

OUTLOOK for U.S. Agricultural Exports

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U.S. EXPORT FORECAST RAISED \$1 BILLION

Improved prospects since December for wheat, corn, and soybean exports have added \$1 billion to the fiscal 1993 forecast for U.S. agricultural exports. Exports are now forecast at \$42.5 billion, virtually unchanged from fiscal 1992.

A slight increase is forecast for export volume in fiscal 1993, from 144 million tons in 1992 to 148 million tons. Despite increased volume for most bulk commodities, lower prices are expected to result in a lower total value for bulk exports. However, continued increases in high-value products are expected to be more than offsetting.

Imports are now forecast at \$24.5 billion, \$500 million higher than in December, as the outlook improves for U.S. economic growth and consumption. The forecast for the U.S. agricultural trade surplus was increased \$500 million this quarter, to \$18 billion, the same as in fiscal 1992.

Table 1--U.S. agricultural trade balance, fiscal 1987/88-1992/93

Item	-- Year beginning October 1 --					
	:1987/88	: 1988/89	: 1989/90	:1990/91	: 1991/92	:Forecast : 1992/93
	-- Billion dollars --					
Exports	35.4	39.6	40.1	37.5	42.3	42.5
Imports	21.0	21.5	22.5	22.6	24.3	24.5
Trade balance	14.4	18.1	17.6	14.9	18.0	18.0
	-- Million tons --					
Export volume	148.4	146.3	148.7	129.4	143.6	148.0

This Export Outlook reflects commodity forecasts in the February 10 World Agricultural Supply and Demand Estimates.

Contents

	<u>Page</u>
U.S. EXPORT FORECAST RAISED \$1 BILLION.....	1
Commodity Highlights.....	4
Economic Outlook.....	6
Regional Highlights.....	6
U.S. Agricultural Export Programs.....	16
Import Commodities.....	18

Tables

Table 1--U.S. agricultural trade balance, 1987/88-1992/93	
Table 2--U.S. agricultural exports: Value by commodity, 1991/92-92/93	
Table 3--U.S. agricultural exports: Volume by commodity, 1991/92-92/93	
Table 4--U.S. agricultural exports: Value by region, 1991/92-92/93	
Table 5--EEP initiatives, sales, and balances: Volume by commodity, 1992 and 1993	
Table 6--U.S. agricultural imports: Value by commodity, 1991/92-92/93	
Table 7--U.S. agricultural imports: Volume by selected commodities, 1991/92-92/93	
Table 8--U.S. agricultural imports: Value by region, 1991/92-92/93	

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Commodity Highlights

The fiscal 1993 forecast for U.S. wheat and flour exports was raised 6 percent in volume from the December forecast, to above fiscal 1992's level. Volume is forecast to reach 36.4 million tons, up 4 percent from 35 million in fiscal 1992. Value, however, is expected to be up almost 7 percent to \$4.8 billion, due to higher prices. Lower supplies of exportable-quality wheat from Canada and larger prospective imports by a number of countries have improved prospects for U.S. sales, and supported export prices.

Exports of coarse grains are expected to rise to 52.5 million tons, up 2.3 million tons from fiscal 1992, and 1 million tons more than December's forecast. However, the value of exports should decline about \$400 million this year to \$5.3 billion. The record U.S. 1992 corn harvest has sharply reduced corn prices from a year earlier.

The rice export forecast for fiscal 1993 remains unchanged from fiscal 1992 at 2.3 million tons. However, slightly lower prices are expected to reduce the total value of rice exports to \$700 million.

The fiscal 1993 U.S. oilseed and product export value is projected at \$7.4 billion, \$100 million above the previous forecast. Volume is expected to rise 500,000 tons to 28.8 million tons. Most of the change is due to higher than anticipated soybean exports. The forecast for soybean meal exports remained at \$1.1 billion, while the volume forecast increased 100,000 tons to 5.5 million tons. This weakening in price prospects reflects weak foreign meal use, especially in the former Soviet Union.

The latest cotton forecast is up \$100 million from December, largely as a result of poor Pakistani export prospects for raw cotton in traditional U.S. Asian markets. However, the value of cotton exports for fiscal 1993 are projected to decline about \$300 million from fiscal 1992, to \$1.9 billion. Volume is also expected to decline to just below 1.4 million tons from slightly higher than 1.5 million tons in fiscal 1992. These declines reflect overall sluggish demand.

Exports of unmanufactured tobacco are largely unchanged at \$1.6 billion, due to continued strength in foreign demand for U.S. leaf exports in traditional markets in Europe and Asia.

The outlook for the livestock, poultry, and dairy sector is unchanged from December. At \$8.1 billion, exports are expected to be nearly \$350 million higher than fiscal 1992's record level. Much of the increase is expected in beef sales to Japan and Korea, while hide and skin exports are also expected to be higher. The decline in Japan's beef import duty from 60 percent to 50 percent on April 1 should increase demand for U.S. beef, while recently imposed Mexican tariffs of 20 to 25 percent on imports of beef should slow, although not disrupt U.S. exports. Live cattle sales are expected to fall to Canada because of the decline in the Canadian dollar's value, as well as to Mexico which recently imposed a 15 percent tariff on imported slaughter cattle. Poultry exports are expected to rise 9 percent to \$1.3 billion. Broiler and turkey meat sales are expected to rise, with growing markets including Mexico and the Pacific Rim.

Horticultural exports are expected to rise to \$7.2 billion, 5 percent above the record set in fiscal 1992, and unchanged from December. This slower than usual growth is due to increased foreign fruit production, low prices for some commodities, and slow economic growth in Europe and Japan. Sales of fruit and products are expected to decline slightly, but vegetable exports should rise by a similar amount. Market liberalization worldwide, as well as continued strength in demand in Mexico, Canada, Japan, and the EC should sustain overall growth in U.S. exports of horticultural products.

