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Agricultural Letter

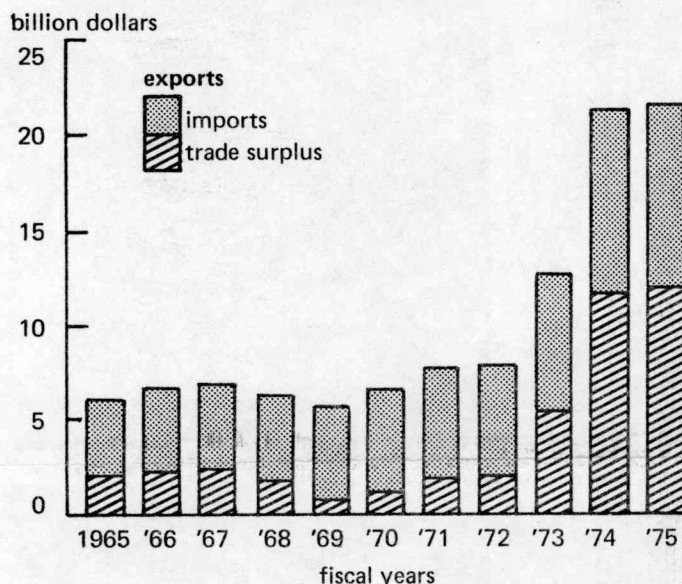
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AGRICULTURAL EXPORTS rose to a new record in fiscal 1975 and a further increase is expected in the current fiscal year. According to the U.S. Department of Agriculture, the value of all agricultural commodities exported during the year ending June 30, 1975 rose to \$21.6 billion, up slightly from the fiscal 1974 level of \$21.3 billion. For the current year an increased volume of shipments is expected to offset lower prices and boost agricultural exports to around \$22 billion.

The slight increase in agricultural exports coupled with virtually no change in the value of agricultural imports permitted a slight rise in the agricultural trade surplus in fiscal 1975. The \$12 billion agricultural trade surplus in fiscal 1975 was up from \$11.7 billion the previous year and was more than sufficient to offset the \$10.2 billion U.S. trade deficit in non-agricultural commodities.

Higher Exports Boost Agricultural Trade Surplus



The total value of agricultural imports was \$9.6 billion in fiscal 1975, and three commodities—sugar, meat, and coffee—accounted for one-half of that amount. The value of sugar imports soared to nearly \$2.6 billion in fiscal 1975—up from \$1.2 billion a year earlier—as sharply higher prices offset an 18 percent decline in the quantity of sugar imports. Curtailed imports of meat and coffee virtually offset the surge in the value of sugar imports.

Higher prices accounted for all of the increase in the value of agricultural exports in fiscal 1975 as the volume of such shipments fell nearly 15 percent. The reduced quantity of shipments was particularly evi-

dent in grains and oilseeds, reflecting the curtailed domestic harvest in 1974. The quantity of wheat and products shipped to foreign countries fell 9 percent short of the year-earlier level in fiscal 1975, while shipments of feed grains and products plunged 21 percent. Shipments of oilseeds and products—primarily soybeans—fell 18 percent. With the exception of oilseeds and products, however, higher prices more than offset the reduced quantity of shipments. Exports of wheat and products were valued at \$5 billion in fiscal 1975—up nearly 6 percent—while the value of feed grain exports rose 3 percent to \$4.8 billion. Exports of oilseeds and products were valued at \$4.9 billion, down 7 percent from fiscal 1974.

Exports to Japan, the largest importer of U.S. agricultural commodities, declined to \$3.2 billion in fiscal 1975, down 5 percent. Exports to Common Market countries held unchanged at \$5.3 billion, while exports to other western European countries, at \$1.6 billion, were up 13 percent. Exports to western and southern Asian countries totaled \$2.8 billion, nearly double the fiscal 1974 level. The surge in exports to western Asia reflected India's rise to the number one importing country for U.S. wheat. The gain in exports to southern Asia reflected a threefold increase in purchases by oil-rich Iran. The combined purchases of all OPEC countries rose two-thirds to \$1.7 billion. Exports to the USSR and to the Peoples Republic of China totaled \$0.7 billion in fiscal 1975, down by nearly one-half from the fiscal 1974 level.

Export projections for fiscal 1976 were recently revised upward by the U.S. Department of Agriculture to \$22 billion from \$18 billion estimated in May. The latest estimate reflects expectations of lower prices for most commodities and a return to record levels in tonnage shipped. Not surprisingly, purchases by the Soviet Union precipitated the upward revision. USSR purchases are now expected to rise to \$2 billion in fiscal 1976. Reduced purchases by countries in Western Europe and Latin America, as well as by the Peoples Republic of China, are expected to offset increased sales to the Soviet Union.

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