soybean shipments have not enjoyed the same level of increased priced competitiveness or export subsidy and have remained lackluster. Although lower, the soybean support price has remained an effective price floor for the commodity because, unlike grains, generic PIK certificates have not increased marketable supplies to further lower prices. At just over 20 million metric tons, soybean exports in fiscal 1987 were unchanged from the previous year's level. While the volume of shipments has recovered from the cyclical low reached in 1985, soybean exports remain down about a fifth from the highs of the early 1980s. However, exports of soybean meal continued to rise, registering a 22 percent year-to-year gain in fiscal 1987. U.S. exports of soybean oil in fiscal 1987, however, remained depressed, dropping 12 percent

Agricultural exports in fiscal 1985 ($28 billion)



SOURCE: USDA

U.S. agricultural exports by region

	Fiscal year ending September 30			
	1984	1985	1986	1987
	(---------billion dollars--------)			
Western Europe	9.3	7.2	6.9	7.0
European Community*	8.7	6.7	6.4	6.4
Eastern Europe	.7	.5	.4	.5
Soviet Union	2.5	2.5	1.1	.8
Asia	15.2	11.9	10.5	11.9
Middle East	1.9	1.5	1.2	1.7
South Asia	.9	.6	.5	.4
Japan	6.9	5.7	5.1	5.5
China	.7	.2	.1	.2
Other East and Southeast Asia	4.8	4.0	3.5	4.1
Canada	1.9	1.7	1.5	1.8
Africa	2.9	2.5	2.1	1.9
Latin America	5.3	4.6	3.6	3.9
Oceania	.2	.2	.2	.2
Total	38.0	31.2	26.3	28.0

*EC-12
SOURCE: USDA

from a year earlier and holding at less than half the peak levels recorded in the early 1980s.

While more competitive pricing has contributed importantly to the pickup in U.S. grain exports, reductions in exportable supplies among some major export competitors has also boosted U.S. exports. Major exporters of coarse grains other than the United States registered a 17 percent drop in shipments during their 1986/87 marketing years. With the coarse grain harvest down more than a fifth from a year earlier in Argentina, that country's exports during the 1987 marketing year are estimated to be down 37 percent. Similarly, production setbacks in Thailand contributed to a 21 percent decline in coarse grain exports. Partially offsetting these and other countries' declines, Canada recorded an increase in exports of coarse grains of 55 percent.

Early estimates by the USDA of fiscal 1988 export prospects for grains and oilseeds point to continuation of the 1987 trends. U.S. coarse grain exports in the current marketing year are expected to rise another 5 percent, accounting for almost half of world trade volume in those commodities. U.S. exports of soybeans and soybean products, however, are expected to languish in fiscal 1988. USDA projections of soybean exports in the current fiscal year point to a drop of almost 8 percent from 1987, dropping the U.S. share of world soybean trade to 70 percent. Exports of soybean meal in fiscal 1988 are expected to hold at the previous year's level, while soybean oil exports may record an increase of more than a fourth from the previous year's low level.

Despite an almost 18 percent increase in export tonnage, lower export prices limited the gain in the value of export shipments in fiscal 1987. At $28 billion, the value of U.S. agricultural exports was up only 6.5 percent compared to fiscal 1986. At that level, the value of U.S. agricultural exports is still more than a third lower than the fiscal 1981 peak of $43.8 billion. With the value of grain and oilseed exports down from a year earlier, the 1987 increase is largely attributable to gains in the value of livestock, horticultural products and cotton exports.

The value of U.S. agricultural exports to most regions of the world recorded an increase last year. U.S. exports to Western Europe are estimated at $7 billion for fiscal 1987, up about 2 percent from a year earlier. The increase is attributable to rising sales to member countries of the European Economic Community. While not large, the estimated increase in sales to the EEC marks the first upturn since a series of sharp declines began in 1981.

