



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

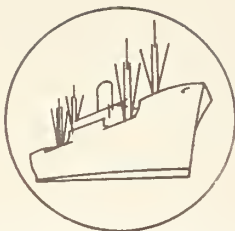
A281.7
Ag 83

EXPORT-PAYMENT ASSISTANCE TO U.S. AGRICULTURAL EXPORTS DECLINED
SHARPLY IN FISCAL YEAR 1969

by
Eleanor N. DeBlois 1/

Reprinted from
FOREIGN AGRICULTURAL TRADE
OF THE
UNITED STATES
March 1970

Trade Statistics and Analysis Branch
Foreign Development and Trade Division
Economic Research Service
U.S. Department of Agriculture



SPECIAL in this issue

EXPORT-PAYMENT ASSISTANCE TO U.S. AGRICULTURAL EXPORTS DECLINED SHARPLY IN FISCAL YEAR 1969

by
Eleanor N. DeBlois ^{1/}

Introduction

U.S. exports of farm products totaled \$5.7 billion in 1968/69, down nearly \$0.6 billion from 1967/68 and \$1.0 billion less than the peak year of 1966/67. The recent decline was equally divided between commercial and food-aid exports. The \$386 million reduction in sales for foreign currency, partly offset by a rise of over \$100 million in long-term credit sales, largely accounted for the reduced exports under Government-financed programs. The largest commodity declines were in wheat, feed grains, and cotton. Exports of animals and products, oilseeds and products, and dairy products were higher.

Payment-assisted exports are estimated at \$0.7 billion in 1968/69, compared with \$1.4 billion a year earlier and \$2.3 billion when this series of estimates was begun for 1960/61. Total export payments amounted to \$62.9 million, down from \$106.6 million a year earlier and a high of \$821.7 million in 1963/64. The movement of wheat grain with no net export payments accounted for most of the decline in value of assisted exports and in total export payments from a year earlier. Certificate purchases by wheat exporters somewhat exceeded payments made to them.

U.S. export-payment programs are designed and administered to assure equitable shares of international trade for U.S. commodities. For the major commodities, which received export-payment assistance, price-support and production-adjustment programs are in effect. Export-payment programs are reviewed and revised to embody legislative changes and to meet changing supply-demand conditions. An important consideration in formulating the present U.S. wheat, feed grain, upland and extra-long-staple cotton programs has been to set price-support loan levels on these commodities at or near world prices with the objective of eliminating or minimizing export-payment assistance.

The term "export payment" in this article includes export payments in cash (or in kind for some prior years) made directly to exporters or differences between the U.S. domestic market price and the CCC sales price for commodities sold for export from Government-owned stocks at competitive world prices.

Export-Payment Assistance, 1968/69

Payment-assisted exports were estimated at only \$679 million in 1968/69, less than half of the previous year's total. They amounted to only 11.8 percent of farm product exports

^{1/} International Economist, Trade Statistics and Analysis Branch, Foreign Development and Trade Division, Economic Research Service.

valued at \$5,740 million, compared with 22.1 percent a year earlier.

Commercial sales consisted of an estimated \$550 million (9.6 percent of total exports) that required export-payment assistance and \$4,170 million (72.6 percent) that moved without this form of assistance. An estimated \$129 million (2.2 percent of total exports) were exported under Government-financed programs with export payments; \$626 million (11.0 percent) did not receive payments; and \$265 million (4.6 percent) consisted of donations under Title II, P.L. 480 (tables 2-4).

Besides unassisted dollar sales, commercial exports as defined in this study include exports assisted by export payments, those under barter contracts for overseas procurement for U.S. agencies, and those under short-term credits and guarantees. Government-financed programs include sales for foreign currency, long-term credit sales, donations, and barter for strategic materials authorized by P.L. 480; and exports under Mutual Security (AID) programs authorized by P.L. 87-195.

