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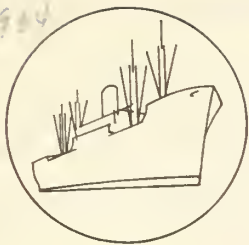
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SPECIAL in this issue

U.S. AGRICULTURAL EXPORTS REACHED ALLTIME HIGH OF \$6.1 BILLION
IN FISCAL YEAR 1963-64

by

Robert L. Tontz and Dewain H. Rahe 1/

U.S. agricultural exports are estimated at a record \$6,115 million in fiscal year 1963-64, up 20 percent from the \$5,078 million for the previous fiscal year (table 1). The figure for 1963-64 includes actual exports of \$5,616 million for July-May and an estimate of \$499 million for June. Principal increases occurred in wheat and flour, cotton, feed grains, soybeans, rice, tobacco, tallow, lard, dairy products, poultry products, and meat. Small declines took place for fruits, vegetables, and vegetable oils.

Agricultural exports in 1963-64 were \$2 billion larger than agricultural imports. This is the largest agricultural export balance on record in the past half century. The balance of trade for the past several years has been highly favorable, reflecting the pronounced upward trend in agricultural exports (fig. 1).

Dollar exports rose to an estimated record high of almost \$4,600 million in 1963-64 and accounted for three-fourths of the \$6,115 million total. Dollar sales are expected to exceed the previous record of \$3,600 million set in fiscal year 1962-63 by \$1 billion and account for practically all of the gain in total U.S. agricultural exports in fiscal year 1963-64. Most gains in dollar sales in fiscal year 1963-64 were brought about by larger exports of wheat and flour, feed grains, soybeans, animal products, rye, tobacco, and cotton.

Exports under the Food-for-Peace program are estimated at around \$1,550 million in 1963-64, the same as in the previous year. Substantial quantities of wheat and flour, rice, vegetable oils, and dairy products continued to move to the developing countries under the Food-for-Peace program. Food-for-Peace exports accounted for 25 percent of total U.S. agricultural exports compared with 30 percent in the previous year.

Of the \$6,115 million of U.S. agricultural exports in 1963-64, an estimated \$2,300 million benefited from export payment assistance: \$1,400 million as

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Table 1.--U.S. agricultural exports: Value by commodity, fiscal years 1962-63 and 1963-64

