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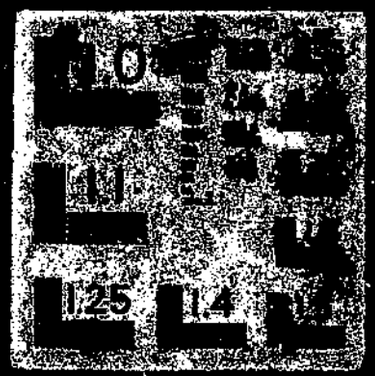
AGRICULTURAL EXPORTS BY COOPERATIVES.

DONALD E. HIRSCH

ECONOMICS, STATISTICS, AND COOPERATIVES SERVICE, WASHINGTON, DC.



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Agricultural Exports by Cooperatives

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United States
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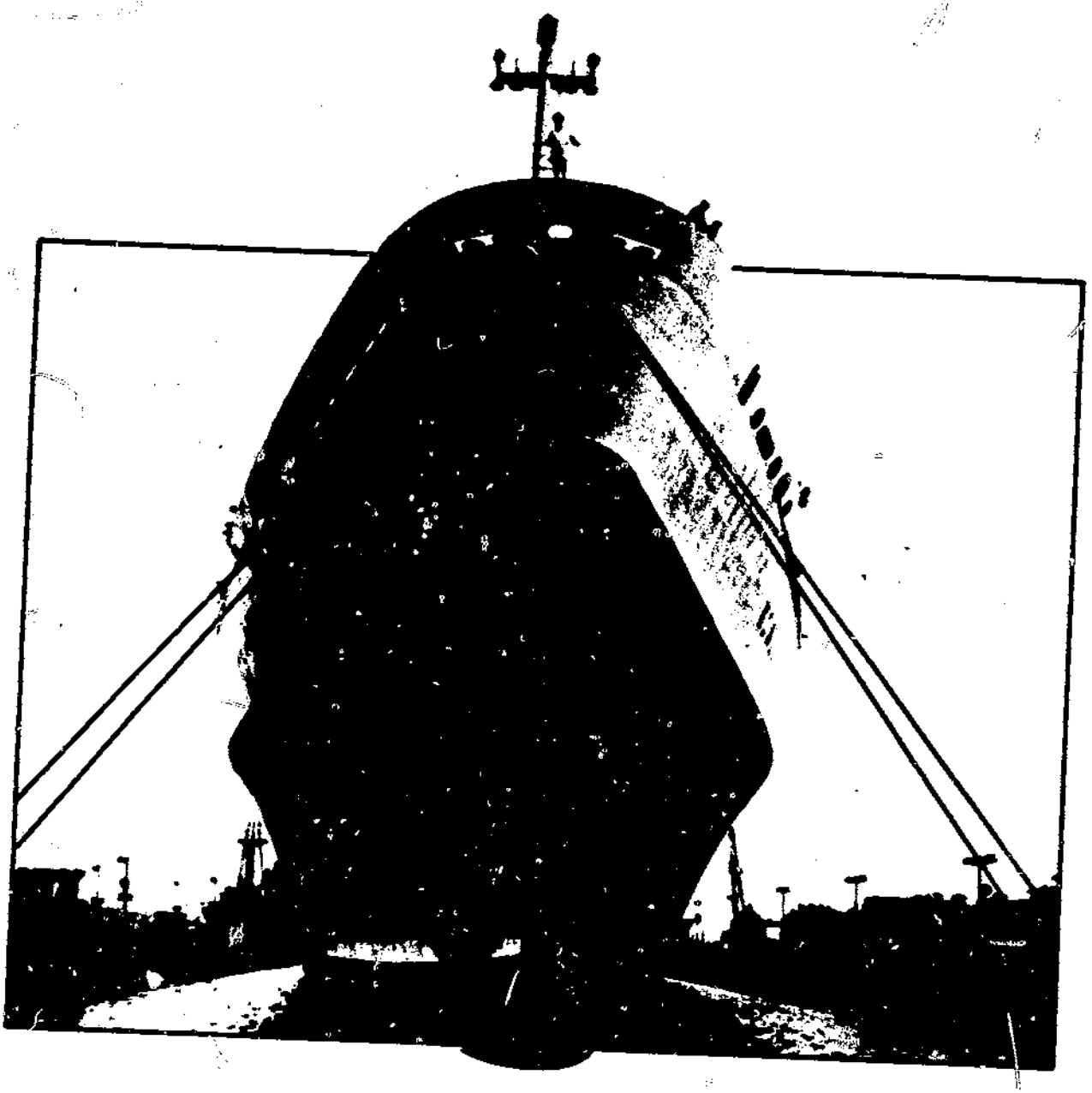
**Economics,
Statistics, and
Cooperatives Service**

Farmer Cooperative
Research Report 5

Agricultural Exports by Cooperatives



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Foreword

For more than half a century Congress and the U.S. Department of Agriculture have recognized the need for a research and service program specifically tailored to the needs of farmers who have joined to form cooperatives. That program, now conducted by the Economics, Statistics, and Cooperatives Service (ESCS), has helped farmers sell commodities they produce and purchase goods and services at cost.

The specialized ESCS program historically has focused on domestic marketing, purchasing, and services. Much attention has been given to specific areas unique to cooperatives, such as business organization, finance, and member education. Because cooperatives do not operate in an economic vacuum, attention also has been given to their domestic marketing and purchasing opportunities and problems that are much like those that exist for other forms of business.

In recognition of the tremendous importance of export markets to farmers and to our entire economy, ESCS is giving increased attention to the development of effective export marketing programs by cooperatives. Our research and technical assistance studies will broaden the informational base of cooperative decisionmakers.

James E. Haskell, Director
Cooperative Marketing and Purchasing Division
Economics, Statistics, and Cooperatives Service

CONTENTS

Highlights

Exporting agricultural commodities is a dynamic business. Its impact on farm incomes, domestic living conditions, and international balance of payments significantly influences our entire economy.

Farmer cooperatives have an important role to play in returning more of the export marketing margin to farmers. In the face of increased competition in foreign markets from other supplier countries, they are a farmer-controlled instrument for ensuring strong and continuing efforts to sell U.S. agricultural commodities overseas.

In 1976, 73 cooperatives directly exported agricultural commodities valued at more than $2 billion. Their headquarters were located in 23 States and they served farmers in all or nearly all of the 48 contiguous States. In terms of dollar volume, the U.S. cooperative direct export business was nearly all in the hands of 18 associations. However, hundreds of other farmer cooperatives were involved in moving commodities from farms to assembly points.

The 73 direct exporting cooperatives had indirect exports valued at $1.3 billion. Several hundred other cooperatives engaged in indirect exporting only. Their volume data were not included in our survey. Basically, a sale by a cooperative to a foreign buyer is considered to be direct exporting, and a sale to another U.S. firm for resale to a foreign buyer is considered to be indirect exporting. As explained later, a more precise method of classification was used in this study.

In terms of direct exports of major commodity groups in 1976, 11 grain cooperatives were most important with exports valued at $932 million. An equal number of cooperatives exporting oilseeds, oilnuts, and products were second with $427 million. Twenty-seven cooperatives had direct exports of fruits and preparations valued at $293 million. Direct exports of cotton by four cooperatives totaled $232 million. The four groups combined had direct exports valued at $1.9 billion—93 percent of direct exports of agricultural commodities by all cooperatives in the United States.

Cooperatives' shares of total U.S. agricultural exports are determined by dividing their direct export volumes by the U.S. total volumes. For all commodities, the cooperative share was 9.2 percent. The proportion was higher than that for only three major commodity groups: nuts (40 percent), fruits (38 percent), and cotton (22 percent). For certain commodity groups the cooperative share was quite small: for example, vegetables (2.7 percent), feeds and fodders (2.3 percent), and animals and animal products (1.4 percent).

The 73 direct exporting cooperatives identified 77 countries as destinations for their export shipments in 1976. Not all associations named all individual countries, however, so the actual number of importing countries probably was nearer 100.

Ninety percent of the total shipments by cooperatives, in terms of dollar values, were about equally divided between Europe and Asia. The other 10 percent went to Canada, Latin America, Oceania, and Africa. There were significant differences between commodity groups, but the European Community was the largest market area for most groups and for all agricultural commodities combined.

About 31 percent of the cooperative exports went to the Netherlands and West

Germany, and another 27 percent to Japan. Thus, well over one-half of the cooperative exports went to these three countries. Japan was the largest individual country market for cooperative exports of grains, cotton, and all agricultural commodities combined.

Ten cooperatives had a combined total of 41 foreign sales offices staffed by employees and located in about 30 countries. Three-fourths of the offices were concerned with sales of fresh or processed fruit or both. Most of the remainder handled sales of cotton or grain.

Foreign sales representatives (foreign individuals or firms under contract—not cooperative employees) were the principal marketing channel for seven of the eight specific commodity groups. The average percentage of use ranged from 17 for grains to 72 for nuts.

Foreign distributors were the second most important marketing channel for direct exports of seven commodity groups.

The location at which title to a commodity is transferred from seller to buyer is determined by the delivery term used. These cooperatives, on the average, made two-thirds of their export sales for delivery to U.S. ports. Nearly all of the remainder involved delivery to foreign ports. Use of specific delivery terms varied considerably among the major commodity groups.

The direct exporting cooperatives depended almost exclusively on four payment terms. The kind of term selected often differed by kind and location of buyer. Terms with least stringent requirements were generally used for sales to firms in the United States, Canada, and the European Community, and to long-established buyers. More stringent requirements were used for new customers and buyers in developing countries.

Two-thirds of the direct exporting cooperatives arranged for international shipments of at least some quantities of commodities sold for export in 1976. Substantial proportions of the live cattle and seeds were transported by air. Some quantities of other commodities were shipped via truck or rail—nearly all to Canada—but 85 percent of the shipments were made via ocean-going vessel.

Most cooperative members and leaders likely will find the commodity export review sections of this report of special interest. They provide considerable detail for individual commodities within the major commodity groups referred to earlier.

The Conclusions section is devoted to the following key subject areas: direct exports, delivered sales, cooperative shares, foreign markets, overseas facilities, ship chartering, and multicooperative export activities. Each is identified as a challenge to cooperative managements and members.

Farmer cooperatives exporting agricultural commodities not only have served their farmer-members effectively, but also have benefited all Americans by helping create a favorable balance of international trade in agricultural commodities. They can and must be of even greater service in the future.

Agricultural Exports by Cooperatives

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Introduction

Members and managements of farmer cooperatives face new and greater challenges in export marketing. A decision made a year ago may need to be reconsidered today, and a decision made today may have to be amended a year from now. Exporting agricultural commodities is a dynamic business, and its increasing impact on farm incomes, domestic living conditions, and our international balance of payments has made it an ever more significant factor affecting our entire economy.

Cooperatives have an important role to play in returning more of the export marketing margin to farmers, and in supplying U.S. agricultural commodities to both newly developing foreign markets and established markets in which competition from other agricultural exporting countries is increasing.

Interest in cooperative exports is greater now than ever before. One reason is widespread understanding of the critical need for a high level of agricultural exports to pay, in part at least, for increasingly costly petroleum imports. Another reason is greater recognition of the special role that cooperatives may play in increasing farm incomes and holding foreign markets.

A survey of cooperative export activity in 1976 was made by the Cooperative Marketing and Purchasing Division of Economics, Statistics, and Cooperatives Service to provide factual information about the nature and extent of cooperatives' participation in international trade. The data will help direct future research work aimed at increasing cooperative export activity.

The objective of this report is to present a basic audit of cooperative exporting. It measures the role and importance of cooperatives in exporting, and tells how many cooperatives are engaged in selling to foreign buyers, what commodities are involved, what the values are, which foreign countries receive the commodities, and—to a limited extent—how the sales and shipments are made. The base period is calendar year 1976.

As will be noted in the discussion of "direct" and "indirect" exporting, no attempt was made to determine the total volumes of agricultural commodities consumed in foreign countries that were handled by cooperatives at one or more stages of domestic marketing. Further, export data were not obtained from specialized associations involved in Federal tobacco programs. Those associations perform a marketing function that differs from that of cooperatives exporting other commodities.

This study was only the second in history in which an attempt was made to measure cooperative exports of all major commodities on a nationwide basis. The first report

*This report could not have been prepared without the voluntary cooperation of many employees of cooperatives. Some of them spent hours in painstaking efforts to supply detailed, accurate information. Their assistance is gratefully acknowledged.

presented data for fiscal years 1968, 1969, and 1970.[1] As explained under Methodology in appendix A, the results given in this report are not directly comparable with the results of the previous study.

Another report, published in 1977, provides a great deal of information on *how* cooperatives export.[2] However, it is an analysis of export marketing functions and techniques rather than a compilation of relevant statistics.

By reviewing data portraying recent export activity by cooperatives, and the alternative ways in which cooperatives meet export problems, cooperative leaders will have a better informational base for future decisions in exporting.

To avoid needless repetition, all references to "cooperatives," unless specifically noted otherwise, refer only to those associations that are owned and controlled by farmers.

Basic Export Marketing Concepts

The terms "export sale," "direct exporting," and "indirect exporting" are widely used, with basic agreement on what each means. Yet when several persons classify specific sales, it soon becomes apparent that opinions vary considerably as to the precise meaning of each of these terms.

Cooperatives responding to our mail survey were not asked to distinguish between direct and indirect exporting. Instead, they were asked to allocate sales volumes according to specified kinds of U.S. or foreign firms involved in the transactions.

To understand the discussion in this report, it is necessary to know precisely how export sales were classified as direct or indirect during our study.

Identifying Export Sales

The term export sale applies to most but not all shipments of U.S. commodities that ultimately arrive at foreign destinations. In the context of cooperative marketing, the term includes shipments to:

1. U.S. farmer cooperatives that purchase commodities from other farmer cooperatives or handle the export arrangements.
2. U.S. firms, other than farmer cooperatives, that purchase commodities for export.
3. Foreign firms, foreign governments, or their representatives, that purchase U.S. commodities for import into foreign countries.

The term export sale does not include shipments to:

1. The U.S. Armed Forces, or U.S. diplomatic missions abroad, for their use.
2. The U.S. territorial possessions—Guam, Puerto Rico, and the Virgin Islands.
3. Vessels and planes engaged in international commerce on which they would be used as supplies.

Sometimes it is desirable to distinguish between export sales to foreign buyers and sales for export to other firms who make the export sales. For purposes of this study, the broader definition was used to ensure reporting by individual cooperatives of all quantities moving into export channels, whether the commodities were sold to foreign buyers

[1] Henry W. Bradford and Richard S. Barberich. "Foreign Trade of Cooperatives." Farmer Cooperative Service, U.S. Dept. of Agriculture, FCS Information 88. Feb. 1973, 38 pp.

[2] Donald E. Hirsch. "Export Marketing Guide for Cooperatives." Farmer Cooperative Service, U.S. Dept. of Agriculture, Marketing Research Report 1074. March 1977, 88 pp.

or to other U.S. firms that sold to foreign buyers. There was one notable exception. This concerned shipments from one cooperative to another U.S. cooperative; to avoid duplication in final tabulations, such shipments were excluded.

Direct and Indirect Exporting

The degree to which a cooperative makes an export sale through its own personnel and facilities determines whether the sale is classified as direct or indirect exporting. In direct exporting, the cooperative deals directly, through its employees or foreign-based representatives, with a foreign buyer or his foreign-based agent; the commodity is delivered to a point designated by the buyer—a U.S. loading port or a foreign port of destination.

In indirect exporting, the cooperative works through an intermediary—either another American firm, a U.S.-based agent of a foreign firm, or an international trading company; the commodity is delivered to a point designated by the buyer—usually a U.S. loading port.

As noted earlier, responding cooperatives were not asked to distinguish between their direct and indirect export shipments. Instead, 15 criteria were used. Each criterion was a marketing channel, a kind of U.S. intermediary or a kind of U.S. or foreign buyer.

The classification system was developed as follows, using the word "seller" to mean the U.S. exporting cooperative.

Direct exporting:

Sales made through—

1. U.S. export broker (U.S. firm that establishes contact between seller and foreign buyer).
2. Cooperative's foreign sales representative or agent (foreign firm representing seller in foreign country).
3. Foreign import broker or agent (foreign firm representing buyer in foreign country).

Sales made to—

4. Foreign distributor (foreign firm purchasing for resale to other foreign firms).
5. Foreign retailer or association of retailers (foreign firm purchasing finished products to resell through its own retail outlets).
6. Foreign end user (foreign firm purchasing raw products to process and then resell to other foreign firms or to distribute through its own sales outlets).
7. Japanese trading company (if the commodity was delivered by the seller to a U.S. or foreign port and the commodity was destined for Japan).
8. Foreign government purchasing agency or its foreign agent (the latter a foreign firm) located in a foreign country.

Indirect exporting:

Sales made through—

1. U.S. export agent (U.S. firm that not only puts seller in touch with foreign buyer but has additional responsibility and capability to act as an export sales agent for seller).
2. U.S. export management company (U.S. firm that has authority and capability to act as seller's export sales department).

3. U.S. export commission agent (U.S. firm that represents foreign buyer—commercial or governmental—in arranging for purchase of commodity).

Sales made to—

4. U.S. export merchant (U.S. firm that buys commodity for resale to foreign firms; does not include the international grain trading companies).

5. International grain trading company (one of half a dozen huge companies buying and selling grain in the United States and many other countries; also includes a smaller firm in Canada to which some U.S. cooperatives sell on essentially the same basis as to the giant trading companies).

6. Foreign government with its own purchasing office or agent located in the United States (the office or agent is foreign-controlled, and may have only one client, but because of its location in this country it usually acts essentially the same as a U.S. export commission agent).

7. Japanese trading company (if the commodity was not delivered by the seller to a U.S. or foreign port and/or the commodity was not destined for Japan).

Some persons would classify one or more of these marketing channels as indirect rather than direct exporting, or direct rather than indirect. For example, in a sale through a U.S. export agent, or U.S. export commission agent, the cooperative technically is the seller and the buyer is a foreign firm or agency. The necessary documents, including the commercial invoice, are signed by an employee of the cooperative. Thus it can be argued that this is direct rather than indirect exporting. Yet in terms of actual administration of the sale from beginning to end the U.S. agent is the one who has the necessary export marketing expertise. In any event, use of our system provided a uniform approach that permits valid comparisons.

There is no practical way to measure the volume of indirect exporting by all cooperatives. Many do not know what proportions of the quantities they sell to other U.S. firms, or international grain trading companies, are consumed in foreign countries. Therefore, the survey group for this study consisted only of those cooperatives that had some direct exports.

For the sake of brevity, the terms direct exports, indirect export sales, and indirect export sales are used in the text and tables of this report. A specialist in meanings of words and language forms might question their use. For example, he (or she) might agree that a sale through a U.S. export agent was an indirect export sale, but argue that a sale to a U.S. export merchant was a sale *for* export and not an export sale of any kind, direct or indirect. However, the terms are used here in the ways they are used in international trade.[3]

Cooperative Participation in the Export Trade

In 1976, 73 cooperatives engaged in direct exporting of agricultural commodities. They were a diverse group in terms of size, commodities, operating practices, and foreign markets served. Each had direct exports of one or more commodities, and most had indirect exports of other commodities.

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[3]For definitions of many of the technical terms used in the international grain trade see pp. 17-34 of: Donald E. Hirsch. "Export Techniques of Grain Cooperatives." Farmer Cooperative Service, U.S. Dept. of Agriculture, FCS Information 104. Nov. 1976, 44 pp.

Location and Size of Cooperatives

The headquarters of the 73 cooperatives in the survey were located in 23 States (see fig. 1). It is probable that their total supply area included farms in all 48 contiguous States.

Thirty percent of the headquarters were in California. This was a remarkable concentration of associations, and reflected the diversity of agricultural production in that State as well as widespread support for the cooperative form of business.

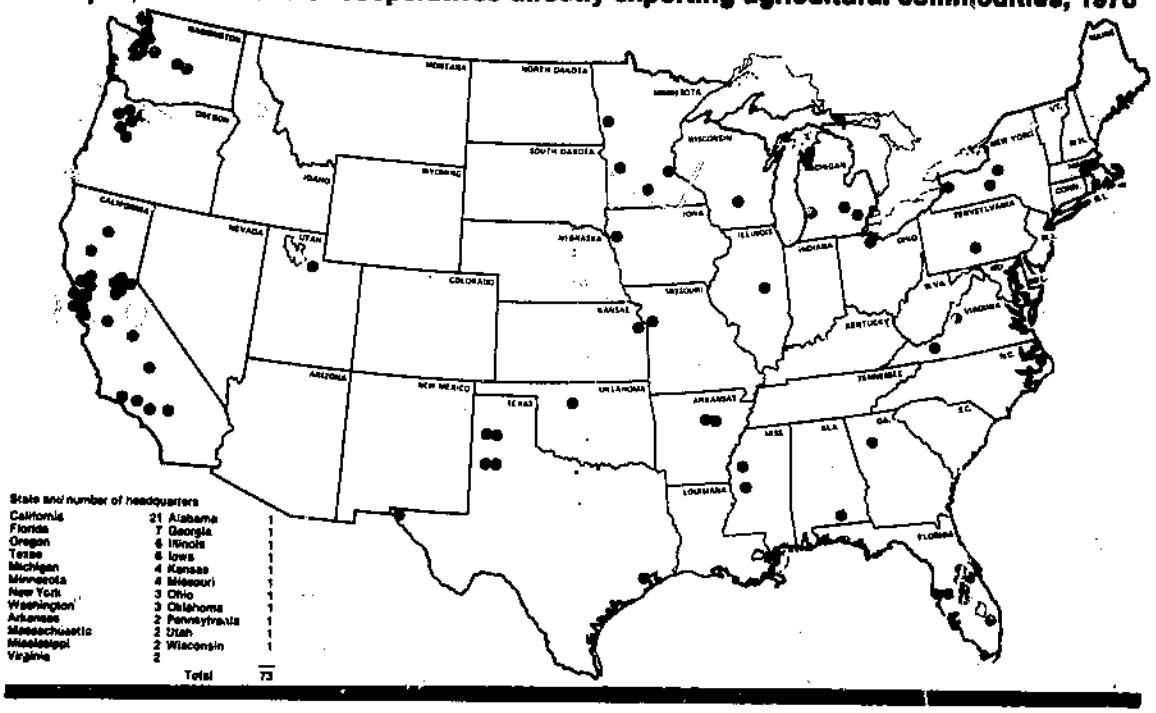
Well over one-half of the headquarters were in the four States of California, Florida, Oregon, and Texas. Many of those associations are involved in exporting fruits and vegetables.

The location of a headquarters in a particular State is not a reliable indication of the relative importance of that State in terms of dollar volume of cooperative exports. In some instances—as for many of the cooperatives in California and Florida—all of the supplies are produced within the State where the headquarters is located. In other instances—especially for some of the largest cooperatives—supplies are obtained from several States. A list of the cooperatives and their headquarter locations is given in appendix table 1.

In terms of annual dollar volume of direct exports, the 73 cooperatives ranged in size from less than $4,000 to more than $700 million.

A surprisingly large proportion of the cooperatives had very low volumes of direct exports, surprising, that is, in relation to the general belief that only large volume firms export directly. As shown in table 1, the seven smallest associations—comprising nearly

Figure 1 —
Headquarter locations of cooperatives directly exporting agricultural commodities, 1976



10 percent of the survey group—had individual volumes of less than $100,000. Their combined volume was $453,000 or little more than 0.2 percent of the total direct exports for all 73 associations.

In sharp contrast, the seven largest cooperatives also comprised nearly 10 percent of the survey group, but had individual volumes in excess of $100 million. Their combined volume was $1.6 billion, or 78 percent of the total for the survey group.

Viewing the statistics in another way, 16 cooperatives—more than one of every five in the group—individually exported agricultural commodities valued at less than $500,000. And more than one-third of the associations—25—had volumes of less than $1 million. Although these volumes were very small in terms of total exports of U.S. agricultural commodities, some were significant in terms of the commodities involved or the size of the individual associations.

Twenty cooperatives had annual direct export volumes of between $1 million and $5 million, 10 between $5 million and $10 million, and 18 more than $10 million. The combined volume of direct exports for the 18 largest cooperatives was $1.9 billion, or 94 percent of the total for the entire survey group.

Thus, in terms of dollar volume, the U.S. cooperative export business in 1976 actually was nearly all in the hands of 18 cooperatives. Taken by itself, however, that statement could be misleading. While those 18 cooperatives made the sales for direct exports, hundreds of other cooperatives—locals and regionals-were involved in moving the commodities from farms to the points at which the exporting cooperatives took control. Thus a substantial part of the entire cooperative marketing system was involved in some way.

Table 1—Size distribution of individual direct exporting cooperatives, based on annual dollar volumes, 1976

Value of direct exports	Cooperatives	
	Number	Percent
$ Thousands		
Less than 100	7	9.6
100-499	9	12.3
500-999	9	12.3
$ Millions		
1.0- 1.9	9	12.3
2.0- 2.9	5	6.9
3.0- 3.9	3	4.1
4.0- 4.9	3	4.1
5.0- 9.9	10	13.7
10.0-14.9	2	2.7
15.0-19.9	2	2.7
20.0-24.9	2	2.7
25.0-29.9	1	1.4
30.0-39.9	1	1.4
40.0-49.9	1	1.4
50.0-59.9	1	1.4
60.0-99.9	1	1.4
100.0 and over	7	9.6
Total	73	100.0

Export Values

Seventy-three cooperatives directly exported agricultural commodities valued at more than $2 billion in 1976.

In addition to their direct sales to foreign buyers, these cooperatives had indirect exports valued at $1.3 billion in 1976. Thus they were involved in moving into export marketing channels a total volume of agricultural commodities valued at over $3.3 billion.