<u>Table 2--U.S. Agricultural Exports: Value By Commodity 1991-93</u>				
Commodity	October-December	Fiscal	Fiscal	
	1991	1992	1992	1993
				Forecast:
	--Billion dollars--			
Grains and feeds 1/	3.620	3.911	14.095	14.0
Wheat & flour	1.144	1.296	4.482	4.8
Rice	.237	.205	.758	.7
Coarse grains 2/	1.429	1.506	5.659	5.3
Corn	1.176	1.285	4.593	4.3
Feeds and fodders	.506	.550	2.077	2.1
Oilseeds and products	2.247	2.281	7.338	7.4
Soybeans	1.428	1.497	4.311	4.3
Soybean meal	.384	.344	1.334	1.1
Soybean oil	.071	.091	.356	.4
Livestock products	1.499	1.571	5.973	6.2
Beef, pork & variety meats	.684	.789	2.935	3.1
Hides & skins	.295	.304	1.317	1.3
Poultry & products	.334	.352	1.195	1.3
Dairy products	.171	.254	.733	.6
Horticultural products	1.787	1.846	6.844	7.2
Fruits & preparations	.701	.653	2.822	2.8
Vegetables & preparations	.621	.729	1.772	1.9
Nuts & preparations	.425	.409	1.155	1.0
Tobacco, unmanufactured	.375	.457	1.568	1.6
Cotton & linters	.566	.381	2.195	1.8
Seeds	.219	.227	.667	.7
Sugar, tropical, and other	.490	.527	1.706	1.7
Total 3/	11.308	11.807	42.314	42.5

<u>Table 3--U.S. Agricultural Exports: Volume By Commodity 1991-93</u>				
Commodity	October-December	Fiscal	Fiscal	
	1991	1992	1992	1993
				Forecast:
	--Million metric tons--			
Wheat	10.128	9.551	34.289	35.5
Wheat flour	.130	.238	.808	.9
Coarse grains	12.814	15.056	50.195	52.5
Corn	10.475	12.833	40.597	42.5
Feeds & fodders	2.812	2.853	11.711	11.9
Rice	.743	.645	2.281	2.3
Oilseeds and products	9.002	9.595	28.881	28.8
Soybeans	6.411	6.959	19.247	19.8
Soybean meal	1.733	1.669	6.301	5.5
Soybean oil	.152	.170	.747	.8
Beef, pork & variety meats	.215	.237	.870	1.0
Poultry meat	.219	.247	.787	.9
Animal fats	.225	.305	1.392	1.5
Cotton & linters	.361	.282	1.527	1.4
Horticultural products	1.481	1.507	5.951	6.5
Other	1.410	1.494	4.944	4.8
Total agriculture	39.540	42.010	143.636	148.0
Major bulk products 4/	30.457	32.493	107.539	111.5

1/ Includes pulses and corn products. 2/ Includes corn, oats, barley, sorghum, rye. 3/ Totals might not add due to rounding.

4/ Includes wheat, rice, coarse grains, soybeans, and cotton.

Economic Outlook

The world economic outlook has weakened slightly since December, particularly for the foreign industrialized countries. A slight recession is now forecast for Germany during 1993, and Japan's Gross Domestic Product (GDP) growth is expected to remain at 1992's 2 percent rate.

For developing countries, 1993 is forecast to be slightly better than 1992, with GDP growth expected to exceed 5 percent. If realized, this would be their best performance since 1979. China, Taiwan, and Korea are expected to lead developing Asia to the fastest gain of any region, while smaller increases are forecast for Latin America and the Middle East.

The U.S. dollar's performance on foreign exchange markets has been mixed since the beginning of fiscal 1993, weakening versus the Yen, but increasing versus the Mark and the Canadian dollar. Further strengthening of the U.S. dollar is expected in 1993 due to falling interest rates overseas.

Regional Highlights

European Community

An improved outlook for EC consumption of soybean meal has raised the forecast for U.S. agricultural exports \$300 million since December. Fiscal 1993 exports to the EC are now forecast at \$7.7 billion, about \$500 million above last year, and their highest since the first half of the 1980's.

EC demand for imported soybeans has risen this year partly due to a decline in EC oilseed production. EC production fell due mostly to a drought in northern Europe that reduced rapeseed yields. In the first part of the 1992/93 marketing year, EC supplies of rapeseed were further tightened because producers withheld them to protest low prices. The EC also increased rapeseed exports, chiefly to Japan, as Japan sought new sources of high-quality rapeseed to replace reduced supplies from Canada. Reduced EC market prices, reflecting their new oilseeds policy regime, also encouraged exports.

These developments created shortages of soft seed for EC crushers. Some oilseed crushers, who normally crush rapeseed, converted their operations to crush soybeans. This additional increase in demand for imported soybeans coincided with the time of year when the United States is the principal supplier of the EC market (October-March). If Brazil has its expected near-record soybean crop, the U.S. will probably not extend its traditional marketing season in the EC market beyond March or April, as it did in 1992. Trade data for the first few months of the year confirm a substantial increase in U.S. soybean shipments to the EC.

Another important factor determining the size of the increase in U.S. exports could be the direction of the U.S. dollar. The dollar recovered its value somewhat since autumn, eroding some of the cost advantage soybeans and products enjoyed relative to EC-produced oilseeds and products.

The dollar's weakness early in the year aided U.S. soybean meal exports. In Deutsche marks, soybean meal prices fell to their lowest levels in years, gaining a big price advantage over domestically-grown European feed grains. As a result, soybean meal had been introduced into more and more feed rations in which they were normally not competitive. More recently, the dollar has strengthened, meal prices have risen, and EC grain prices have declined. However, lower EC tapioca prices, because of increased Thai exports, make a soymeal/tapioca mix still price-competitive compared with feed grains.

Table 4--U.S. agricultural export value by region, 1991-93

Region	October-December		Fiscal:	Fiscal
	1991	1992	1992	1993
				Forecast
	--Billion dollars--			
Western Europe	2.449	2.467	7.721	8.2
European Community <u>1/</u>	2.285	2.336	7.176	7.7
Other Western Europe	.163	.131	.545	.5
Central and Eastern Europe <u>2/</u>	.046	.140	.221	.3
former USSR	.873	.475	2.685	1.9
Asia	4.106	4.234	15.974	15.7
Japan	2.053	2.107	8.362	8.1
China	.182	.036	.689	.4
Other East Asia	1.358	1.410	4.922	5.1
Taiwan	.584	.569	1.911	1.9
South Korea	.556	.578	2.195	2.3
Hong Kong	.217	.262	.815	.9
Other Asia	.513	.680	2.001	2.1
Pakistan	.067	.109	.225	.2
Philippines	.102	.176	.442	.5
Middle East	.454	.460	1.765	2.0
Israel	.089	.110	.346	.3
Saudi Arabia	.176	.130	.547	.5
Africa	.476	.757	2.298	2.5
North Africa	.334	.397	1.408	1.6
Egypt	.176	.219	.707	.6
Algeria	.110	.096	.477	.5
Sub-Saharan Africa	.142	.360	.890	.9
Latin America	1.505	1.726	6.422	6.7
Mexico	.726	.839	3.667	4.1
Other Latin America	.779	.887	2.755	2.6
Brazil	.092	.097	.143	.1
Venezuela	.086	.132	.394	.3
Canada	1.166	1.256	4.800	4.8
Oceania	.152	.121	.427	.4
Total	11.308	11.807	42.314	42.5
Developed Countries	5.932	6.228	21.915	22.3
Developing Countries	4.275	4.928	16.804	17.7
Other Countries	1.101	.651	3.595	2.5

1/ Excluding East Germany prior to fiscal 1991.