In line with the U.S. policy of minimum resort to this form of assistance, U.S. farm product exports assisted by export payments gradually declined from 48 percent of the total in 1960/61 to only 11.8 percent in 1968/69. During the 9-year period since this series of estimates has been made, export payments have been discontinued or suspended on feed grains and rye, upland and extra-long-staple cotton, flaxseed, linseed oil, and (except for a limited program for nonfat dry milk) on dairy products.

Commodities receiving export payments in cash in 1968/69 were tobacco; wheat products, principally flour; rice, exported after the resumption of export payments in March 1969; whole chickens to Switzerland; and lard to the United Kingdom during February-June 1969. Extra-long-staple cotton exported in July 1968 before export sales were discontinued in August 1968; nonfat dry milk for export under Title I and for restricted use abroad; and a small quantity of cottonseed meal were sold for export from Government-owned stocks at less than domestic price. Nearly all peanuts were sold for export from CCC stocks at less than the domestic market price for edible purposes.

Export payments were estimated at \$62.9 million in 1968/69, compared with \$106.6 million a year earlier. Export payments totaled over \$600 million for the years 1960/61 to 1962/63, rose to over \$800 million in 1963/64, again neared \$600 million in 1965/66, then sharply declined in the past 3 years.

Extent of Export-Payment Assistance by Commodity Groups

Wheat and products.--U.S. exports of wheat and products declined to \$924 million (544 million bushels), the lowest value and volume since 1959/60. Large and well distributed world stocks held world trade to the lowest level since 1962/63. Additional factors were the strike at Atlantic and Gulf ports and the reduction in U.S. exports to Japan because of a quality issue.

On June 13, 1968, the U.S. Senate approved the International Grains Arrangement (IGA), which continued U.S. participation in the international effort to stabilize the world market for wheat. U.S. participation in this effort dates back to 1949 when the first International Wheat Agreement became effective.

Table 2.--U.S. agricultural exports for dollars and under Government-financed programs with and without export-payment assistance, fiscal year 1969

Commodity	Commercial sales for dollars 1/			Exports under Government-financed programs 2/			Total agricultural exports 3/		
	With export payments 4/	Without export payments	Total	With export payments 4/	Without export payments	Total	With export payments 4/	Without export payments	Total
-- Million dollars --									
Wheat and products	25	472	497	52	278	97	77	750	97
Feed grains, excl. products	---	737	737	---	33	4	---	770	4
Rice, milled	51	103	154	48	112	2	99	215	2
Cotton	6/	239	239	3	87	---	3	326	---
Tobacco, unmanufactured	448	30	478	24	5	---	472	35	---
Oilseeds and products	6/	1,165	1,165	---	51	23	6/	1,216	23
Peanuts	10	6/	10	---	---	---	10	6/	---
Dairy products	7	26	33	2	13	127	9	39	127
Animals and products, except dairy products	9	552	561	---	25	---	9	577	---
Fruits and vegetables and preparations	---	460	460	---	---	1	---	460	1
Other	---	386	386	---	22	11	---	408	11
Total	550	4,170	4,720	129	626	265	679	4,796	265
Column total as percentage of total exports	9.6	72.6	82.2	2.2	11.0	4.6	11.8	83.6	4.6
									100.0

1/ Includes, in addition to unassisted commercial transactions, shipments of some commodities with governmental assistance in the form of (1) export payments in cash or sales of Government-owned commodities at less than domestic prices (see 4/), (2) barter for overseas procurement for U.S. agencies, and (3) extension of credit and credit guarantees for relatively short periods.

2/ Includes sales for foreign currency, long-term credit sales, donations, and barter for strategic materials, authorized by P.L. 480, Agricultural Trade Development and Assistance Act of 1954, as amended; and shipments under Mutual Security (AID) programs authorized by P.L. 87-195, Act for International Development of 1961, as amended.

3/ Declared value of export does not include export payment since exporter does not receive the amount of the export payment from the importer (see table 3).