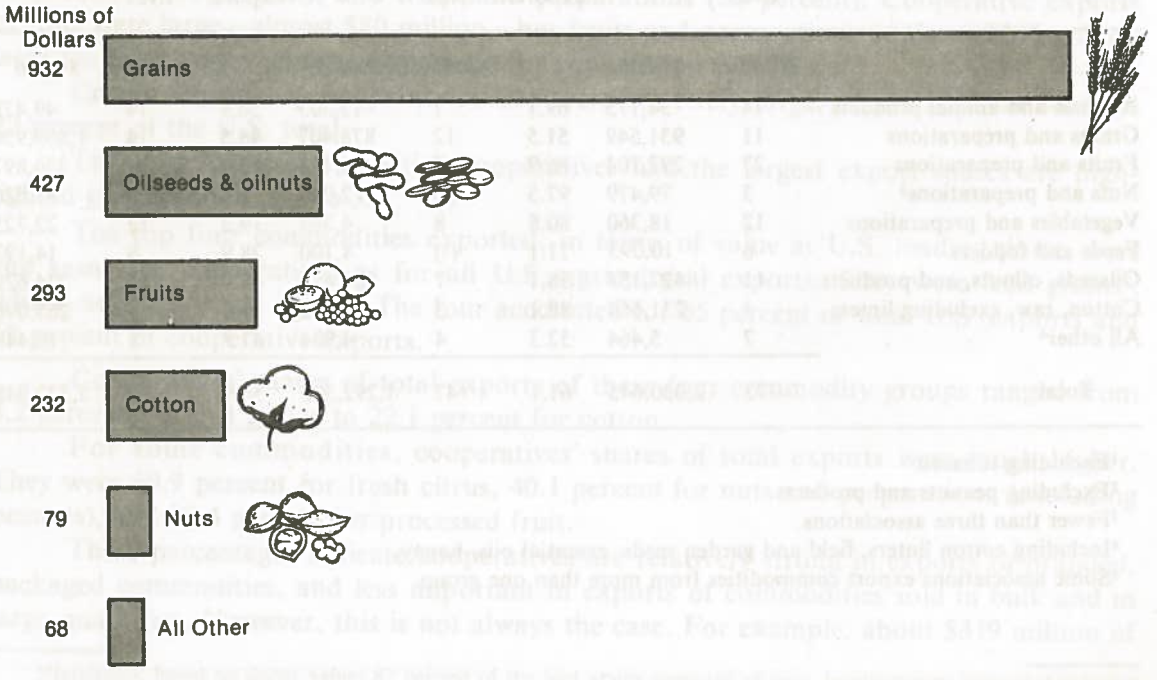
As noted earlier, several hundred other cooperatives were involved in the indirect exporting of a large quantity of agricultural commodities of unknown value.[4]

The values of direct and indirect exports by the 73 cooperatives engaged in direct exporting are given in table 2. These data were developed by simple addition or division and the averages were weighted by dollar volumes.

In terms of direct exports of major commodity groups, 11 grain cooperatives were most important with exports valued at $932 million. An equal number of cooperatives exporting oilseeds, oilnuts, and products were second with $427 million. Twenty-seven cooperatives had direct exports of fruits and preparations valued at $293 million. Direct exports of cotton by four cooperatives totaled $232 million. The four groups combined had direct exports valued at $1.9 billion—92.7 percent of direct exports of agricultural commodities by cooperatives.

The differences in magnitude of direct exports of major commodity groups are illustrated in figure 2.

Figure 2 —
Farmers' direct exports through their cooperatives, 1976



Direct exports as a proportion of total exports varied considerably by commodity. In 1976, grain cooperatives exported directly only slightly more than half of their export-bound volume, considerably less than for most other commodities. Direct exports of oilseeds, oilnuts, and products accounted for 58 percent of export-bound volume; animals and animal products, 69 percent; feeds and fodders, 71 percent; vegetables and preparations, 81 percent; fruits and preparations, 87 percent; cotton, 88 percent; and nuts and preparations, 97.5 percent (table 2).

Grain cooperatives accounted for 46 percent of the direct exports, 68 percent of the indirect exports, and 54 percent of the total exports of agricultural commodities by the 73 cooperatives. Comparable percentages for other commodity groups were as follows: Oilseeds, oilnuts, and products—21, 24, 22; fruits and preparations—14, 3, 10; raw cotton—11, 3, 8. Together, the four commodity groups accounted for 92 percent of the direct exports, 98 percent of the indirect exports, and 94 percent of the total agricultural exports (table 3).

The dominant position of the grain group in terms of dollar values takes on added significance when one considers that only 15 percent of the 73 cooperatives in the survey group directly exported grains and preparations.

Further information about exports of major commodities is given later in this report under commodity-group headings.

Table 2—Value of direct and indirect agricultural exports by direct exporting cooperatives, 1976

Commodity group[1]	Direct exports			Indirect exports			Total exports	
	Cooperatives	Value	Percent of total exports	Cooperatives	Value	Percent of total exports	Cooperatives	Value
	Number	*$1,000*		*Number*	*$1,000*		*Number*	*$1,000*
Animals and animal products	14	34,175	69.1	7	15,303	30.9	14	49,478
Grains and preparations	11	931,549	51.5	12	878,407	48.5	14	1,809,956
Fruits and preparations	27	292,704	86.9	17	44,193	13.1	29	336,897
Nuts and preparations[2]	3	79,479	97.5	[3]	2,047	2.5	3	81,526
Vegetables and preparations	12	18,360	80.8	8	4,365	19.2	12	22,725
Feeds and fodders	6	10,093	71.1	[3]	4,100	28.9	8	14,193
Oilseeds, oilnuts, and products	11	427,157	58.1	7	307,472	41.9	12	734,629
Cotton, raw, excluding linters	4	231,664	88.1	3	31,432	11.9	4	263,096
All other[4]	7	5,464	52.3	4	4,984	47.7	8	10,448
Total	[5]73	2,030,645	61.1	[5]47	1,292,303	38.9	[5]73	3,322,948

[1]Excluding tobacco.
[2]Excluding peanuts and products.
[3]Fewer than three associations.
[4]Including cotton linters, field and garden seeds, essential oils, honey.
[5]Some associations export commodities from more than one group.

[4]As shown in appendix table 4, 27 cooperatives in the survey sample were involved in indirect exporting only. They reported indirect exports (mostly grains and soybeans) of over $1 billion. Thus total indirect exports reported under this survey were nearly $2-½ billion, and direct plus indirect exports were valued at nearly $4-½ billion.

Table 3—Direct and indirect agricultural exports by direct exporting cooperatives, as percentages of their total agricultural exports, by commodity groups, 1976

Commodity group[1]	Direct exports	Indirect exports	Total exports
		Percent	
Animals and animal products	2	1	2
Grains and preparations	46	68	54
Fruits and preparations	14	3	10
Nuts and preparations[2]	4	(3)	2
Vegetables and preparations	1	(3)	1
Feeds and fodders	(3)	(3)	(3)
Oilseeds, oilnuts, and products[4]	21	24	22
Cotton, raw, excluding linters	11	3	8
All others	(3)	(3)	(3)
Total	100	100	100

[1]Excluding tobacco.
[2]Excluding peanuts and products.
[3]Less than 0.5 percent.
[4]Including cottonseeds, flaxseeds, peanuts, peanut oil, corn oil, and other vegetable oils.

Shares of Total U.S. Exports

Cooperatives' direct exports were valued at more than $2 billion and represented 9.2 percent of total U.S. agricultural exports in 1976 (see table 4).

In terms of export shares, cooperatives were particularly important for nuts and preparations (40 percent), and fruits and preparations (38 percent). Cooperative exports of nuts were large—almost $80 million—but fruits and preparations at about $293 million were the third largest commodity group for cooperative exports.

Cotton exports by cooperatives also were relatively large, about $232 million and 22 percent of the U.S. total.

The commodities for which cooperatives had the largest export shares are highlighted graphically in figure 3.

The top four commodities exported, in terms of value at U.S. loading ports, were the same for cooperatives as for all U.S. agricultural exports. They were feed grains[5], wheat, soybeans, and cotton. The four accounted for 65 percent of total U.S. exports and 68 percent of cooperative exports.

Cooperatives' shares of total exports of these four commodity groups ranged from 8.2 percent for feed grains to 22.1 percent for cotton.

For some commodities, cooperatives' shares of total exports were much higher. They were 69.9 percent for fresh citrus, 40.1 percent for nuts and preparations (excluding peanuts), and 28.4 percent for processed fruit.

These percentages indicate cooperatives are relatively strong in exports of branded, packaged commodities, and less important in exports of commodities sold in bulk and in large quantities. However, this is not always the case. For example, about $319 million of

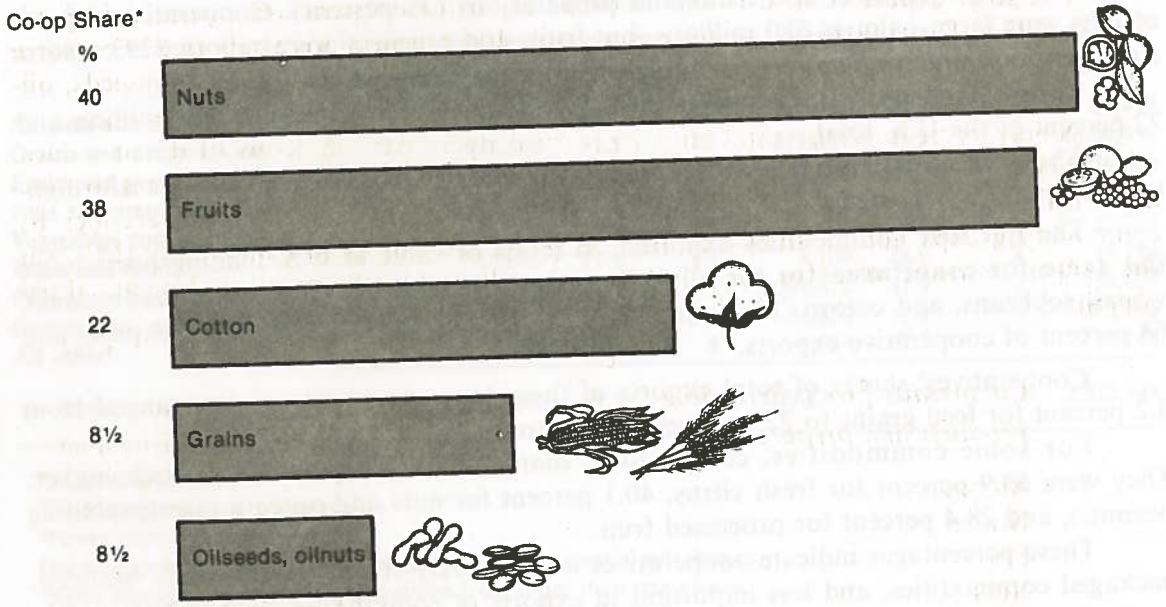
[5]Nationally, based on dollar values 87 percent of the feed grains consisted of corn. In our survey, in most instances a single figure was obtained for cooperative exports of corn, oats, grain sorghum, and barley used for feed; therefore, the value of corn as a percentage of total feed grains was not calculated.

Table 4—Direct exports by cooperatives compared with total United States exports, 1976

Commodity group[1]	Total U.S.	Cooperatives		
		Associations	Value	Percent of total U.S.
	$1,000	*Number*	*$1,000*	
Animals and animal products	2,379,563	14	34,175	1.4
Grains and preparations	10,875,277	11	931,549	8.6
Fruits and preparations	770,079	27	292,704	38.0
Nuts and preparations[2]	198,249	3	79,479	40.1
Vegetables and preparations	674,060	12	18,360	2.7
Feeds and fodders	448,752	6	10,093	2.3
Oilseeds, oilnuts, and products[3]	5,070,368	11	427,157	8.4
Cotton, raw, excluding linters	1,048,669	4	231,664	22.1
All other	591,081	7	5,464	0.9
Total	22,056,098	[4]73	2,030,645	9.2

[1]Excluding tobacco.
[2]Excluding peanuts and products.
[3]Including cottonseeds, flaxseeds, peanuts, peanut oil, corn oil, and other vegetable oils.
[4]Some associations export commodities from more than one group.

Figure 3 —
Cooperative shares of U.S. commodity exports, 1976



*Based on dollar volumes

processed vegetables were exported in 1976 but less than 1 percent was exported directly by cooperatives.

Total direct and indirect exports by the 73 cooperatives were valued at over $3.3 billion (as shown in table 2); this meant that at some marketing stage they handled 15 percent of the total U.S. exports of agricultural commodities in 1976. The 15 percent figure is significant in that it shows that these cooperatives are involved in the international trade to a greater extent than indicated by the figure of 9.2 percent for direct exports.

However, it does not indicate the cooperative share of total U.S. agricultural exports. Other firms made sales to foreign buyers of commodities supplied by cooperatives through indirect exporting; to count those quantities for the other firms and for cooperatives would result in duplication. In addition, no data are available for most cooperatives that export indirectly only, so total indirect exports by cooperatives cannot be measured.

Countries of Destination

The 73 cooperatives engaged in direct exporting named 77 countries as the destinations for their direct and indirect shipments. (Each of these countries is identified in appendix table 2.) However, some of the associations reported sales by market areas and did not list every individual country. We estimate that in 1976 about 100 countries imported commodities marketed by the 73 associations.

As shown in table 5, the direct exporting cooperatives identified the destinations of agricultural commodities valued at nearly $2.3 billion. This amount was about one-eighth larger than their direct export sales of over $2 billion. Although the volume of direct exports was smaller than the total for which destinations were given, the marketing pattern shown by data in the table is believed to be essentially the same as for the direct exports.

The total export volume of the 73 direct exporting cooperatives exceeded $3.3 billion in 1976. Destinations for 69 percent of that business were reported. For some commodity groups the percentage reported was nearly 100 percent, but for oilseeds, oilnuts, and products it was little more than 50 percent.

Ninety percent of the total shipments by cooperatives, in terms of dollar values, were about equally divided between Europe and Asia. The other 10 percent went to Canada, Latin America, Oceania, and Africa. There were significant differences by commodity groups but, as shown by the following, the European Community (EC) was the largest market area for most groups as well as for all agricultural commodities combined.

Commodity group, including products and preparations	*Geographic area receiving largest volume.*
Animals	EC
Grains	EC
Fruits	SE and E Asia
Nuts	EC
Vegetables	EC
Feeds and fodders	EC
Oilseeds and oilnuts	EC
Cotton, raw	SE and E Asia

Table 5—Cooperative exports by destination and commodity group, 1976[1]

Destination	Animals and animal products	Grains and prepa-rations	Fruits and prepa-rations	Nuts and prepa-rations[2]	Vegetables and prepa-rations	Feeds and fodders	Oilseeds, oilnuts, and products	Cotton, raw, excluding linters	Other identified commodi-ties[3]	Uniden-tified commodi-ties[4]	Total
					$1,000						
NORTH AMERICA											
Canada	20,581	800	57,859	3,552	2,810	241	8,341	0	618	4,000	98,802
LATIN AMERICA	1,120	52,506	9,505	1,601	2,189	1,252	8,012	0	801	10,193	87,179
Mexico	342	5,000	1,342	570	37	0	6,378	0	719	0	14,388
Central America	73	473	1,371	161	117	5	1	0	20	1,041	3,262
Caribbean	668	0	2,265	282	708	661	0	0	9	251	4,844
South America	37	47,033	4,527	588	1,327	586	1,633	0	53	8,901	64,685
EUROPE	6,205	457,576	131,630	60,544	11,132	12,000	282,817	19,928	5,913	47,087	1,034,832
Western Europe	6,205	433,284	111,630	52,966	11,132	12,000	272,000	19,928	3,959	40,087	963,191
European Community	5,865	412,900	88,297	39,563	10,302	12,000	267,624	18,775	3,609	38,587	897,522
Other Western Europe	340	20,384	23,333	13,403	830	0	4,376	1,153	330	1,500	65,669
Eastern Europe	0	24,292	20,000	7,578	0	0	10,817	0	1,954	7,000	71,641
ASIA	7,587	584,219	119,222	11,740	3,576	600	70,568	222,558	2,335	4,137	1,026,542
West Asia	1,965	76,235	1,034	1,632	0	0	0	0	83	91	81,040
South Asia	0	97,285	0	0	0	0	0	5,000	0	0	102,285
Southeast & East Asia	5,622	410,699	118,188	10,108	3,576	600	70,568	217,558	2,252	4,046	843,217
OCEANIA	0	926	1,329	1,619	1,025	0	1,500	0	72	0	6,471
AFRICA	0	29,821	119	471	0	0	2,311	0	676	1,003	34,401
North Africa	0	22,332	12	120	0	0	2,311	0	211	1,000	25,986
Other Africa	0	7,489	107	351	0	0	0	0	465	3	8,415
Total unreported[5]	35,493	1,125,848	319,664	79,527	20,732	14,093	373,549	242,486	10,415	66,420	2,288,227
Unknown/unreported	13,985	684,108	17,233	1,999	1,993	100	361,080	20,610	33	167,540	[6]1,934,721
Total	49,478	1,809,956	336,897	81,526	22,725	14,193	734,629	263,096	10,448	233,960	[6]3,322,948

[1]Includes most direct plus some indirect exports by all direct exporting cooperatives; excludes tobacco exports.
[2]Excluding peanuts and products.
[3]Includes all other agricultural commodities for which foreign destinations were identified.
[4]Two cooperatives reported the export value for each of their commodity groups, but reported a single value only for all commodities going to each foreign destination. The total amount of $233,960,000 for "Unidentified commodities" is included in the "Unknown/unreported" line in appropriate commodity columns.
[5]These totals developed by addition of regional totals (NORTH AMERICA, LATIN AMERICA, etc.), not all numbers in each column.
[6]A preliminary total was derived by simple addition, horizontally and vertically. To avoid duplication $233,960, the total value of "Unidentified commodities," was then subtracted.

However, grains and preparations accounted for almost one-half of the total cooperative volume reported by destination, and shipments to Southeast and East Asia were only slightly below those to the European Community.

As shown in figure 4, about 31 percent of the exports reported by cooperatives went to the Netherlands and West Germany (Federal Republic of Germany), and another 27 percent to Japan, accounting for well over one-half of cooperative exports.

The reason for having a single number in figure 4 for cooperative shipments to the Netherlands and West Germany is that large quantities of U.S. soybeans and other agricultural commodities delivered to Rotterdam, Netherlands, are transshipped to West Germany. Official estimates are made of the total U.S. quantities thus transferred but similar data are not available for cooperative exports. Thus separate figures for cooperative exports to the two nations are not meaningful; they would overstate the volume destined for use in the Netherlands, and understate actual consumption in West Germany.

Cooperative destinations are compared in table 6 with total U.S. export destinations for agricultural commodities. In terms of integrated market areas and combined volume for all agricultural commodities, the European Community was the largest market for both total U.S. exports and cooperative exports in 1976. About 28 percent of the national total, and 39 percent of the cooperative total, went to that area.

Of the individual nations, Japan was the largest market for total U.S. agricultural exports in 1976. It received 16-½ percent of total exports. It also was the largest for exports by the direct exporting cooperatives, receiving about 27 percent (see figure 4).

Almost identical proportions of total U.S. exports and cooperative exports were shipped to Europe, but the cooperatives were relatively high in the European Community

Figure 4 —
Percent distribution of cooperatives' direct exports, 1976

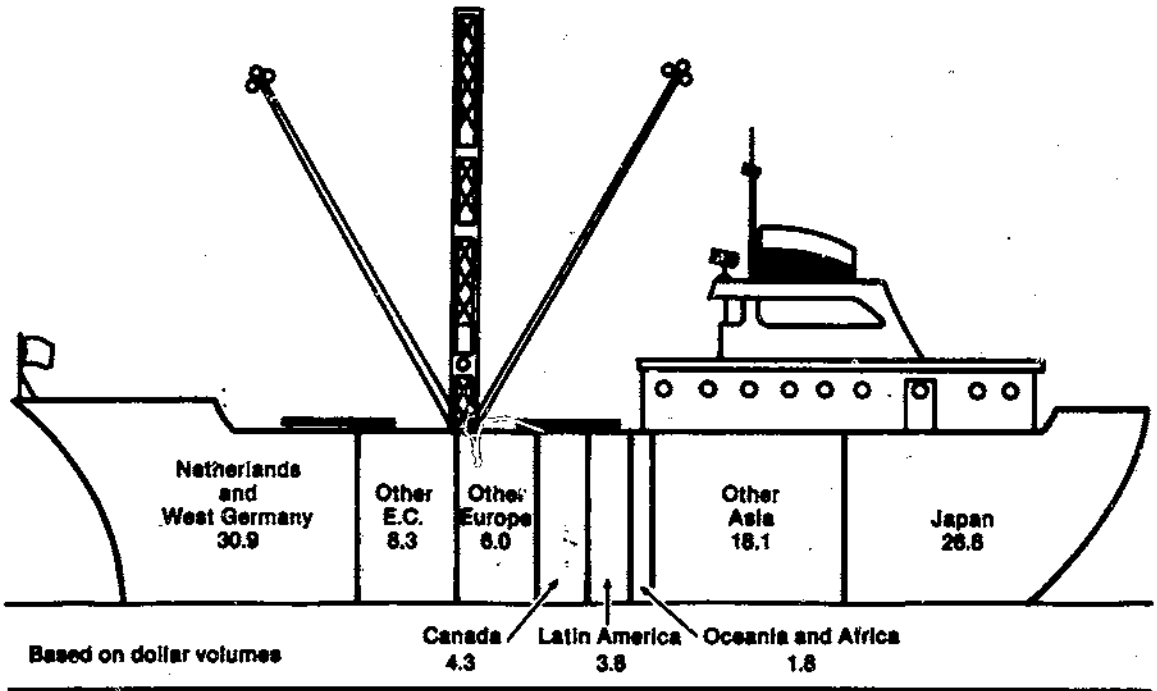


Table 6—Cooperative export destinations compared with United States export destinations for agricultural commodities, 1976[1]

Destination	Total U.S.		Cooperatives[2]	
	Value	Percent of total U.S.	Value	Percent of total co-op
	$1,000		*$1,000*	
North America[3]	1,489,975	6.9	98,802	4.3
Latin America	1,912,169	8.8	87,179	3.8
Mexico	369,887	1.7	14,388	0.6
Central America	187,524	0.9	5,262	0.2
Caribbean	379,003	1.7	4,844	0.2
South America	975,755	4.5	64,685	2.8
Europe	9,850,156	45.4	1,034,832	45.2
Western Europe	7,448,099	34.3	963,191	42.1
European Community	6,076,030	28.0	897,522	39.2
Other Western Europe	1,372,069	6.3	65,669	2.9
Eastern Europe	2,402,057	11.1	71,641	3.1
Asia	7,215,513	33.3	1,026,542	44.9
West Asia	858,954	4.0	81,040	3.5
South Asia	1,038,031	4.8	102,285	4.5
Southeast & East Asia	5,318,528	24.5	843,217	36.9
Oceania	93,446	0.4	6,471	0.3
Africa	1,128,904	5.2	34,401	1.5
North Africa	681,868	3.1	25,986	1.1
Other Africa	447,036	2.1	8,415	0.4
Total	21,690,163	100.0	2,288,227	100.0

[1]Includes only those exports for which destinations were reported. Destinations were unknown for less than 2 percent of total U.S. exports, by value, and for 31 percent of total exports by direct exporting cooperatives. Percentage figures are comparable but not dollar figures. Tobacco excluded in both series.

[2]Includes most direct and some indirect exports by all direct exporting cooperatives.

[3]U.S. total includes small quantities to Miquelon and St. Pierre Islands. Cooperative total for Canada only.

and relatively low in the remainder of Europe. They depended strongly on Southeast and East Asia, which includes Japan, but proportionately less than the national flow on North America, Latin America, and Africa.

Another way to compare the cooperative totals with national totals is to consider the former in terms of market volume shares. The cooperative dollar figures in table 6 are not directly comparable with the U.S. totals, but an analysis of all available information gives some indication of the relative importance of cooperatives in exports of agricultural commodities to major areas. Each cooperative share was determined by dividing the estimated value of cooperatives' direct exports by the comparable figure for total U.S. exports.

It is estimated that cooperative shares of major export market volumes were as follows in 1976:

	Co-op share as percent of total U.S. agricultural exports
Canada	6
Latin America	4
European Community	13
Other Europe	4
Japan	15
Other Asia	10
Oceania	6
Africa	3
Worldwide average	9

The foregoing comparisons indicate that cooperatives depend primarily on established foreign markets, and are somewhat reluctant to bear the higher delivery and payment risks to developing markets.

Foreign Offices and Representatives[6]

Each of the 73 cooperatives in the study group was asked how many sales offices it had in foreign countries in 1976 that were staffed by employees of the cooperative. The employees could be either Americans or foreigners. Sixty-one associations reported that they had no such offices. Two others did not reply, but 10 cooperatives reported that they had from 1 to 27 offices of this kind. The total number of offices was 41.

Three-fourths of the foreign sales offices were concerned with sales of fresh or processed fruit or both. Ten percent handled sales of raw cotton, and another 10 percent marketed grain. There were one or two offices each for poultry products, nuts, processed vegetables, soybeans, and oilseed and oilnut products. Some of the offices handled more than one of these commodities.

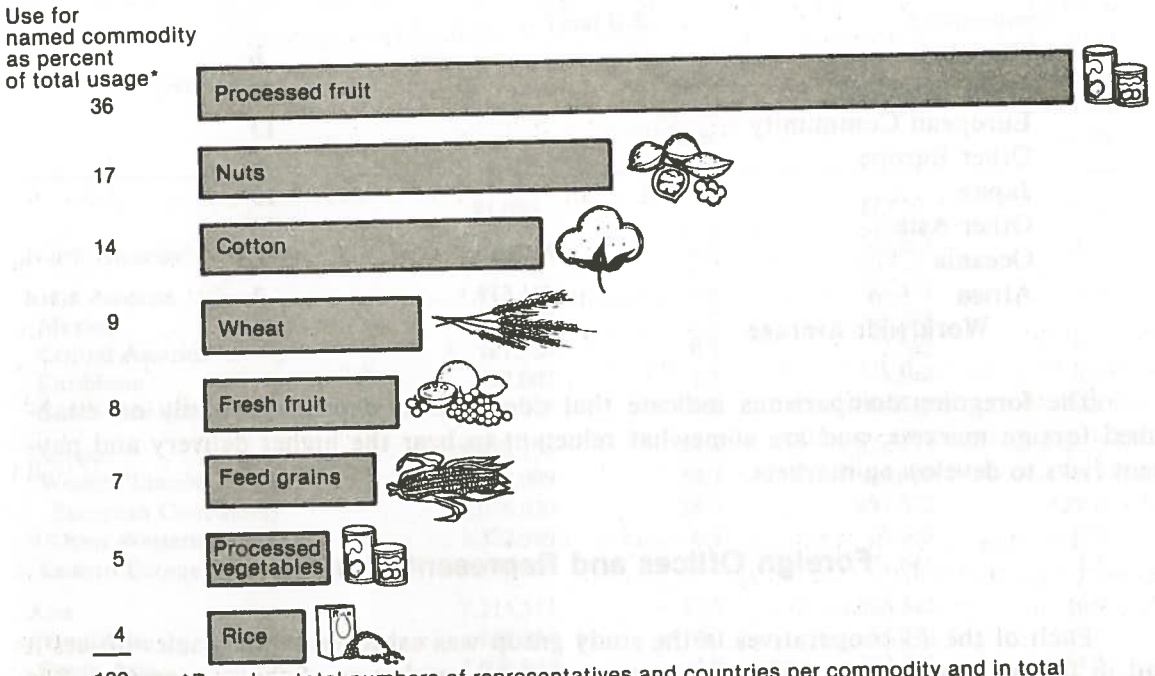
Since the cooperatives were not asked to identify the countries in which they had sales offices, an accurate geographic breakdown of the total is not possible. However, it is estimated that there were cooperative offices in nearly 30 countries.