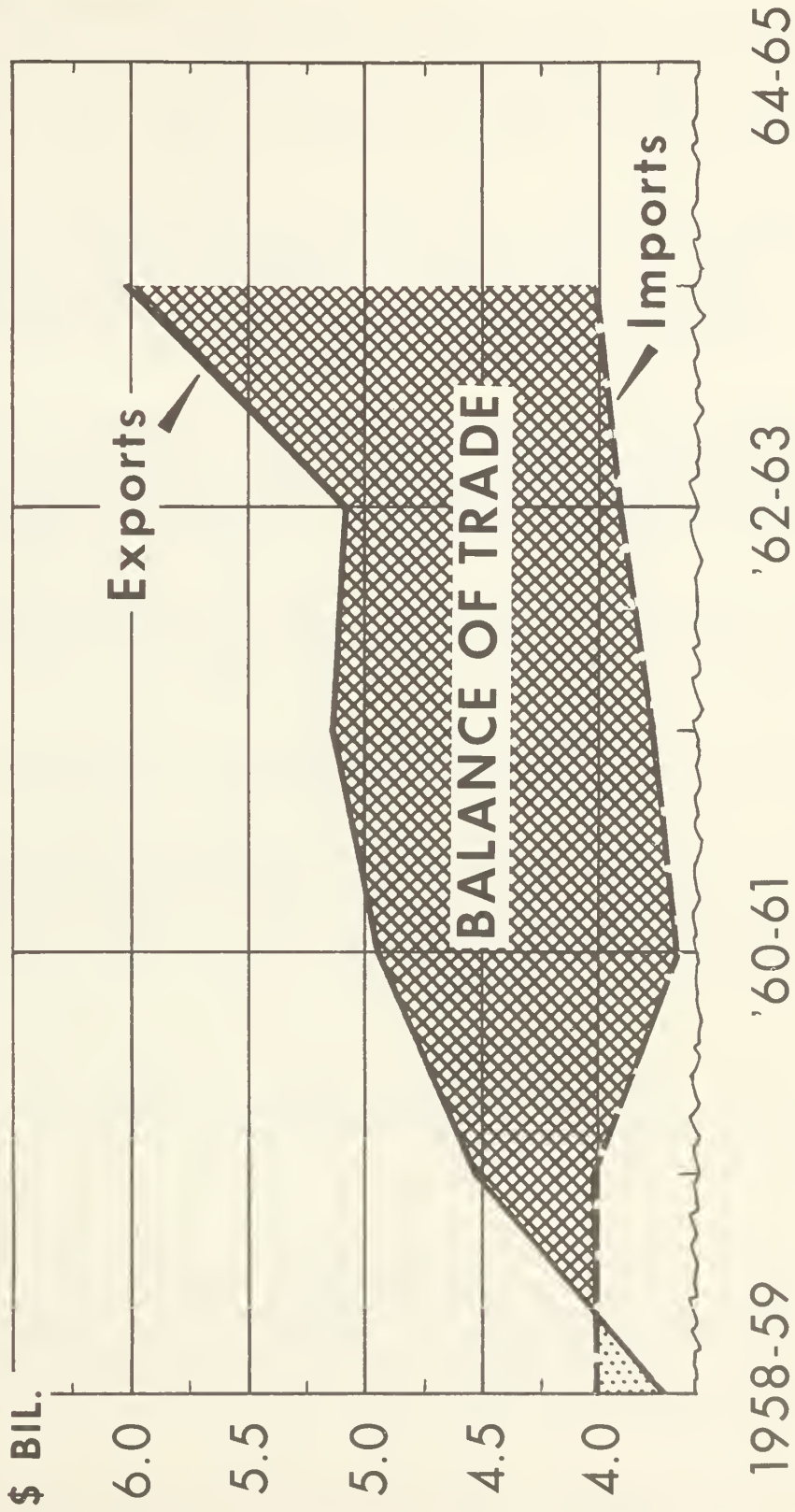
Commodity	1962-63	1963-64 ^{1/}	Change
	-- Million dollars --		Percent
Animals and animal products:			
Dairy products ^{2/}	154	209	+36
Fats, oils, and greases.....	148	217	+47
Hides and skins.....	79	82	+4
Meats and meat products.....	87	120	+38
Poultry products.....	70	79	+13
Other.....	67	76	+13
Total animals, etc. ^{2/}	605	783	+29
Cotton, excluding linters.....	491	671	+37
Fruits and preparations.....	280	273	-2
Grains and preparations:			
Feed grains, excluding products...	731	831	+14
Rice, milled.....	162	224	+38
Wheat and flour.....	1,158	1,519	+31
Other.....	78	69	-12
Total grains, etc.....	2,129	2,643	+24
Oilseeds and products:			
Cottonseed and soybean oils ^{3/}	173	157	-9
Soybeans.....	441	525	+19
Other.....	163	176	+8
Total oilseeds, etc. ^{3/}	777	858	+10
Tobacco, unmanufactured.....	378	413	+9
Vegetables and preparations.....	163	162	-1
Other.....	255	312	+22
Total.....	5,078	6,115	+20

^{1/} Partly estimated.

^{2/} Excludes Title III, P.L. 480 donations of butter and ghee, which are included in "Other" agricultural exports.

^{3/} Excludes Title III, P.L. 480 donations, which are included in "Other" agricultural exports.

U. S. AGRICULTURAL EXPORTS AND IMPORTS



1963-64 PARTLY ESTIMATED.

FIG. 1

sales for dollars and \$900 million moving under Government-financed programs. This export assistance, in the form of export payments, and sales below domestic market prices, is estimated at about \$800 million. The latter amount is not included in the value of agricultural exports. Last year's payments of \$800 million were about one-third above those of other recent years due mainly to larger sales of wheat and flour and cotton.