2/ Including East Germany prior to fiscal 1991.

The November 1992 agreement between the U.S. and the EC with respect to import access of corn gluten feed should prevent further disruptions in corn gluten feed trade this year. Although shipments of corn gluten feed benefit from a bound zero tariff, customs reclassifications at some EC ports of entry resulted in exceedingly high duties being applied in late 1990 and 1991.

Japan

The value of U.S. agricultural exports to Japan in fiscal 1993 is projected at \$8.1 billion, slightly down from \$8.4 billion in fiscal 1992. The forecast is unchanged from December as a slight improvement in prospects for sales of high-value products has offset a slightly weaker outlook for bulk products. Continued strong sales to Japan are expected in 1993, in spite of a still sluggish Japanese economy. The Japanese GNP shrank at an annual rate of 1.6 percent in the third quarter of 1992, the most recent quarter for which figures are available. More recent economic news suggests little improvement.

While the Bank of Japan cut its official discount rate to an all time low of 2.5 percent in early February, this action is not likely induce major growth. Japan's consumer confidence index has fallen to its lowest level in 11 years. Similarly, a "business sentiment" index and a quarterly survey of business investment portends gloomy news. While the economy is still expected to move into recovery in 1993, the recovery is not likely to begin until the second quarter of 1993.

There are three major reasons U.S. agricultural exports to Japan should remain relatively strong. The first is that even though the economy is weak, Japanese consumers' incomes now can easily support food expenditures that would lead to increased imports of agricultural goods. The second factor is that with the U.S. bilateral deficit with Japan increasing, the Japanese Government is likely to encourage Japanese consumers to buy more U.S. agricultural goods. And, third, the Yen's strength versus the dollar has undoubtedly encouraged Japan's imports as well.

Canada

The forecast for U.S. agricultural exports to Canada was raised \$100 million this quarter due to improved prospects for corn sales. U.S. corn exports to Canada during the first 3 months of fiscal 1993 totaled 471,000 tons, compared with 46,000 a year earlier. Canada's increased imports are a result of Ontario's corn crop being devastated by a cool, wet growing season and adverse harvesting conditions. Ontario is the primary corn producing province in Canada.

U.S. exports of apples to Canada are rising in fiscal 1993, with the second largest U.S. apple crop on record harvested in 1992. Orange exports to Canada have greatly increased due to moderate declines in prices. However, potato exports are still anticipated to fall in 1993, despite a gain during the first quarter of the fiscal year. Canadian production rose in 1992 following acreage and yield increases in Eastern Canada. Additionally, U.S. potato production declined because less area was planted in 1992.

Another factor reducing potato exports is Canada's 1992 phytosanitary restrictions on seed and table potatoes imported from California, Maine, North Dakota, Wisconsin, and Florida. This followed the U.S. ban on Canadian seed and table potatoes from Prince Edward Island after the discovery of the PVYn potato virus in 1991.

A decline is also anticipated in fiscal 1993 U.S. beef exports to Canada, as Canadian beef production rises. Another negative factor is the continued modest growth of the Canadian economy. U.S. beef exports to Canada consist of high quality boxed beef. A large portion of this beef is ultimately consumed in restaurants, where demand is highly influenced by disposable income.

Unfavorable changes in exchange rates are also expected to reduce export prospects for some commodities. The value of the Canadian dollar began to decline in the fall of 1992, a result of the Bank of Canada's (BOC's) success in reducing Canada's inflation to the lowest among the OECD countries. The BOC eased interest rates as a result, and the Canadian dollar weakened. The Canadian dollar fell further because of the uncertainty regarding the outcome of the referendum on a new Constitution on October 26, 1992.

Even with the low-inflation environment, the recovery from the Canadian recession of 1991 remains sluggish. Economic growth is low by historical standards and an improvement in consumer confidence will be necessary before a moderate recovery can take hold.

Former Soviet Union

Expectations for former Soviet Union (FSU) imports of grains and oilseeds from all sources have declined since December, resulting in a \$200 million decline in expected U.S. fiscal 1993 agricultural exports to the FSU. Fiscal 1993 U.S. agricultural exports to the FSU are projected at \$1.9 billion, down almost 30 percent from fiscal 1992 levels, which totaled close to \$2.7 billion. Debt servicing difficulties, an improved 1992 grain harvest, and reduced feed use due to declining livestock inventories are the major factors leading to reduced U.S. sales. Almost all FSU imports are being financed through U.S. commodity programs, such as GSM-102 export credits, P.L. 480 Title I, Food for Progress, and Section 416b. A very limited amount of commodities are being purchased with hard currency. Some regions are utilizing barter and countertrade to purchase U.S. goods.

The most significant development during the beginning of fiscal 1993 was the suspension of the Russian Federation, the largest importer of U.S. agricultural goods in the former USSR, from the USDA GSM-102 export credit guarantee program. Russia was suspended from the U.S. GSM-102 program on November 30, 1992 and remains suspended from the GSM program as of February 22, 1993, with around \$338 million in outstanding principal and interest payments. Banks which have issued loans under the GSM program have up to 6 months to request payment from USDA for the defaulted loans.

USDA has announced over \$5 billion in credit guarantees to Russia and the other republics since fiscal 1991. Beginning in fiscal 1993, Russia and Ukraine were the only republics to receive sizable GSM-102 allocations. Russia received \$525 million in the first fiscal 1993 tranche of a total \$800 million export credit allocation in October 1992. USDA also announced the donation of \$134 million in food aid to be distributed during fiscal 1993. At the end of November, Russia had around \$112 million in credit remaining for the purchase of U.S. wheat and pork. An additional allocation of \$275 million in credit guarantees was expected to be released during January 1993 and \$116 million in further food donations have yet to be allocated. However, due to Russia's suspension from the GSM-102 program and limited progress with rescheduling its debt, these allocations have been delayed. Ukraine received an allocation of \$200 million, of which \$70 million was made operational immediately and has been used to purchase feed grains. During fiscal 1992, Ukraine used \$110 million for the grain purchases.

Initial fiscal 1993 trade data reflect the disruption in Russian imports due to Russia's suspension from the GSM-102 program. Total U.S. agricultural exports to the FSU during October-December 1992 totaled \$550 million, down 38 percent from the corresponding period in 1991. FSU imports of grains, pork, poultry, soybeans, and soybean meal were down by a third or more during this period compared to last year.