4/ The value shown for wheat and wheat products assisted by export payments is limited to wheat products, principally flour, as export certificate costs collected from wheat grain exporters exceeded export payments to exporters, resulting in no net export payments on wheat grain (see table 3). Wheat products; some rice exported after the resumption of rice export payments on March 18, 1969; certain types of tobacco, ready-to-cook whole chickens to Switzerland and some lard to the United Kingdom (included in animals and products, except dairy products) received payments in cash. A small quantity of domestically-produced extra-long-staple cotton exported during July 1968 before initiation of a new program authorized by P.L. 90-475 in August 1968; a small quantity of cottonseed meal exported during June 1969 (included in oilseeds and products), nearly all exports of shelled and unshelled peanuts; and nonfat dry milk for restricted overseas uses (included in dairy products) were sold from Government-owned stocks at less than domestic prices (peanuts at less than the domestic market price for edible purposes).

5/ Total exports of feed grains, excluding products, include the estimated value of donations of grain sorghums through voluntary relief agencies under P.L. 480, not separately reported by the Bureau of the Census, \$0.6 million.

6/ Less than \$500,000.

7/ Total exports of dairy products include the estimated value of donations of blended food products through voluntary relief agencies under P.L. 480, not separately reported by the Bureau of the Census, \$21.6 million.

Table 3.--Export payments on U.S. agricultural exports: Average per unit and total, fiscal year 1969 1/

Commodity	Unit	Average per unit	Total
		<u>Dollars</u>	<u>Million dollars</u>
Wheat grain	Bu.	<u>2/</u>	<u>2/</u>
Wheat products (mostly flour) ...	Bu. equiv.	<u>3/</u> .13	5.8
Rice, milled	Cwt.	<u>4/</u> .42	5.3
Cotton, extra-long-staple, domestically produced	Bale	<u>5/</u> 55.00	.8
Tobacco, unmanufactured	Lb.	<u>6/</u> .06	29.5
Cottonseed meal	S. ton	<u>7/</u> 14.00	.1
Peanuts	Lb.	<u>8/</u> .05	3.7
Milk, nonfat dry	Lb.	<u>9/</u> .15	14.6
Lard	Lb.	<u>4/</u> .02	1.6
Chickens, whole	Lb.	<u>4/</u> .17	1.5
Total	---	---	62.9

1/ Export payments in 1968/69 consisted of payments in cash and the estimated difference between the domestic market price and CCC export sales price on sales for export from CCC inventory. Export payments are not included in the declared value of agricultural exports as shown in table 2, as the exporter does not receive the amount of the export payment from the importer.

2/ Export certificates purchased by exporters totaled \$29 million on 243 million bushels of wheat. They exceeded export payments totaling \$25 million on 147 bushels and resulted in no net export payments on wheat grain.

3/ Export payments in cash averaging 13 cents per bushel. Does not include the refund of the marketing certificate of 75 cents per bushel, totaling \$33.7 million.

4/ Export payments in cash.

5/ Estimated difference between domestic market price and CCC export sales price (11 cents per pound x 500-pound bale) on small quantity exported during July 1968, prior to discontinuance of export sales in August 1968.

6/ Export payments in cash averaging 6 cents per pound on exports of 494 million pounds of eligible tobacco (including both stemmed and unstemmed tobacco). Export payments are based on the unstemmed leaf equivalent of tobacco.

7/ Estimated difference between domestic market price and CCC export sales price.

8/ Estimated difference between domestic market price for edible purposes and CCC export sales price.

9/ Estimated difference between domestic market price and CCC export sales price on nonfat dry milk sold for shipment under P.L. 480 and restricted uses abroad.