Cooperatives in the study group also were asked to report the number of foreign countries in which they had foreign sales representatives in 1976. These were foreign individuals or firms that contracted to act as the cooperatives' sales representatives in foreign countries; they were not employees of the cooperatives, but were a part of the export sales structures. Twenty-five associations reported that they had no representatives of this kind, while five associations did not answer the question. The other 43 associations reported a large number of representatives.

Use of foreign sales representatives by cooperatives is illustrated in figure 5. Based on numbers of representatives and countries by commodity and for all commodities combined, processed fruit accounted for more than one-third (36 percent) of the cooperative use of this marketing channel. Processed and fresh fruit together had nearly half (44 percent) of the total.

[6]A discussion of the role of a foreign sales representative (or foreign sales agent) is given on pp. 32-36 of reference cited in footnote 2.

Figure 5 —
Use of foreign sales representatives, by commodity, for cooperative exports, 1976



*Based on total numbers of representatives and countries per commodity and in total

The figures for nuts (17 percent) and cotton (14 percent) become even more impressive when one considers that only seven U.S. cooperatives directly export those commodities.

Of the 43 cooperatives having foreign sales representatives, two of every five had representatives in 11 or more countries. More than half had representatives in six or more countries.

Since the individual countries were not identified by the cooperatives, and there was a great deal of duplication for some commodities in some countries, it is not possible to determine the exact number of countries involved. It is estimated that the cooperatives had foreign sales representatives in about 65 countries. However, this number includes some countries in which the representatives spent little time working on U.S. cooperative accounts; instead they spent most of the time on developing sales for other firms located in the United States or in other countries.

Data gathered in this and other studies support the following conclusions:

1. Most direct exporting cooperatives do not have foreign sales offices, but all of those associations with such offices depend greatly on foreign-stationed employees to develop and process export sales.

2. Most direct exporting cooperatives rely on foreign sales representatives to a significant degree to act as their overseas agents to develop sales overseas.

3. Establishment of a marketing structure in a foreign country is a key decisionmaking area for a direct exporting cooperative. The kind and degree of market penetration hinges on the choice of establishing a sales office, selecting a foreign sales representative, or both. This is an important phase of export marketing that deserves further study.

While the data concerning foreign offices and representatives were quite limited, it should be noted that this study was the first to obtain information of this kind on a nationwide basis. Thus the data provide a benchmark for future studies concerned with improving the sales programs and facilities of U.S. cooperatives in foreign countries.

Marketing Channels

Cooperatives use many marketing channels to move foods, feeds, and fibers from American farms to foreign consumers.

The term marketing channel is used here to identify the first export marketing firm in the sequence of firms between a cooperative seller and an ultimate consumer in a foreign country. That first firm may be a buyer or an intermediary. For example, if a cooperative sold through its foreign sales representative, the sale would be reported under the heading of "cooperative's foreign sales representative" no matter what kind of firm was the buyer. If, however, the cooperative sold directly to a foreign distributor—without involving its foreign sales representative—the sale would be reported as one to a "foreign distributor."

For any given commodity, it would be desirable to know the entire sequence of the export movement from the cooperative seller to the ultimate consumer. Such detail was beyond the scope of this study.

In the previous section on Direct and Indirect Exporting, 15 kinds of marketing channels—each a kind of intermediary or buyer—were described. They were used as criteria for classifying direct and indirect exporting activities.

Cooperatives' foreign sales offices are not classified as a kind of marketing channel; they are staffed by employees of the cooperatives. Foreign sales representatives have a special relationship with the cooperatives, but they are not employees and therefore are classified as a marketing channel.

Table 7 shows how extensively each marketing channel was used by cooperatives exporting specified groups of commodities in 1976. Further information for individual commodities is provided later in the report under commodity headings.

Data in table 7 are similar to but not identical with those in table 2. In the latter table, the percentages are weighted averages and show the exact proportions of cooperative volumes directly exported. In table 7, the percentages are averages unweighted by dollar volumes or numbers of sales, and show prevailing marketing patterns for cooperative use of the various marketing channels. Thus the two series of data reveal different aspects of the total picture. (A comparison of the two series is given in appendix table 3.)

The differences between commodity groups (table 7) are quite striking. Cooperatives' foreign sales representatives were the principal marketing channel for seven of the eight specific commodity groups: grains, fruits, nuts, vegetables, feeds and fodders, oilseeds and oilnuts, and cotton. Yet, of the total export-bound volumes for these commodity groups, the average percentages involved in this channel ranged from 17 for grains to 72 for nuts.

Within seven specific commodity groups, use by cooperatives of their foreign sales representatives as a channel ranged from 0 to 100 percent, in most cases. Nuts were a notable exception; no cooperative used such representatives for less than 65 or more than 79 percent of its exports.

Foreign end users are the top marketing channel for direct exports of animals and animal products. They received an average of 23 percent of the total export-bound

Table 7—Marketing channels of direct exporting cooperatives, by commodity group, 1976[1]

Channel through or to which sales were made	Animals and animal products	Grains and prepa-rations	Fruits and prepa-rations	Nuts & prepa-rations[2]	Vegetables and prepa-rations	Feeds and fodders	Oilseeds, oilnuts, and products	Cotton, raw, ex-cluding linters	Other agri. commodi-ties[3]	All agri. commodi-ties[4]
					Percent					
Direct exporting										
1. U.S. export broker	6	8	7	0	6	12	(5)	0	24	7
2. Cooperative's foreign sales representative	7	17	36	72	27	34	33	37	14	31
3. Foreign import broker or agent	3	0	(5)	0	1	0	2	0	0	1
4. Foreign distributor	14	6	19	5	22	29	12	28	5	16
5. Foreign retailer or assn. of retailers	1	1	8	0	6	0	7	0	1	3
6. Foreign end user	23	3	2	0	11	0	6	1	20	7
7. Japanese trading co. (if del'd. to port for Japan)	11	1	2	15	4	0	5	11	0	6
8. Foreign govt. purchasing agency/agent in foreign country	0	5	1	5	0	0	0	0	12	2
Total direct	65	41	81	97	77	75	65	77	76	73
Indirect exporting										
1. U.S. export agent	8	6	4	0	7	0	0	12	1	4
2. U.S. export management co.	0	0	0	0	4	12	2	0	0	2
3. U.S. export commission agent	1	0	(5)	2	2	0	3	0	0	1
4. U.S. export merchant	26	1	15	1	10	0	2	10	23	10
5. International grain trading co.	0	50	0	0	0	13	20	0	0	0
6. Foreign govt. w/office/ agent in U.S.	0	1	0	0	0	0	0	1	0	(5)
7. Japanese trading co. (if not del'd. to port or not for Japan)	0	1	0	0	0	0	8	0	0	1
Total indirect	35	59	19	3	23	25	35	23	24	27

[1]Unweighted averages.
[2]Excluding peanuts and products.
[3]Including cotton linters, field and garden seeds, essential oils, honey.
[4]Excluding tobacco.
[5]Less than 0.5 percent.

volume of these commodities. The range among individual associations in the group was from 0 to 100 percent.

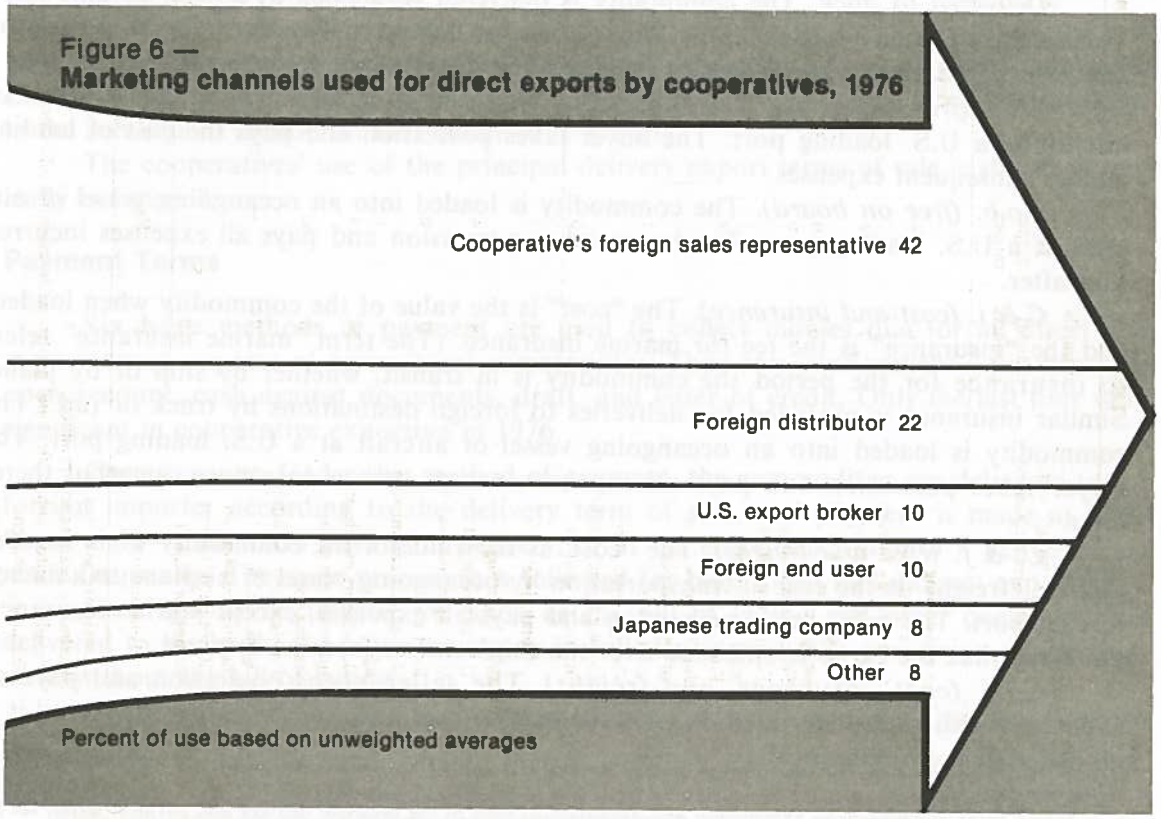
Foreign distributors were the second most important marketing channel for direct exports of seven commodity groups: animals and products, grains, fruits, vegetables, feeds and fodders, oilseeds and oilnuts, and cotton. The average per group varied from 6 percent for grains to 29 percent for feeds and fodders. The range among individual associations was from 0 to 100 percent.

Cooperatives' use of the marketing channels for direct exporting is shown in figure 6. This illustrates the importance to them of sales through foreign sales representatives and sales to foreign distributors.

In terms of indirect exporting, international grain trading companies and U.S. export merchants were the principal marketing channels. The international grain trading companies were important channels for export-bound volumes of grain, oilseeds, and feeds and fodders. U.S. export merchants took substantial proportions of the animals and animal products, fruits, vegetables, and cotton.

It is estimated that the major kinds of foreign buyers ranked as follows in terms of purchases of agricultural commodities from cooperatives in 1976:

1. Foreign distributor[7]
2. Foreign end user
3. Foreign retailer or association of retailers
4. Japanese trading company
5. Foreign government



[7]Including Zen-Noh, the Japanese importing cooperative.

This sales pattern does not fit all commodities, nor is it based on the physical or dollar quantities involved.

Terms of Sale

Selection of suitable delivery and payment terms is an important part of exporting. These terms are an integral part of the sales negotiation process, and directly affect the net margin or loss on a sale.[8]

Cooperative use of delivery and payment terms in 1976 is shown in separate tables. All of the data are average percentages unweighted by dollar volumes or numbers of sales. They show prevailing patterns in export marketing rather than the actual proportions of the total cooperative volume of each commodity sold under each term of sale. The data cover most but not all export-bound shipments made by the direct exporting cooperatives. They pertain only to those sales—direct or indirect—for which the cooperatives made deliveries to U.S. ports or foreign destinations.

Delivery Terms

The location at which title to a commodity is transferred from seller to buyer is determined by the delivery term used. Seven delivery terms are used by cooperatives, but 95 percent of their export sales are made under four of those terms: f.a.s., f.o.b., c.& f., and c.i.f.

Here is how each term, and its abbreviation if one is commonly used, indicates the point at which title to a shipment is transferred from seller to buyer:

Delivered to dock. The commodity is delivered to a dock at a U.S. loading port. The seller's financial responsibility ends with that delivery. The buyer takes possession and pays handling charges or fees at the dock and all subsequent expenses.

F.a.s. (free alongside). The commodity is placed alongside an oceangoing vessel or aircraft at a U.S. loading port. The buyer takes possession and pays the cost of loading and all subsequent expenses.

F.o.b. (free on board). The commodity is loaded into an oceangoing vessel or aircraft at a U.S. loading port. The buyer takes possession and pays all expenses incurred thereafter.

C.& i. (cost and insurance). The "cost" is the value of the commodity when loaded, and the "insurance" is the fee for marine insurance. (The term "marine insurance" refers to insurance for the period the commodity is in transit, whether by ship or by plane. Similar insurance is provided for deliveries to foreign destinations by truck or rail.) The commodity is loaded into an oceangoing vessel or aircraft at a U.S. loading port. The buyer takes possession and pays all expenses, except marine insurance, incurred thereafter.

C. & f. (cost and freight). The "cost" is the value of the commodity when loaded, and the "freight" is the cost of transportation by oceangoing vessel or airplane to a named foreign port. The seller keeps possession and pays all expenses, except marine insurance, up to the time the cargo is unloaded over the ship's rail or from an airplane.

C.i.f. (cost, insurance, and freight). The seller keeps possession and pays all expenses mentioned under c. & f., plus the cost of insurance on the commodity until it is unloaded at the foreign port.

[8]For a more comprehensive explanation and discussion of each of the principal delivery and payment terms, see pp. 39-53 of publication cited in footnote 2.

C.i.f. overland to buyer's inland facility. This is a modification of c.i.f. to cover rail and truck shipments from the seller's facility to some named foreign point at which the buyer takes possession. (It is used by cooperatives primarily for shipments to Canada.)

Data pertaining to use of these terms of sale are presented in table 8. As noted earlier, this table covers most but not all export-bound shipments made by direct exporting cooperatives. For example, large quantities of fresh and processed fruits are sold f.o.b. cooperative plant to Canadian buyers who handle all transportation arrangements and expenses from that point onward. Similarly, livestock associations make part or all of their direct and indirect sales f.o.b. cooperative facility. Some indirect exports of grain and meal involve sales to international grain trading companies f.o.b. cooperative inland elevator.

As shown in table 8, sales f.o.b. port were the most common of those involving cooperative delivery to a U.S. port or foreign destination. On the average, four-fifths of the oilseeds, oilnuts, and products, and nearly two-thirds of the grain were sold according to that delivery term.[9]

F.a.s. sales also were important, with 94 percent of the nuts, half of the feeds and fodders, and one-third of the cotton sold on that term.

About two-thirds of all sales covered in this analysis involved a transfer of title at a U.S. port, while nearly one-third involved delivery of the commodity to a foreign port.

Very few sales made by cooperatives in 1976 involved use of the c. & i. delivery term.[10]

On a combined value basis, grains accounted for 46 percent of all direct exports by cooperatives in 1976, but—as shown in table 8—an average of only 9 percent of the grain was sold for delivery to a foreign port.

Since the mail questionnaire did not list the delivered-to-dock delivery term, it is possible that some sales made on that basis were reported as f.a.s. or f.o.b. port sales. Errors, if any, most likely involved fruits and preparations; that possibility is considered in the subsequent section on that commodity group.

The cooperatives' use of the principal delivery export terms of sale is shown graphically in figure 7.

Payment Terms

Six basic methods of payment are used to collect monies due for all direct and most indirect exports of agricultural commodities. They are: consignment, joint account, open account, cash against documents, draft, and letter of credit. Only the last four were significant in cooperative exporting in 1976.

Open account. Under this method of payment, the commodities are delivered to the foreign importer according to the delivery term of sale, and payment is made at some future date—such as 30 days after delivery, or at the end of each month if deliveries are made frequently. The same procedure is followed for both direct and indirect exporting.

Cash against documents. As soon as the bill of lading and other documents are delivered to his bank, the buyer must pay in full. He cannot take possession of the shipment without the bill of lading.

Draft. A draft (or bill of exchange) is a financial document prepared by the

[9]As noted in the subsequent section on Grains, this general average pattern was not characteristic of any individual commodity.

[10]Only two cooperatives—one exporting processed fruits and the other rice—reported use of the c. & i. term for portions of their export sales.

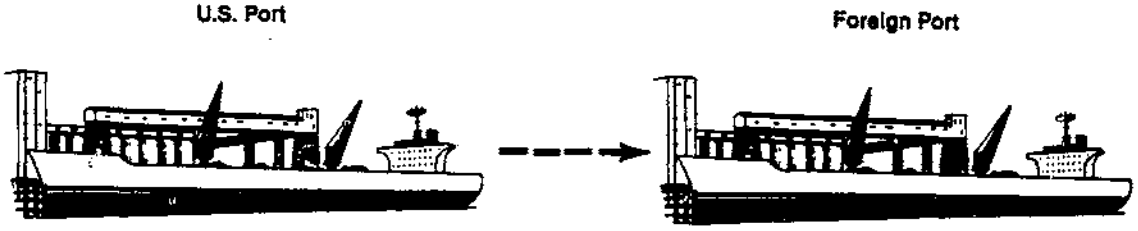
Table 8—Delivery terms used by direct exporting cooperatives, 1976[1]

Commodity group	Delivered to dock (U.S. port)	F.a.s. (U.S. port)	F.o.b. (U.S. port)	C. & i. (U.S. port)	C. & f. (Foreign port)	C.i.f. (Foreign port)	C.i.f. overland to buyer's inland facility	Total
				Percent				
Animals and animal products	8	28	23	0	15	24	2	100
Grains and preparations	0	27	63	1	9	(2)	(2)	100
Fruits and preparations	2	27	32	3	17	17	2	100
Nuts and preparations[3]	0	94	5	0	0	0	1	100
Vegetables and preparations	1	15	31	0	27	26	0	100
Feeds and fodders	0	52	17	0	7	24	0	100
Oilseeds, oilnuts, and products	0	3	81	0	1	0	15	100
Cotton, raw, excluding linters	0	32	46	0	7	15	(2)	100
Other agricultural[4]	0	21	34	0	4	40	1	100
Total[5]	2	26	39	1	13	17	2	100

[1]Including both direct and indirect exports by cooperatives making deliveries to U.S. ports or foreign destinations; unweighted averages.
[2]Less than 0.5 percent.
[3]Excluding peanuts and products.
[4]Including cotton linters, field and garden seeds, essential oils, honey.
[5]Excluding tobacco.

Figure 7 —
Cooperative use of export delivery terms of sale, 1976

Percent of total direct exports*



FOB 39
FAS 26

C & F 13
CIF 17

*Based on unweighted averages, and excluding 5 percent of sales made on terms other than those shown

exporter ordering the foreign importer to make prompt payment to a designated bank. It may be payable when received or after a specified number of days.

Letter of credit. This financial document provides for payment of commodities purchased, and includes provisions for a draft. Important conditions of sale are specified, some of which must be met by the buyer and others by the seller.

Of these four methods of payment, the open account is the simplest but most risky for the seller, and the letter of credit is the most complex but least risky.

The other two methods of payment—consignment and joint account—involve greater risk for the seller than any of the other four methods. They will not be discussed here because in 1976 cooperatives reported that they sold only a fraction of 1 percent of their agricultural exports by consignment, and none at all by joint account.[1]

Data pertaining to use of the four terms of payment are given in table 9. Their use varies with the delivery terms. Those with least stringent requirements are usually used for indirect sales to U.S. exporters, to long-established foreign customers, or to buyers in Canada and Western Europe. A letter of credit is never used for an indirect export, and seldom for sales to Canada or Western Europe, but is standard practice for sales to buyers in developing countries of Latin America, Africa, and Asia.

As shown in table 9, six of the eight specific commodity groups used the open account term for 30 to 41 percent of their exports. Sixteen percent of the grain—probably all indirect exports—was sold on this term, and only 6 percent of the cotton. For six of the eight groups, averages of 30 to 59 percent of the exports were made on the basis of

[1]About 2 percent of the fruits and preparations, and 0.33 percent of the animals and animal products were sold on consignment. These small quantities are accounted for in subsequent tables in the commodity sections of this report.

cash against documents. Thus these two terms of sale were used for more than two-thirds of the export sales covered by this table. The letter of credit was used for two-thirds of cotton sales, and for 21 to 29 percent of the exports by five other commodity groups.

Table 9—Payment terms used by direct exporting cooperatives, 1976[1]

Commodity group	Open account	Cash against documents	Draft (without letter credit)	Letter of credit	Total[2]
			Percent		
Animals and animal products	30	34	7	29	100
Grains and preparations	16	59	4	21	100
Fruits and preparations	41	30	5	24	100
Nuts and preparations[3]	35	51	0	14	100
Vegetables and preparations	31	42	14	13	100
Feeds and fodders	33	25	17	25	100
Oilseeds, oilnuts, and products	33	35	4	28	100
Cotton, raw, excluding linters	6	26	2	66	100
Other agricultural[4]	50	28	9	13	100
Total agricultural[5]	32	37	7	24	100

[1]Including both direct and indirect exports by cooperatives making deliveries to U.S. ports or foreign destinations; unweighted averages.

[2]Excluding sales on consignment of very small quantities of fruits and preparations, and animals and animal products; those sales are included in more detailed tables for those commodity groups.

[3]Excluding peanuts and products.

[4]Including cotton linters, field and garden seeds, essential oils, honey.

[5]Excluding tobacco.

Figure 8 —
Cooperative use of export payment terms of sale, 1976

Cents per sales dollar*

Letter of credit 24 | Draft (without letter of credit) 7 | Cash against documents 37 | Open account 32

*Based on unweighted averages

Cooperatives' use of the various payment terms for all commodities combined is shown graphically in figure 8.

International Transportation

Cooperatives arrange shipments, directly or through international freight forwarders or ship chartering agents, from the United States to foreign destinations via oceangoing vessel, airplane, truck, and railcar. Nearly all of the truck and railcar shipments are made to Canada, some to Mexico, and a few to Panama. The shipments via oceangoing vessel and airplane are to other foreign destinations.

Of the 73 direct exporting cooperatives, 51 reported that they arranged shipments of one or more commodities, 19 made no such arrangements, and three associations did not supply pertinent information.

The data received are summarized in table 10. They do not show how the entire volume of cooperative exports moved to foreign destinations. As shown in table 8, two-thirds of the export volume involves delivery to a U.S. port and in all such instances the buyer arranges for the international shipment. For example, of the nuts and preparations moved to U.S. ports or foreign destinations, 99 percent were sold f.a.s. or f.o.b. U.S. port, and 1 percent c.i.f. overland to buyers' inland facilities. Only the latter quantity would be reported in table 10; as indicated, those deliveries were all by truck.

Thus this table indicates which international shipping modes were used when cooperatives made the arrangements, and not when buyers made the arrangements. Further, the percentages show average use among the exporting cooperatives; the basic data were not weighted by dollar volumes or numbers of sales. Figure 9 illustrates the situation for all commodities combined.

Of all the identified commodity groups, the animal and animal products group had the largest shipments, in percentages, going by air (23 percent). Almost all of those foreign deliveries were of livestock. Large quantities of seeds also moved by air, plus

Table 10—Modes of transportation used for international shipments arranged by direct exporting cooperatives, 1976[1]

Commodity group	Ocean-going vessel	Airplane	Truck	Railcar	Total
			Percent		
Animals and animal products	75	23	2	0	100
Grains and preparations	97	0	0	3	100
Fruits and preparations	93	5	1	1	100
Nuts and preparations[2]	0	0	100	0	100
Vegetables and preparations	99	0	1	0	100
Feeds and fodders	83	0	17	0	100
Oilseeds, oilnuts, & products	37	0	40	23	100
Cotton, raw, excluding linters	100	0	0	(3)	100
Other agricultural[4]	73	25	2	(3)	100
Total[5]	85	6	7	2	100

[1]Including both direct and indirect exports; unweighted averages.
[2]Excluding peanuts and products.
[3]Less than 0.5 percent.
[4]Including cotton linters, field and garden seeds, essential oils, honey.
[5]Excluding tobacco.

relatively small volumes of fresh fruits. As one would expect, the commodities shipped by air were either highly perishable or of high value per pound.

The oilseeds, oilnuts, and products group was a major shipper via truck (40 percent), and the major shipper via rail (23 percent). A very high proportion of the truck and rail shipments—close to 100 percent—was destined for Canada.

Eighty-five percent of the total shipments arranged by or for cooperatives were transported via oceangoing vessel. If the data reflected the metric tons or dollar values of the commodities, the average proportion going via oceangoing vessel would be larger than 85 percent.

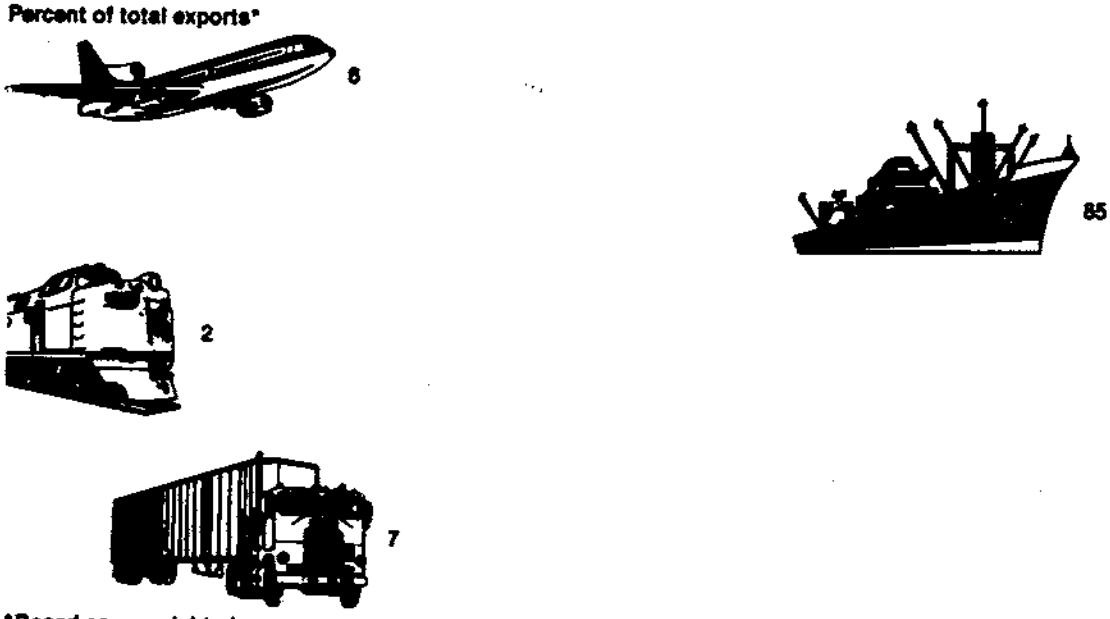
Commodity Export Reviews

This section of the report provides information about the individual commodities or subgroups included in each of the eight principal commodity groups identified in the previous section on Cooperative Participation in the Export Trade. That discussion was concerned with the overall trade situation, while the discussion here will focus on specific commodities.

