Exports of U.S. Agricultural, Fish, and Wood Products

The United States is the world's top exporter of agricultural, fish, and wood products—with sales of $53.3 billion in FY 1994. Many factors affect trade in these products, including economic growth, currency exchange rates, national support programs, changing food preferences, consumer lifestyles, public and private sector market promotion efforts, and tariff and nontariff barriers.

Agricultural, fish, and wood product exports are vitally important to the Nation's economy as a whole. Exports provide producers, food processing companies, and associated manufacturing firms and transport companies an expanded market for their products, and a better income. Exports also enhance our ability to use land, labor, and capital more efficiently. This, in turn, allows our producers and industries to produce at a lower cost and transport efficiently, giving the United States a comparative advantage in the production of these goods.

U.S. agricultural, fish, and wood exports created an estimated 960,000 full-time domestic jobs in 1994, or 18,000 jobs for every $1 billion in products shipped. With respect to agricultural products, many of these jobs are created off the farm, and many of those employed live in urban areas. About 310,000 workers, or 10 percent of the U.S. farm labor force, are employed to produce agricultural products for the overseas market. However, beyond the farm gate, another 470,000 people work to finance, store, package, process, and ship agricultural exports. USDA economists calculate that, at the very least, each dollar received from agricultural exports stimulates another $1.38 in business activity for the economy. In 1994, U.S. agricultural exports generated $60 billion in additional economic activity.

Export gains for high-value agricultural products were broad-based in FY 1994, with many product groups reaching all-time highs. High-value, intermediate product exports rose $425 million to a record $9.3 billion. Exports of high-value, consumer-oriented products rose $1.5 billion, reaching a record $16.2 billion, a robust 11-percent increase over the previous year. However, exports of bulk commodities fell $950 million to $18 billion. The three largest commodities—wheat, coarse grains (mainly corn), and soybeans—all registered declines. Exports of wood products fell about $350 million to $6.9 billion, while exports of fish were unchanged at $2.9 billion.

Table 7-1.

Top 15 U.S. agricultural, fish, and wood product exports, FY 1994

Product	*(Category)*	*$Billion*
Coarse grains	(B)	4.6
Soybeans	(B)	4.2
Wheat	(B)	4.0
Red meats	(C)	3.4
Lumber	W)	2.4
Cotton	(B)	2.3
Logs	(W)	2.2
Fruit, fresh	(C)	1.9
Feeds & fodders	(I)	1.7
Fruit & vegetables, processed	(C)	1.6
Hides & skins	(I)	1.4
Poultry meat	(C)	1.4
Tobacco	(B)	1.3
Tree nuts	(C)	1.1
Snack foods	(C)	1.1
Subtotal		**34.6**
Total U.S. exports		**53.3**

Note: (B) bulk; (I) intermediate; (C) consumer-oriented; (W) wood

Agricultural products moving into the world market can be classified as bulk, intermediate, or consumer-oriented products. Bulk products include those commodities free from processing, such as wheat, corn, barley, and soybeans. Intermediate products (such as wheat flour, vegetable oils, and hides and skins) receive some processing, but are generally not yet ready for final consumption. Consumer-oriented foods and beverages include products that have undergone various degrees of processing or unprocessed commodities that have relatively high per unit costs due to transportation or storage, like fresh fruit.

In FY 1994, U.S. exports of bulk commodities decreased $950 million or 5 percent from the previous year. Declines for wheat and coarse grains (down $714 million and $525 million, respectively) and soybeans and tobacco (down $445 million and $183 million, respectively) more than offset export increases for cotton (up $768 million), rice (up $123 million), and pulses.

U.S. exports of intermediate products set a new record of $9.3 billion in FY 1994, finishing $425 million or 5 percent above the previous year's level. Export performance was mixed across the different product categories. Decreased sales for soybean meal, planting seeds, and wheat flour (down $133 million, $49 million, and $13 million, respectively) were more than offset by increases for vegetable oils (up $215 million), live animals (up $107 million), hides and skins (up $152 million), and sweeteners and beverage bases (up $76 million). Feeds and fodders, the largest group in the intermediate products category, was unchanged at $1.7 billion.

With a new record of $16.2 billion in FY 1994, U.S. exports of consumer-oriented products finished $1.5 billion or 11 percent above the record set during the previous year. The category accounts for 37 percent of all U.S. agricultural exports, up from 19 percent in 1986. Increases in FY 1994 were broad-based with 12 of the 16 product categories setting new record highs. The largest increases were recorded for poultry meat (up $389 million), fresh fruit (up $244 million), and red meats (up $144 million).

At $2.9 billion in FY 1994, U.S. exports of fish and seafood products remained virtually unchanged from the previous year. On the other hand, U.S. exports of wood products fell 5 percent to $6.9 billion. A 12-percent fall in the value of logs dropped exports to $2.2 billion. However, panel product shipments rose to a record $923 million.