Table 4.--Estimated export payments on U.S. agricultural exports, fiscal years 1961-69 1/

Commodity	Unit	1961		1962		1963		1964		1965		1966		1967		1968		1969	
		Average	Total	Average	Total	Average	Total	Average	Total	Average	Total	Average	Total	Average	Total	Average	Total	Average	Total
		per unit:		per unit:		per unit:		per unit:		per unit:		per unit:		per unit:		per unit:		per unit:	
		Mil.	dol.	Mil.	dol.	Mil.	dol.	Mil.	dol.	Mil.	dol.	Mil.	dol.	Mil.	dol.	Mil.	dol.	Mil.	dol.
Wheat	Bu.	0.52	280.3	0.54	314.8	0.64	328.1	0.55	380.6	0.23	143.5	0.47	354.3	0.22	132.5	0.11	51.5	2/	2/
Wheat products	Bu.	.78	46.7	.79	55.1	.86	54.8	.74	46.4	.34	3/15.7	.60	3/26.0	.38	3/18.5	.24	3/8.0	.13	3/5.8
Total wheat and prod. equiv.	Bu.	.54	327.0	.56	369.9	.67	382.9	.56	427.0	.24	159.2	.47	380.3	.23	151.0	.12	59.5	.13	5.8
Rye	Bu.	.31	2.4	.35	.4	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Corn	Bu.	.06	9.3	.07	1.1	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Grain sorghums	Bu.	.06	4.2	.05	3.4	---	---	---	---	.12	13.6	.09	23.0	.12	8.2	---	---	---	---
Oats	Bu.	.18	2.0	.13	.2	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Barley	Bu.	.16	8.6	.16	5.0	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Rice	Qwt.	2.92	54.5	2.78	56.4	2.25	54.6	2.28	71.7	2.22	64.5	1.80	54.7	.87	34.2	.56	2.2	.42	5.3
Cotton, upland	Bale	30.00	220.7	42.50	202.2	42.50	155.1	42.50	218.8	32.50	143.8	28.75	87.9	28.75	4.1	---	---	---	---
Cotton, extra-long-staple	Bale	---	---	---	---	---	---	---	---	45.00	.9	50.00	.4	60.00	.8	55.00	2.2	55.00	.8
Tobacco, unmanufactured	Lb.	---	---	.12	.3	.11	3.0	.09	2.9	.09	.8	.05	.3	.06	34.7	.06	30.4	.06	29.5
Flaxseed	Bu.	---	---	---	---	---	---	.06	.2	.10	.4	.23	1.2	.38	2.5	.38	.6	---	---
Linseed oil	Lb.	---	---	---	---	---	---	4/	4/	4/	4/	.02	1.3	.02	2.4	.02	.1	---	---
Cottonseed oil	Lb.	---	---	---	---	---	---	---	---	.05	.2	---	---	---	---	---	---	---	---
Pung oil	Lb.	.07	1.4	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Cottonseed meal	S. ton	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Peanuts	Lb.	.06	3.4	.07	1.7	.07	1.9	.07	4.5	.07	6.9	.07	12.4	.07	10.6	.07	9.7	.05	3.7
Milk, nonfat dry	Lb.	.10	13.8	.10	25.0	.08	25.1	.08	55.4	.07	35.1	.04	9.8	.12	3.7	.09	1.9	.15	14.6
Butter	Lb.	.33	.2	.34	.7	.35	1.5	.34	35.0	.25	30.0	.30	2.0	---	---	---	---	---	---
Anhydrous milk fat	Lb.	.42	.2	.43	.7	.44	3.2	.42	5.4	.33	5.2	.37	3.7	---	---	---	---	---	---
Cheese	Lb.	---	---	.13	.2	.11	.2	.16	.8	.14	.6	.09	.1	---	---	---	---	---	---
Beans, dry edible	Qwt.	---	---	.32	5/	---	---	---	---	---	---	---	---	---	---	---	---	---	---
Lard	Lb.	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	.02	1.6
Chickens, whole	Lb.	---	---	---	---	---	---	---	---	---	---	.06	.2	---	---	.13	5/	.17	1.5
Total	---	647.7	---	667.2	---	627.5	---	821.7	---	461.2	---	577.3	---	252.2	---	106.6	---	62.9	---