Central and Eastern Europe

Despite a significant, drought-induced drop in production in Central and Eastern Europe (CEE), little change is expected in U.S. exports there in fiscal 1993. This is due partly to a reduction in consumption currently being experienced in these countries.

Compounding an already difficult time for CEE agriculture, 1992 saw one of the severest droughts ever to hit the region. As a result, grain production in the region fell 29 percent. This stands in sharp contrast to the 1991/92 year when bumper harvests, falling real income, and falling demand in the region resulted in an excess supply of meats and grains, and thus a reduction in area planted. Given the economic recovery occurring in some of the northern CEE's, U.S. exports for most products are expected to remain stable, with possibly some increase in imports of grains and feed products affected by last summer's drought.

Under the command system, a grain deficit would have led to increases in imports for Central and Eastern Europe. However, as market forces and prices play a larger role in the CEE economies, the response in 1992/93 likely will be rather different--involving internal adjustments as well as imports. Imminent shortages of fodder and feed, coupled with falling real income, led to a decrease in consumer demand for meat products and livestock numbers--particularly in Czechoslovakia, Poland, Romania and Hungary. While this translates into reduced feed needs, countries like Romania and Poland, hardest hit by the drought, may still need to import some amount of feed grains.

China

U.S. agricultural exports to China in fiscal 1993 are forecast to decline more than 40 percent, to \$400 million. Overall, the fall in the value of fiscal 1993 agricultural exports is due to declines in the exports of the two principal bulk commodities, wheat and cotton. Some of the decline in sales is offset by rising exports of soybeans, poultry meats, live baby chicks, and cattle hides.

China's 1992 GNP growth was 12 percent, and is expected to continue at a slightly lower but nonetheless rapid rate. Continued reform of the centralized trade system, including reductions in import tariff rates, publication of trade regulations prior to implementation, and the gradual devolution of the authority to import (most, but not all) agricultural commodities to individual trade enterprises, will boost long-term growth in U.S. agricultural sales to China. However, in the short-term, particularly during fiscal 1993, China's burdensome grain and cotton stocks are expected to cause a reduction in U.S. sales of these two primary exports to China.

Demand for wheat products continues to increase in urban China, particularly in higher income but non-wheat producing regions. However, U.S. fiscal 1993 wheat sales are forecast somewhat below a year earlier. Several years of bountiful grain harvests and the resulting rise in domestic stocks has reduced demand for imported wheat.

The value of U.S. cotton exports to China in fiscal 1993 is forecast down sharply from the \$241 million exported in 1992. Despite a sharp reduction in China's expected 1992/93 cotton crop, burdensome levels of stocks will significantly reduce demand for imported cotton in fiscal 1993. High domestic prices will prevent China from exporting a significant portion of domestic output. Therefore, the drawdown of current high stocks, and the consequent reduction in import levels, will likely be spread out over the next 2-3 years.

Taiwan

U.S. farm product sales to Taiwan in fiscal 1993 are forecast at \$1.9 billion, about the same as in 1992. An increased volume of sales is forecast, but an offsetting decline in prices is forecast for Taiwan's two main imports from the United States--coarse grains and soybeans. Growing income is expected to support the steady growth of wheat imports, despite expected higher wheat prices. Cotton imports, however, are expected to drop substantially, despite lower prices. Demand for many high-value products such as beef, dairy products, fruits and preparations, and vegetables and preparations, will continue to remain strong.

After decades of rapid economic growth, Taiwan's economic expansion has entered a period of more moderate growth. The appreciation of local currency during the past several years and increased labor costs have sapped the island's competitiveness for many of its labor-intensive exports, particularly to the United States. Taiwan, however, is increasingly exporting to many newly developed markets in southeast Asia and the Chinese mainland. In particular, the boom in indirect trade between Taiwan and China has helped boost the island's trade performance.

In addition, domestic demand is now playing a more significant role in the economy. Purchases for construction projects under the \$303 billion the so-called "Six-Year National Development Plan", and heightened consumer spending have fueled the growth in domestic demand. Taiwan's economic growth in 1993 is targeted at 7 percent--high by international standards for a "mature economy." Taiwan's per capita GNP is expected to reach over \$10,000 in 1993.

The volume of coarse grains and soybeans, accounting for more than half of U.S. farm exports to Taiwan, is forecast to increase in fiscal 1993 because of an increased livestock inventory. The demand for coarse grains and soybeans, almost all imported, is closely linked to the performance of the hog and chicken industries--Taiwan's two dominant livestock sectors. The hog industry is expected to remain steady, while the poultry industry is forecast to show healthy growth in fiscal 1993.

U.S. cotton exports to Taiwan in fiscal 1993 are forecast to decline substantially. After surprisingly strong cotton imports in fiscal 1992, Taiwan's cotton imports in fiscal 1993 are expected to follow the long-term declining trend in Taiwan's textile industry. Currency appreciation and rising labor costs have substantially affected the competitiveness of Taiwan's export-oriented textile industry since the mid-1980's. As a result, Taiwan's cotton imports stagnated in recent years.

South Korea

While Korea's improved wages and incomes are boosting U.S. HVP sales there, shipments of cattle hides and cotton have been weakened by the decreasing competitiveness of Korea's leather and textile industries. Total U.S. agricultural exports to Korea are expected to climb \$100 million in fiscal 1993 to \$2.3 billion.

U.S. sales of beef, poultry meat, and tallow to Korea are expected to increase again in fiscal 1993, but the outlook for cattle hides is less clear. The economic recession in some export markets for Korean leather in athletic shoes and garments has dampened Korean demand for hides from the United States. In addition, the wages of Koreans involved in shoe manufacturing and garment industries have risen to the point where Korea is much less competitive than some other Asian countries.

U.S. cotton exports to Korea in fiscal 1992 declined 11 percent from the previous year to \$356 million. The Korean market for U. S. raw cotton is expected to remain weak in 1993. High domestic labor costs have made Korean cotton products uncompetitive in world markets, and the downturn in the Japanese economy has reduced Japanese demand for Korean products made from high quality yarns (ELS cotton) of which the U.S. is the primary supplier.

Korean imports of U.S. feed grains will again be constrained by continued availability of Chinese corn, and increased supplies of feed wheat from Canada and Australia.

In contrast, U.S. exports of soybeans to Korea reached \$263 million in fiscal 1992, representing a sizeable increase of 29 percent over the previous year. Korea is expected to remain a strong market for U.S. soybeans based on rapid growth in livestock numbers and the continuing concentration of livestock on larger farms which use more compound feed per animal.