Major Markets

Although U.S. exports of agricultural, fish, and wood products are shipped to more than 160 countries around the world, the top 10 markets account for nearly 80 percent of all sales. U.S. export gains to the top 10 markets were broad-based in FY 1994, with seven—Japan, Canada, Mexico, Taiwan, Hong Kong, the Russian Federation, and Algeria—reaching record highs. Sales to Japan, the largest market by a wide margin, rose 5 percent despite an ongoing recession in that country. Sales to Mexico jumped 11 percent, continuing a trend that has resulted in Mexico being one of our largest markets in a short time. Sales to Russia were up 30 percent, supported by a surge in consumer food shipments.

Table 7-2.

Top 10 markets for U.S. agricultural, fish, and wood products, FY 1994

Market	*Exports ($ Billion)*	*Share of Total U.S. Exports (Percent)*
Japan	14.1	27
European Union-12	8.0	15
Canada	6.7	13
Mexico	4.6	9
Korea, Republic of	2.5	5
Taiwan	2.3	4
Hong Kong	1.2	2
Russian Federation	1.1	2
China	1.0	2
Algeria	0.6	1
Subtotal	**42.179**	
Total U.S. agricultural exports	**53.3**	

Imports of U.S. Agricultural, Fish, and Wood Products

Along with the European Union and Japan, the United States ranks among the world's largest importers of agricultural, fish, and wood products. However, unlike these other major importers, these products make up only a small portion of total U.S. merchandise imports. In FY 1994, the $42.7 billion in U.S. purchases of agricultural, fish, and wood products accounted for only 6 percent of total U.S. merchandise imports.

Imports provide consumers with products that are either not produced or not available in sufficient quantities in the United States. Major agricultural imports generally not domestically produced include spices, teas, cocoa, coffee, bananas, and silk. Domestic production of other products, such as certain cheeses, olives, carpet wools, lumber, shrimp, and tobacco, is insufficient to meet domestic demand. Some seasonal items, such as fresh fruits and vegetables, are imported during periods when U.S. production cannot meet domestic demand. Finally, products such as certain spices and sugar are purchased in their raw form for processing and packaging in the United States because foreign producers have a cost advantage over U.S. producers.

Agricultural, fish, and wood imports create jobs in transportation, storage, handling, processing, and distribution in the United States. Furthermore, imports provide foreign countries with needed revenue in the form of U.S. dollars which, in turn, can be used to purchase U.S. products.

Table 7-3.

Top 15 U.S. imports of agricultural, fish, and wood products, FY 1994

Product	*$ Billion*
Competitive products	**36.5**
Lumber	6.1
Vegetables (and preparations)	2.6
Shrimp	2.6
Grain & feeds	2.3
Fruits (including juices)	2.1
Wines & malt beverages	2.1
Panel products	1.9
Beef & veal	1.8
Oilseeds and products	1.5
Live animals	1.4
Sugar (and related products)	1.1
Dairy products	1.0
Noncompetitive products	**6.2**
Coffee (raw beans and processed)	2.0
Cocoa (raw beans and processed)	1.1
Bananas (including plantains)	1.1
Top 15	**30.7**
Total agricultural imports	**42.7**

Leading products

Agricultural, fish, and wood products imported by the United States fall into two general categories: competitive goods (those that compete in some form with U.S. products) and noncompetitive goods (those that are not in direct competition with U.S. products).

In value terms, 85 percent of U.S. agricultural, fish, and wood imports are classified as competitive. Major competitive goods imported by the United States are lumber, vegetables, shrimp, grain and feeds, fruits, wines and malt beverages, wood panel products, and beef.

Coffee, cocoa, and bananas head the list of noncompetitive agricultural goods. In FY 1994, noncompetitive imports rose 12 percent to $6.2 billion mainly due to higher coffee prices, while competitive imports rose 13 percent to $36.5 billion mainly due to higher purchases of lumber, horticultural products, oilseeds, and grain and feed products.

Major suppliers

Although the United States imported products from more than 160 countries in FY 1994, the top ten countries supplied nearly three-fourths of U.S. import needs. Canada was the top supplier with sales of $13.7 billion. The major products imported from Canada were lumber, wood panel products, live cattle, and red meats. At $5.4 billion, the European Union ranked second, mainly supplying high-value consumer foods. The major products were wine and malt beverages, snack foods (including confectioneries and biscuits), processed fruits and vegetables, and cheeses. Other major suppliers include Mexico (fresh vegetables and live cattle), Thailand (shrimp, tuna, rubber, and processed fruits and vegetables), Brazil (raw coffee beans, fruit juices, and tobacco), Indonesia (rubber, wood panel products, and shrimp), and Australia (red meats).