There are additional data for these subjects: (1) Export values and shares; (2) countries of destination; (3) marketing channels; and (4) terms of sale.

No additional information is provided for these subjects: (1) Location and size of cooperatives; (2) foreign offices; and (3) international transportation.

Figure 9—
Transportation modes for international shipments by cooperatives, 1978



*Based on unweighted averages

It is important to remember certain differences in the data appearing in each of these commodity reviews. Numbers given for export values and shares, and countries of destination, were developed by simple addition or division and the averages were weighted by dollar volumes. In contrast, all data pertaining to marketing channels and terms of sale are average percentages unweighted by dollar volumes or numbers of sales. They show prevailing patterns in export marketing rather than the actual proportions of the total cooperative volume of each commodity sold to or through a given marketing channel or under a given term of sale. Further, the data for terms of sale are for only those export sales—direct or indirect—for which the cooperatives made deliveries to U.S. ports or foreign destinations. Most but not all sales involved such deliveries.

Animals and Products

Animals and animal products ranked sixth in value of the eight commodity groups exported by direct exporting cooperatives in 1976. This group does not appear to have the potential for rising above that position in the next several years, but the growth rate may be above average.

One relatively large exporting cooperative provided much of its poultry data in combination with data for other commodities. This meant that there were no usable poultry data from that cooperative for the destination, marketing channels, and sales term analyses covered in this section. No data of any kind were obtained for this study from the National Broiler Marketing Association. In June 1978 the U.S. Supreme Court ruled that association did not qualify as a farmer cooperative under the Capper-Volstead Act.

Export Values and Shares

The values of direct and indirect exports of animals and products by direct exporting cooperatives in 1976 are given in table 11. The category of "Other, mainly live animals" was number one in terms of both direct exports ($17.1 million) and total exports ($23.2 million). However, as shown in table 12, cooperatives' direct exports of these commodities represented less than 4 percent of total U.S. exports.

Poultry products was the second largest group in terms of direct exports ($16.5

Table 11—Animals and animal products; value of direct and indirect exports by direct exporting cooperatives, 1976

Commodity	Direct exports			Indirect exports			Total exports	
	Cooperatives	Value[1]	Percent of total exports	Cooperatives	Value[1]	Percent of total exports	Cooperatives	Value[1]
	Number	*$1,000*		*Number*	*$1,000*		*Number*	*$1,000*
Animals and animal products	[2]14	34,175	69.1	[2]7	15,303	30.9	[2]14	49,478
Red meats and products	3	427	6.5	([3])	6,100	93.5	3	6,527
Poultry products	6	16,482	85.3	3	2,850	14.7	6	19,332
Dairy products	([3])	208	52.3	([3])	190	47.7	([3])	398
Other, mainly live animals	6	17,058	73.5	3	6,163	26.5	7	23,221

[1]In U.S. dollars at U.S. loading port.
[2]Some associations export more than one of the listed commodities.
[3]Fewer than three associations.

Table 12—Animals and animal products: value of direct exports by cooperatives compared with total United States exports, 1976

Commodity	Total U.S.	Cooperatives		
		Associations	Value[1]	Percent of total U.S.
	$1,000	*Number*	*$1,000*	
Animals and animal products	2,379,563	[2]14	34,175	1.4
Red meats and products	617,434	3	427	([3])
Poultry products	262,470	6	16,482	6.3
Dairy products	142,238	([4])	208	([3])
Cattle hides, whole	462,128	0	0	0
Oils and fats	443,327	0	0	0
Other, mainly live animals	451,966	6	17,058	3.8

[1]In U.S. dollars at U.S. loading port.
[2]Some associations export more than one of the listed commodities.
[3]Less than 0.05 percent.
[4]Fewer than three associations.

million) and total exports ($19.3 million). The direct exports of these products represented 6.3 percent of the national total—the highest cooperative share for any commodity in the animal and products group. Direct exports represented 85.3 percent of total cooperative exports of poultry products; this was the highest proportion of direct exports for any commodity in the group.

Total cooperative exports of red meats and products ($6.5 million), were relatively low and direct exports represented an insignificant share of total U.S. exports of this commodity subgroup.

Cooperative exports of dairy products were very small.

Export value amounts and cooperative share percentages are illustrated in figure 10.

Countries of Destination

Of the cooperative exports of animals and products for which destinations were given, about 58 percent were made to Canada in 1976 (table 13). This was a greater dependence on that market than for any other major commodity group.

Nearly 17 percent of the animals and products went to the European Community, and 16 percent to Southeast and East Asia.

Canada received only 18 percent of the reported exports of red meats and products, and the European Community 81 percent. Within the European Community, France was the major market. Vying for second place were the Netherlands, Belgium/Luxembourg, and the United Kingdom. A small quantity also went to West Germany.

Countries of destination were not reported for almost two-thirds of cooperative poultry products exports in 1976. Japan, Hong Kong, and Saudi Arabia accounted for 60 percent of the reported exports.

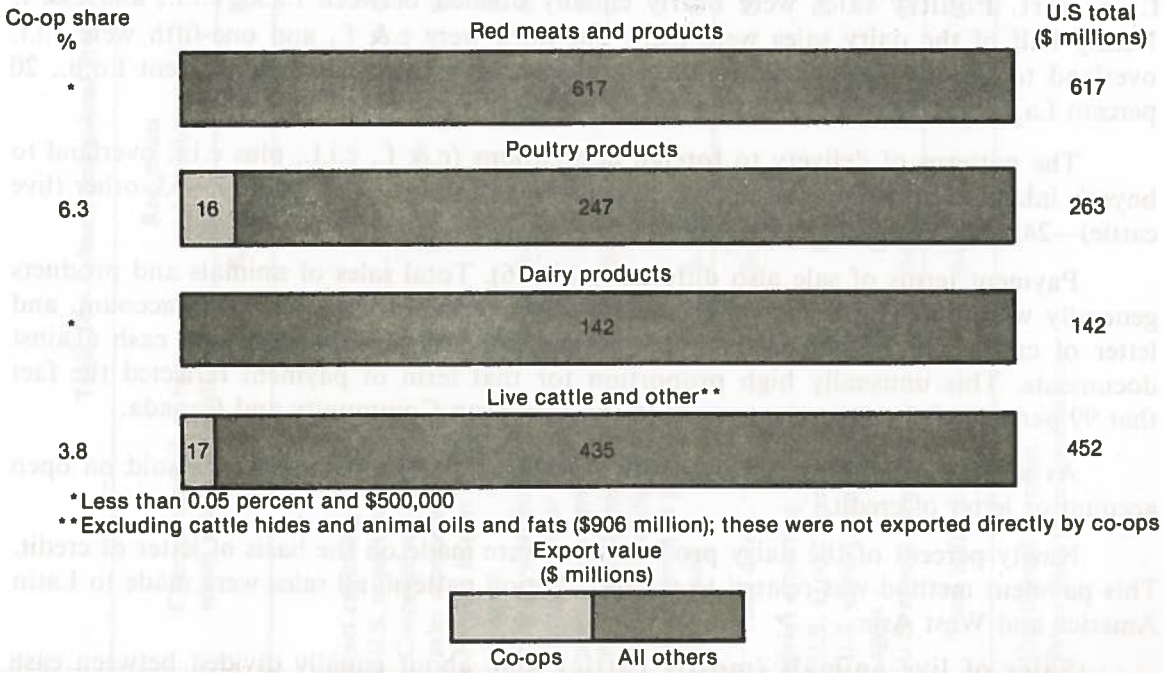
The small volume of dairy products exported by cooperatives all went to Latin American and West Asian countries.

Table 13—Animals and animal products: cooperative exports by destination, 1976[1]

Destination	Red meats & products	Poultry products	Dairy products	Other[2]	Total
			$1,000		
NORTH AMERICA (Canada)	1,200	0	0	19,381	20,581
LATIN AMERICA	0	627	158	335	1,120
Mexico	0	0	80	262	342
Central America	0	0	40	33	73
Caribbean	0	627	38	3	668
South America	0	0	0	37	37
EUROPE	5,300	600	0	305	6,205
Western Europe	5,300	600	0	305	6,205
European Community	5,300	400	0	165	5,865
Other Western	0	200	0	140	340
ASIA	22	5,315	50	2,200	7,587
West Asia	0	1,915	50	0	1,965
Southeast & East Asia	22	3,400	0	2,200	5,622
Total reported	6,522	6,542	208	22,221	35,493
Unknown/unreported	5	12,790	190	1,000	13,985
Total	6,527	19,332	398	23,221	49,478

[1]Includes both direct and indirect exports of all cooperatives engaged in direct exporting.
[2]Mostly live animals.

Figure 10 —
Animals and products: cooperative shares of total U.S. exports, 1976



*Less than 0.05 percent and $500,000
**Excluding cattle hides and animal oils and fats ($906 million); these were not exported directly by co-ops

Live animals, mostly cattle, represented a high proportion of the exports in the "Other" category; 87 percent went to Canada, and 10 percent to Japan.

Marketing Channels

As shown in table 14, the marketing channel most often used for cooperatives' direct exports of animals and products in 1976 consisted of foreign end users. However, U.S. export merchants (indirect exporting) took a slightly higher proportion of the total exports, 26 compared to 23 percent.

The pattern for red meats and products was 36 percent direct to Japanese trading companies, 31 percent to foreign distributors, and 31 percent to U.S. export merchants.

U.S. export merchants, with 35 percent of total exports, apparently were the largest marketing channel for poultry products. U.S. export brokers also played a key role and were involved in 23 percent of the total exports. Japanese trading companies (11 percent) and foreign end users (10 percent) accounted for most of the rest.

U.S. export merchants were also the principal marketing channel for dairy products, taking almost half of the export-bound volume. Foreign import brokers or agents received 26 percent, and foreign end users 19 percent of the cooperative exports.

Terms of Sale

Delivery terms of sale varied considerably within the animals and products group (table 15). Only one of the subgroups used the delivered-to-the-dock term or the c.i.f. overland to buyer's inland facility. No one of the six delivery terms was used by all four of the subgroups.

The general pattern for red meats was a 50-50 split between delivered to dock and f.a.s. port. Poultry sales were nearly equally divided between f.a.s., c.i.f., and c.& f. Nearly half of the dairy sales were c.i.f., one-third were c.& f., and one-fifth were c.i.f. overland to buyer's inland facility. Other sales, mainly cattle, were 56 percent f.o.b., 20 percent f.a.s., and 20 percent c.i.f.

The patterns of delivery to foreign destinations (c.& f., c.i.f., plus c.i.f. overland to buyer's inland facility) were as follows in percentages: dairy—100; poultry—63; other (live cattle)—24; and red meats and products—0.

Payment terms of sale also differed (table 16). Total sales of animals and products generally were divided about equally among cash against documents, open account, and letter of credit. Of the red meats and products sales, 88 percent were sold cash against documents. This unusually high proportion for that term of payment reflected the fact that 99 percent of those products went to the European Community and Canada.

As a general pattern, more than two-thirds of the poultry meat was sold on open account or letter of credit.

Ninety percent of the dairy product sales were made on the basis of letter of credit. This payment method was related to the distribution pattern; all sales were made to Latin America and West Asia.

Sales of live animals (mostly cattle) were about equally divided between cash against documents, open account, and letter of credit.

Table 14—Animals and animal products: marketing channels used by direct exporting cooperatives 1976[1]

Channel through or to which sales were made	Red meats and products		Poultry products		Dairy products		Other, mainly live animals		Total	
	Range	Av.	Range	Av.	Range	Av.	Range	Av.	Range	Av.
					Percent					
Direct exporting										
1. U.S. export broker	0	0	0-80	23	0	0	0	0	0-80	6
2. Cooperative's foreign sales representative	0	0	0-15	4	(2)	7	0-55	12	0-55	7
3. Foreign import broker or agent	0	0	0-15	4	(2)	26	0	0	0-26	3
4. Foreign distributor	0-92	31	0-15	4	0	0	0-100	14	0-100	14
5. Foreign retailer or assn. of retailers	0	0	0-15	4	0	0	0	0	0-15	1
6. Foreign end user	0-6	2	0-40	10	(2)	19	0-100	41	0-100	23
7. Japanese trading co. (if delivered to port for Japan)	0-100	36	0-25	11	0	0	0-15	2	0-100	11
Total direct	0-100	69	0-80	60	(2)	52	0-100	69	0-100	65
Indirect exporting										
1. U.S. export agent	0	0	0-20	5	0	0	0-70	15	0-70	8
3. U.S. export commision agent	0	0	0	0	0	0	0-15	2	0-15	1
4. U.S. export merchant	0-94	31	0-97	35	(2)	48	0-100	14	0-100	26
Total indirect	0-94	31	0-97	40	(2)	48	0-100	31	0-100	35

[1]Unweighted averages.
[2]Fewer than three associations.

Table 15—Animals and animal products: delivery terms used by direct exporting cooperatives, 1976[1]

Commodity	Delivered to dock (U.S. port)	F.a.s. (U.S. port)	F.o.b. (U.S. port)	C. & f. (Foreign port)	C.i.f. (Foreign port)	C.i.f. overland to buyer's inland facility	Total
				Percent			
Animals and animal products	8	28	23	15	24	2	100
Red meats and products	50	50	0	0	0	0	100
Poultry products	0	34	3	29	34	0	100
Dairy products	0	0	0	33	47	20	100
Other, mainly live animals	0	20	56	4	20	0	100

[1]Including both direct and indirect exporting by cooperatives making deliveries to U.S. ports or foreign destinations; unweighted averages.

Table 16—Animals and animal products: payment terms used by direct exporting cooperatives, 1976[1]

Commodity	Consign-ment	Open account	Cash against documents	Draft (without letter of credit)	Letter of credit	Total
			Percent			
Animals and animal products	(2)	30	34	7	29	100
Red meats and products	0	12	88	0	0	100
Poultry products	0	38	15	16	31	100
Dairy products	0	10	0	0	90	100
Other, mainly live animals	1	32	36	3	28	100

[1]Including both direct and indirect exporting by cooperatives making deliveries to U.S. ports or foreign destinations; unweighted averages.
[2]Less than 0.5 percent.

Grains and Preparations

Grains and preparations ranked first in value of the eight specific commodity groups exported by direct exporting cooperatives in 1976. Accounting for over half of the total cooperative exports of all agricultural commodities, they are likely to remain in the number one spot during the foreseeable future.

In this report the word grains refers to wheat, rice, and feed grains (corn, grain sorghum, barley, and oats). This is the classification used in other U.S. Department of Agriculture export tabulations. Sometimes grains is used in the context of trade rather than of product classification. Wheat, feed grains, and soybeans are exported in essentially the same manner and by the same firms. They are the principal commodities referred to by the term international grain trade, even though a soybean actually is an oil-

seed rather than a grain. Rice is a grain exported in large volumes, but it flows through different marketing channels and usually is not considered to be part of the international grain trade.

An insignificant amount of grain preparations ($59,000 of over $1.8 billion of grains and preparations) was exported by cooperatives in 1976. Those exports are recognized in each of the statistical tables, but the discussion is limited to grains.

Export Values and Shares

The value of direct and indirect exports of grains by direct exporting cooperatives in 1976 is given in table 17. Feed grains, largely corn and grain sorghum, were number one in direct exports ($490 million), while wheat was number one in indirect and total exports ($524 million and $881 million). In each instance, rice ranked third in terms of dollar volume. However, of all other agricultural commodities, only two—soybeans at $555 million and cotton at $263 million—had larger total volumes of cooperative exports than rice at $245 million. Thus rice was fourth largest of all commodities in total exports by direct exporting cooperatives in 1976.

Direct exports as a proportion of total cooperative exports in 1976 were much higher for feed grains (72 percent) than for wheat (41 percent) or rice (35 percent). These figures were comparable to those for direct exports by four cooperatives in 1974, according to another study; the proportions then reported were feed grains—82 percent, and wheat—40 percent.[12]

Few cooperatives directly exported grains in 1976: six for rice, four for wheat, and three for feed grains.

As shown in table 18, the cooperative share of total U.S. exports in 1976 was substantially higher for rice (13.5 percent) than for wheat (9.2 percent) or feed grains (8.2 percent). Data for the latter two commodities are available for four cooperatives in 1974.[13] The cooperative share for wheat rose significantly from 5.5 percent in 1974 to 9.2 percent in 1976, while the cooperative share of feed grains declined slightly from 8.5 to 8.2 percent.

Table 17—Grains and preparations: value of direct and indirect exports by direct exporting cooperatives, 1976

Commodity	Direct exports			Indirect exports			Total exports	
	Cooperatives	Value[1]	Percent of total exports	Cooperatives	Value[1]	Percent of total exports	Cooperatives	Value[1]
	Number	*$1,000*		*Number*	*$1,000*		*Number*	*$1,000*
Grains and preparations	[2]11	931,549	51.5	[2]12	878,407	48.5	[2]14	1,809,956
Wheat	4	356,207	40.5	7	524,409	59.5	7	880,616
Rice	6	84,963	34.6	5	160,399	65.4	6	245,362
Feed grains	3	490,320	71.7	6	193,599	28.3	7	683,919
Preparations	([3])	59	100.0	0	0	0	([3])	59

[1]In U.S. dollars at U.S. loading port.
[2]Some associations export more than one of the listed commodities.
[3]Fewer than three associations.

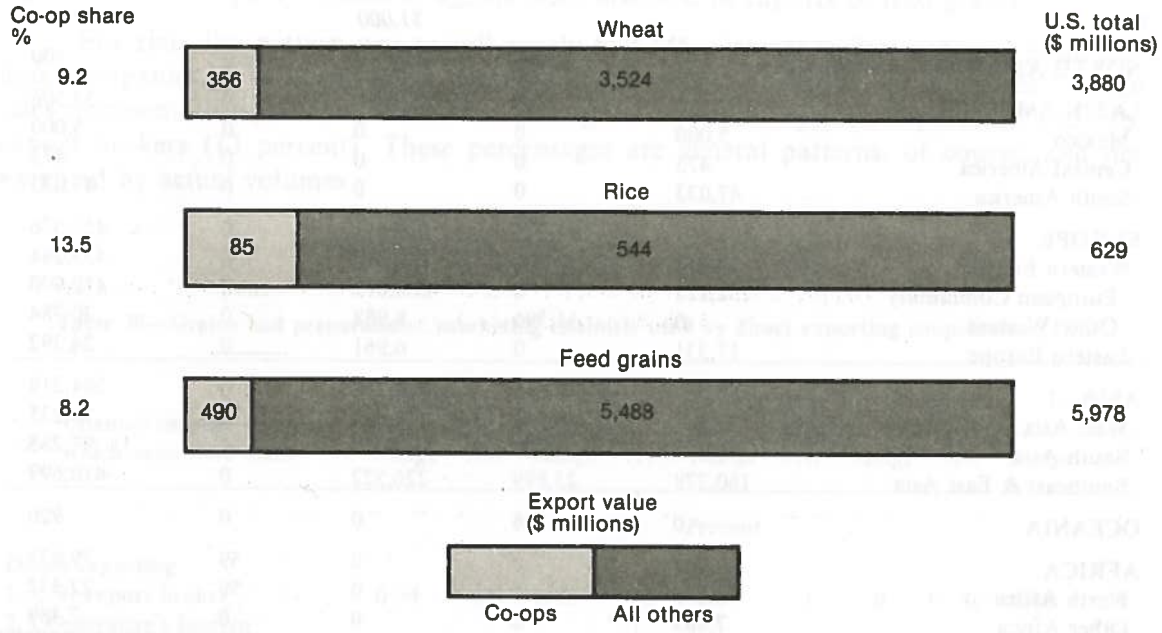
[12]Stanley K. Thurston, Michael J. Phillips, James E. Haskell, and David Volkin, "Improving the Export Capability of Grain Cooperatives." Farmer Cooperative Service, U.S. Dept. of Agriculture, FCS Research Report 34. June 1976. 90 pp. See pp. 44-45. Less than four associations exported either commodity.
[13]Ibid, p. 45.

Table 18—Grains and preparations: value of direct exports by cooperatives compared with total United States exports, 1976

Commodity	Total U.S.	Cooperatives		
		Associations	Value[1]	Percent of total U.S.
	$1,000	*Number*	*$1,000*	
Grains and preparations	10,875,277	[2]11	931,549	8.6
Wheat	3,879,840	4	356,207	9.2
Rice	628,704	6	84,963	13.5
Feed grains	5,978,040	3	490,320	8.2
Preparations	388,693	([3])	59	([4])

[1]In U.S. dollars at U.S. loading port.
[2]Some associations export more than one of the listed commodities.
[3]Fewer than three associations.
[4]Less than 0.05 percent.

Figure 11 —
Grains: cooperative shares of total U.S. exports, 1976



Export value amounts and cooperative share percentages are illustrated in figure 11.

Countries of Destination

Countries of destination were reported for 75 percent of the feed grains, 58 percent of the wheat, and 41 percent of the rice exported by direct exporting cooperatives in 1976.

As shown in table 19, destinations were reported for wheat valued at $511 million—of this, $259 million was delivered to Asia. Japan led with imports of over $109 million, West Germany was second with $107 million, and India third with $72 million. Those three countries received 56 percent of the wheat exported by cooperatives, although shipments to 20 additional countries were reported.

The European Community, with a volume of $261 million, was the largest integrated market for cooperative supplies of feed grains in 1976. Feed grains valued at $122 million were destined for the Netherlands, and $79 million for West Germany, although much of that sent to the Netherlands presumably was transshipped to West Germany. Among individual nations, Japan was the principal destination for feed grains ($224 million).

Destinations were reported for rice valued at $102 million (table 19). About 45 percent ($45.5 million) went to West Asia. Nearly 90 percent of that went to Saudi Arabia. Bangladesh ($19 million) and the Republic of Korea ($18 million) also were major importers.

Table 19—Grains and preparations: cooperative exports by destination, 1976[1]

Destination	Wheat	Rice	Feed grains	Preparations	Total
			$1,000		
NORTH AMERICA - Canada	0	800	0	0	800
LATIN AMERICA	52,506	0	0	0	52,506
Mexico	5,000	0	0	0	5,000
Central America	473	0	0	0	473
South America	47,033	0	0	0	47,033
EUROPE	169,559	11,396	276,621	0	457,576
Western Europe	152,228	11,396	269,660	0	433,284
European Community	152,228	0	260,672	0	412,900
Other Western	0	11,396	8,988	0	20,384
Eastern Europe	17,331	0	6,961	0	24,292
ASIA	259,157	88,665	236,397	0	584,219
West Asia	20,801	45,559	9,875	0	76,235
South Asia	78,078	19,207	0	0	97,285
Southeast & East Asia	160,278	23,899	226,522	0	410,699
OCEANIA	0	926	0	0	926
AFRICA	29,762	0	0	59	29,821
North Africa	22,273	0	0	59	22,332
Other Africa	7,489	0	0	0	7,489
Total reported	510,984	101,787	513,018	59	1,125,848
Unknown/unreported	369,632	143,575	170,901	0	684,108
Total	880,616	245,362	683,919	59	1,809,956

[1]Includes both direct and indirect exports of all cooperatives engaged in direct exporting.

Marketing Channels

Many persons think of the international grain trade as being highly standardized. As the following data show, even within the cooperative sector marketing channels vary for different commodities.

The general pattern for use of marketing channels by direct exporting grain cooperatives in 1976 was to sell half to international grain trading companies (table 20). About 17 percent of the total export-bound volume, and 41 percent of the direct export volume, were sold through cooperatives' foreign sales representatives. The third largest marketing channel was the U.S. export broker with 8 percent of total exports and 20 percent of direct exports. Japanese trading companies handle large volumes of U.S. grain exports, but they were of almost no significance to direct exporting cooperatives in 1976.

Of the wheat exported directly and indirectly by cooperatives, an average of 59 percent was sold to international grain trading companies, the highest proportion for any grain. Most of the rest moved through cooperatives' foreign sales representatives (16 percent) and U.S. brokers (10 percent).

Feed grains moved through international grain trading companies (53 percent), foreign distributors (20 percent—and the only significant use of this channel for grain), cooperatives' foreign sales representatives (15 percent), and foreign end users (9 percent—again the only significant use of a channel for grain). Unlike the situation for other grains, almost no U.S. export brokers or agents were involved in exports of feed grains.

For rice, the pattern was to sell nearly half (46 percent) to international grain trading companies, a relatively high proportion (23 percent) through cooperatives' foreign sales representatives, and the remainder through U.S. export agents (16 percent), and U.S. export brokers (13 percent). These percentages are general patterns, of course, and not weighted by actual volumes.

Table 20—Grains and preparations: marketing channels used by direct exporting cooperatives, 1976[1]

Channel through or to which sales were made	Wheat		Rice		Feed grains		Preparations		Total	
	Range	Av.	Range	Av.	Range	Av.	Range	Av.	Range	Av.
					Percent					
Direct exporting										
1. U.S. export broker	0-34	10	0-80	13	0-6	1	0	0	0-80	8
2. Cooperative's foreign sales representative	0-42	16	0-100	23	0-48	15	0	0	0-100	17
4. Foreign distributor[2]	0	0	0-1	(3)	0-89	20	0	0	0-89	6
5. Foreign retailer or assn. of retailers	0-20	3	0	0	0	0	0	0	0-20	1
6. Foreign end user	0	0	0-5	1	0-54	9	0	0	0-54	3
7. Japanese trading co. (if delivered to port for Japan)	0-6	2	0	0	0-8	1	0	0	0-8	1
8. Foreign govt. purchasing agency/agent in foreign country	0	0	0	0	0	0	(4)	100	0-100	5
Total direct	0-42	31	0-100	37	0-89	46	(4)	100	0-100	41
Indirect exporting										
1. U.S. export agent	0-30	5	0-90	16	0	0	0	0	0-90	6
4. U.S. export merchant	0-4	1	0-5	1	0-4	1	0	0	0-5	1
5. International grain trading co.	15-100	59	0-95	46	0-100	53	0	0	0-100	50
6. Foreign govt. with office/agent in U.S.	0-12	3	0	0	0	0	0	0	0-12	1
7. Japanese trading co. (if not delivered to port or not for Japan)	0	1	0	0	0	0	0	0	0-6	1
Total indirect	0-100	69	0-95	63	0-100	54	0	0	0-100	59

[1]Unweighted averages.
[2]Including Zen-Noh, the Japanese cooperative.
[3]Less than 0.5 percent.
[4]Fewer than three associations.