Hong Kong

U.S. agricultural exports to Hong Kong in 1993 are expected to surpass 1992's record \$800 million by \$100 million. Hong Kong's economy is forecast to chalk up growth similar to 1992's 5.5 percent, moderately higher than the 3-percent average annual growth attained during 1989-91. Economic growth is anticipated to remain vigorous over the next several years, and then lose a little steam as the colony's reversion to China in 1997 approaches. While the political transition in 1997 is not expected to create any major upheaval in Hong Kong, political troubles in China could hurt Hong Kong's long-term business and economic developments.

After rising 43 percent, to a record 145,000 tons in fiscal 1992, U.S. poultry meat sales to Hong Kong in fiscal 1993 are expected to remain strong. U.S. poultry meat exports to Hong Kong will continue to benefit from a decline in the colony's poultry-raising industry, greater consumer acceptance of frozen poultry meat, growth in the fast-food restaurant business, and increased poultry meat re-exports to China. Although the United States is expected to remain the largest supplier of frozen poultry meat to Hong Kong this year, competition from other suppliers, such as the EC and Brazil, is keen.

U.S. egg sales to Hong Kong have grown considerably in the past several years as a result of the Export Enhancement Program (EEP), which has made U.S. egg prices more competitive with Dutch eggs. The prospects for continued growth in U.S. egg exports to Hong Kong in fiscal 1993 will depend largely on the availability and attractiveness of EEP, as competition with EC eggs remains strong.

Following substantial gains last fiscal year, U.S. exports of horticultural products to Hong Kong in fiscal 1993 are projected to remain vigorous. In fiscal 1992, horticultural product sales made up nearly one-third of the total value of U.S. agricultural exports to Hong Kong. U.S. shipments of fruits and preparations in fiscal 1992 were worth almost one-quarter more than in the previous year, nuts 65 percent more, and vegetables and preparations 3 percent more. Sales of pistachio nuts were up considerably. While China is the largest supplier of fresh vegetables to Hong Kong, continued problems with pesticide residues and availability of Chinese produce could benefit U.S. and other suppliers.

After rising 35 percent, to 78,000 tons in fiscal 1992, U.S. cotton shipments to Hong Kong in fiscal 1993 are forecast to decline. Total cotton consumption in the colony is expected to be down slightly in 1992/93, reflecting the decline in Hong Kong's cotton spinning industry. U.S. cotton has made a comeback in the Hong Kong market since 1987/88 because of short Chinese supplies. Hong Kong spinners used to rely on lower-grade Chinese cotton for coarse yarn (denim) production, but have had to turn to alternative suppliers, such as Pakistan, India, and Brazil.

Philippines

The value of U.S. agricultural exports to the Philippines in fiscal 1993 is now forecast to be \$500 million, a \$100 million increase since December. Improved prospects for wheat sales accounted for much of the increase. Prospects for U.S. poultry meat exports have also improved since December, while those for feeds and fodders and wheat flour worsened.

Pakistan

The forecast for exports to Pakistan was raised \$100 million from the December forecast to \$200 million. Pakistan is expected to buy more U.S. wheat in fiscal 1993. Imports in fiscal 1992 were 1.8 million tons, with 1.4 million tons from the United States. In fiscal 1993 the forecast for Pakistan's wheat imports from all sources is 3-3.5 million tons, again with a large market share for the United States. The government plans to

import 2.7 million tons; the rest will be imports by the private sector under recently liberalized trade policies.

The reasons for sharp increase in wheat imports include September 1992 production and stock losses due to floods, increased demand on government stocks due to a liberalized release policy, and continued movement of wheat into Afghanistan. Government stocks had fallen very low by the end of 1992, and their replenishment requires sizable imports by the public sector.

The Pakistani Government has liberalized trade policy by allowing the private sector to import wheat for the millers. Although various issues relating to private sector financing, tariffs, and profitability are still unsettled, some imports have already materialized and others are in the pipeline. It is expected that once these issues are settled, private sector imports will grow further.

Middle East and North Africa

U.S. agricultural exports to the Mideast and North Africa may rise more than 10 percent in value to \$3.5 billion in fiscal 1993, up from \$3.2 billion in fiscal 1992. This will still be below the peak of \$4.1 billion from fiscal 1989, when Iraq accounted for about a fifth of the total value. In contrast, the current projection assumes only minimal exports to Iraq through relief shipments for refugees of possibly \$1 million.

Gains in fiscal 1993 will follow a strong showing in exports to Mideast markets and slight gains in North Africa during fiscal 1992. Most of the gain is based on shipments of a larger quantity of mostly bulk items, and with a slight decline in unit prices of most items. Industrial expansion in the region is bolstering demand for imports of U.S. cotton, tobacco, and oilseed products.

In fiscal 1992, gains in the largest markets, Egypt, Saudi Arabia, and Algeria, were less than 2 percent, while spectacular hikes occurred for exports to some other markets. Greater corn exports should help bolster the value of U.S. agricultural exports to most countries in the area, including Egypt and Algeria. Among the rapid growth mid-sized markets, increased exports of attractively priced corn and wheat will help to increase the value of agricultural exports to the region. Turkey, Israel, Morocco, Yemen, and Iran were rapid growth markets in fiscal 1992 and are likely to again register major growth in the coming year.

Turkey's planners wish to improve the quality of wheat flour by importing wheat for blending, and wheat imports are needed if Turkey maintains exports. Turkey has adopted a more flexible trade policy than most other Mideast countries. In years of good weather it is a net exporter of agricultural commodities, and has no need to be worried about a heavy dependence on imported food. If the weather is less favorable, Turkey makes adjustments and allows necessary imports. As a member of GATT and a prospective EC member, Turkey seeks to develop a trade policy which meets the needs of its consumers and business firms, and which allows ample two-way trade. Turkey is also a large market for U.S. tobacco and rice.

Morocco had a serious drought which caused grain production in 1992 to decline sharply to only one-third of the 1991 peak. Prospects are looking bleak for their 1993 crop. Morocco still has in excess of 400,000 tons of wheat available under an EEP initiative. Good stocks from the large 1991 harvests helped to delay the timing of Morocco's grain purchases.

Mexico

The value of U.S. agricultural exports to Mexico in fiscal 1993 is expected to rise \$300 million to \$4.1 billion. Higher export volumes are forecast for U.S. bulk commodities

(coarse grains, wheat, and soybeans), high-value farm products (cattle, meat, poultry, dairy products, hides, feeds and fodder, soybean meal, and planting seeds), and a variety of U.S. horticultural products including fresh apples, pears, peaches, pulses, and tree nuts.