Many important suppliers of agricultural, fish, and wood products to the United States are developing countries. These countries depend heavily on the export of these products to generate foreign exchange which, in turn, is used to purchase imports. In FY 1994, imports from developing countries accounted for nearly half of all U.S. purchases of agricultural, fish, and wood products.

Table 7-4.

Top 10 agricultural suppliers, FY 1994

Supplier	*Imports ($Billion)*	*Share of Total U.S. Imports (Percent)*
Canada	13.7	32
European Union-12	5.4	13
Mexico	3.4	8
Thailand	2.1	5
Brazil	1.8	4
Indonesia	1.6	4
Australia	1.1	2
Ecuador	1.0	2
Colombia	1.0	2
New Zealand	1.0	2
Top 10	**32.1**	**75**
World total	**42.7**	

Food Aid Programs

The Food, Agriculture, Conservation, and Trade Act of 1990 reauthorized and added activities to one of the oldest U.S. export assistance programs—Public Law 480, also known as Food for Peace.

Current estimates of FY year 1995 commodity funding available for food aid total $935.4 million, including $185.7 million for Title I (including Title I/Food for Progress), $479.8 million for Title II (including Title II/World Food Program), and $47.7 million for Title III.

The 1990 Farm Bill reauthorized Title I government-to-government concessional sales, with maximum repayment terms of 30 years. FY 1995 planned programming for P.L. 480, Title I as of April 18, 1995, provides $142.5 million for 15 countries. Under these planned programs, approximately 749,300 metric tons of commodities are expected to be exported. These totals do not reflect ocean freight financing of $11.9 million for Title I. For FY 1995, $55.1 million of Title I funds for commodities have been set aside to fund a number of Food for Progress country programs.

The 1990 Farm Bill reauthorized the Title II emergency and private assistance donations program. It increased the minimum tonnage by 25,000 metric tons per year, beginning with 1.925 million tons in FY 1991 and increasing to 2.025 million tons in FY 1995. A new provision requires that $10 million-$13.5 million of Title II funds be provided each year to private voluntary organizations and cooperatives to support their overseas food aid activities. For FY 1995, about 2.1 million tons of commodities, valued at approximately $479.8 million (including transportation), are planned for donations under Title II and through the World Food Program.

A revised Title III Food for Development program was initiated by the 1990 Farm Bill. This program provides government-to-government grant food assistance to least-developed countries. Local sales proceeds can be used to support a variety of economic development and related activities in recipient countries. For FY 1995, 282,600 metric tons of commodities valued at $47.7 million are planned under Title III.

Another program, Food for Progress, is carried out using commodities available for distribution under Section 416, or funds available to the Commodity Credit Corporation (CCC) or appropriated under Title I, P.L. 480. The program provides commodities to needy countries as a reward for having undertaken economic or agricultural reform. The 1990 Farm Bill adds private voluntary organizations (PVO's), nonprofit agricultural organizations, and cooperatives as potential recipients. In FY 1995, Food for Progress bilateral agreements using the Title I authority are planned with Armenia, Georgia, Kyrgyzstan, and Tajikistan, totaling about 351,500 metric tons, valued at $55.1 million (excluding transportation). Food for Progress programs using CCC funds are planned with U.S. PVO's for projects in Armenia, Azerbaijan, Georgia, Kyrgyzstan, Moldova, and Tajikistan, totaling about 56,600 tons of commodities, valued at about $42.6 million. The Food for Progress program is limited by a global 500,000-metric-ton legislative ceiling, and by a cap on noncommodity costs paid directly by CCC (primarily transportation) of $30 million.

The Food, Agriculture, Conservation, and Trade Act of 1990 also reauthorized the Farmer-to-Farmer Program, which can include middle-income countries and emerging democracies.

The Section 416(b) program (of the Agricultural Act of 1949) provides for the donation to needy countries of eligible commodities held by the CCC. Currently, 5,000 metric tons of nonfortified nonfat dry milk have been determined available under Section 416(b) for FY 1995.

Commercial Export Credit Guarantee Programs

The Food, Agriculture, Conservation, and Trade Act of 1990 made available at least $5 billion annually for the Export Credit Guarantee Program (GSM-102). This program guarantees repayment of short-term loans (90 days to 3 years) made by U.S. financial institutions to eligible banks in countries that purchase U.S. farm products. As of March 10, 1995, some $3.15 billion worth of guarantees was made available to over 70 countries including five regional programs—for West Africa, Southern Africa, the Andean region, Central America, and the East Caribbean—for FY 1995. As of March 10, 1995, registrations under the GSM-102 credit guarantee program for FY 1995 totaled $1.32 billion for 17 countries and the West African, Southern African, Andean, and East Caribbean regions.