Terms of Sale

The cooperative use patterns for delivery and payment terms of sale for wheat and feed grains are very similar, but they differ considerably from those for rice. This situation reflects differences in the commodities. Wheat and feed grains are shipped in unprocessed form and in bulk; that is, they are not packaged but are loaded directly into open holds of ships. Rice is processed prior to shipment, and is shipped in bags or packages; further, essentially all of it is sold for food use so requirements for preserving quality in transit tend to be more rigorous.

In 1976, the delivery term pattern for direct exporting cooperatives was f.o.b. U.S. port for 96 percent of their export wheat and 100 percent of the feed grains (table 21). The remaining 4 percent of the wheat was sold c.& f. foreign port. Thus only 4 percent of the wheat and none of the feed grains were sold on the basis of delivery to a foreign port.

The delivery terms of sale used by cooperatives for direct and indirect exports of wheat and feed grains appear to be of special interest at this time. Therefore, calculations were made to determine the weighted average volumes (dollar value basis) actually sold in 1976 according to each term of sale. Since 100 percent of the feed grains delivered to U.S. ports or foreign destinations was sold f.o.b., no calculations were necessary; the weighted average also was 100 percent. Of the wheat delivered to U.S. ports or destinations for direct export, or for sale to others for export, 95.4 percent was sold f.o.b. and 4.6 percent c.& f. These weighted averages were only six-tenths of 1 percent lower or higher than those given in table 21 as the pattern; that is, 96 percent f.o.b. and 4 percent c.& f.

The delivery term pattern in 1976 for direct exporting cooperatives that exported rice, or sold it for export, was to sell 87 percent f.a.s. U.S. port. (This compared to zero f.a.s. for wheat and feed grains). Another 6 percent of the rice was sold f.o.b., 2 percent c.& i.[14] and 5 percent was sold delivered to foreign destinations (table 21).

Use of payment terms of sale also varied among the three commodity subgroups (table 22). Cash against documents prevailed for feed grains and wheat, with about 99 percent for the former and 69 percent for the latter. However, 24 percent of the wheat and only 1 percent of the feed grains normally were sold by letter of credit.

Table 21—Grains and preparations: delivery terms used by direct exporting cooperatives, 1976[1]

Commodity	F.a.s. (U.S. port)	F.o.b. (U.S. port)	C. & i. (U.S. port)	C. & f. (Foreign port)	C.i.f. (Foreign port)	C.i.f. overland to buyer's inland facility	Total
				Percent			
Grains and preparations	27	63	1	9	(2)	(2)	100
Wheat	0	96	0	4	0	0	100
Rice	87	6	2	4	(2)	1	100
Feed grains	0	100	0	0	0	0	100
Preparations	0	0	0	100	0	0	100

[1]Including both direct and indirect exporting by cooperatives making deliveries to U.S. ports or foreign destinations; unweighted averages.

[2]Less than 0.5 percent.

[14]Only one rice cooperative used this unusual term for a portion of its export sales. No other grain association used the term.

Table 22—Grains and preparations: payment terms used by direct exporting cooperatives, 1976[1]

Commodity	Open account	Cash against documents	Draft (without letter of credit)	Letter of credit	Total
		Percent			
Grains and preparations	16	59	4	21	100
Wheat	0	69	7	24	100
Rice	50	22	5	23	100
Feed grains	0	99	(2)	1	100
Preparations	0	0	0	100	100

[1]Including both direct and indirect exporting by cooperatives making deliveries to U.S. ports or foreign destinations; unweighted averages.
[2]Less than 0.5 percent.

Half of the rice was sold on open account, with most of the remainder about equally divided between cash against documents and letter of credit.

As with other agricultural commodities, the selection of the payment term used for grain was based largely on the kind of buyer, delivery term of sale, and foreign destination. An unusual feature was the almost exclusive use of cash against documents for large exports of feed grains to Japan.

Fruits and Preparations

Fruits and preparations ranked third in value of the eight specific commodity groups exported by direct exporting cooperatives in 1976. This group also ranked a close second in cooperative shares of U.S. exports that year. Further, it ranked first in number of direct exporting cooperatives; with 29 associations involved, this classification had more than double the number of those in any other group.

Several of the cooperatives have long led the fruit industry in exporting, with brand names that are recognized by consumers in many countries. If there were such a thing as a contest for the title of "prestige group" among exporting cooperatives, the group marketing fruit would be a leading contender.

Export Values and Shares

The values of direct and indirect exports of fruits and preparations by direct exporting cooperatives in 1976 are given in table 23. Fresh citrus ($187 million) accounted for nearly two-thirds of the direct exports, 70 percent ($31 million) of the indirect exports, and 65 percent ($218 million) of total exports of this commodity group in 1976.

Direct exports of fruits and preparations by cooperatives totaled $293 million in 1976. More than four-fifths of this total was exported by associations with headquarters in California. Most of the remainder came from Florida. This was remarkable geographic concentration in terms of both commodity production and cooperative enterprise.

The processed fruit subgroup had by far the largest number of direct exporting associations (17) of any subgroup in any of the principal commodity groups. It also had a remarkably high percentage (95.3) of direct exports. The percentages of direct exports were also high for noncitrus fresh fruit (55.2) and fresh citrus (85.7).

Table 23—Fruits and preparations: value of direct and indirect exports by direct exporting cooperatives, 1976

Commodity	Direct exports			Indirect exports			Total exports	
	Cooperatives	Value[1]	Percent of total exports	Cooperatives	Value[1]	Percent of total exports	Cooperatives	Value[1]
	Number	*$1,000*		*Number*	*$1,000*		*Number*	*$1,000*
Fruits and preparations	[2]27	292,704	86.9	[2]17	44,193	13.1	[2]29	336,897
Citrus, fresh	6	186,874	85.7	3	31,130	14.3	6	218,004
Other fruit, fresh	9	10,347	55.2	6	8,383	44.8	9	18,730
All processed fruit[3]	17	95,483	95.3	10	4,680	4.7	20	100,163

[1]In U.S. dollars at U.S. loading port.
[2]Some associations export more than one of the listed commodities.
[3]Canned, frozen, dried.

As shown in table 24, 70 percent of the fresh citrus exported from the United States in 1976 was directly exported by cooperatives. Another 12 percent was moved into export marketing channels by these cooperatives and then exported by other firms.

More than 28 percent of the processed fruit exported from the United States in 1976 was directly exported by cooperatives. Only 6 percent of noncitrus fresh fruit (apples, cherries, strawberries, etc.) was exported directly by cooperatives.

Export value amounts and cooperative share percentages are illustrated in figure 12.

Figure 12 —
Fruits and preparations: cooperative shares of total U.S. exports, 1976

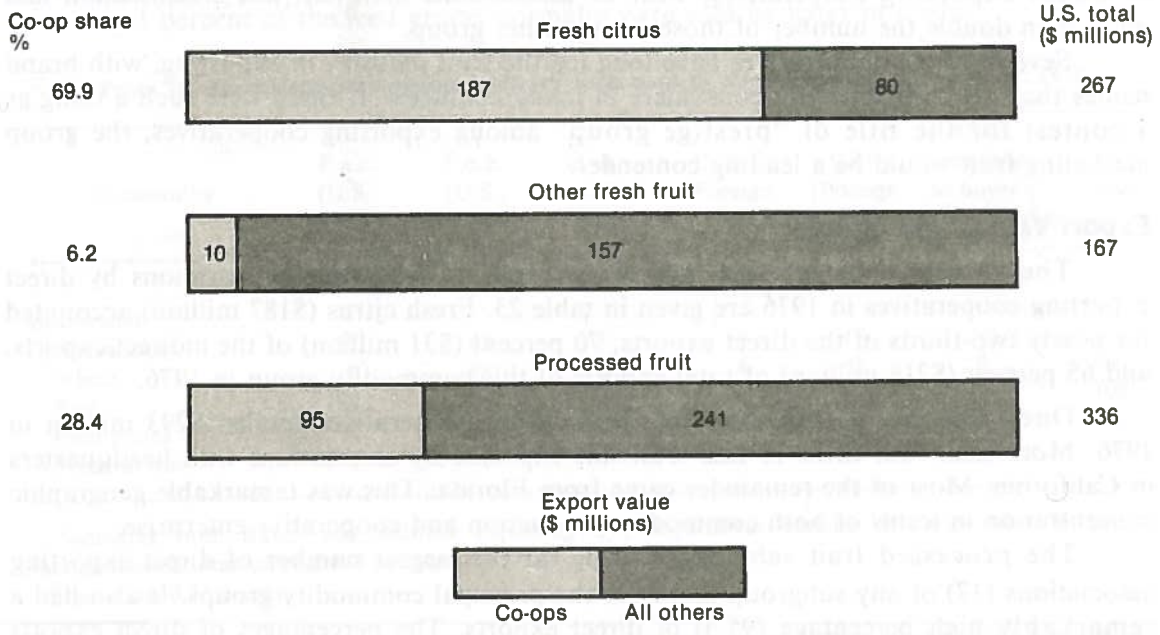


Table 24—Fruits and preparations: value of direct exports by cooperatives compared with total United States exports, 1976

Commodity	Total U.S.	Cooperatives		
		Associations	Value[1]	Percent of total U.S.
	$1,000	*Number*	*$1,000*	
Fruits and preparations	770,079	[2]27	292,704	38.0
Citrus, fresh	267,242	6	186,874	69.9
Other fruit, fresh	167,109	9	10,347	6.2
All processed fruit[3]	335,728	17	95,483	28.4

[1]In U.S. dollars at U.S. loading port.
[2]Some associations export more than one of the listed commodities.
[3]Canned, frozen, dried.

Countries of Destination

About 41 percent of the cooperative exports of fruits and preparations for which destinations were given were made to Europe; 37 percent went to Asia, and 18 percent to North America (Canada).

Southeast and East Asia ($96 million), and the European Community ($52 million), were the leading destinations for exports of fresh citrus marketed by cooperatives in 1976 (table 25). For reported shipments to individual countries, Japan was the leading market ($66 million), followed by Canada ($33 million). The Netherlands and France also were major importers.

Western Europe received more than half ($53 million) of all cooperative exports of processed fruit in 1976. Of that quantity, almost two-thirds ($34 million) went to the European Community. Among individual countries, Canada led ($18 million), followed by Japan ($13 million). Other major markets were the United Kingdom, Sweden, Denmark, Netherlands, West Germany, France, and Italy.

Canada was an important market for all fruits exported by cooperatives in 1976, but it was especially important for the smallest subgroup, noncitrus fresh fruit; it took 40 percent of those exports. Japan was also an important market for such fresh fruit.

Marketing Channels

The largest single marketing channel for cooperatives' direct exports of fruits and preparations in 1976 was their foreign sales representatives with 36 percent (see table 26).

Seventy-eight percent of the total exports of fruits and preparations moved through five marketing channels: cooperatives' foreign sales representatives, foreign distributors, foreign retailers, Japanese trading companies, and U.S. export brokers.

On the average, nearly half (47 percent) of the fresh citrus was sold directly by the cooperatives to foreign distributors. About one-fourth (23 percent) was sold by the cooperatives' foreign sales representatives. U.S. export merchants and Japanese trading companies purchased most of the remainder.

Noncitrus fresh fruit moved through three channels: cooperatives' foreign sales representatives (39 percent); U.S. export merchants (31 percent—the largest proportionate use of this channel by any fruit subgroup); and foreign distributors (24 percent). The range in use of these channels by individual cooperatives was 0 to 100 percent for the

Table 25—Fruits and preparations: cooperative exports by destination, 1976[1]

Destination	Citrus, fresh	Other fruit, fresh	Processed fruit[2]	Total
		$1,000		
NORTH AMERICA - Canada	32,827	7,311	17,721	57,859
LATIN AMERICA	662	2,702	6,141	9,505
Mexico	588	488	266	1,342
Central America	0	299	1,072	1,371
Caribbean	74	329	1,862	2,265
South America	0	1,586	2,941	4,527
EUROPE	74,583	2,850	54,197	131,630
Western Europe	55,583	2,850	53,197	111,630
European Community	52,483	2,041	33,773	88,297
Other Western	3,100	809	19,424	23,333
Eastern Europe	19,000	0	1,000	20,000
ASIA	96,118	5,407	17,697	119,222
West Asia	0	0	1,034	1,034
Southeast & East Asia	96,118	5,407	16,663	118,188
OCEANIA	0	222	1,107	1,329
AFRICA	0	0	119	119
North Africa	0	0	12	12
Other Africa	0	0	107	107
Total reported	204,190	18,492	96,982	319,664
Unknown/unreported	13,814	238	3,181	17,233
Total	218,004	18,730	100,163	336,897

[1]Includes both direct and indirect exports of all cooperatives engaged in direct exporting.
[2]Canned, frozen, dried.

cooperatives' representatives and foreign distributors, and 0 to 80 percent for U.S. export merchants. These figures emphasize that no set pattern prevails throughout the group of exporting cooperatives.

Cooperatives' foreign sales representatives averaged 38 percent of the processed fruit, while another one-third of the direct exports of this subgroup was equally divided between Japanese trading companies, U.S. export brokers, and foreign retailers or associations of retailers.

Terms of Sale

Cooperatives exporting fruits and preparations in 1976 had a highly diversified pattern of terms of sale in making deliveries to U.S. ports and foreign destinations. They used every delivery term listed under our study (table 27).

The delivery term patterns among the subgroups showed some variation. Somewhat surprisingly, the similarity in patterns for processed fruit and noncitrus fresh fruit was greater than for fresh citrus and other fresh fruit.

Table 26—Fruits and preparations: marketing channels used by direct exporting cooperatives, 1976[1]

Channel through or to which sales were made	Citrus, fresh		Other fruit, fresh		All processed fruit[2]		Total	
	Range	Av.	Range	Av.	Range	Av.	Range	Av.
				Percent				
Direct exporting								
1. U.S. export broker	0-10	2	0	0	0-100	11	0-100	7
2. Cooperative's foreign sales representative	0-93	23	0-100	39	0-100	38	0-100	36
3. Foreign import broker or agent	0-7	1	0	0	0-5	(3)	0-7	(3)
4. Foreign distributor	0-100	47	0-100	24	0-80	9	0-100	19
5. Foreign retailer or assn. of retailers	0-8	2	0-20	3	0-85	11	0-85	8
6. Foreign end user	0	0	0-18	2	0-30	3	0-30	2
7. Japanese trading co. (if delivered to port for Japan)	0-29	10	0	0	0-100	12	0-100	8
8. Foreign govt. purchasing agency/agent in foreign country	0-11	4	0	0	0-2	(3)	0-11	1
Total direct	0-93	89	0-100	68	0-100	84	0-100	81
Indirect exporting								
1. U.S. export agent	0	0	0-6	1	0-74	6	0-74	4
3. U.S. export commission agent	0	0	0	0	0-5	1	0-5	(3)
4. U.S. export merchant	0-50	11	0-80	31	0-100	9	0-100	15
Total indirect	0-50	11	0-80	32	0-100	16	0-100	19

[1]Unweighted averages.
[2]Canned, frozen, dried.
[3]Less than 0.5 percent.

Table 27—Fruits and preparations: delivery terms used by direct exporting cooperatives, 1976[1]

Commodity	Delivered to dock (U.S. port)	F.a.s. (U.S. port)	F.o.b. (U.S. port)	C. & i. (U.S. port)	C. & f. (Foreign port)	C.i.f. (Foreign port)	C.i.f overland to buyer's inland facility	Total
				Percent				
Fruits and preparations	2	27	32	3	17	17	2	100
Citrus, fresh	10	15	1	0	30	44	0	100
Other fruit, fresh	0	26	31	0	14	29	0	100
All processed fruit[2]	0	32	42	5	14	4	3	100

[1]Including both direct and indirect exporting by cooperatives making deliveries to U.S. ports or foreign destinations; unweighted averages.
[2]Canned, frozen, dried.

An average of nearly half of the fresh citrus (44 percent) was sold c.i.f. foreign port. Another 30 percent was sold c.& f., and thus three-fourths (74 percent) of that commodity was sold on the basis of delivery to a foreign port.

The pattern for noncitrus fresh fruit was 31 percent f.o.b., 26 percent f.a.s., 29 percent c.i.f., and 14 percent c.& f. Thus, 43 percent was sold delivered to a foreign port.

For the processed fruit, an average of 42 percent was f.o.b., 32 percent f.a.s., 5 percent c.& i.,[15] and the remainder (21 percent) under three terms of sale involving delivery to a foreign destination.

While these figures on fruit cooperatives' delivery terms of sale are reasonably accurate, it seems likely that a more intensive study might result in some change in emphasis. Only 10 percent of the fresh citrus, and none of the other fresh fruit or processed fruit, reportedly was sold delivered to dock. Because that category was not listed on our questionnaire, it appears likely that higher proportions of the fruit actually were sold on it. Few respondents used the space provided for "other" delivery terms; some sales reported under f.o.b. (U.S. port) probably were delivered to dock (U.S. port).[16]

As noted earlier, the delivery term patterns for processed fruit and noncitrus fresh fruit were similar but unlike that for fresh citrus. The situation is reversed for payment term patterns. That for fresh citrus is more like the one for processed fruit than for other fresh fruit (table 28).

An average of approximately one-third of the sales of both fresh citrus and processed fruit were made on open account and another third for cash against documents.

Table 28—Fruits and preparations: payment terms used by direct exporting cooperatives, 1976[1]

Commodity	Consign-ment	Open account	Cash against documents	Draft (without letter of credit)	Letter of credit	Total
			Percent			
Fruits and preparations	2	[2]40	[2]29	5	24	100
Citrus, fresh	8	36	34	4	18	100
Other fruit, fresh	0	65	20	7	8	100
All processed fruit[3]	1	30	33	4	32	100

[1]Including both direct and indirect exporting by cooperatives making deliveries to U.S. ports or foreign destinations: unweighted averages.

[2]One percent less than shown in Table 9 due to inclusion here of additional column for consignment sales.

[3]Canned, frozen, dried.

[15]Only one cooperative used this unusual delivery term for a portion of its export sales of processed fruit.

[16]The expression f.o.b. dock is used by some persons to identify deliveries to a port dock. This is a misnomer because in both domestic and international trade f.o.b. means free on board a carrier.

Two-thirds of the other fresh fruit were sold on open account, and one-fifth cash against documents.

Sales on consignment were small (8 percent) for fresh citrus, but none of the other fresh fruit or processed fruit was sold according to that payment term.

One-third of the processed fruit, on the average, was sold under letters of credit. No doubt most of that volume was involved in sales to Latin America and Southeast and East Asia.

Small quantities of fresh and processed fruits were sold by drafts not accompanied by letters of credit.

Nuts and Preparations

Nuts and preparations (excluding peanuts) ranked fifth in value of the eight specific commodity groups exported by direct exporting cooperatives in 1976. This group was first, however, in terms of cooperatives' shares of U.S. exports that year. With only three associations reporting exports of nuts and preparations (excluding peanuts and products), it was the smallest of the eight commodity groups of associations.

Almonds and walnuts are the principal commodities exported by this group. They have been aggressively exported for many years, and the cooperative brands are known and respected in many countries.

Export Values and Shares

As shown in table 29, 97.5 percent of the cooperatives' exports of nuts and preparations were direct in 1976, and only 2.5 percent were indirect. This percentage of direct exports was the highest for any cooperative commodity group.

Of $81.5 million exported, $79.5 were direct. Very high proportions of these volumes were accounted for by the two largest cooperatives, both of which are located in California.

Cooperatives directly exported 40 percent of the nuts and preparations (excluding peanuts and peanut products) sold from the United States in 1976 (table 30). The proportions for walnuts and almonds were even higher.

Since there are so few associations, and they are so well known, further details cannot be published.

Export value amounts and cooperative share percentages for all nuts except peanuts are illustrated in figure 13.

Table 29—Nuts and preparations: value of direct and indirect exports by direct exporting cooperatives, 1976[1]

Direct exports			Indirect exports			Total exports	
Cooperatives	Value[2]	Percent of total exports	Cooperatives	Value[2]	Percent of total exports	Cooperatives	Value[2]
Number	*$1,000*		*Number*	*$1,000*		*Number*	*$1,000*
3	79,479	97.5	(3)	2,047	2.5	3	81,526

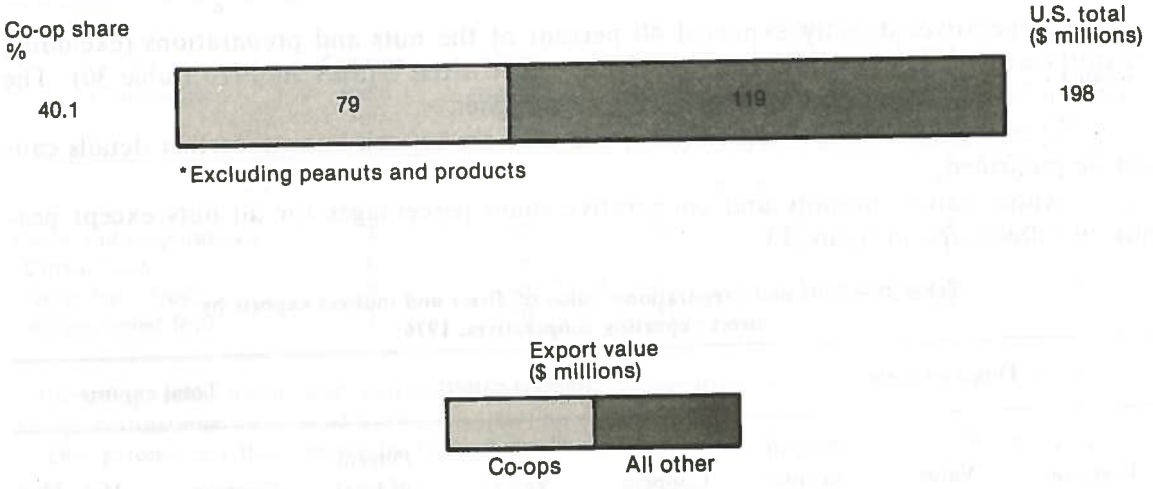
[1]Excluding peanuts and peanut products.
[2]In U.S. dollars at U.S. loading port.
[3]Fewer than three associations.

Table 30—Nuts and preparations: value of direct exports by cooperatives compared with total United States exports, 1976[1]

Total U.S.	Cooperatives		
	Associations	Value[2]	Percent of total U.S.
$1,000	*Number*	*$1,000*	
198,249	3	79,479	40.1

[1]Excluding peanuts and peanut products.
[2]In U.S. dollars at U.S. loading port.

Figure 13 —
Nuts*: cooperative share of total U.S exports, 1976



Countries of Destination

Countries of destination were listed for 97.5 percent of the nuts and preparations exported by cooperatives in 1976. This remarkably high percentage resulted from the fact that the cooperatives had an equally high proportion of direct exports.

As shown in table 31, exports to Western Europe totaled $53 million, or exactly two-thirds of the total volume of $80 million for which destinations were given. Most of those sales were made to the European Community, which purchased nuts and preparations valued at $40 million—half of the total reported exports.

The second largest market consisted of Western European countries outside the European Community. That group received quantities valued at $13 million, or 17 percent of the total exports. Southeast and East Asia was the third largest marketing area with $10 million and 13 percent of the total. There were also substantial exports to Eastern Europe (nearly $8 million) and to Canada ($3-½ million).

Of individual countries, with volumes based in part on estimates, West Germany was the principal market with a volume of nearly $24 million. Japan was second with $9 million, the United Kingdom third with $6 million, the Netherlands fourth with $4 million, France fifth with almost $4 million, and Canada sixth with $3-½ million.

Table 31—Nuts and preparations: cooperative exports by destination, 1976[1]

Destination	Total
	$1,000
NORTH AMERICA - Canada	3,552
LATIN AMERICA	1,601
Mexico	570
Central America	161
Caribbean	282
South America	588
EUROPE	60,544
Western Europe	52,966
European Community	39,563
Other Western	13,403
Eastern Europe	7,578
ASIA	11,740
West Asia	1,632
Southeast & East Asia	10,108
OCEANIA	1,619
AFRICA	471
North Africa	120
Other Africa	351
Total reported	79,527
Unknown/unreported	1,999
Total	81,526

[1]Excluding peanuts and peanut products; includes both direct and indirect exports of all cooperatives engaged in direct exporting.

Marketing Channels

Cooperatives exporting nuts and preparations in 1976 depended primarily on their foreign sales representatives for making sales to foreign buyers. The range in use of this marketing channel was very narrow, 65 to 79 percent with an average of 72 percent (table 32).

The second largest channel consisted of Japanese trading companies to which the cooperatives directly sold 15 percent of their total exports. Tied for third place at 5 percent were foreign distributors and foreign government purchasing agencies or agents located in foreign countries.

Terms of Sale

The cooperatives exporting nuts and preparations depended almost exclusively on f.a.s. as their delivery term of sale in 1976. The average was 94 percent for this term, compared to only 5 percent f.o.b. and 1 percent c.i.f. overland to buyer's inland facility (table 33).

The export marketing patterns of this group may be compared with those for fruits and preparations. Each group is primarily California based, and has (1) a high proportion of direct exports, (2) a large share of total U.S. exports of its commodities, (3) sales to many foreign destinations, and (4) a high dependence on cooperative foreign sales representatives as the primary marketing channel. Yet none of the sales to overseas destinations was made on a delivered basis for nuts and preparations,[17] while the com-

Table 32—Nuts and preparations: marketing channels used by direct exporting cooperatives, 1976[1]

Channel through or to which sales were made	Total	
	Range	Average[2]
	Percent	
Direct exporting		
2. Cooperative's foreign sales representative	65-79	72
4. Foreign distributor	0-10	5
7. Japanese trading co. (if delivered to port for Japan)	10-20	15
8. Foreign govt. purchasing agency/agent in foreign country	0-9	5
Total direct	0-79	97
Indirect exporting		
3. U.S. export commission agent	0-5	2
4. U.S. export merchant	0-2	1
Total indirect	0-5	3

[1]Excluding peanuts and peanut products.
[2]Unweighted averages.

[17]One percent of the nuts and 2 percent of the fruits and preparations were sold c.i.f. overland to foreign destinations but these were not overseas sales.

Table 33—Nuts and preparations: delivery terms used by direct exporting cooperatives, 1976[1]

F.a.s. (U.S. port)	F.o.b. (U.S. port)	C.i.f. overland to buyer's inland facility	Total
	Percent		
94	5	1	100

[1]Including both direct and indirect exporting by cooperatives making deliveries to U.S. ports or foreign destinations; unweighted averages; excluding peanuts and peanut products.