Mexico's general move toward market prices in all commodities, its continuation of structural reforms in the agricultural sector, the government's economic development plan for 1993 which calls for improvements in the Mexican economy with economic growth targeted around 4.9 percent, and the appreciation of the peso mean continued good prospects for sales of U.S. farm products to Mexico.

Although Mexico remains one of the fastest growing export markets for U.S. cattle and beef sales, the recent implementation of a tariff on cattle and beef is expected to slow growth in U.S. exports to Mexico. However, beef imports from the U.S. are expected to increase in fiscal 1993, driven primarily by rising incomes, and lower prices compared to the domestic product. In November of last year, under pressure from the domestic cattle industry, the Mexican government raised the tariff rate from zero to 15 percent for live cattle, to 20 percent for carcass beef, and to 25 percent for beef cuts. Currently, the U.S. supplies about one-half of total Mexican beef and veal imports, with the remainder supplied by the EC and Central America.

U.S. poultry meat exports to Mexico, primarily dark meats, leg quarters and wings, are forecast to increase significantly in fiscal 1993. Mexican poultry meat import policy consists of a 10 percent tariff and a licensing system designed to protect Mexican producers from U.S. competition. U.S. poultry meat sales to Mexico have benefitted from strong domestic demand and rising incomes which have expanded poultry meat consumption, and lower prices of poultry relative to pork and beef.

U.S. wheat and wheat product exports to Mexico in fiscal 1993 are projected to rise from the previous year, due to increased food use and a lower-than-normal production level, brought about by a excess rains at harvest. The United States will continue to predominate in Mexico's wheat import market, surpassing Canada and the remaining minor suppliers like the EC and Argentina.

U.S. corn exports to Mexico are expected to surpass the 1.1 million tons shipped in fiscal 1992. While U.S. corn exports are mainly for the starch industry, a limited number of import licenses have been issued in the past for feed corn imports to the livestock industry.

Despite a relatively successful 1992 sorghum harvest, Mexico is expected to moderately increase its imports of sorghum from the United States in fiscal 1993 above fiscal 1992's record 5 million metric tons. Increased sorghum demand, driven by rising feed needs is driving increases in U.S. grain sorghum exports to Mexico. The Mexican government still maintains its position of limiting corn for the livestock industry and is not expected to change the regulation in the near future. Therefore, sorghum remains the important ingredient available to the livestock sector to meet feed demand.

The continuing strength of the Mexican economy, rising incomes and increasing crushing capacity in the domestic soybean sector, is also contributing to the current surge in Mexican imports of soybeans from the United States. U.S. exports of soybeans to Mexico will continue to rise in fiscal 1993. U.S. soymeal sales to Mexico are expected to increase, reflecting increasing protein feed requirements.

The volume of deciduous fruit exports from the United States to Mexico is estimated to continue its rapid expansion in fiscal 1993, assuming current phytosanitary issues are resolved. The elimination in 1991 of import licensing requirements for apples, peaches, and nectarines, have contributed to the expansion. Domestic production levels are

stagnant due to the lack of financial resources available to producers. Total fresh deciduous fruit demand growth is driven by rising incomes and more competitive prices.

Brazil

Brazil's imports of U.S. agricultural commodities in fiscal 1993 are still expected to fall below fiscal 1992 levels, mainly due to lower price levels combined with stable import needs. Import quantities are expected to fall for rice and dairy products, but Brazil's soybean import needs have been revised upward.

Because of a rapid depletion of Brazil's internal stocks of soybeans, the crushing industry has been importing record amounts of soybeans under drawback. Industry observers estimate that Brazil may import as much as 250,000 metric tons of soybeans from the U.S. this marketing year. This translates into around 200,000 metric tons for fiscal 1993, valued at approximately \$42.8 million.

Brazil's economic outlook remains increasingly uncertain, and economic growth estimates have been reduced for 1993. The permanent replacement of ex-President Fernando Collor de Mello with Itamar Franco has slowed the pace of economic reforms, and emphasized political issues at the expense of economic adjustment. Demand growth should remain sluggish, and inflation remains a major concern. Brazil ended 1992 with annual inflation of 1,149 percent, the second highest in the world behind Russia.

Agricultural Export Programs

The Export Enhancement Program

USDA is continuing to use the EEP to meet subsidized competition in export markets in fiscal 1993. EEP bonuses of \$513.3 million as of February 11 assisted sales of commodities valued at \$2.1 billion.

EEP wheat sales of 11.2 million tons as of February 11 are up 29 percent from last year's sales for the same period. Average EEP bonuses of \$36.73 are down by 33 percent. While sales to the former Soviet Union (FSU) are down, sales to North African and West and Central African countries are up significantly.

EEP barter sales of wheat continue to the former Soviet Union. Non-barter EEP sales have slowed due to the suspension of the GSM-102 credit guarantee program to Russia. A continuing drought in North Africa almost doubled fiscal 1992 EEP wheat sales to Morocco and boosted EEP sales to Tunisia. Sales to West and Central Africa, dominated by sales to Nigeria, are more than quadruple fiscal 1992 sales. Nigeria suspended its ban on wheat imports through June 1993, and the United States is Nigeria's chief supplier.

EEP sales of flour have been buoyed in fiscal 1993 to date by especially large sales to Egypt. In October, Egypt allowed the private sector to import flour and to set their own prices for the imported flour.

EEP sales of vegetable oils continue to be robust in fiscal 1993 to date. Chief buyers of vegetable oils are importers in Algeria, Mexico, Tunisia, and Turkey. Fiscal 1993 sales of barley are off to a slow start since Saudi Arabia has not yet purchased U.S. barley. Barley malt sales are sharply higher in fiscal 1993 to date due to increased buying by importers in the Caribbean.

Export Credit Guarantee Programs

As of January 29, 1993, credit guarantee allocations totaling about \$4.2 billion under the GSM-102 and GSM-103 programs were up slightly compared to the same time in fiscal 1992.