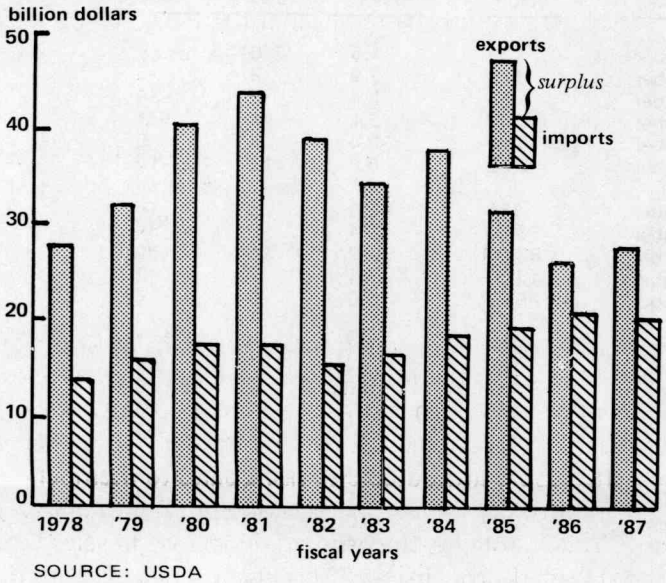
After six consecutive years of decline, U.S. export sales to Eastern Europe rose slightly in 1987. The increased exports were spurred by expanding livestock sectors and greater demand for protein meal, and by wheat and flour sales under the export enhancement program. Debt servicing problems and foreign currency shortages have limited U.S. exports to this region of the world for the last several years. The value of exports to the Soviet Union in fiscal 1987 dropped from a year earlier due to a large Soviet grain harvest in 1986 and lower soybean sales as the Soviets have re-

U.S. agricultural imports*

	1985	1986	1987
	(-----billion dollars-----)		
Animal products	4.2	4.3	4.8
Beef, veal, and pork	2.1	2.1	2.5
Horticultural products	5.0	5.3	5.5
Fruits and juices	1.8	1.6	1.7
Vegetables	1.3	1.6	1.6
Wine and malt beverages	1.6	1.8	1.8
Coffee and tea	3.4	4.5	3.4
Sugar	1.3	1.0	.8
Cocoa	1.3	1.2	1.2
Bananas and plantains	.8	.7	.8
Grains, feeds, oilseeds	1.4	1.3	1.3
Tobacco, unmanufactured	.6	.6	.6
Rubber and gums	.7	.6	.7
Spices	.2	.3	.4
Other	.8	1.1	1.0
Total	19.7	20.9	20.5

*Fiscal years.
SOURCE: USDA

U.S. Agricultural trade balance



SOURCE: USDA

lied on alternative suppliers for their soybean and soybean product imports.

The value of exports to Asian countries in fiscal 1987, the largest market for U.S. agricultural products, are estimated to have rebounded 13 percent from the low level of a year earlier. Much of the gain is attributable to increased sales to Japan, China, and other East Asian countries. Increases in grain, cotton, and meat exports, boosted sales to Japan by 7 percent. Sales to China are estimated to have doubled from the fiscal 1986 level, but remain small. The increase is attributable to increased sales of corn and wheat. Sales to other East Asian countries recorded increases in fiscal 1987 as well. Strong economic growth in the region has spurred imports of grain for livestock feeding and imports of cotton and hides for manufactured products. U.S. government programs to bolster agricultural exports contributed to a year-to-year increase of more than a third in sales to Middle Eastern countries.

Increased sales to Central American and Caribbean countries lifted the value of U.S. exports to Latin America in fiscal 1987 by more than 8 percent from a year earlier. Improving economic conditions and increased reserves of foreign exchange contributed to an increase of almost 17 percent in the value of U.S. agricultural exports to Mexico. In addition, the value of imports by other Central American and Caribbean countries rose 10 percent from a year earlier. U.S. agricultural exports to South American countries were largely unchanged from the year-earlier value.