1/ Export payments include payments in cash and in kind and estimated differences between domestic market price and CCC export sale price. 2/ Export certificates collected from exporters totaling \$29 million exceeded export payments to them amounting to \$25 million and resulted in no net export payments on wheat grain. 3/ Does not include the difference between the cost of the domestic marketing certificate and export marketing certificate, refunded upon proof of exportation of wheat products -- 45 cents per bushel equivalent -- amounting to \$21.7 million in 1965 and \$19.5 million in 1966. Does not include the refund of the domestic marketing certificate -- 75 cents per bushel equivalent amounting to \$36.6 million in 1968, and \$33.7 million in 1969. 4/ Sales from CCC stocks consisted of flaxseed, which could be exported as seed or linseed oil. 5/ Less than \$500,000.

There have been important changes in the world wheat supply-demand situation since the IGA was developed and the minimum price levels set in early 1967. World production and exportable supplies rose to record levels, while import needs declined. These changes led to depressed world wheat prices. The downward pressure of supplies on prices, plus the basing-point system and other structural weaknesses in the IGA, created serious difficulties for the United States in its attempt to maintain a satisfactory volume of trade in the first year under the Arrangement.

Under the wheat program in effect for the 1968 crop, cooperating farmers received price-support loans at a national average of \$1.25 per bushel. Wheat marketing certificates were issued to cooperators on the portion of wheat production used for domestic food. These certificates were valued at \$1.38 per bushel (July 1, 1968, parity, \$2.63 per bushel, less the national average loan rate). Processors of wheat were required to buy marketing certificates for wheat used in the manufacture of food products. Such certificate purchases by the processor offset 75 cents of the value of the certificates issued to producers.

During 1968/69, whenever the U.S. domestic price in export position was less than the level provided in the Wheat Trade Convention, the U.S. exporter was required to purchase an export marketing certificate, reflecting the amount needed to bring the domestic price up to a level consistent with the IGA minimum. The cost of the export marketing certificate is ultimately borne by the foreign buyer. During 1968/69, export marketing certificates totaling nearly \$29 million were purchased by exporters on nearly 243 million bushels of wheat, an average of 12 cents per bushel. When the U.S. price for a class of wheat at a particular export location was above the IGA minimum, exporters received a payment reflecting the difference between U.S. and world price levels. Export payments totaling nearly \$25 million were made on nearly 147 million bushels of wheat, an average of 17 cents a bushel. The \$4 million excess of certificates purchased over payments resulted in no net export payments on wheat grain exports during the year.

Export payments on flour and a relatively small amount of other wheat products were made to bridge the gap between the world price and the U.S. domestic price, which includes the domestic marketing certificate. The cost of the domestic marketing certificate was refunded to the exporter upon proof of export of the wheat product. Export payments on 44.9 million bushels equivalent of flour and other products totaled \$5.8 million during the year, an average of 13 cents per bushel. Refunds of the domestic marketing certificate of 75 cents per bushel amounted to \$33.7 million.

For the 1969 and 1970 wheat crops, the national average loan rate continued at \$1.25 a bushel. This level is being maintained to help achieve maximum utilization of wheat through increased exports and continued large feed use. Marketing certificates based on the producer's share in the national allocation for domestic food use are valued at a record \$1.52 per bushel for the 1969 crop (July 1, 1969, parity, \$2.77 per bushel, less the national average loan rate). The value of the certificate for the 1970 crop will be similarly derived from the July 1, 1970, parity price.

Feed grains.--U.S. exports of feed grains in 1968/69 declined 23 percent to \$774 million, the smallest total since 1962/63. More than three-fourths of the drop was in dollar exports. Reduced demand in Europe, the dock strike, and the large quantity of wheat available for feed at prices competitive with corn and other feed grains reduced U.S. feed grain exports. The decline in P.L. 480 exports was mostly in grain sorghums to India, which in 1967/68 imported large quantities to supplement wheat in meeting its food grain requirements.

U.S. exports of feed grains received no export-payment assistance during 1968/69. Since the discontinuance of payments in kind on feed grains in 1960/61, export-payment assistance has consisted of the sale for export of relatively small volumes of grain sorghums from CCC stocks at less than domestic market prices during certain years. The CCC did not sell feed grains at less than domestic market price in 1968/69.