Table 5 -- EEP sales and remaining balances: volume by commodity and country

Region	Country	1991 sales	1992 sales	1993 sales (as of 2/11)	Remaining balance	Most recent initiative
		metric tons				
Wheat:		17,814,561	19,766,413	11,248,180	13,544,633	
North Africa:	Algeria	1,757,500	1,132,950	549,050	991,050	September 92
	Egypt	1,732,575	4,235,580	370,000	1,331,200	September 92
	Morocco	438,770	479,850	839,475	580,675	December 92
	Tunisia	299,000	118,000	224,750	57,250	September 92
Asia:	China	5,709,510	1,699,400	1,998,075	5,001,925	September 92
	Philippines	1,611,836	1,010,000	751,600	335,400	December 92
	Sri Lanka	199,300	349,200	299,250	150,750	September 92
	Bangladesh	30,000	431,130	25,000	388,025	September 92
	India	0	0	982,750	517,250	September 92
	Pakistan	0	647,560	152,000	550,440	September 92
West/Central Africa:		420,102	205,988	883,065	63	September 92
Former Soviet Union:		3,173,145	8,417,745	2,219,420	1,935,505	September 92
Other regions:		2,442,823	1,039,010	1,953,745	1,705,100	
Feed grains (mainly barley):		1,788,000	1,541,720	633,700	1,901,300	
	Algeria	0	100,000	100,000	0	October 92
	Cyprus	25,000	75,000	100,000	50,000	October 92
	FSU	0	299,500	100,000	250,000	October 92
	Israel	261,400	218,020	180,000	170,000	October 92
	Jordan	100,000	249,200	99,700	50,300	October 92
	Saudi Arabia	1,401,600	600,000	0	600,000	October 92
	Other countries	0	0	54,000	781,000	October 92
Flour:		463,500	252,665	464,636	1,444,364	
	Algeria	0	0	0	120,000	November 92
	Egypt	12,500	108,500	333,000	267,000	November 92
Subsaharan Africa		126,000	69,165	1,636	472,364	November 92
	Yemen	325,000	75,000	130,000	95,000	November 92
Other countries		47,000	0	0	490,000	November 92
Barley malt:		37,875	32,300	51,900	133,100	
Central American countries		3,250	2,300	6,000	34,000	December 92
Caribbean countries		0	15,000	25,000	10,000	February 93
FSU		0	0	0	25,000	October 92
Philippines		20,000	0	10,000	25,000	October 92
South America		14,625	15,000	10,900	39,100	October 92
Vegetable oils:		165,500	453,998	197,645	672,355	
	Algeria	36,000	66,000	60,000	40,000	October 92
	Dominican Rep.	7,000	23,000	0	30,000	October 92
	FSU	0	86,310	0	150,000	October 92
	Mexico	11,000	20,128	32,645	7,355	October 92
	Morocco	33,000	78,000	12,000	138,000	October 92
	Tunisia	48,500	77,000	51,000	69,000	October 92
	Turkey	30,000	82,360	40,500	59,500	October 92
Other countries		0	21,200	1,500	178,500	October 92

Source: EEP sales data provided by FAS Commodity and Marketing Programs.

However, applications received from exporters totaled approximately \$1.8 billion, down about 15 percent from January 1992. The decline is due chiefly to Russia's suspension from the GSM-102 program.

As of February 23, creditors had notified the Commodity Credit Corporation that the former Soviet Union was late in paying about \$360 million in credit guaranteed under the GSM-102 program. A participating country is suspended from the program when it is not current in its payments.

In addition to suspension from the program, \$275 million in credit guarantees to Russia which had been planned to be announced in January have not been made operational. Further, \$130 million announced for Ukraine has not yet been made operational. The outlook for exports under the credit guarantee programs hinges significantly on the resolution of debt repayments by former Soviet importers.

However, some other importers under the GSM-102 program have increased their use of the program compared to this time last year. Excluding the former Soviet Union, program usage is actually up about one-third compared to last year. In particular, credit guarantee usage by importers in Algeria and Mexico together are about \$250 million higher in fiscal 1993 than they were to date in fiscal 1992.

U.S. Food Aid Programs

The revised fiscal 1993 country and commodity allocations for Title I of PL 480 and the Food for Progress program were released by USDA on January 19. They reflect that all but \$37.9 million out of \$510 million available for Title I commodity loans was allocated for specific countries and commodities. The remainder is being held in reserve to meet unforeseen needs. Twenty-nine countries were allocated a total of approximately 1.8 million metric tons of commodity assistance. Wheat and flour allocations totaled 1.1 million metric tons, or more than 60 percent of the commodity assistance, with feed grains following distantly with 20 percent. Other commodities such as oilseeds/meal, rice, tallow, and vegetable oils accounted for lesser amounts.

Since the first-quarter announcement of Title I allocations, \$97 million have been reallocated among 12 countries and \$3 million was added to the reserve. The availability of these funds exists because Egypt chose not to use \$100 million of its \$150 million total allocation for fiscal 1993.

As of February 2, 1.5 million tons have been allocated under Title II. This includes 585,000 tons of wheat and wheat flour, 518,000 tons of feed grains, 158,000 tons of rice, 126,000 tons of vegetable oils, and 83,000 tons of beans, lentils and peas. Africa is programmed to received 44 percent, Asia 31 percent, Latin America 21 percent, and Europe 3 percent. A small quantity has also been allocated to the Near East. On January 29, the first two agreements under Title III were signed with Guyana and Mozambique to provide approximately 31,000 tons of wheat for Guyana and 206,000 tons of corn for Mozambique. The program will support agricultural policy reform in both countries.

U.S. food aid is also provided under authority of Section 416(b), as amended. This involves donation of CCC-owned commodities overseas through private voluntary organizations, government-to-government agreements, and multilateral or international organizations. For fiscal 1993, the Secretary of Agriculture has determined that a total of more than 2 million metric tons of butter, butteroil, corn, and feed wheat are available for donation overseas. As of February 3, agreements totaling more than 700,000 metric tons of mostly corn and feed wheat were signed for 11 countries. The former Soviet Union and African countries were allocated 98 percent of the total.

Import Commodities

Agricultural imports are projected to increase by \$500 million to \$24.5 billion in 1993. Strong first quarter imports of competitive products indicates a higher import level than the last forecast in December 1992. Only a small rise is expected in noncompetitive imports, as lower import unit values offset volume increases.

Live animal imports, primarily cattle, are expected to reach \$1.4 billion. Imports from both Canada and Mexico will rise in 1993. Strong imports from Mexico, whose cattle have a lower unit value per head, will result in higher volume increases, but lower value increases.

Beef and pork imports are both down from the previous year, and this trend is expected to continue for 1993. A lower trigger level for the Meat Import Law for January-December 1993, and Voluntary Restraint Agreements with Australia and New Zealand, should keep beef imports below last year's level.

Imports of grains and feeds are likely to advance \$100 million over the previous forecast to \$1.6 billion. During October-December 1992, the import volume of most grains and feeds were lower than the previous year, however, higher import unit values boosted the value of imports. Wheat and oat imports from Canada were the exception, with both volume and value ahead of the year-earlier period.