The 1990 Act also provided for implementation of an Intermediate Credit Guarantee Program (GSM-103) through FY 1995. The guarantees issued under this program can cover financing periods of more than 3 and up to 10 years. The Act makes available $500 million per year for the program, which is designed to help developing nations make the transition from concessional financing to cash purchases. As of March 10, 1995, $175 million worth of intermediate guarantees was made available to five countries for FY 1995. As of March 10, 1995, registrations under the GSM-103 credit guarantee program for FY 1995 totaled $51.6 million for three countries.

Export Assistance Programs

The Food, Agriculture, Conservation, and Trade Act of 1990 endorsed export assistance programs implemented by USDA in recent years, specifically to counter or offset adverse effects on U.S. agriculture from unfair trade practices on the part of competitors.

The Export Enhancement Program (EEP) was extended by the Food, Agriculture, Conservation, and Trade Act of 1990 to permit USDA to provide export bonuses to make U.S. commodities more competitive in the world marketplace and to offset the adverse effects of unfair trade practices or subsidies. The Farm Bill requires that the CCC make available at least $500 million in funds or commodities for the EEP each fiscal year through 1995. Since Nov. 6, 1991, USDA has paid EEP bonuses in cash. In the General Agreement on Tariffs and Trade implementing legislation, the focus of the EEP was changed to allow the EEP to be used as a market promotion and expansion tool.

Through FY 1994, over 158.6 million metric tons of wheat and wheat flour (grain equivalents), over 14.4 million tons of barley, 537,000 tons of barley malt (grain equivalent), and over 944,000 tons of rice have been sold. In addition, 258,000 tons of frozen poultry, over 1,000 tons of pork, over 2.27 billion table eggs, over 1.9 million tons of vegetable oil, 4,000 tons of canned peaches, 319,000 tons of sorghum, nearly 189,000 tons of poultry feed, and over 69,700 dairy cattle have been sold.

The Rural Development, Agriculture, and Related Agencies Appropriations Act of 1988 authorized the creation of the Sunflowerseed Oil Assistance Program (SOAP) to provide bonuses to U.S. exporters to facilitate additional sales of sunflowerseed oil in targeted world markets. The Agriculture Appropriations Act for FY 1989 created the Cottonseed Oil Assistance Program (COAP). These programs are similar in operation to the EEP. The SOAP and COAP programs use funds available under Section 32 of Public Law 74-320. Fiscal year 1995 SOAP/COAP sales totaled 0 metric tons, with total bonuses valued at $0 million.

The 1990 Farm Bill also continued the Market Promotion Program (MPP), which provides assistance to trade promotion organizations and private entities to help fund their market development activities overseas. For FY 1994, $100 million was allocated to 59 organizations to promote agricultural commodities under the MPP. For 1995, $85.5 million is available for allocation.

Dairy Export Programs

Section 114 of the 1990 Farm Bill mandated that a Dairy Export Incentive Program (DEIP) be operated by the CCC. The Uruguay Round legislation mandates the program through the year 2001. The DEIP operates on a bid bonus system similar to EEP, with cash bonus payments.

The 1995 DEIP was announced on January 20, 1995. Bonuses under the program are available to 110 countries totaling 114,500 metric tons of milk powder, 99 countries totaling 37,650 metric tons of butterfat, and to 75 countries totaling 3,850 metric tons of Cheddar, Feta, Gouda, cream, Mozzarella, and processed American cheeses. The allocations will be valid until June 30, 1995, as provided in the invitation for offers. Under the DEIP this year, the CCC has awarded 115,576 metric tons, with a bonus value of $56.803 million.

International Links

The International Cooperation and Development (ICD) area of USDA's Foreign Agricultural Service is responsible for coordinating, supporting, and delivering a diversified program of international cooperation and development. It aims to enhance the competitiveness of U.S. agriculture, preserve natural resource ecosystems, and pursue sustainable economic development worldwide by mobilizing the resources of USDA and its affiliates.

ICD programs provide links to world resources and build a spirit of cooperation and goodwill that serves U.S. agriculture. These links help U.S. agriculture gain access to emerging technologies and to a wide array of genetic material, which can be crucial in creating new or improved agricultural products, practices, and markets. These international partnerships are the germinating seeds that can produce a rich and diverse harvest of scientific advances and business ventures.

ICD helps increase income and food availability in developing nations by linking the technical expertise of the U.S. agricultural community with those nations. This cooperative effort helps developing nations surmount the barriers of hunger and poverty and build more stable economies. As industrialized nations have become saturated with goods and services, investors have begun to explore developing nations as markets for fresh and expanded business ventures. Nations moving from low- to middle-income status now offer the brightest prospects for U.S. agricultural products, a trend that is likely to continue, so USDA helps foster economic growth, strong diplomatic ties, and durable trade relationships with these nations.