A number of factors contributed to the \$1 billion gain in U.S. agricultural exports in 1963-64, including U.S. market development efforts abroad, the economic advancement of Western Europe and Japan, expanding population, improving diets, competitive pricing, better quality of U.S. exports, and improved service to exporters. Inflationary trends in Western Europe also encouraged countries there to increase imports as a way to combat inflation.

The unfavorable wheat harvest in the Soviet Union and Western Europe contributed most to the substantial gain in exports of wheat and flour. In addition, exports of feed grains continued to be encouraged by the rapidly developing livestock industries in the more industrialized countries of Western Europe and Japan. Cotton exports were stimulated by a change in the Commodity Credit Corporation (CCC) cotton program permitting sales at competitive prices from CCC stocks, a slight decline in foreign free world production in the 1963 season, and relatively small stocks in most exporting and importing countries. In the previous year, relatively more cotton exports moved under the payment-in-kind program.

The rapid growth in disposable incomes in the industrialized countries of Western Europe and Japan encouraged consumers in these countries to upgrade their diets with a greater variety of foods, especially livestock products. U.S. exports included not only substantially larger amounts of feed grains and protein meal for livestock production but also somewhat increased shipments of meat and other livestock consumer products. Most industrialized countries encouraged indigenous production of meat, poultry, and dairy products and also imported raw materials such as feed grains, soybeans, and protein meal to produce livestock consumer products.

It is estimated that 75 million U.S. acres were required to produce the various quantities of agricultural commodities exported in fiscal year 1963-64. This is equivalent to 1 out of every 4 harvested acres in the United States. On a value basis, agricultural exports were equivalent to 17 percent of total cash receipts from U.S. farm marketings.

Although the export market is of significance to all U.S. agricultural producers, it is of particular significance as an outlet for certain U.S. commodities. In fiscal year 1963-64 the export market provided an outlet for three-fourths of the wheat production; two-thirds of the rice and nonfat dry milk; half of the dry edible peas; over two-fifths of the tallow, soybeans and hops; about a third of the cotton, rye, prunes, and dried whole milk; around a fourth of the lard and tobacco; and one-fifth of the raisins, dry edible beans, cottonseed, grain sorghums, and barley.

Animals and animal products. Exports of animals and animal products in 1963-64, estimated at \$783 million, were 29 percent above the \$605 million a year earlier.

The substantial increase resulted from notably larger exports of dairy products, animal fats, and red meats, with a moderate gain in poultry meat. Exports of meat and meat products rose to 425 million pounds (product weight) in 1963-64 from 302 million a year earlier, reflecting mainly larger exports of fresh pork to Japan, Western Europe, and Canada. Pork exports advanced to an estimated 160 million pounds in 1963-64 from 102 million a year earlier. In addition, exports of variety meats increased substantially in this period, going mostly to Western Europe to supplement the relatively limited meat production there. U.S. prices, especially for variety meats, continued relatively low and encouraged European importers to purchase more U.S. meat. The rapid growth in disposable incomes in the industrialized countries has resulted in a heavy demand for meat products. Production in these countries in 1963-64 could not keep pace with the substantial increase in demand for meat products.

Exports of dairy products rose to \$209 million in 1963-64, up 36 percent from \$154 million a year earlier. Much of the increase resulted from dollar exports of butter from CCC stocks to Western Europe. In addition, large quantities of dairy products -- especially nonfat dry milk, butter, and butteroil -- were exported under the Food-for-Peace program.

The improvement in exports of animal fats resulted from large gains in shipments of both inedible tallow and greases and lard. Lard exports increased to \$62 million in 1963-64 from \$41 million a year earlier, reflecting stepped-up shipments to the United Kingdom, which took about 80 percent of U.S. lard exports during the past year. The gain in tallow exports principally reflected larger sales for dollars. Principal outlets for U.S. tallow last year were Japan, Italy, Netherlands, UAR (Egypt), Poland, and Spain.