Rice.--A reduction in commercial exports in the face of mounting world supplies brought U.S. exports of milled rice to \$316 million (38.3 million cwt.) second only to the record \$337 million (41.1 million cwt.) a year earlier. The use of high-yielding varieties has resulted in large rice crops, especially in some Asian countries. Asia took 70 percent of U.S. exports of milled rice, but had the largest reduction, 10 percent, in 1968/69. Larger volumes moved commercially to Europe, particularly to West Germany and the Netherlands.

World rice prices were sufficiently high to permit USDA to suspend export payments on July 5, 1967. The suspension remained in effect until March 18, 1969, when export payments were resumed.

After resumption in March, export payments totaling \$5.3 million were made through June 1969, on 12.5 million cwt. of rice, an average of 42 cents per cwt. This program is continuing in 1969/70.

Cotton.--U.S. exports of cotton amounted to \$329 million (2,811,000 bales) in 1968/69, the smallest volume since the mid-1950's. The U.S. share of world cotton trade fell to a new low as the result of record production and lower prices in competing foreign countries, increased competition abroad from man-made fibers, and the working down of stocks in importing countries.

Under the program authorized by the Food and Agriculture Act of 1965, upland cotton continued to move in 1968/69 in domestic and export channels without equalization or export payments.

A new program for extra-long-staple cotton was enacted under P.L. 90-475, approved August 11, 1968. This program, similar to the current one for upland cotton, reduces the price-support loan level and provides for direct price-support payments to producers. Thus, growers' incomes are protected while the market price for extra-long-staple cotton is more competitive with foreign-grown cotton of similar quality, with upland cotton, and with man-made fibers.

Exports of extra-long-staple cotton declined to \$5.4 million (24,000 bales) in 1968/69 from \$6.3 million (29,000 bales) a year earlier.

Assistance to U.S. cotton exports during 1968/69 by means of CCC sales at competitive world prices was limited to the extra-long-staple cotton totaling \$3.4 million (15,556 bales), exported in July 1968 before the effective date of the new program. Export differentials on this quantity of cotton at the estimated average of \$55 per bale would amount to \$0.8 million. Public Law 90-475, which became effective in August 1968, repealed the authority for CCC sales for export of surplus American-grown extra-long-staple cotton at competitive world prices.

Tobacco, unmanufactured.--Increased commercial sales brought U.S. exports of unmanufactured tobacco to \$507 million (571 million pounds) from \$494 million (565 million pounds) a year earlier. U.N. sanctions against Rhodesian tobacco, the improved quality of recent U.S. flue-cured crops, and the export-payment program continued to advance foreign sales. Expanded production in some foreign countries, encouraged by U.N. sanctions, brought increased competition with U.S. tobacco.

The tobacco export-payment program initiated in July 1966 has continued basically unchanged. Except for certain old crops of tobacco which received larger payments, export payments in cash of 5 cents per pound (unstemmed leaf equivalent) were extended in 1968/69 to all crops of the kinds of U.S.-produced tobacco on which price support was offered for the 1968 crop. Tobaccos not price-supported and not covered by the export-payment program in 1968/69 included Maryland, cigar wrapper, Pennsylvania cigar filler, and Perique tobacco. Small quantities of certain kinds of tobacco from the 1959-1962 crops received export payments of 10 cents per pound.

Approximately 494 million pounds, over 86 percent of the U.S. tobacco exported in 1968/69, were covered by export payments. Over 77 million pounds were of types or byproducts for which export payments were not extended. Export payments averaged 6 cents per pound (export weight) and totaled \$29.5 million during the year.

This program is continuing with the addition in 1969/70 of Maryland, Perique, cigar wrapper, and cigar filler tobaccos to the types eligible for export payments.