Table 34—Nuts and preparations: payment terms used by direct exporting cooperatives, 1976[1]

Open account	Cash against documents	Draft (without letter of credit)	Letter of credit	Total
		Percent		
35	51	0	14	100

[1]Including both direct and indirect exporting by cooperatives making deliveries to U.S. ports or foreign destinations; unweighted averages; excluding peanuts and peanut products.

parable average for fruits and preparations is 34 percent. Perhaps a future study of international shipping by cooperatives will explain this difference.

The cooperatives exporting nuts and preparations used cash against documents as their principal payment term of sale. An average of 57 percent was sold cash against documents, 35 percent on open account, and 14 percent under letter of credit (table 34).

The relatively high percentage of sales on open account probably was due to the fact that Canada and Western Europe were important markets, and the cooperatives had long-established sales outlets there.

Vegetables and Preparations

Vegetables and preparations ranked seventh in value of the eight specific commodity groups moved into export marketing channels by direct exporting cooperatives in 1976. This group ranked sixth in cooperative shares of U.S. exports that year.

Export Values and Shares

The values of direct and indirect exports of vegetables and preparations by direct exporting cooperatives in 1976 are shown in table 35. Total exports were $23 million, with 81 percent (over $18 million) being direct exports.

Dried beans, peas, and lentils[18] comprised the major subgroup in terms of export value, and accounted for 56 percent of total cooperative exports of vegetables and preparations. They also totaled more than half the indirect exports.

[18]The word "pulses" usually is used in the trade to identify this group, but it is not familiar to many other persons so is not used here.

Table 35—Vegetables and preparations: value of direct and indirect exports by direct exporting cooperatives, 1976

Commodity	Direct exports			Indirect exports			Total exports	
	Cooperatives	Value[1]	Percent of total exports	Cooperatives	Value[1]	Percent of total exports	Cooperatives	Value[1]
	Number	*$1,000*		*Number*	*$1,000*		*Number*	*$1,000*
Vegetables and preparations	[2]12	18,360	80.8	[2]8	4,365	19.2	[2]12	22,725
Dried beans, peas, lentils	5	10,315	82.0	3	2,263	18.0	5	12,579
Fresh vegetables	4	5,532	94.1	([3])	350	5.9	4	5,881
Processed vegetables[4]	5	2,513	58.9	4	1,752	41.1	5	4,265

[1]In U.S. dollars at U.S. loading port.
[2]Some associations export more than one of the listed commodities.
[3]Fewer than three associations.
[4]Canned, frozen, dried.

Fresh vegetable exports were valued at $6 million, with $5.5 million (94 percent) exported directly by the cooperatives.

Exports of processed vegetables totaled little more than $4 million, far below the $100 million for processed fruits. Involved in this 1 to 25 ratio in sales, were only four times as many processed fruit cooperatives. Thus average size was a factor.

Direct exports as a proportion of total cooperative exports of processed vegetables reached 59 percent, compared to 95 percent for processed fruit, and 82 percent and 94 percent for the other vegetable categories.

As shown in table 36, the cooperative share of total U.S. exports of vegetables and preparations was less than 3 percent in 1976. The cooperative volume was a significant factor for dried beans, peas, and lentils and accounted for 9-½ percent of total U.S. exports of those commodities. The cooperative share was little more than 2 percent for fresh vegetables, and less than 1 percent for processed vegetables.

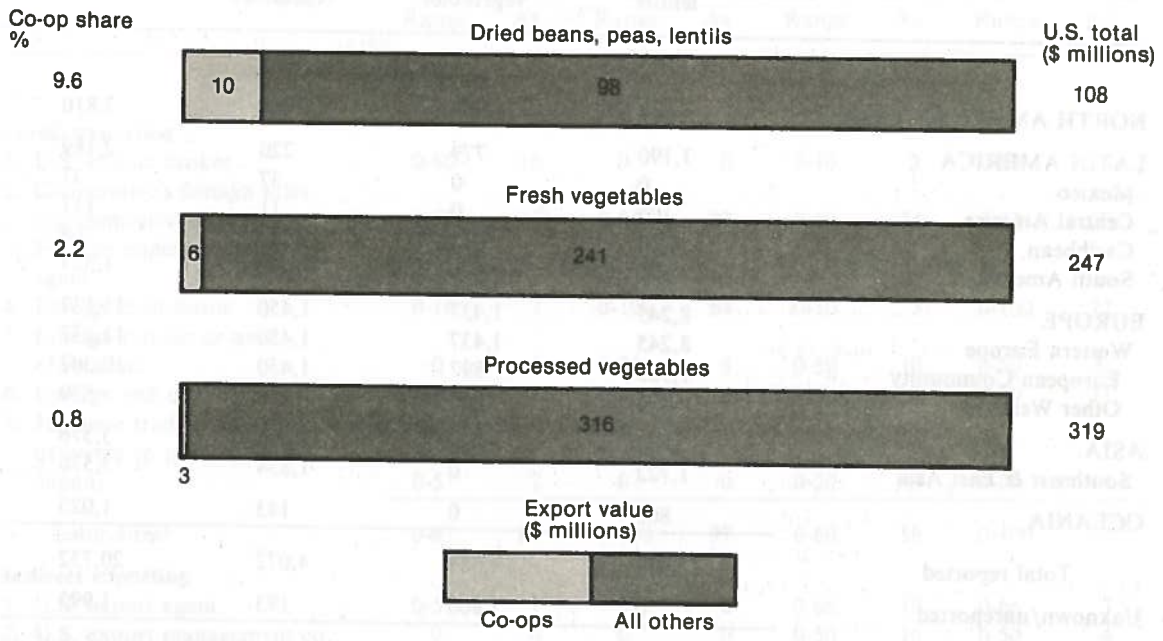
Export value amounts and cooperative share percentages are illustrated in figure 14.

Table 36—Vegetables and preparations: value of direct exports by cooperatives compared with total United States exports, 1976

Commodity	Total U.S.	Cooperatives		
		Associations	Value[1]	Percent of total U.S.
	$1,000	*Number*	*$1,000*	
Vegetables and preparations	674,060	[2]12	18,360	2.7
Dried beans, peas, lentils	107,659	5	10,315	9.6
Fresh vegetables	247,365	4	5,532	2.2
Processed vegetables[3]	319,036	5	2,513	0.8

[1]In U.S. dollars at U.S. loading port.
[2]Some associations export more than one of the listed commodities.
[3]Canned, frozen, dried.

Figure 14 —
Vegetables and preparations: cooperative shares of total U.S. exports, 1976



Countries of Destination

Countries of destination were reported for all cooperative exports of dried beans, peas, and lentils in 1976. This reflected not only a high level of direct exports (82 percent), but also an interest on the part of managements in keeping complete records of transactions. The dominant market area for these commodities was the European Community, which took nearly two-thirds of the cooperative volume (table 37).

On an individual country basis, the United Kingdom was the leading market by a wide margin. It received a volume valued at $6 million that represented almost half (48 percent) of the total cooperative exports of dried beans, peas, and lentils. This was an exceptionally heavy dependence on one market for a subgroup of agricultural commodities of any kind. The second largest market was Japan, and the third was Belgium/Luxembourg; each of these received shipments valued at less than $2 million.

Countries of destination were reported for 69 percent of the cooperative exports of fresh vegetables. Canada was the major market, taking commodities valued at nearly $2 million that represented 46 percent of the total reported exports for this subgroup. The Netherlands, Sweden, and Chile were small markets but of importance to some cooperative exporters; each received shipments valued between one-half million and $1 million.

The geographic distribution pattern for processed vegetables differed from that of the other two subgroups. Japan purchased volumes valued at $1.7 million and accounted for 42 percent of the total reported exports of processed vegetables. West Germany ($1.2 million) was the only other market, receiving commodities valued at more than $500,000.

Table 37—Vegetables and preparations: cooperative exports by destination, 1976[1]

Destination	Dried beans, peas, lentils	Fresh vegetables	Processed vegetables[2]	Total
		$1,000		
NORTH AMERICA - Canada	540	1,865	405	2,810
LATIN AMERICA	1,190	779	220	2,189
Mexico	0	0	37	37
Central America	106	0	11	117
Caribbean	305	273	130	708
South America	779	506	42	1,327
EUROPE	8,245	1,437	1,450	11,132
Western Europe	8,245	1,437	1,450	11,132
European Community	7,955	897	1,450	10,302
Other Western	290	540	0	830
ASIA	1,722	0	1,854	3,576
Southeast & East Asia	1,722	0	1,854	3,576
OCEANIA	882	0	143	1,025
Total reported	12,579	4,081	4,072	20,732
Unknown/unreported	0	1,800	193	1,993
Total	12,579	5,881	4,265	22,725

[1]Includes both direct and indirect exports of all direct exporting cooperatives.
[2]Canned, frozen, dried.

Marketing Channels

Cooperatives exporting vegetables and preparations in 1976 used diversified marketing channels. About 27 percent of their sales were made through their own foreign sales representatives, 22 percent directly to foreign distributors, 11 percent to foreign end users, and 10 percent (indirect exports) to U.S. export merchants (table 38).

Of the exports of dried beans, peas, and lentils, 31 percent were sold directly to foreign end users. This was an unusually high percentage, well above that for most other agricultural commodities. Of the 25 percent sold through cooperatives' foreign sales representatives, it appears likely that a substantial proportion went to end users. U.S. export brokers and U.S. export merchants each took 16 percent of the export volume.

The pattern for fresh vegetables was to sell about two-thirds to foreign distributors, and one-fourth through cooperatives' foreign sales representatives. Nearly all (97 percent) of the sales were direct. This unweighted average compares to a weighted average of 94 percent given earlier (table 35).

One-third of the processed vegetables exported moved through cooperatives' foreign sales representatives, and substantial quantities through U.S. export agents (19 percent). Nine to 10 percent moved to or through each of the following: foreign retailers or associations of retailers, U.S. export management companies, Japanese trading companies, and U.S. export merchants. This was an unusually high proportion through U.S. export management companies; very few cooperatives use the services of such firms.

Table 38—Vegetables and preparations: marketing channels used by direct exporting cooperatives, 1976[1]

Channel through or to which sales were made	Dried beans, peas, lentils		Fresh vegetables		Processed vegetables[2]		Total	
	Range	Av.	Range	Av.	Range	Av.	Range	Av.
				Percent				
Direct exporting								
1. U.S. export broker	0-80	16	0	0	0-10	2	0-80	6
2. Cooperative's foreign sales representative	0-87	25	0-93	23	0-60	34	0-93	27
3. Foreign import broker or agent	0-7	2	0-7	2	0	0	0-7	1
4. Foreign distributor	0-16	7	0-100	64	0-10	3	0-100	22
5. Foreign retailer or assn. of retailers	0	0	0-33	8	0-50	10	0-50	6
6. Foreign end user	0-80	31	0	0	0	0	0-80	11
7. Japanese trading co. (if delivered to port for Japan)	0-5	2	0	0	0-20	9	0-20	4
Total direct	0-87	83	0-100	97	0-60	58	0-100	77
Indirect exporting								
1. U.S. export agent	0-5	1	0	0	0-66	19	0-66	7
2. U.S. export management co.	0	0	0	0	0-50	10	0-50	4
3. U.S. export commission agent	0	0	0	0	0-20	4	0-20	2
4. U.S. export merchant	0-67	16	0-10	3	0-30	9	0-67	10
Total indirect	0-67	17	0-10	3	0-66	42	0-67	23

[1]Unweighted averages.
[2]Canned, frozen, dried.

Terms of Sale

Cooperatives exporting vegetables and preparations also used varying delivery and payment terms of sale.

Seventy percent of the dried beans, peas, and lentils were sold on the basis of delivered to a foreign port; 50 percent c.i.f., and 20 percent c.& f. However, this high proportion was exceeded for fresh vegetables with 80 percent sold delivered, 43 percent c.& f., and 37 percent c.i.f. One-fourth of the processed vegetables were sold c.& f. (table 39).

F.a.s. and f.o.b. sales also were important. Over half of the processed vegetables were sold f.o.b., and another quarter f.a.s. For fresh vegetables 20 percent was f.a.s., and for dried beans, peas, and lentils the pattern was 27 percent f.o.b.

For payment, all subgroups depended heavily on the cash against documents term; 47 percent for dried peas, beans and lentils; 43 percent for processed vegetables; and 33 percent for fresh vegetables (table 40).

The principal payment term for fresh vegetables was open account; on the average,

47 percent was sold on that basis. This compared to 53 percent for all fresh fruits. Use of this relatively high risk form of payment in connection with a high proportion of sales involving deliveries to foreign ports is quite unusual for most agricultural commodities. However, it is what would be expected in the fresh produce export business. The commodities are highly perishable and foreign importers seek to shift as much of the product loss risk to exporters as they can. Most of the fresh produce sold to the European Community by competing supplier countries can be purchased on open account or on consignment, a term of payment that is even more risky for the seller. Such competition cannot be ignored.

Drafts without letters of credit were used for one-fourth of the exports of dried beans, peas, and lentils. Letters of credit were used for one-fourth of the processed vegetables.

Table 39—Vegetables and preparations: delivery terms used by direct exporting cooperatives, 1976[1]

Commodity	Delivered to dock (U.S. port)	F.a.s. (U.S. port)	F.o.b. (U.S. port)	C. & f. (Foreign port)	C.i.f. (Foreign port)	Total
			Percent			
Vegetables and preparations	1	15	31	27	26	100
Dried beans, peas, lentils	3	0	27	20	50	100
Fresh vegetables	0	20	0	43	37	100
Processed vegetables[2]	0	23	53	24	0	100

[1]Including both direct and indirect exporting by cooperatives making deliveries to U.S. ports or foreign destinations; unweighted averages.
[2]Canned, frozen, dried.

Table 40—Vegetables and preparations: payment terms used by direct exporting cooperatives, 1976[1]

Commodity	Open account	Cash against documents	Draft (without letter of credit)	Letter of credit	Total
			Percent		
Vegetables and preparations	31	42	14	13	100
Dried beans, peans, lentils	21	47	28	4	100
Fresh vegetables	47	33	17	3	100
Processed vegetables[2]	30	43	2	25	100

[1]Including both direct and indirect exporting by cooperatives making deliveries to U.S. ports or foreign destinations; unweighted averages.
[2]Canned, frozen, dried.

Feeds and Fodders

Feeds and fodders ranked last in value of the eight specific commodity groups exported by direct exporting cooperatives in 1976. Nevertheless, volumes valued at $14 million were involved and their shares were significant to most of the eight exporting associations.

This group includes prepared livestock feeds, beet pulp, citrus pulp, and hay. It does not include feed grains or oilcake and meal.

Export Values and Shares

Of the $14 million in exports, prepared livestock feeds accounted for $5-½ million and beet pulp and citrus pulp for most of the other $8-½ million (table 41).

All exports of other feeds and fodders were direct, as were 27 percent of total exports of prepared livestock feeds.

The cooperative share of total United States exports of feeds and fodders was 2.3 percent in 1976. The cooperative share of prepared livestock feeds was less than 2 percent, but for other feeds it was more than 5 percent (table 42).

Export value amounts and cooperative share percentages are illustrated in figure 15.

Figure 15 —
Feeds and fodders: cooperative shares of total U.S. exports, 1976

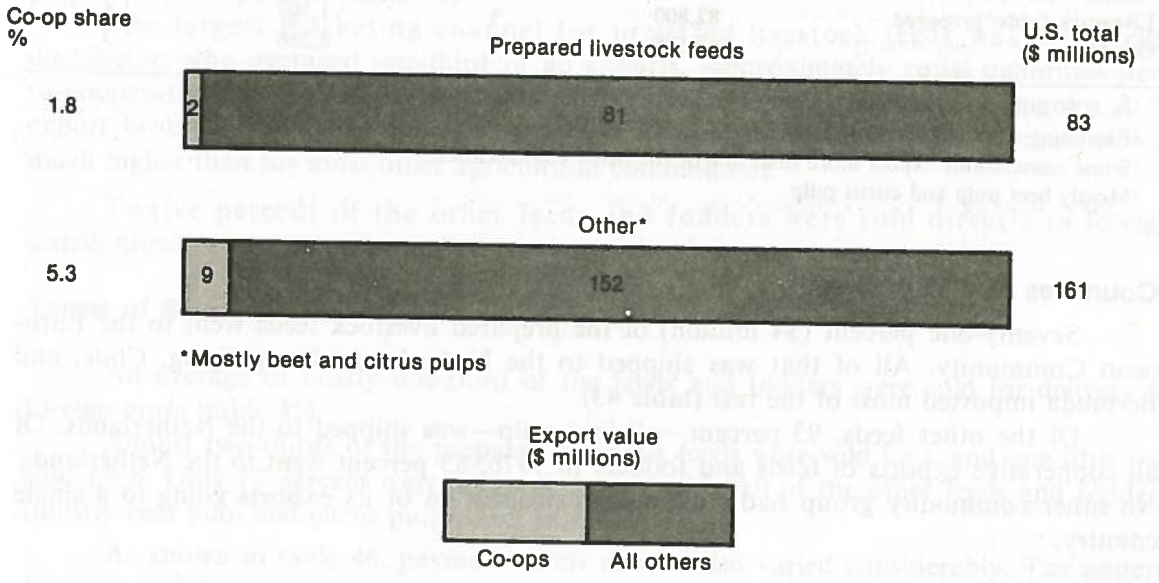


Table 41—Feeds and fodders: direct and indirect exports by direct exporting cooperatives, 1976

Commodity	Direct exports			Indirect exports			Total exports	
	Cooperatives	Value[1]	Percent of total exports	Cooperatives	Value[1]	Percent of total exports	Cooperatives	Value[1]
	Number	*$1,000*		*Number*	*$1,000*		*Number*	*$1,000*
Feeds and fodders[2]	[3]6	10,093	71.1	([4])	4,100	28.9	[3]8	14,193
Livestock feeds, prepared	4	1,507	26.9	([4])	4,100	73.1	6	5,607
Other[5]	3	8,586	100.0	0	0	0	3	8,586

[1]In U.S. dollars at U.S. loading port.
[2]Excluding feed grains, oilcake, and meal.
[3]Some associations export more than one of the listed commodities.
[4]Fewer than three associations.
[5]Mostly beet pulp and citrus pulp.

Table 42—Feeds and fodders: value of direct exports by cooperatives compared with total United States exports, 1976

Commodity	Total U.S.	Cooperatives		
		Associations	Value[1]	Percent of total U.S.
	$1,000	*Number*	*$1,000*	
Feeds and fodders[2]	448,752	[3]6	10,093	2.3
Corn byproducts	156,299	0	0	0
Alfalfa meal and cubes	49,078	0	0	0
Livestock feeds, prepared	82,800	4	1,507	1.8
Other[4]	160,575	3	8,586	5.3

[1]In U.S. dollars at U.S. loading port.
[2]Excluding feed grains, oilcake, and meal.
[3]Some associations export more than one of the listed commodities.
[4]Mostly beet pulp and citrus pulp.

Countries of Destination

Seventy-one percent ($4 million) of the prepared livestock feeds went to the European Community. All of that was shipped to the Netherlands. Hong Kong, Chile, and Bermuda imported most of the rest (table 43).

Of the other feeds, 93 percent—all feed pulp—was shipped to the Netherlands. Of all cooperative exports of feeds and fodders in 1976, 85 percent went to the Netherlands. No other commodity group had such a high proportion of its exports going to a single country.

Marketing Channels

The largest single marketing channel for cooperatives' direct exports of feeds and fodders in 1976 was cooperatives' foreign sales representatives. For the group, this chan-

Table 43—Feeds and fodders: cooperative exports by destination, 1976[1]

Destination	Livestock feeds, prepared	Other[2]	Total
		$1,000	
NORTH AMERICA - Canada	0	241	241
LATIN AMERICA	907	345	1,252
Central America	5	0	5
Caribbean	431	230	661
South America	471	115	586
EUROPE	4,000	8,000	12,000
Western Europe	4,000	8,000	12,000
European Community	4,000	8,000	12,000
ASIA	600	0	600
Southeast & East Asia	600	0	600
Total reported	5,507	8,586	14,093
Unknown/unreported	100	0	100
Total	5,607	8,586	14,193

[1]Includes both direct and indirect exports of all cooperatives engaged in direct exporting; excludes feed grains, oilcake, and meal.
[2]Mostly beet pulp and citrus pulp.

nel took one-third of the sales; for the other subgroup—mostly beet pulp and citrus pulp—it was 88 percent (table 44).

The largest marketing channel for prepared livestock feeds was the foreign distributor, who averaged one-third of all exports. Approximately equal quantities went to cooperatives' foreign sales representatives, international grain trading companies, U.S. export brokers, and U.S. export management companies. Use of the latter channel was much higher than for most other agricultural commodities.

Twelve percent of the other feeds and fodders were sold directly to foreign distributors.

Terms of Sale

An average of nearly one-third of the feeds and fodders were sold for delivery to foreign ports (table 45).

Almost two-thirds of the prepared livestock feeds were sold f.a.s. and one-fifth was sold f.o.b. Only 17 percent were sold c.& f., and c.i.f. All of the other feeds and fodders (mostly beet pulp and citrus pulp) were sold c.i.f.

As shown in table 46, payment terms of sale also varied considerably. The pattern for prepared livestock feeds was open account (40 percent), cash against documents (10 percent), draft (20 percent), and letter of credit (30 percent).

All of the other feeds and fodders were sold cash against documents. These were nearly all beet pulp and citrus pulp sales for delivery to the Netherlands.

Table 44—Feeds and fodders: marketing channels used by direct exporting cooperatives, 1976[1]

Channel through or to which sales were made	Livestock feeds, prepared		Other[2]		Total	
	Range	Av.	Range	Av.	Range	Av.
			Percent			
Direct exporting						
1. U.S. export broker	0-95	16	0	0	0-95	12
2. Cooperative's foreign sales representative	0-100	17	(3)	88	0-100	34
4. Foreign distributor	0-100	34	(3)	12	0-100	29
Total direct	0-100	67	(3)	100	0-100	75
Indirect exporting						
2. U.S. export management co.	0-100	16	0	0	0-100	12
5. International grain trading co.	0-100	17	0	0	0-100	13
Total indirect	0-100	33	0	0	0-100	25

[1]Excluding feed grains, oilcake, and meal; unweighted averages.
[2]Mostly beet pulp and citrus pulp.
[3]Fewer than three associations.

Table 45—Feeds and fodders: delivery terms used by direct exporting cooperatives, 1976[1]

Commodity	F.a.s. (U.S. port)	F.o.b. (U.S. port)	C. & f. (Foreign port)	C.i.f. (Foreign port)	Total
			Percent		
Feeds and fodders[2]	52	17	7	24	100
Livestock feeds, prepared	63	20	8	9	100
Other[3]	0	0	0	100	100

[1]Including both direct and indirect exporting by cooperatives making deliveries to U.S. ports or foreign destinations; unweighted averages.
[2]Excluding feed grains, oilcake, and meal.
[3]Mostly beet pulp and citrus pulp.

Table 46—Feeds and fodders: payment terms used by direct exporting cooperatives, 1976[1]

Commodity	Open account	Cash against documents	Draft (without letter of credit)	Letter of credit	Total
			Percent		
Feeds and fodders[2]	33	25	17	25	100
Livestock feeds, prepared	40	10	20	30	100
Other[3]	0	100	0	0	100

[1]Including both direct and indirect exporting by cooperatives making deliveries to U.S. ports or foreign destinations; unweighted averages.
[2]Excluding feed grains, oilcake, and meal.
[3]Mostly beet pulp and citrus pulp.

Oilseeds, Oilnuts, and Products

Oilseeds, oilnuts, and products ranked second in value of the eight specific commodity groups sold through export marketing channels by direct exporting cooperatives in 1976. Soybeans, the principal commodity in this group, accounted for three-fourths of this group's total exports.

Two relatively large cooperatives that exported commodities included in this group chose to combine some of the data for this group with that of other commodity groups. As a result, the destination, market channels, and sales term analyses in this section are not based on the export volumes of those cooperatives.

Export Values and Shares

Direct exports as a proportion of total exports by direct exporting cooperatives ranged by commodities from 54 percent for soybeans to 82 percent for soybean and cottonseed oils. The overall average for the group was 58 percent (table 47).

Soybeans accounted for 70 percent ($298 million) of the group's direct exports, 84 percent ($257 million) of its indirect exports, and 76 percent ($555 million) of its total exports.

Oilcake and meal (from all oilseeds and oilnuts) amounted to $72 million in direct exports and $34 million in indirect exports for a total of $106 million.

Exports of soybean and cottonseed oils totaled $42 million, with a high proportion (82 percent) of direct sales. About $32 million of other oilseeds, oilnuts, and products (including cottonseeds, flaxseeds, peanuts, peanut oil, corn oil, and other vegetable oils) were exported by the direct exporting cooperatives.

As shown in table 48, about 8-½ percent of total U.S. exports of oilseeds, oilnuts, and products were directly exported by cooperatives in 1976. The cooperative shares for commodity subgroups were: soybeans—9 percent; soybean and cottonseed oils—more than 9 percent; oilcake and meal—8 percent; and other oilseeds, oilnuts and products—more than 4-½ percent.

Table 47—Oilseeds, oilnuts, and products: value of direct and indirect exports by direct exporting cooperatives, 1976

Commodity	Direct exports			Indirect exports			Total exports	
	Cooperatives	Value[1]	Percent of total exports	Cooperatives	Value[1]	Percent of total exports	Cooperatives	Value[1]
	Number	*$1,000*		*Number*	*$1,000*		*Number*	*$1,000*
Oilseeds, oilnuts, and products	[2]11	427,157	58.1	7	307,472	41.9	[2]12	734,629
Soybeans	3	297,579	53.6	3	257,472	46.4	4	555,051
Oil, soybean and cottonseed	3	34,129	82.0	([3])	7,500	18.0	3	41,629
Oilcake and meal[4]	5	72,310	68.0	([3])	34,000	32.0	5	106,310
Other[5]	5	23,139	73.1	([3])	8,500	26.9	6	31,639

[1]In U.S. dollars at U.S. loading port.
[2]Some associations export more than one of the listed commodities.
[3]Fewer than three associations.
[4]From all oilseeds and oilnuts.
[5]Including cottonseeds, flaxseeds, peanuts, peanut oil, corn oil, other vegetable oils.

The export share for four cooperatives in 1974 was 8-½ percent, slightly less than that reported for 1976.[19]

For each commodity in this group, additional quantities were sold to other firms for export.