U.S. exports of poultry meat increased over 1962-63 despite the effects of the European Economic Community (EEC) system of variable levies. Overall exports of poultry meat increased to an estimated 230 million pounds in 1963-64 from 196 million a year earlier. Demand was stronger for turkey meat in West Germany and broilers in Japan. Increases occurred in sales to other outlets due in large measure to an expanded market development program that offset much of the sales loss in the EEC market.

The volume of hides and skins exported rose one-third to 15.7 million pieces in 1963-64 from 11.6 million a year earlier. However, value advanced 4 percent over the previous year. Export prices were lower in 1963-64 as a result of substantially increased production in the United States and some other major producing countries.

Cotton. U.S. cotton exports, excluding linters, totaled an estimated 5.2 million running bales in 1963-64 compared with 3.6 million a year earlier. Exports were encouraged by (1) a change in the U.S. cotton export program that permitted exports from CCC cotton stocks at competitive prices, (2) some gain in cotton consumption in Western Europe and Japan, (3) smaller foreign free world production of cotton, and (4) relatively low stocks in major importing and exporting countries. Principal outlets were the European Economic Community, Japan, Canada, United Kingdom, India, and South Korea. In the 1963-64 marketing year (August 1963-July 1964), the United States is expected to account for about 30 percent of world cotton exports, up from 21 percent in 1962-63.

Grains and preparations. U.S. exports of wheat and flour totaled an estimated 850 million bushels in 1963-64 compared with the previous year's 637 million bushels. The gain resulted from larger shipments to Western Europe and the Soviet Union because of adverse weather that substantially reduced crops there. Production in the Soviet Union was down by an estimated 25 percent and in Western Europe by 17 percent. In addition, Japan continued to buy considerable quantities of wheat and became the top dollar market for U.S. wheat. Main outlets in order of importance last year were India, Japan, Pakistan, UAR-Egypt, the Soviet Union, Brazil, and Poland. During the first 11 months of 1963-64, exports to the Soviet Union totaled 62 million bushels and to other Bloc countries, 48 million bushels. The United States exported over half of its wheat under the Food-for-Peace program in 1963-64 compared with three-fourths in the year before. U.S. wheat exports represented two-fifths of world exports in 1963-64.

In 1963-64 hard red winter wheat accounted for 61 percent of U.S. exports; hard red spring wheat, 6 percent; soft red winter wheat, 11 percent; white wheat, 19 percent; and durum, 3 percent.

U.S. exports of rice (milled basis) totaled an estimated 32.6 million bags in 1963-64, an alltime high compared with the previous year's 24.2 million bags. The increase resulted primarily from gains in commercial sales for dollars. Commercial sales for dollars are estimated at half of the total exports, up from 38 percent in the previous year. Leading outlets were India, the Soviet Union, Nansei and Nanpo Islands, Indonesia, Canada, South Africa, and Saudi Arabia.

Exports of feed grains totaled an estimated 15.9 million metric tons (excluding products) in 1963-64 compared with 14.8 million in the previous year. Exports of corn totaled 460 million bushels in 1963-64 compared with 397 million a year earlier. Exports of other feed grains -- oats, barley, and grain sorghums -- were somewhat below the levels of a year earlier. Exports to the European Economic Community accounted for about 35 percent of total feed grain shipments. Japan took an estimated 2.7 million tons of feed grains. The rapid growth in livestock industries in both Western Europe and Japan has resulted in a rising demand for feed grains. The United States had abundant supplies available at competitive prices to meet this demand, while most other major producers had relatively little to export in the past year. The United States accounted for slightly over half of world feed grain exports last year.

Fruits and preparations. Exports of fruits and preparations were slightly below the level of the previous year. An estimated \$273 million moved out compared with 1962-63's \$280 million. Gains in fresh apples, lemons, oranges, and raisins were more than offset by declines in canned peaches, dried prunes, fresh pears, fruit juices, and canned pineapples. Somewhat smaller supplies of some commodities, especially canned peaches and oranges, and higher prices were the main factors in the overall decline for fruits and preparations.