Oilseeds and products.--A rise in commercial exports of soybeans, flaxseed, and oil cake and meal brought exports in this commodity group to \$1,239 million, 3 percent higher than in 1967/68. U.S. exports of soybeans reached 291 million bushels, 10 percent higher than a year earlier. Lower prices, which stimulated exports, held the value to \$785 million, up 5 percent. Exports of oil cake and meal rose to a record \$263 million. Demand continued strong in Western Europe, which took three-fourths of our oil cake and meal exports. Shipments of flaxseed nearly doubled 1967/68's total, amounting to \$30 million, highest since 1955/56. Plentiful U.S. supplies and smaller foreign availabilities boosted U.S. exports. Lower prices brought U.S. exports of cottonseed oil to \$15 million (118 million pounds), more than double 1967/68's depressed level, but much less than the 300-700 million pound range recorded during fiscal years 1954-66. Shipments of soybean oil, over 80 percent of which were under Food-for-Peace programs, were lower than a year earlier.

Exports in this commodity group continued to move with little or no export-payment assistance. The near-record exports of flaxseed were unassisted as export payments on flaxseed and linseed oil were discontinued on June 6, 1967.

In May and June 1969, CCC sold for export to the Far East 12,125 short tons of prime quality 41-percent protein cottonseed meal acquired under the 1968 cottonseed support program. Only about \$0.3 million worth (6,000 tons) were exported under this program during June 1969. The estimated price reduction was \$14 per ton and the total price reduction amounted to \$0.1 million.

On August 12, 1969, USDA announced the offer for sale of about 50,000 tons of once-refined cottonseed oil for export to Latin American countries, UAR (Egypt), Israel, and Iran. More tonnage has been offered since then and additions were made to the list of eligible destinations. This program was discontinued on February 13, 1970, with total sales amounting to 178 million pounds. Exports under this program will be reflected in the statistical summary for 1969/70. Sales of soybeans from CCC stocks after September 1, 1969, were at domestic market prices, but not less than a minimum price, and involved no export-payment differentials.

Peanuts.--U.S. exports of peanuts in 1968/69 -- all for dollars -- declined for the third consecutive year to \$10 million from the high level of \$20 million in 1965/66. Although world supplies were short, the United States had smaller stocks of edible quality peanuts available for export. Nearly all U.S. exports of peanuts in 1968/69 were from CCC stocks at less than the domestic price for edible purposes. Because of higher world prices, the estimated price reduction declined to 5 cents from 7 cents per pound and the total price reduction amounted to \$3.7 million.

Dairy products.--U.S. exports of dairy products rose nearly 30 percent to \$175 million from a year earlier. Donations of nonfat dry milk, butter, butteroil, and fortified blended food products were considerably higher. More evaporated milk moved to South Vietnam in exchange for local currency. Commercial exports of dry whole milk and cream were sizably higher.

Exports of nonfat dry milk were stimulated by sales from CCC inventory at reduced prices for limited uses abroad. Under this program announced in January 1968, CCC periodically offers specified quantities of CCC-owned nonfat dry milk for sale to exporters at announced prices. Such sales may be made to exporters for shipment under Title I, P.L. 480, and for shipment to processing plants abroad wholly or substantially owned by U.S. manufacturers of dairy products. The Department also offers nonfat dry milk for sale at negotiated prices to other governments and recognized U.S. charitable agencies for school lunch and welfare feeding programs abroad.

Exports under these programs began moving in March 1968 and have continued since that time. During 1968/69, nearly 30.5 million pounds were exported at announced prices averaging 8.7 cents per pound, an estimated price reduction of 14.4 cents per pound. Exports for social welfare purposes, including large quantities to Mexico, Japan, Brazil, and Italy, totaled nearly 67.9 million pounds. Sale prices averaged 8 cents per pound, an estimated price reduction of 15 cents. The average price reduction on all exports from CCC stocks was 14.8 cents per pound and the total estimated price differential amounted to \$14.6 million.