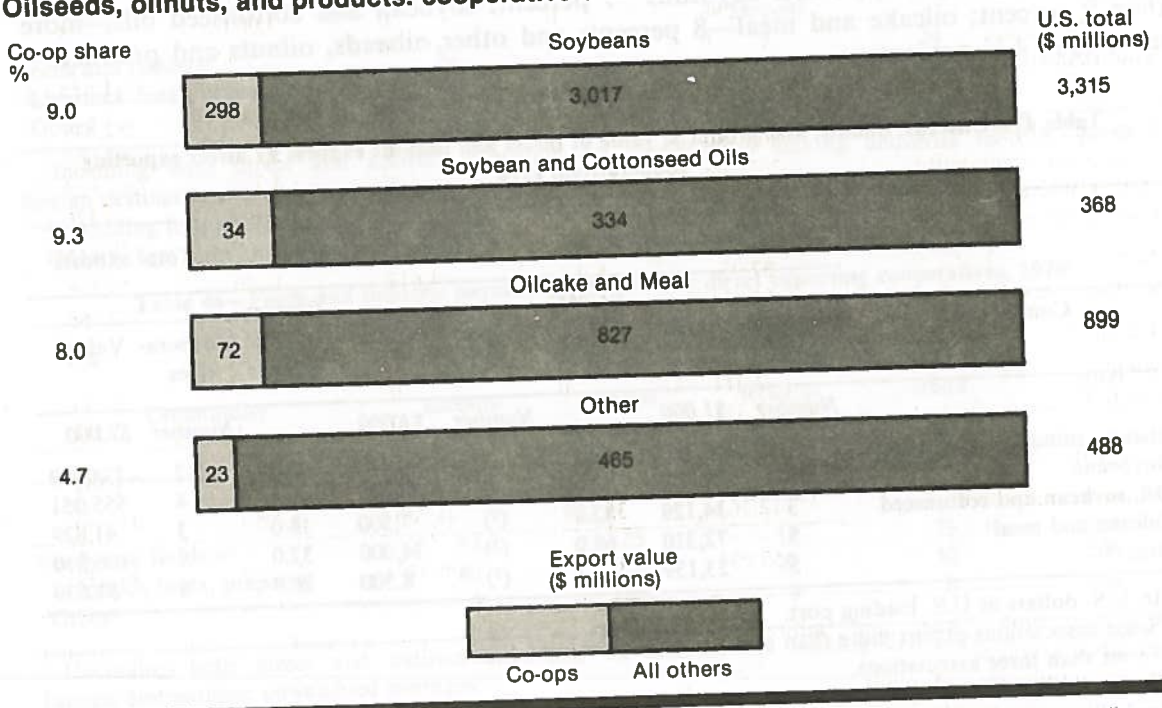
Export value amounts and cooperative share percentages are illustrated in figure 16.

Table 48—Oilseeds, oilnuts, and products: value of direct exports by cooperatives compared with total United States exports, 1976

Commodity	Total U.S.	Cooperatives		
		Associations	Value[1]	Percent of total U.S.
	$1,000	*Number*	*$1,000*	
Oilseeds, oilnuts, and products	5,070,368	[2]11	427,157	8.4
Soybeans	3,315,450	3	297,579	9.0
Oil, soybean and cottonseed	368,247	3	34,129	9.3
Oilcake and meal[3]	898,769	5	72,310	8.0
Other[4]	487,902	5	23,139	4.7

[1]In U.S. dollars at U.S. loading port.
[2]Some associations export more than one of the listed commodities.
[3]From all oilseeds and oilnuts.
[4]Including cottonseed, flaxseed, peanuts, peanut oil, corn oil, other vegetable oils.

Figure 16 —
Oilseeds, oilnuts, and products: cooperative shares of total U.S. exports, 1976



[19]See p. 45 of reference cited in footnote 12. Not all of the cooperatives in the 1974 group exported this commodity.

Countries of Destination

Based on data received, the major market areas for the oilseeds, oilnuts, and products group in 1976 were the European Community and Southeast and East Asia. However, as shown in table 49, response to the request for destination data was poor for most subgroups in this commodity group. Expressed as percentages of total cooperative exports, the quantities reported were as follows: Soybeans (62); soybean and cottonseed oils (16); oilcake and meal (12); other (37); and all commodities (51).

The destination data for soybeans represent nearly two-thirds of cooperative exports in 1976 and are believed to be quite representative of the prevailing pattern of sales for delivery to foreign markets, especially for the direct exports. The data for the other three subgroups may or may not reflect prevailing patterns.

The European Community was the dominant market area for cooperative exports of soybeans; 77 percent ($263 million) of the volume reported by destination went to that integrated market. Another 17 percent ($58 million) went to Southeast and East Asia. The remaining 6 percent went to Mexico, North Africa, and South America.

Of individual markets for cooperative soybeans, Netherlands/West Germany was number one. The two combined were $230 million, of which that going directly to West

Table 49—Oilseeds, oilnuts, and products: cooperative exports by destination, 1976[1]

Destination	Soybeans	Oil, soybean & cottonseed	Oilcake & meal[2]	Other[3]	Total
			$1,000		
NORTH AMERICA - Canada	0	0	7,953	388	8,341
LATIN AMERICA	4,931	0	0	3,081	8,012
Mexico	3,298	0	0	3,080	6,378
Central America	0	0	0	1	1
South America	1,633	0	0	0	1,633
EUROPE	277,697	0	0	5,120	282,817
Western Europe	266,880	0	0	5,120	272,000
European Community	262,904	0	0	4,720	267,624
Other Western	3,976	0	0	400	4,376
Eastern Europe	10,817	0	0	0	10,817
ASIA	57,951	5,000	4,617	3,000	70,568
Southeast and East Asia	57,951	5,000	4,617	3,000	70,568
OCEANIA	0	1,500	0	0	1,500
AFRICA	2,311	0	0	0	2,311
North Africa	2,311	0	0	0	2,311
Total reported	342,890	6,500	12,570	11,589	373,549
Unknown/unreported	212,161	35,129	93,740	20,050	361,080
Total	555,051	41,629	106,310	31,639	734,629

[1]Includes both direct and indirect exports of all cooperatives engaged in direct exporting; unweighted averages.
[2]From all oilseeds and oilnuts.
[3]Including cottonseeds, flaxseeds, peanuts, peanut oil, corn oil, other vegetable oils.

Germany was $42 million; however, we cannot determine how much of the remainder was transhipped to Germany. The third largest market was Japan ($46 million).

Other major soybean markets are ranked according to size as follows: Italy, Denmark, United Kingdom, USSR, Taiwan, Romania, South Korea, and Spain.

Japan was the major reported market for both soybean and cottonseed oils and oilcake and meal. For the other oilseeds, oilnuts, and products, Mexico, Japan, Belgium/Luxembourg, and France were the major reported markets. As noted earlier, the patterns of overseas distribution might have been significantly different if detailed destination data had been received from all cooperatives exporting these commodities or selling them for export.

Marketing Channels

The largest single marketing channel for cooperatives' exports of oilseeds, oilnuts, and products was the cooperatives' foreign sales representatives. About half of the direct exports and one-third of the total exports of this commodity group went through that channel (table 50).

The second largest channel was the international grain trading companies; more than half of the indirect exports and one-fifth of the total exports went to those companies. Third largest was foreign distributors.

The dependence on the first two marketing channels was slightly greater for soybeans than for the entire commodity group. In the soybean pattern, 34 percent went to cooperatives' foreign sales representatives, 29 percent to Japanese trading companies, and 28 percent to international grain trading companies.

Soybean and cottonseed oils reportedly used only three marketing channels: cooperatives' foreign sales representatives (50 percent); international grain trading companies (32 percent); and Japanese trading companies, with deliveries made to U.S. ports for shipment to Japan (18 percent).

Unlike the pattern for the other subgroups, that for oilcake and meal emphasized direct sales to foreign distributors. Sales through cooperatives' foreign sales representatives (25 percent) and to foreign end users (20 percent) accounted for most of the remainder.

The other oilseeds, oilnuts, and products subgroup was the only one to depend in large measure on sales to foreign retailers or associations of retailers (25 percent). A larger proportion (33 percent) went through cooperatives' foreign sales representatives, and an equal proportion (25 percent) to international grain trading companies.

One facet of this situation is of special interest to persons who believe that a greater volume of trade among cooperatives located in different countries would be of mutual benefit. As shown in table 50, Zen-Noh, the Japanese cooperative, was classified for purposes of this study as a foreign distributor. Only 3 percent of the cooperative exports of soybeans, and 40 percent of the oilcake and meal, were reported to have gone directly to foreign distributors in 1976. The actual volume of soybean exports to Zen-Noh was significantly larger than suggested by the data in table 50. Only one cooperative sold soybeans to Zen-Noh but the quantity was substantial; therefore, on a *weighted* average basis there were more sales to that buyer than indicated by the pattern percentage.

Table 50—Oilseeds, oilnuts, and products: marketing channels used by direct exporting cooperatives, 1976[1]

Channel through or to which sales were made	Soybeans		Oil, soybean & cottonseed		Oilcake & meal[2]		Other[3]		Total	
	Range	Av.	Range	Av.	Range	Av.	Range	Av.	Range	Av.
					Percent					
Direct exporting										
1. U.S. export broker	0-49	1	0		0	0	0	0	0-5	([4])
2. Cooperative's foreign sales representative	0-100	34	0-100	*50*	0-100	25	0-100	33	0-100	33
3. Foreign import broker or agent	0	0	0	*0*	0-20	5	0	0	0-20	2
4. Foreign distributor[5]	0-13	3	0	*0*	0-100	40	0	0	0-100	12
5. Foreign retailer or assn. of retailers	0	0	0	*0*	0	0	0-100	25	0-100	7
6. Foreign end user	0	0	0	*0*	0-80	20	0	0	0-80	6
7. Japanese trading co. (if delivered to port for Japan)	0-14	5	0-35	*18*	0	0	0-20	5	0-35	5
Total direct	0-100	43	0-100	68	0-100	90	0-100	63	0-100	65
Indirect exporting										
2. U.S. export management co..	0	0	0	0	0	0	0-30	7	0-30	2
3. U.S. export commission agent	0	0	0	0	0-40	10	0	0	0-40	3
4. U.S. export merchant	0	0	0	0	0	0	0-20	5	0-20	2
5. International grain trading co.	0-86	28	0-65	32	0	0	0-100	25	0-100	20
7. Japanese trading co. (if not delivered to port or not for Japan)	0-100	29	0	0	0	0	0	0	0-100	8
Total indirect	0-100	57	0-65	32	0-40	10	0-100	37	0-100	35

[1]Unweighted averages.
[2]From all oilseeds and oilnuts.
[3]Including cottonseeds, flaxseeds, peanuts, peanut oil, corn oil, other vegetable oils.
[4]Less than 0.5 percent.
[5]Including Zen-Noh, the Japanese cooperative.

Terms of Sale

Cooperatives exporting oilseeds, oilnuts, and products in 1976 generally used one delivery term of sale. In every subgroup, the term f.o.b. was used most frequently and for a high proportion of total exports. The range among the four subgroups was from 65 to 100 percent (table 51).

Essentially all of the soybeans (98 percent) and soybean and cottonseed oils (100 percent) were sold f.o.b. U.S. port. The other subgroup had 13 percent f.a.s. and 7 percent c.i.f. overland to buyer's inland facility. Slightly more than one-third (35 percent) of the oilcake and meal was sold c.i.f. overland to buyer's facility.

Only 2 percent of the soybeans were sold c.& f. and none were sold c.i.f. in 1976. A decade earlier, total direct exports of soybeans by cooperatives had been substantially lower, but a larger proportion was sold c.i.f. to Rotterdam and other foreign ports.

Payment terms of sale varied more than the delivery terms. Soybeans, the principal commodity in the group, were sold cash against documents (50 percent) or under letter of credit (50 percent) (table 52). The choice of term presumably was based, in most instances, on the kind of buyer, delivery term, or the ultimate destination. In some instances, the identity of the buyer may have made a difference; established buyers, or new buyers with especially strong credit ratings, may have been given the easier term, cash against documents.

All of the soybean and cottonseed oils were sold on open account. For both oilcake and meal, and the other category, the pattern was one-third sold on open account. However, more than half of the oilcake and meal was sold cash against documents, while half of the other was sold under letters of credit.

Table 51—Oilseeds, oilnuts, and products; delivery terms used by direct exporting cooperatives, 1976[1]

Commodity	F.a.s. (U.S. port)	F.o.b. (U.S. port)	C. & f. (Foreign port)	C.i.f. overland to buyer's inland facility	Total
			Percent		
Oilseeds, oilnuts, and products	3	81	1	15	100
Soybeans	0	98	2	0	100
Oil, soybean and cottonseed	0	100	0	0	100
Oilcake and meal[2]	0	65	0	35	100
Other[3]	13	80	0	7	100

[1]Including both direct and indirect exporting by cooperatives making deliveries to U.S. ports or foreign destinations; unweighted averages.

[2]From all oilseeds and oilnuts.

[3]Including cottonseeds, flaxseeds, peanuts, peanut oil, corn oil, other vegetable oils.

Table 52—Oilseeds, oilnuts, and products: payment terms used by direct exporting cooperatives, 1976[1]

Commodity	Open account	Cash against documents	Draft (without letter of credit)	Letter of credit	Total
			Percent		
Oilseeds, oilnuts, and products	33	35	4	28	100
Soybeans	0	50	0	50	100
Oil, soybean and cottonseed	100	0	0	0	100
Oilcake and meal[2]	33	54	13	0	100
Other[3]	33	17	0	50	100

[1]Including both direct and indirect exporting by cooperatives making deliveries to U.S. ports or foreign destinations; unweighted averages.

[2]From all oilseeds and oilnuts.

[3]Including cottonseeds, flaxseeds, peanuts, peanut oil, corn oil, other vegetable oils.

Cotton

Cotton (raw, excluding linters) ranked fourth in value of the eight specific commodity groups moved into export marketing channels by direct exporting cooperatives in 1976. In terms of direct exports of individual commodities, cooperative exports of raw cotton ($232 million) were exceeded only by corn (which accounted for most of the $490 million in feed grains), wheat ($356 million), and soybeans ($298 million).

In terms of cooperative shares of total U.S. exports in 1976, cotton (22 percent) was in fourth place. Its proportionate share was exceeded by fresh citrus, almonds, and walnuts.

Thus raw cotton is near the top in importance among commodities exported by cooperatives.

In the remainder of this section, each reference to cotton will refer to raw cotton only and will exclude linters.

Export Values and Shares

Total exports of cotton in 1976 by the four direct exporting associations were valued at $263 million (table 53). Of that total, $232 million (88 percent) were direct exports. This was an unusually high proportion of direct sales and especially significant because of the large volume involved.

Total U.S. exports of cotton in 1976 were valued at over $1 billion and, as noted earlier, the cooperative share was 22 percent (table 54). Corn was the only other commodity with direct exports exceeding $200 million that had a share as large as 10 percent.[20]

Export value amounts and cooperative share percentages are illustrated in figure 17.

Table 53—Cotton, raw, excluding linters: value of direct and indirect exports by direct exporting cooperatives, 1976

Direct exports			Indirect exports			Total exports	
Cooperatives	Value[1]	Percent of total exports	Cooperatives	Value[1]	Percent of total exports	Cooperatives	Value[1]
Number	*$1,000*		*Number*	*$1,000*		*Number*	*$1,000*
4	231,664	88.1	3	31,432	11.9	4	263,096

[1]In U.S. dollars at U.S. loading port.

Table 54—Cotton, raw, excluding linters: value of direct exports by cooperatives compared with total United States exports, 1976

Total U.S.	Cooperatives		
	Associations	Value[1]	Percent of total U.S.
$1,000	*Number*	*$1,000*	
1,048,669	4	231,664	22.1

[1]In U.S. dollars at U.S. loading port.

[20]The exact export share for corn was not determined in this study but there is evidence to support this conclusion.

Figure 17 —
Cotton, raw*: cooperative share of total U.S. exports, 1976

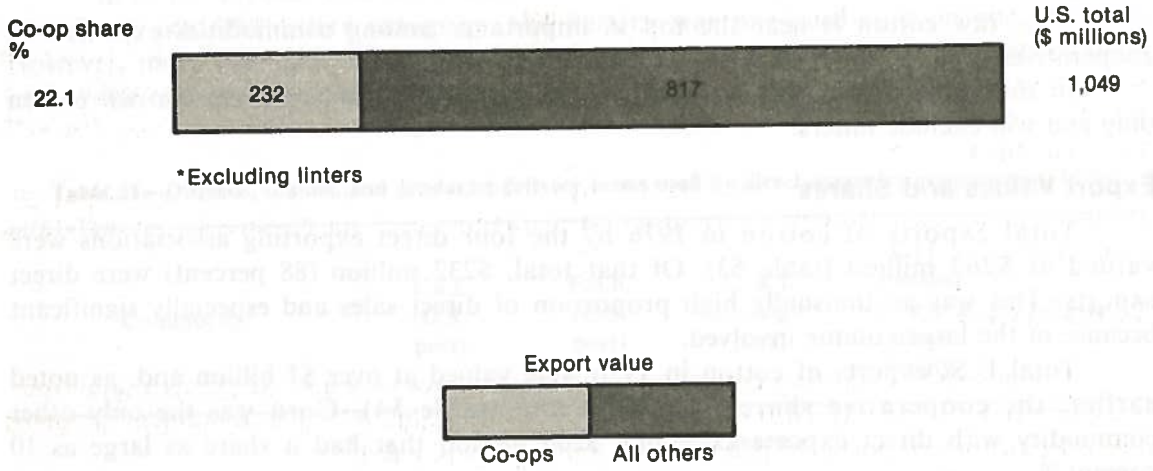


Table 55—Cotton, raw, excluding linters: cooperative exports by destination, 1976[1]

Destination	Total
	$1,000
EUROPE	19,928
Western Europe	19,928
European Community	18,775
Other Western	1,153
ASIA	222,558
South Asia	5,000
Southeast and East Asia	217,558
Total reported	242,486
Unknown/unreported	20,610
Total	263,096

[1]Includes both direct and indirect exports by all cooperatives engaged in direct exporting.

Countries of Destination

Countries of destination were reported for cotton valued at $242 million, 92 percent of the total exported by direct exporting cooperatives in 1976 (table 55). This high percentage was due primarily to the fact that the cooperatives had an almost equally high proportion of direct exports. The largest cotton exporting cooperative reported destinations for 99 percent of its export-bound volume.

The major market areas were Southeast and East Asia (90 percent) and the European Community (8 percent).

Japan was the largest single country market with imports of $110 million (45 percent of the cooperative total), and the Republic of Korea was second with $84 million (35 percent). These two Asian countries accounted for 80 percent of cooperative exports of cotton. Italy and Indonesia also were important markets.

Marketing Channels

As shown in table 56, the general marketing pattern for cotton was 37 percent through cooperatives' foreign sales representatives, 28 percent direct to foreign distributors, 12 percent through U.S. export agents, 11 percent to Japanese trading companies, and 10 percent to U.S. export merchants. Only 2 percent did not go to or through these channels.

No one kind of marketing channel was used by all cotton exporting cooperatives. In only one instance (foreign distributor) was a channel used for all sales by an individual cooperative.

Terms of Sale

Cooperatives exporting cotton used two delivery terms, f.a.s. (32 percent) and f.o.b. (46 percent) for nearly four-fifths of their sales (table 57). The remainder involved deliveries to foreign ports: 15 percent c.i.f. and 7 percent c.& f.

An unusually high proportion of sales—two-thirds—customarily was made under letter of credit (table 58), reflecting the Asian dominance of the market. Cash against documents was used for 26 percent of the sales. Most—possibly all—of the European Community sales were made on this payment term. Of the remainder, 6 percent were sales on open account and 2 percent with a draft but no letter of credit.

Table 56—Cotton, raw, excluding linters: marketing channels used by direct exporting cooperatives, 1976

Channel through or to which sales were made	Total	
	Range	Average[1]
	Percent	
Direct exporting		
2. Cooperative's foreign sales representative	0-80	37
4. Foreign distributor	0-100	28
6. Foreign end user	0-2	1
7. Japanese trading co. (if delivered to port for Japan)	0-30	11
Total direct	0-100	77
Indirect exporting		
1. U.S. export agent	0-46	12
4. U.S. export merchant	0-36	10
6. Foreign govt. with office/agent in U.S.	0-5	1
Total indirect	0-46	23

[1]Unweighted averages.

Table 57—Cotton, raw, excluding linters: delivery terms used by direct exporting cooperatives, 1976[1]

F.a.s. (U.S. port)	F.o.b. (U.S. port)	C. & f. (Foreign port)	C.i.f. (Foreign port)	C.i.f. overland to buyer's inland facility	Total
		Percent			
32	46	7	15	[2]	100

[1]Including both direct and indirect exporting by cooperatives making deliveries to U.S. ports or foreign destinations; unweighted averages.
[2]Less than 0.5 percent.

Table 58—Cotton, raw, excluding linters: payment terms used by direct exporting cooperatives, 1976[1]

Open account	Cash against documents	Draft (without letter of credit)	Letter of credit	Total
		Percent		
6	26	2	66	100

[1]Including both direct and indirect exporting by cooperatives making deliveries to U.S. ports or foreign destinations; unweighted averages.

Conclusions

Information obtained in this and previous studies provides a broad framework of knowledge about the role and operations of farmer cooperatives engaged in direct exporting of agricultural commodities. We need to fill in the major gaps in that framework. The objective of this section is to identify eight important subject areas that pose both problems and opportunities for exporting cooperatives, and to put them into perspective as challenges to cooperative managements, members, and researchers.

Direct Exports

Direct exporting enables a cooperative to control the product further along in export marketing channels and to obtain a larger share of the marketing margin. It meets, in part at least, the century-old goal of eliminating the middleman. It also requires more expertise on the part of cooperative personnel, and the assumption of greater risks; gains may be larger for some sales, but losses may be larger for others.

Cooperatives in 14 commodity groups each had direct exports valued in excess of $10 million in 1976. Their volumes of direct sales as percentages of total exports averaged as follows:

Commodity	*Percent direct*
Nuts	97.5
Processed fruit	95.3
Cotton, raw	88.1
Citrus, fresh	85.7
Poultry products	85.3
Dried beans, peas, lentils	82.0
Soybean and cottonseed oil	72.0
Live animals, and other	73.5
Feed grains	71.7
Oilcake and meal	68.0
Non-citrus fruit, fresh	55.2
Soybeans	53.6
Wheat	40.5
Rice	34.6

Perhaps the most striking fact about this comparison is the array of relatively low percentages of direct exports for wheat, feed grains, soybeans, and rice. These four commodities ranked one, two, three, and five in dollar value of total exports in 1976, yet they comprised four of the lowest six commodities in percentages of direct exports. In contrast, cotton—ranked fourth in total exports—was third highest in percent of direct exports.

In this study, no attempt was made to determine the reasons for these and other differences between commodities. Relative size apparently is a factor. While the cooperative export volumes of soybeans and grains are large in comparison with those of other commodities, the size of their competitors—the huge international grain trading companies—is proportionately even greater.

The challenge for the future is to develop a broader informational base that will help cooperative managements determine when—and when not—to make more direct exports.

Delivered Sales

A cooperative that can make delivered export sales—those involving deliveries to foreign destinations—has greater sales opportunities than a cooperative that does not have that ability. However, it also needs more expertise and incurs larger risks.

Commodity groups of cooperatives that each reported direct exports valued in excess of $10 million in 1976, had the following volumes of delivered sales in percentages of the combined volumes of deliveries to U.S. ports and foreign destinations:

Commodity	*Percent delivered*
Citrus, fresh	74
Dried beans, peas, lentils	70
Poultry products	63
Non-citrus fruit, fresh	43
Oilcake and meal	35
Live animals, and "other"	24
Cotton, raw	22
Processed fruit	21
Rice	5
Wheat	4
Soybeans	2
Nuts	1
Feed grains	0
Soybean and cottonseed oil	0

Within a commodity group of cooperatives, one would expect the largest associations to have the largest volumes of delivered sales. This is generally true. But there are great differences among commodity groups. For example, three cooperatives that had direct exports of feed grains valued at more than $490 million in 1976, had no sales providing for delivery to foreign ports. Yet four cooperatives with direct exports of fresh vegetables valued at only $5-½ million, sold 80 percent of their export volume on the basis of delivery to foreign ports. Thus size is not the sole determinant in selecting a delivery term of sale.

In general, the grains had low levels of both direct exports and delivered sales. An exception was feed grains. That group had a high level of direct exports (72 percent), but no delivered sales whatsoever.

Perhaps the most striking comparison of a percentage for direct exports with that for delivered sales pertained to nuts. That group ranked first for direct exports at 97.5 percent; it was almost at the bottom for delivered sales with 1 percent.

The challenge here is essentially an extension of that presented by the need to increase direct exports. The basic objective is the same: that is, to move cooperative ownership and control of agricultural commodities farther along in the marketing channels leading from U.S. farms to foreign users.

Future research can determine (a) why there are differences of such magnitude in the average percentages of delivered sales; (b) what percentages may be appropriate goals for specific commodities and markets; and (c) how a cooperative's management can develop criteria for most effectively making decisions to maximize annual net margins, set annual goals for delivered sales, and select individual sales to be made on a delivered basis.

Cooperative Shares

The cooperative share of total United States agricultural exports in 1976 ranged from less than 0.05 percent each for red meats and products and dairy products to 69.9 percent for fresh citrus. The average was 9.2 percent.

Fourteen commodity groups of cooperatives had cooperative shares of total U.S. exports of agricultural commodities as follows:

Commodity	*Co-op share (percent)*
Citrus, fresh	69.9
Nuts	40.1
Processed fruit	28.4
Cotton, raw	22.1
Rice	13.5
Dried beans, peas, lentils	9.6
Soybean and cottonseed oil	9.3
Wheat	9.2
Soybeans	9.0
Feed grains	8.2
Oilcake and meal	8.0
Poultry products	6.3
Non-citrus fruit, fresh	6.2
Live animals, and other	3.8

Twelve of the groups were included within a relatively narrow range of 25 percent (3.8 to 28.4 percent), but the cooperative share for nuts was much higher (40.1 percent) and the share for fresh citrus was an extraordinary 69.9 percent.

For those commodities for which the cooperative shares have been especially high—fresh citrus, nuts, processed fruit, and raw cotton—one or several highly efficient cooperatives have been industry leaders in developing and maintaining foreign markets.

We can speculate about other reasons for the large differences in volume shares, but we do not have a sufficient body of data to substantiate positive conclusions. The first three commodities in the above listing have at least two things in common. They are relatively small in terms of total U.S. agricultural exports, and the primary production areas are in California.

The challenge for the future is to isolate characteristics of commodities, and of cooperatives marketing those commodities, that have contributed to developing relatively large export shares for certain commodity groups of associations. Perhaps this information will help other cooperatives gain larger export shares.[21]

Foreign Markets

Information gathered during the current study indicates that cooperatives exported agricultural commodities to about 100 countries in 1976. Although the countries of destination vary among individual associations and commodity groups, it appears that cooperatives depend primarily on established foreign markets, and are somewhat reluctant

[21]Appendix table 4 presents a ranking of commodity groups based on data in this section and the two immediately preceding. However, the technique involved is more useful in comparing individual cooperatives within a commodity group than for comparisons of averages of one commodity group with those of another.

to bear the higher delivery and payment risks of developing markets. This basic difference in market selection, in comparison with our national export patterns, is rather insignificant in West Asia, South Asia, and Oceania, but quite marked for the developing nations of Latin America and Africa and also the centrally planned economies of Eastern Europe.