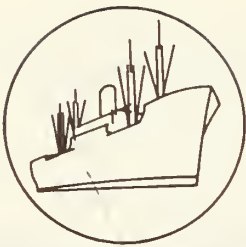
Oilseeds and products. U.S. exports of oilseeds and products set a record in 1963-64. Exports are estimated at \$858 million compared with \$777 million a year earlier. The increase was brought about by larger exports of soybeans at

higher prices. Exports of vegetable oils, protein meal, and flaxseed were somewhat below the levels of a year earlier. Soybean exports increased to an estimated 190 million bushels in 1963-64 from 171 million in the previous year. The value increase of \$84 million resulted in part from higher prices. Exports of protein meal totaled 1.4 million short tons in 1963-64, slightly below a year earlier. Combined exports of cottonseed and soybean oils totaled 1,464 million pounds in 1963-64 against 1,601 million in the previous year. The continuing rise in exports of oilseeds and products in the past 6 years -- averaging 15 percent annually -- has been associated with the continued growth of the livestock industries in the industrialized countries of Western Europe and Japan where demand for protein meal for mixed feeds has been strong. In addition, foreign production of oilseeds and products during this period has not kept pace with the demand for oils either in the developing or the more industrialized countries.

The United States accounted for about one-third of world trade in oilseeds and products in 1963-64. Soybean production in Communist China, once the leading producer, continued at relatively low levels with only small amounts available for export.

Tobacco. U.S. exports of unmanufactured tobacco totaled an estimated 515 million pounds in 1963-64 compared with the previous year's 473 million. The gain resulted primarily from larger takings by the United Kingdom, West Germany, and the Netherlands. Exports also benefited from the relatively high quality of the 1963 crop, small production in some foreign producing countries, and the low stock position of U.S. leaf in many important world markets. Moreover, the quality of tobacco produced in some of the other producing countries was below that of recent years. U.S. exports accounted for 31 percent of calendar year 1963 world tobacco exports.

Flue-cured leaf accounted for 81 percent of 1963-64 U.S. exports; burley, 7 percent; dark-fired, 3 percent; Maryland, 2 percent; and cigar wrapper, 1 percent.



Export Highlights

EXPORTS TO THE EUROPEAN ECONOMIC COMMUNITY JULY 1963-APRIL 1964

U.S. agricultural exports to the European Economic Community (EEC) advanced to \$1,173 million in the July-April period of 1963-64 from \$904 million a year earlier (table 2). The gain resulted from larger shipments both of commodities subject to EEC variable levies and those not subject to the levy system. Exports of commodities subject to the levies rose to \$367 million from \$306 million. The gain reflected a sharp rise in exports of wheat, with smaller gains for feed grains, pork, and turkey meat. The sharp gain in exports of wheat to EEC reflected the poor EEC wheat harvest, which was 205 million bushels below the previous year's total. Moreover, the unusually wet season produced a substantially lower quality of wheat in 1963, necessitating larger EEC imports of foreign wheat for blending with local wheat.

The gain in pork exports resulted from the relatively short supply of meat in the EEC area and increased demand from consumers with larger incomes.

The system of variable levies continued to reduce U.S. shipments of wheat flour, broilers, and fryers.

Agricultural commodities exported to EEC have been classified into variable levy and non-variable levy commodities for identification purposes. This classification is designed to show the overall change in exports of the commodities rather than to measure the impact of the variable levies on U.S. exports.

Commodities not subject to the variable levies totaled \$806 million in July-April of 1963-64 compared with \$598 million for the same months a year earlier. Cotton alone accounted for nearly half of the total increase for this group, reflecting a gain in EEC consumption, lower free world production, and a change in the U.S. export program permitting the selling of CCC stocks for export at competitive prices. Exports of soybeans, tallow, tobacco, variety meats, and vegetable oils also were larger. Declines were noted only in shipments of fruits and vegetables, associated with relatively limited supplies of some commodities in the United States along with higher U.S. prices.