Animals and products, except dairy products.--Exports in this category, nearly all dollar sales, climbed \$77 million to \$586 million from a year earlier. Shipments of meats and preparations were up over \$50 million with pork shipments, especially to Japan and Canada, contributing most to the increase. Exports of hides and skins neared the high levels of 1965/66 and 1966/67, after declining sharply in 1967/68. Shipments of inedible tallow declined 5 percent to \$121 million, but exports of lard rose 6 percent to nearly \$18 million.

On December 10, 1968, the Department announced an export-payment program to boost U.S. lard shipments to the United Kingdom, a traditional market for U.S. lard. This program provides cash payments under Section 32, P.L. 74-320, to U.S. exporters of American lard to the United Kingdom. The U.S. share of the United Kingdom market had been 70 to 80 percent. Subsidized competition begun by France and the Netherlands in 1964 and by the EC in 1967 sharply reduced the U.S. share. After unsuccessfully protesting the EC action as being contrary to the principle of free trade, the United States initiated a limited export-payment program to help regain a fair share of the world market for U.S. farmers.

Offers were accepted under this program beginning January 13, 1969, and shipments began to move in February 1969. They amounted to nearly 80 million pounds through June 1969 with an export value of \$6.2 million. Export payments at 2 cents per pound totaled nearly \$1.6 million for exports during this period. This program is continuing. The export-payment rate was reduced to 1 cent per pound for offers accepted beginning August 11, 1969, and has continued at that rate.

After renewed efforts to reach agreement among poultry exporters to discontinue poultry meat subsidies, USDA on April 28, 1968, resumed an export-payment program on U.S. chickens destined for Switzerland. In 1960 and 1961, the United States averaged 67 percent of the Swiss import market for poultry meat. As a result of subsidized competition, the U.S. share in 1967 fell to 3 percent.

Although offers were accepted during 1968/69 to export nearly 15.0 million pounds of frozen broilers to Switzerland at a cost of \$2.5 million, only 9.1 million pounds valued at \$2.8 million were recorded by Census as exported that year. The lag in exports is due to the 90-day shipping period allowed after acceptance of the offer. Estimated export payments averaged 16.8 cents per pound and amounted to \$1.5 million for exports during 1968/69. This program is continuing.

On November 28, 1969, the Department announced the expansion of the chicken export-payment program to include exports to Greece. During 1960-64, the U.S. share of the Greek import market for chicken meat averaged 53 percent. Since 1965, our share has been declining rapidly, falling to 7 percent in 1968. The extension of the program to include exports to Greece was in continuation of the U.S. effort to maintain a fair share of the world market for U.S. poultry producers in the face of heavily subsidized competition from other sources.

1022540079 Under this program, export-payment rates are determined by USDA on an offer-and-acceptance basis. Payments are made in cash on the exportation of certain classes of whole frozen, ready-to-cook U.S. Grade A chickens to Switzerland and U.S. Grade B or better chickens to Greece. This program is financed under Section 32, P.L. 74-320.

Fruits and vegetables and preparations.--Small gains in shipments of canned fruit, fruit juices, and frozen fruit brought U.S. exports of fruits and preparations to \$291 million from \$286 million in 1967/68. Smaller shipments of apples and pears offset gains in citrus fruits, berries, and grapes and brought about a \$2 million decline in fresh fruits. Plentiful supplies from the United States met stronger competition from increased production in traditional exporting and importing countries.

U.S. exports of vegetables and preparations amounted to \$170 million, little changed from a year earlier. Gains in shipments of dried beans and peas were nearly offset by a decline in fresh vegetables, especially onions and potatoes. In 1962/63, canned vegetables totaled \$32 million with canned asparagus amounting to \$14 million. Since then canned vegetable exports have dropped each year, totaling \$20 million in both 1967/68 and 1968/69. Canned asparagus contributed most to the decline, totaling only \$4 million in the past 2 years. High labor costs and slow and expensive mechanization are holding down U.S. production of vegetables for export. Exports of fruits and vegetables were unassisted commercial sales for dollars, except donations of dried beans amounting to \$0.6 million.