The value of U.S. agricultural exports to Africa in fiscal 1987 dropped 11 percent from the year-earlier level. Export sales to North Africa are estimated at $1.3 billion, down 7 percent from the record level in fiscal 1986. Although grain export tonnage to the region was up, lower prices more than offset the increase. Sales to Sub-Saharan Africa are estimated to be off a third from the previous year. Both lower prices and reduced quantity of exports contributed to the drop.

After rising steadily through the 1980s, imports of agricultural products into the United States dropped in fiscal 1987. Estimated at $20.5 billion, imports of agricultural goods were down about 2 percent from the previous year. The drop is due almost entirely to lower imports of sugar and coffee. Sugar imports, in terms of both tonnage and value, are estimated to be down a fifth from the previous year's level due to a lower import quota in 1987. The value of coffee imports into the United States fell 25 percent in fiscal 1987 due primarily to a sharp drop in prices. Partially offsetting these declines, the value of imports of animal products, primarily beef and pork, rose 12 percent from the fiscal 1986 level, while horticultural product imports were boosted by an almost 10 percent year-to-year increase in fruit purchases.

The increase in U.S. agricultural exports in fiscal 1987, combined with the drop in imports, reversed the steady downtrend in the U.S. agricultural trade balance that has characterized the 1980s. At $7.5 billion, the agricultural trade surplus is up 39 percent from the dismal level of a year ago. However, the excess of agricultural exports over imports remains far below the $26.6 billion peak reached in fiscal 1981. The improvement in the overall agricultural trade surplus during fiscal 1987 was due almost entirely to a reversal of the agricultural trade deficit with less developed countries that was registered the previous year. A slight increase in the agricultural trade surplus with developed countries was offset by a decline in the surplus with centrally planned countries.

Peter J. Heffernan

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Selected Agricultural Economic Indicators

	Latest period	Value	Percent change from Prior period	Year ago	Two years ago
Prices received by farmers *(1977=100)*	September	129	1.6	6	8
Crops *(1977=100)*	September	106	2.9	9	-5
Corn *($per bu.)*	September	1.52	3.4	5	-34
Oats *($per bu.)*	September	1.44	2.1	45	31
Soybeans *($per bu.)*	September	5.00	-0.4	3	0
Wheat *($per bu.)*	September	2.52	6.8	11	-16
Livestock and products *(1977=100)*	September	151	0.0	3	18
Barrows and gilts *($per cwt.)*	September	54.20	-9.4	-8	34
Steers and heifers *($per cwt.)*	September	68.00	3.2	16	30
Milk *($per cwt.)*	September	12.60	2.4	-2	2
Eggs *(¢per doz.)*	September	59.7	18.0	-5	-4
Prices paid by farmers *(1977=100)*	July	164	1.2†	3	1
Production items	July	149	1.4†	3	-1
Feed	July	105	4.0†	-2	-9
Feeder livestock	July	182	1.7†	18	24
Fuels and energy	July	170	3.7†	12	-17
Producer Prices *(1967=100)*	August	297	-0.2	3	1
Agricultural machinery and equipment	August	341	-0.1	0	1
Fertilizer materials	August	220	1.0	8	-4
Agricultural chemicals	August	481	0.4	1	5
Consumer prices *(1967=100)*	August	343	0.6	4	6
Food	August	334	0.1	3	8
Production or stocks					
Corn stocks *(mil. bu.)*	September 1	4,882	N.A.	21	196
Soybean stocks *(mil. bu.)*	September 1	436	N.A.	-19	38
Beef production *(bil. lbs.)*	August	2.01	-0.6	-3	-6
Pork production *(bil. lbs.)*	August	1.07	-0.7	4	-11
Milk production *(bil. lbs.)*††	August	10.3	-1.6	1	-2

N.A. Not applicable
†Prior period is three months earlier.
††21 selected states.

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