The latter three areas account for one-fourth of total U.S. agricultural exports. Perhaps more cooperatives with the necessary expertise and appropriate commodities should give greater attention to sales opportunities in those areas.

Since cooperatives already have substantial volumes of direct exports to the European Community and Asia, the opportunity exists to build on past successes.

Thus the challenge of the future is to expand exports to well established markets, and to acquire new sales outlets in developing markets.

Overseas Facilities

The current study was not concerned with U.S. cooperatives' overseas facilities other than sales offices. Very few of these cooperatives are involved in storing or processing operations in foreign countries. Marketing research studies likely would show additional opportunities for cooperative processing or storing, particularly if several cooperatives joined together to obtain the efficiency associated with large-scale operations. One such possibility would be to lease or build a joint distribution center to serve several U.S. cooperatives exporting perishable foods to West Asian countries such as Saudi Arabia and Iran.

Such a warehousing center, and coordinated trucking system, might increase marketing efficiency by lowering operating costs per unit, reduce the financial risk for each participating cooperative, and expand total cooperative exports to an area of continuing market growth. It might increase sales opportunities by (a) attracting more large-volume buyers interested in several commodities; (b) attracting more small volume buyers who then could receive relatively small shipments at regular intervals; and (c) facilitating sales direct to users rather than to foreign distributors or through other middlemen.

The Overseas Private Investment Corp. is interested in financing development of U.S. cooperatives' facilities in foreign countries. A coordinated warehousing project might be eligible for a construction loan on favorable terms.

The challenge now is to accept the fact that acquisition of overseas processing or storing facilities may sometimes be good business, and to capitalize on such opportunities as they develop.

Ship Chartering

Although trucks, airplanes, and railroads were important transportation modes for exporting cooperatives in 1976, they exported 85 percent of their volume via oceangoing vessels. Very few of the vessels were chartered by cooperatives; in nontechnical terms, this means that cooperatives rarely leased a vessel for a specific voyage or period of time.

We will focus here on commodities involved in the international grain trade because—considered in total and not just the cooperative sector—that trade dominates large-scale chartering of vessels for exports of U.S. agricultural commodities.

Wheat, feed grains, and soybeans are all exported in essentially the same manner and are the principal commodities referred to by the term international grain trade, even

though a soybean actually is an oilseed rather than a grain. Rice is a grain but, for reasons explained earlier, usually is not considered to be part of the international grain trade.

Very small proportions of the cooperatives' wheat (4 percent, c.& f.) and soybeans (2 percent, c.& f.) were sold delivered to foreign destinations in 1976. None of the feed grains was sold delivered. The delivered shipments were transported overseas in ships chartered by the cooperatives.

There are valid reasons for cooperatives to make more sales on a delivered basis (c.& f. or c.i.f.) if they are to continue to grow and to enhance their competitive position in the U.S. export grain trade. There also are valid reasons for being cautious about entering the ship chartering arena. Chartering oceangoing vessels is an essential part of delivered sales and it usually is difficult for cooperatives to obtain vessels at rates as low as are available to their huge competitors. As a minimum, however, the cooperatives should have greater *capability* for making delivered sales whether or not they materially increase their volumes of such sales.

C.& f. and c.i.f. sales involve assumption of substantial risks by a cooperative shipper and require special expertise on its part. There is no assurance that a particular cargo sold c.& f./c.i.f. will return as much to the cooperative as an f.o.b. sale. However, c.& f./c.i.f. sales made in a continuing program are likely to have three major benefits. The cooperative may (a) gain a net margin on the chartering of vessels during the year; (b) more easily establish a reputation overseas for the dependable quality of its product and reliability of its performance, thus enhancing the value of its product in the minds of overseas buyers; and (c) obtain greater flexibility in operations than is possible with f.o.b. sales.

Flexibility in c.& f./c.i.f. sales may be of benefit in five ways. First, the cooperative will be able to take advantage of especially attractive sales opportunities involving deliveries to foreign destinations, even though most of its sales are still on an f.o.b. basis.

Second, the cooperative will have a greater number and wider selection of potential buyers than if it sold on an f.o.b. basis only.

Third, the cooperative can choose the shipment period and can decide when to ship during the period. In some cases, it will be desirable to ship early in the period to keep financing costs on inventories to a minimum or to handle most efficiently the loading of another ship for another sale. In other cases, the cooperative may wish to ship near the very end of the period.

Fourth, during a period of declining commodity prices or declining ocean freight rates, a buyer may choose to defer receipt of grain purchased f.o.b. He then has more flexibility than he would have in a c.& f./c.i.f. sale; this may work to the disadvantage of the cooperative.

Fifth, even if 90 percent of the sales are made f.o.b., consummating some c.& f./c.i.f. sales will provide a yardstick for comparing net returns from f.o.b. and c.& f./c.i.f. sales and for evaluating ocean freight conditions. As a result, the cooperative management will be in a stronger bargaining position in negotiating its f.o.b. sales.

The Cooperative Marketing and Purchasing Division of ESCS has underway a research study designed to shed new light on this challenge that must be met in the early 1980's.

Multicooperative Export Activities

In a previous report we discussed at some length new export opportunities for cooperatives, acting individually or in groups.[22] There is no point in repeating here all of that earlier discussion, but it is appropriate to re-emphasize the critical need for farmers and their cooperatives to further pool resources in some manner. This is a prerequisite for increasing farm incomes by (a) enabling farmers to share in international marketing margins, (b) maintaining or expanding existing export markets for U.S. agricultural commodities, and (c) developing new foreign markets for those commodities.

The previous discussion of a proposed warehousing center in a foreign country (see Overseas Facilities) is a case in point.

Specialized exporting cooperatives are one form of resource pooling. The study on which this report was based included the specialized exporting cooperatives, but was not concerned with the special role they play. These are cooperatives designed to perform the export marketing function, while member cooperatives perform other functions, such as assembling, storing, processing, and domestic marketing. Included among the group are Farmers Export Co., Diamond-Sunsweet, Sunland Marketing, AMCOT, California Valley Exports, Gold Kist International, and Seald-Sweet International.

A major challenge during the next decade will be to evaluate specialized exporting cooperatives and other forms of multicooperative organizations and activities, to help farmers capitalize to the fullest extent possible on their joint export marketing opportunities.

General

For the first time in history we have a broad statistical picture of the operations of exporting cooperatives. Not only have dollar volume and destination data been updated from 1970 to 1976, but information also has been gathered about marketing channels, terms of sale, and other techniques and practices. This information will give us all greater insight into the cooperative export system, stimulate export administrators to seek more effective ways to increase sales volumes and net margins, encourage farmers to look for ways to join together to capitalize on new opportunities, and help researchers develop studies of value to farmers and their cooperatives.

Our study revealed wide differences among cooperatives in selection and use of export techniques—particularly marketing channels and foreign markets. However, the differences are due less to inadequate planning than to extreme variations in commodity characteristics and a need to adapt to varied circumstances within a complex and highly competitive business.

Seventy-three cooperatives have a substantial volume of direct exports. Their indirect exports, plus those of many other cooperatives that engage in indirect exporting only, provide a base for future expansion.

U.S. agricultural exports have risen sharply in recent years. Specific commodities will have their ups and downs during the next decade, but the general level of these exports likely will continue to be high.

Farmer cooperatives will seek to increase their shares of total U.S. exports. It appears likely that most of them will be successful. They have built a reservoir of experience, and acquired facilities and capital, though more are needed. Day-to-day sales

[22]See pp. 68-74 of reference cited in footnote 2.

activities will continue to be important, but more attention will have to be given to long-term marketing objectives and strategies.

Cooperatives exporting agricultural commodities not only have served their farmer-members effectively, but also have benefited all Americans by helping create a favorable balance of international trade in agricultural commodities. Now they are challenged to be of even greater service in the future. They can and must meet that challenge.

Appendixes

Appendix A—Methodology

A one-sheet, two-page mail questionnaire was used to obtain information from selected cooperatives. Prior to final development of the questionnaire, visits were made to a small group of exporting cooperatives. They varied in size, geographic location, and kinds of commodities exported. Suggestions were obtained relative to the scope and format of the proposed questionnaire.

Some persons expressed a preference for reporting volume in physical units rather than in dollar values. This would eliminate the effect of price fluctuations and also the need to report volume at a specific place, such as f.o.b. U.S. port. However, the only measure of volume commonly used for all agricultural commodities is the dollar, and that was the measure chosen.

Selection of the survey group was a major task. The objective was to obtain information from every direct exporting cooperative in the United States. The primary source of information was an export reference file developed by the author during the previous year. Of the 73 cooperatives eventually identified as direct exporters in 1976, more than three of every four were included in the reference file.

Other sources checked to obtain names and addresses of direct exporting cooperatives were the following:

1. Commodity specialists in the Cooperatives Program of ESCS, USDA (then known as Farmer Cooperative Service).
2. "Directory of Farmer Cooperatives" published by the National Council of Farmer Cooperatives, September 1976.
3. Working files for an earlier research project that resulted in publication of FCS Inf. 88, "Foreign Trade of Cooperatives," February 1973.
4. Trade Opportunity Referral Service list maintained by the Foreign Agricultural Service, USDA.
5. Central Bank for Cooperatives.
6. Lists of cooperatives published by State agencies.

Information from all these sources led to development of a list of 182 firms. However, information received later disclosed that three of these were not actually farmer cooperatives. Thus the sample group consisted of 179 cooperatives.

As shown in appendix table 5, only 73 (41 percent) of the 179 cooperatives were engaged in direct exporting. Of the other 106 associations, 79 (three-fourths) were not engaged in exporting of any kind or did not recognize sales for export as indirect exporting.

Of the 73 direct exporting cooperatives, 26 associations engaged in direct exporting only; nearly two-thirds of the group had both direct and indirect exports.

When the questionnaires were mailed out to all 182 firms, it was pointed out in a cover letter that the objectives of the survey were to determine which agricultural

commodities were exported directly by cooperatives, what the values were, which foreign countries received the commodities, and—to a limited extent—how the sales and shipments were made. It also was made clear that the questionnaire was authorized by law but no cooperative was required to respond. Assurance was given that information about the operations of individual cooperatives would not be published separately.

Most of the cooperatives responded with reasonable speed and accuracy. A few were reluctant to reveal confidential information, or did not want to undertake the chore of gathering data. However, enough information was received from or about each of the 179 cooperatives to classify it according to export function performed, and to provide some indication of the kind and size of its export business, if any. Thus all cooperatives known to have been engaged in direct exporting in 1976 were covered.

The questionnaire encompassed a wide range of information. In many instances, answers were incomplete or obviously incorrect. A great deal of followup effort, via telephone and letter, was needed to develop the mass of data finally tabulated.

Data had been requested for the cooperatives' fiscal years ended in 1976. However, the reporting period was changed during the tabulation process. It was found that (1) most of the cooperatives had fiscal years that ended on or after July 31, 1976, and (2) more than half the dollar volume for all 73 associations was reported by cooperatives whose fiscal years ended December 31, 1976. Thus it was apparent that a higher degree of comparability with data for total U.S. agricultural exports would be attained if the cooperative data were considered to be for calendar year 1976 rather than for the fiscal year ended June 30, 1976. Therefore, all cooperative data were identified as being for the calendar year 1976.

Most of the data in this report are quantitative compilations. That is, the totals were derived by adding the numbers of cooperatives, and the dollar values of their commodities, and deriving percentages by simple division of the quantitative data.

A different approach was used for marketing channels and terms of sale. In those instances, the percentages are averages, unweighted by dollar volumes or numbers of sales. They show marketing patterns rather than the proportionate quantities sold by all cooperatives combined. Further, the terms of sale data cover most but not all export-bound shipments made by the direct exporting cooperatives. They pertain only to those sales—direct or indirect—for which the cooperatives made deliveries to U.S. ports or foreign destinations.

The study on which this report is based is the first to attempt to gather statistical information on a nationwide basis relative to the methods cooperatives use in exporting agricultural commodities. It is the second to gather data on dollar volumes of cooperatives on a nationwide basis. The first study of dollar volumes led to publication of FCS Inf. 88, "Foreign Trade of Cooperatives," February 1973, and a statistical supplement.

Due to differences in scope and methodology, the results of the two studies are not comparable in all respects. These are the major differences:

1. In the first study, data were obtained from 98 cooperatives; they were almost exclusively large-scale, regional, or federated cooperatives. In the current study, data were obtained from 100 cooperatives; neither size nor structure was a criterion for selection, and the sample group of 179 cooperatives consisted of those known to be engaged in direct exporting plus others thought to be exporting directly.

2. In the first study, cooperatives were asked to report their dollar volumes of direct exports and indirect sales. In the current study, they were asked to report the volumes moving through designated marketing channels; the distinction between direct and indirect exporting was made uniformly by the researcher.

3. In the first study it was assumed that the 98 cooperatives supplying data were the only cooperatives engaged in exporting and the sum of their indirect sales was the national total for such sales. In the second study, it was assumed that data were obtained from all direct exporting cooperatives, but there was no practical way to measure the volume of indirect exports because many associations do not know what proportions of the quantities they sell to other U.S. firms, or international grain trading companies, are consumed in foreign countries.

4. In the first study, cooperative shipments destined for U.S. territorial possessions—Guam, Puerto Rico, Virgin Islands—were classified as exports; Puerto Rico was identified as the fifth largest market in the world for cooperative exports. In the current study sales to the possessions are classified as domestic sales and excluded from all tabulations.

5. In the first study, cooperatives were requested to report the dollar values of their exports, but in the current study they were requested to report the values at a specific marketing stage—i.e., f.o.b. U.S. port.

6. The first study included information about cooperative imports; the current study does not. Further, the first study provided trade data for a 3-year period, while the second study is limited to 1 year.

7. The first study developed more data pertaining to export destinations for commodity groups but less detail with respect to individual commodities, e.g., wheat. (Neither study included data on cooperative exports of tobacco.) It also had no information about locations and size of the cooperatives surveyed, foreign offices and representatives, marketing channels, terms of sale, or international transportation; each of these is a major part of the current study.

Each of the reports resulting from these studies contains some useful information that is not included in the other. In a general way, the results of the studies are comparable with respect to export values and export shares. However, as indicated by the foregoing seven points, there were enough differences in methodology to suggest that many comparisons might result in erroneous conclusions as to changes that occurred between 1970 and 1976.

Appendix B—Supplementary Tables

Appendix table 1—Names of direct exporting cooperatives, and locations of headquarters, 1976

State, (number in State), and cooperative	City
Alabama (1)	
Anderson's Peanuts	Opp
Arkansas (2)	
Producers Rice Mill, Inc.	Stuttgart
Riceland Foods, Inc.	Stuttgart
California (21)	
Blue Anchor, Inc.	Sacramento
Butte Rice Growers Assn.	Richvale
Calavo Growers of California	Los Angeles
Calcot, Ltd.	Bakersfield
California Almond Growers Exchange	Sacramento
California Bean Growers Assn.	Oxnard
California Canners and Growers	San Francisco
California Livestock Marketing Assn.	West Sacramento
California Valley Exports	San Francisco
Cal/West Seeds	Woodland
Diamond-Sunsweet, Inc.	Stockton
Farmers' Rice Cooperative	West Sacramento
Lindsay Olive Growers	Lindsay
Naturipe Berry Growers, Inc.	San Jose
Nulaid Foods, Inc.	San Leandro
Pure Gold, Inc.	Redlands
Ranchers Cotton Oil	Fresno
Rice Growers Assn. of California	Sacramento
Sunkist Growers, Inc.	Sherman Oaks
Sunland Marketing, Inc.	Menlo Park
Tri/Valley Growers	San Francisco
Florida (7)	
Citrus Central, Inc.	Orlando
Citrus World, Inc.	Lake Wales
A. Duda & Sons Cooperative Assn.	Oviedo
Haines City Citrus Growers Assn.	Haines City
Pioneer Growers Co-op	Belle Glade
Seald-Sweet International, Inc.	Tampa
Winter Garden Citrus Products Cooperative	Winter Garden
Georgia (1)	
Gold Kist International	Atlanta
Illinois (1)	
Illinois Agricultural Service Co.	Bloomington

(Continued)

Appendix table 1—Names of direct exporting cooperatives, and locations of headquarters, 1976—*(Cont)*

State, (number in State), and cooperative	City
Iowa (1)	
Sioux Honey Association	Sioux City
Kansas (1)	
Farmers Export Company	Overland Park
Massachusetts (2)	
National Wool Marketing Corp.	Boston
Ocean Spray Cranberries, Inc.	Hanson
Michigan (4)	
Cherry Central Co-op, Inc.	Traverse City
Farm Bureau Services, Inc.	Lansing
Michigan Blueberry Growers Assn.	Grand Junction
Michigan Live Stock Exchange	Manchester
Minnesota (4)	
American Crystal Sugar	Moorhead
Dawson Mills	Dawson
Honeymead Products Co.	Mankato
Land O'Lakes, Inc.	Minneapolis
Mississippi (2)	
MFC Services (AAL)	Jackson
Staple Cotton Cooperative Assn.	Greenwood
Missouri (1)	
Farmland Foods, Inc.	Kansas City
New York (3)	
Agway, Inc.	Syracuse
New York Seed Improvement Coop.	Ithaca
Welch Foods, Inc.	Westfield
Ohio (1)	
Mid-States Terminals, Inc.	Toledo
Oklahoma (1)	
Union Equity Cooperative Exchange	Enid

(Continued)

Appendix table 1—Names of direct exporting cooperatives, and locations of headquarters, 1976—*(Cont)*

State, (number in State), and cooperative	City
Oregon (6)	
Agripac, Inc.	Salem
Diamond Fruit Growers, Inc.	Hood River
North Pacific Grain Growers	Portland
Oregon Prune Exchange	Forest Grove
PPSI, Inc.	Portland
Stayton Canning Company Cooperative	Stayton
Pennsylvania (1)	
Knouse Foods Cooperative, Inc.	Peach Glen
Texas (6)	
American Rice, Inc.	Houston
Growers Seed Association	Lubbock
Plains Cotton Cooperative Assn.	Lubbock
Producers Grain Corporation	Amarillo
Producers International Organization	Amarillo
Southwestern Irrigated Cotton Growers Assn.	El Paso
Utah (1)	
Norbest Turkey Growers Assn.	Salt Lake City
Virginia (2)	
Eastern Lamb Producers Coop.	Dublin
Rockingham Poultry Marketing Coop., Inc.	Broadway
Washington (3)	
Skookum, Inc.	Wenatchee
Wenoka Sales	Wenatchee
Western Farmers Association	Seattle
Wisconsin (1)	
Tri-State Breeders Cooperative	Baraboo

Appendix table 2—Potential and actual agricultural export destinations for U.S. cooperatives, country groupings and individual countries, 1976

North America
- Greenland
- *Canada
- St. Pierre and Miquelon

Latin America
- *Mexico

Central America
- *Guatemala
- Belize
- *El Salvador
- *Honduras
- *Nicaragua
- *Costa Rica
- *Panama
- Canal Zone

Caribbean
- *Bermuda
- *Bahamas
- Cuba
- *Jamaica
- Turks and Caicos Islands
- Cayman Islands
- *Haiti
- *Dominican Republic
- Leeward-Windward Islands
- Barbados
- *Trinidad-Tobago
- *Netherlands Antilles
- *French West Indies

South America
- *Colombia
- *Venezuela
- Guyana
- Surinam
- French Guiana
- *Ecuador
- *Peru
- Boliva
- *Chile
- *Brazil
- Paraguay
- *Uruguay
- *Argentina
- Other South America, n.e.c.

Europe
- Western Europe
  - EC (European Community)
    - *Netherlands
    - *Belgium-Luxembourg
    - *France
    - *Fed. Rep. of Germany
    - *Italy
    - *Denmark
    - *United Kingdom
    - Ireland
  - Other Western Europe
    - *Iceland
    - *Sweden
    - *Norway
    - *Finland
    - Austria
    - *Switzerland
    - *Azores
    - *Spain
    - *Portugal
    - Gibraltar
    - *Greece
    - Malta and Gozo
- Eastern Europe
  - *German Democratic Rep.
  - Czechoslovakia
  - *Hungary
  - *Poland
  - Yugoslavia
  - Albania
  - *Romania
  - Bulgaria
  - *USSR
  - Estonia
  - Latvia
  - Lithuania

Asia
- West Asia
  - Turkey
  - Cyprus
  - *Syria
  - *Lebanon
  - *Iraq
  - *Iran
  - *Israel

(Continued)

Appendix table 2—Potential and actual agricultural export destinations for U.S. cooperatives, country groupings and individual countries, 1976—*continued*

Jordan
Gaza Strip
*Kuwait
*Saudi Arabia
Qatar
*United Arab Emirates
Yemen (Sana)
Yemen (Aden)
Oman
*Bahrain

South Asia
Afghanistan
*India
*Pakistan
Nepal
*Bangladesh
Sri Lanka (Ceylon)

Southeast and East Asia
*Japan
*Peoples Republic of China
Mongolia
Burma
Thailand
South Vietnam
North Vietnam
Laos
Cambodia
*Malaysia
*Singapore
*Indonesia
Brunei
*Philippines
Macao
Southern Asia, n.e.c.
*Republic of Korea
North Korea
*Hong Kong
*Republic of China (Taiwan)

Oceania
*Australia
*New Zealand
Papua New Guinea
Western Samoa
British Pacific Islands
French Pacific Islands
*Trust Territory of the Pacific Islands
Other Pacific Islands, n.e.c.

Africa
North Africa
*Algeria
*Morocco
Nigeria
*Tunisia
Libya
*Egypt

Other Africa
*Sudan
*Canary Islands
Spanish Africa, n.e.c.
Equatorial Guinea
Mauritania
Cameroon
*Senegal
Mali
Guinea
Sierra Leone
Ivory Coast
Ghana
The Gambia
Niger
Togo
Nigeria
Central African Republic
Gabon
Chad
St. Helena (British W. Africa)
Madeira Islands
Upper Volta
Dahomey
Angola
Congo (Brazzaville)
Western Africa, n.e.c.
*Liberia
Zaire
Burundi
Rwanda
Somalia
Ethiopia
Afars-Issas
Uganda
Kenya
Seychelles
British Indian Ocean Territory
Tanzania
Mauritius
Mozambique
Malagasy Republic
French Indian Ocean Areas

(Continued)

Appendix table 2—Potential and actual agricultural export destinations for U.S. cooperatives, country groupings and individual counties, 1976—*continued*

Republic of South Africa	Swaziland
Southwest Africa (Namibia)	Rhodesia
Botswana	Malawi
Zambia	Lesotho

* = Individual country to which cooperative exports were reported; total of 77 countries is not complete since not all cooperatives identified all individual countries of destination.

n.e.c. - "not elsewhere classified"

Appendix table 3—Direct and indirect exports as proportion of total by direct exporting cooperatives, weighted and unweighted averages, 1976

Commodity group[1]	Weighted average[2]		Unweighted average[3]	
	Direct	Indirect	Direct	Indirect
		Percent		
Animals and animal products	69	31	65	35
Grains and preparations	52	48	41	59
Fruits and preparations	87	13	81	19
Nuts and preparations[4]	97	3	97	3
Vegetables and preparations	81	19	77	23
Feeds and fodders	71	29	75	25
Oilseeds, oilnuts, and products	58	42	65	35
Cotton, raw, excluding linters	88	12	77	23
All other[5]	52	48	76	24
Total	61	39	73	27

[1]Excluding tobacco.
[2]Source: Table 2 in text.
[3]Source: Table 7 in text.
[4]Excluding peanuts and products.
[5]Including cotton linters, field and garden seeds, essential oils, honey.

Appendix table 4: Rank of cooperatives in terms of export marketing expertise, foreign market penetration, and share of U.S. exports, by commodities, 1976[1]

Rank	Commodity groups of cooperatives
1	Citrus, fresh
2	Processed fruit
3	Nuts Cotton, raw Dried beans, peas, lentils
6	Poultry products
7	Oilcake and meal
8	Non-citrus fruit, fresh Rice Live animals, and "other" Soybean and cottonseed oil
12	Soybeans
13	Feed grains
14	Wheat

Based on three statistical measures: percentage of total exports that were made direct, percentage of total exports that involved delivery to foreign destinations, and percentage that cooperative exports represented of total U.S. exports.

These measures had a degree of inbuilt bias toward low rankings for cooperatives exporting soybeans, feed grains and wheat. First, the competitive situation for those commodities is different because trade in other commodities is not similarly dominated by a few huge, powerful companies. Second, those commodities are the only ones customarily sold in shipload quantities. The degree of expertise required for chartering an entire vessel for a voyage or specified period of time is much greater than that needed for "booking space" on a vessel. Thus it is less difficult to engage in direct exporting of other commodities and to arrange for their delivery to foreign destinations.

Appendix table 5—Mail survey of cooperative exporting of agricultural commodities; classification of cooperatives according to kind of export function performed, 1976

Export function	Co-ops in sample	
	Number	Percent
Direct only	26	14.5
Direct and indirect	47	26.3
Total direct	73	40.8
Indirect only - total[1]	27	15.1
Total exporting[1]	100	55.9
Not exporting[2]	79	44.1
Total surveyed[1 2]	179	100.0

[1]Hundreds of cooperatives in indirect exporting were not included in the sample.
[2]Thousands of marketing cooperatives not engaged in exporting were not included in the sample.

Other Publications Available

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For copies write: Economics, Statistics, and Cooperatives Service, U.S. Department of Agriculture, Room 550 GHI Building, 500 12th Street, SW, Washington, D.C. 20250.

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COOPERATIVE PROGRAM

U.S. Department of Agriculture
Economics, Statistics, and Cooperatives Service

The Cooperative Program of ESCS provides research, management, and educational assistance to cooperatives to strengthen the economic position of farmers and other rural residents. It works directly with cooperative leaders and Federal and State agencies to improve organization, leadership, and operation of cooperatives and to give guidance to further development.

The Program (1) helps farmers and other rural residents obtain supplies and services at lower cost and to get better prices for products they sell; (2) advises rural residents on developing existing resources through cooperative action to enhance rural living; (3) helps cooperatives improve services and operating efficiency; (4) informs members, directors, employees, and the public on how cooperatives work and benefit their members and their communities; and (5) encourages international cooperative programs.

The Program publishes research and education materials and issues *Farmer Cooperatives*. All programs and activities are conducted on a nondiscriminatory basis, without regard to race, creed, color, sex, or national origin.

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