Fruit and fruit juice imports are expected to drop to \$2.1 billion in 1993. Fruit imports are expected to remain at 1992 levels, but a good domestic citrus crop will reduce import demand, particularly for orange juice. Chilean winter fruit imports during October-December 1992 were at about the same level as the previous year.

Imports of vegetables were 11 percent ahead of the 1992 level, and are expected to reach \$2.4 billion for fiscal 1993. Fresh vegetable imports from Mexico are stronger through the first quarter, up 7 percent by volume and 19 percent by value compared to a year ago.

Imports of oilseed products are projected to rise to \$1.3 billion, due to increased imports of coconut, olive, and palm kernel oils. Unmanufactured tobacco imports are expected to reach \$900 million in fiscal 1993, down from fiscal 1992's \$1.3 billion record. Tobacco imports during the first quarter were 67 percent ahead of the earlier year period on a volume basis, and 32 percent ahead on a value basis. Sugar imports are also expected to rise to \$1.2 billion on increased imports of confectionery products.

Noncompetitive imports are expected to reach \$5.8 billion, slightly higher than in fiscal 1992. Coffee imports are expected to total \$1.8 billion. During the first quarter of fiscal 1993, the value of coffee imports was down 20 percent from a year earlier, but import volume was up 1 percent. Lower coffee exports from Brazil is likely to raise coffee import unit value during 1993. Banana and cocoa imports are each expected to total \$1.1 billion, about the same as in 1992. Banana import volume increased 12 percent during October-December 1992, but import value only rose 5 percent, on lower import unit value. Both cocoa volume and value were down through the first quarter.

Table 6--U.S. agricultural imports: Value by commodity, 1991-93

Commodity	October 1991	December 1992	Fiscal 1992	Fiscal 1993 Forecast
--Billion dollars--				
Competitive Products	4.294	4.691	18.549	18.7
Animals and products	1.355	1.480	5.555	5.7
Live animals	.333	.443	1.275	1.4
Beef and veal	.414	.371	1.933	1.9
Pork	.171	.167	.625	.6
Dairy products	.218	.260	.816	.9
Horticultural products	1.651	1.708	6.760	7.0
Fruits (incl juices)	.502	.443	2.275	2.1
Vegetables and preps	.503	.562	2.125	2.4
Nuts and preparations	.134	.169	.432	.6
Wines and malt beverages	.512	.534	1.928	1.9
Grains and feeds	.386	.423	1.548	1.6
Sugar and related products	.201	.227	1.114	1.2
Oilseeds and products	.258	.353	1.124	1.3
Tobacco, unmanufactured	.163	.216	1.299	.9
Seeds	.043	.043	.214	.2
Noncompetitive products	1.471	1.375	5.774	5.8
Bananas and plantains	.249	.263	1.083	1.1
Coffee, incl. processed	.469	.376	1.798	1.8
Cocoa, incl. processed	.323	.281	1.122	1.1
Rubber and allied gums	.180	.193	.756	.8
Spices	.080	.075	.267	.3
Tea	.036	.041	.173	.2
Total	5.765	6.066	24.323	24.5

Table 7--U.S. agricultural imports: Volume by selected commodities, 1991-93

Commodity	: October : 1991	: December : 1992	: Fiscal : 1992	: Fiscal : 1993 : Forecast
	--Thousand metric tons--			
Competitive Products	3,264	3,413	15,105	15,500
Beef and veal	165	155	813	800
Pork	70	65	263	260
Cheese & casein	66	68	223	230
Horticultural products	828	883	3,869	4,100
Fruits and preparations	393	385	2,093	2,100
Vegetables-fresh & frozen	388	435	1,612	1,800
Nuts and preparations	47	63	164	200
Wines and malt beverages 1/	2,945	3,120	12,258	13,000
Fruit juices 1/	7,615	7,078	26,049	24,000
Grains and feeds	1,273	1,210	5,446	5,100
Sugar, cane or beet 2/	217	243	1,623	1,500
Oilseeds and products	570	673	2,330	2,600
Tobacco, unmanufactured	50	85	364	350
Seeds	25	31	174	200
Noncompetitive products	1,652	1,754	6,911	7,300
Bananas and plantains	837	938	3,626	4,000
Coffee, incl. processed	315	320	1,350	1,300
Cocoa, incl. processed	218	199	773	750
Rubber and allied gums	219	230	920	950
Spices	39	40	127	130
Tea	24	27	135	150

1/ 1,000 HL. Not included in horticultural totals.

2/ Imports for consumption, product weight.

Table 8--U.S. agricultural imports: Value by region, 1990-93

Region	: October : 1991	- December : 1992	: Fiscal : 1992	: Fiscal : 1993 : Forecast
				--Billion dollars--
Western Europe	1.370	1.464	5.098	5.3
European Community 1/	1.275	1.381	4.733	5.0
Other Western Europe	.095	.083	.366	.3
Eastern Europe	.095	.079	.350	.2
Former USSR	.003	.009	.020	8/
Asia	.961	1.062	3.588	4.3
Japan	.070	.070	.256	.3
China	.092	.102	.369	.4
Other East Asia 2/	.080	.079	.315	.3
Other Asia 3/	.609	.733	2.648	3.0
Middle East 4/	.110	.078	.760	.3
Africa	.202	.149	.675	.5
North Africa 5/	.023	.020	.067	.1
Sub-Saharan Africa	.179	.129	.608	.4
Latin America	1.815	1.858	7.899	8.1
Mexico	.540	.627	2.286	2.6
Other Latin America	1.275	1.231	5.613	5.5
Brazil	.350	.311	1.358	1.2
Canada	.924	1.096	3.930	4.2
Oceania	.396	.353	2.003	1.9
Total	5.765	6.066	24.323	24.5
Developed Countries 6/	27601	2.983	11.373	11.4
Less Developed Countries	2.910	2.972	12.579	12.2
Other Countries 7/	.095	.111	.371	.4

1/ Excluding East Germany prior to fiscal 1991.

2/ Korea, Hong Kong, and Taiwan.

3/ Afghanistan, India, Pakistan, Nepal, Bangladesh, Sri Lanka, Burma, Thailand, Vietnam, Laos, Cambodia, Malaysia, Singapore, Indonesia, Brunei, Philippines, and Macao.

4/ Turkey, Cyprus, Syria, Lebanon, Iraq, Iran, Israel, Jordan, Kuwait, Saudi Arabia, Qatar, United Arab Emirates, Yemen, Oman, and Bahrain.

5/ Morocco, Algeria, Tunisia, Libya, and Egypt.

6/ Western Europe, Japan, Canada, Israel, South Africa, and Oceania.

7/ Includes the former USSR.

8/ Less than \$50 million.

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