OUTLOOK for U.S. Agricultural Exports

Approved by the World Agricultural Outlook Board, Economic Research Service, and Foreign Agricultural Service, U.S. Department of Agriculture

AES-1

February 25, 1994

U.S. EXPORT FORECAST REMAINS AT $42.5 BILLION, VOLUME DECLINES

Agricultural exports in fiscal year 1994 are forecast at $42.5 billion, unchanged from the November 1993 forecast. Export volume is estimated 3 million tons lower at 127.1 million tons because of weakening demand for U.S. coarse grain and soybean exports. These declines are partially offset by upward revisions in the wheat and cotton forecasts. Despite lower expected volume, higher prices for coarse grains and wheat, and upward revisions in cotton, horticultural products, and feeds and fodders have bolstered export value.

U.S. agricultural imports are still forecast at $24.5 billion for fiscal 1994, unchanged from November 1993. Imports of grains and feeds are expected to be $300 million higher than previously forecast. Lower prospects for live animal and tree nut imports offset gains in grains and feeds. The projected agricultural trade surplus for fiscal 1994 remains at $18 billion.

Table 1--U.S. agricultural trade balance, fiscal 1988/89-1993/94

Item	-- Year beginning October 1 --					
	1988/89	1989/90	1990/91	1991/92	1992/93	Forecast 1993/94
	-- Billion dollars --					
Exports	39.6	40.1	37.5	42.3	42.5	42.5
Imports	21.5	22.5	22.6	24.3	24.5	24.5
Trade balance	18.1	17.6	14.9	18.0	18.0	18.0
	-- Million tons --					
Export volume	146.3	148.7	129.4	143.6	146.8	127.1

This Export Outlook reflects commodity forecasts in the February 10, 1994 World Agricultural Supply and Demand Estimates.

Approved by the World Agricultural Outlook Board and released February 25, 1994

Contents

Tables

Coordinator (ERS):

Joel Greene (202) 219-0822

Commodity Economics Division
Economic Research Service (ERS)

Coordinators (FAS):

Michael Dwyer (202) 720-3194
Ernest Carter (202) 720-2922
Trade and Economic Information Division
Foreign Agricultural Service (FAS)

U.S. Department of Agriculture
Washington, D.C. 20250

The forecasts in the Outlook for U.S. Agricultural Exports are based on information provided by the following analysts in the Commodity Economics Division of the Economic Research Service and in the Commodity Divisions of the Foreign Agricultural Service.

ERS: Karen Ackerman (Export Enhancement Program, 219-0821), Linda Bailey (Livestock-Beef, 219-1285), Thomas Capehart (Imports, 219-0822), Jaime Castaneda (Oilseeds, 219-0825), Stephen MacDonald (Cotton, 219-0825), Nancy Morgan (Oilseeds, 219-0821), Peter Riley (Coarse Grains, 219-0825), Randall Schnepf (Rice, 219-0825), Sara Schwartz (Wheat, 219-0825), Shayle Shagam (Livestock-Pork, 219-0767), Mark Smith (GSM-102, 219-0821), Nydia Suarez (Food Aid, 219-0821), Larry Witucki (Poultry, 219-0766).

FAS: Mary Chambliss (Export Programs, 720-3573), Peter Downing (Dairy, Livestock, and Poultry, 720-7285), Alan Holz (Oilseeds, 720-0143), Robert Lerman (Tobacco, Cotton, and Seeds, 720-9513), Alan Riffkin (Grains and Feeds, 690-4198), Mark Thompson (Horticultural and Tropical Products, 720-6877).

The regional highlights are based on information from the following analysts in the Agriculture and Trade Analysis Division, ERS: Philip Brent, Elizabeth Jones, Mary Lisa Madell, Mary Anne Normile, Daniel Plunkett (European Community, 219-0630), Larry Deaton (Japan, 219-0610), Mark Simone (Canada, 219-0689), Sharon Sheffield (Former Soviet Union, 219-0621), Douglas Maxwell (Central and Eastern Europe, 219-0620), Hunter Colby (China, 219-0610), Sophia Wu Huang (Taiwan, 219-0610), Ruth Elleson (South Korea, 219-0610), Lois Caplan (Hong Kong, 219-0610), Liana Neff (Philippines, 219-0610), Anwarul Hoque (Pakistan, 219-0610), John Parker (Middle East and North Africa, 219-0630), Miriam Stuart (Brazil, 219-0680), and Constanza Valdes (Mexico, 219-0680).

The Outlook for U.S. Agricultural Exports is published in February, May, August, and November. The next quarterly summary is scheduled for release on May 27, 1994. The report summary may be accessed electronically. For details, call (202) 720-5505.

Commodity Highlights

The forecast for fiscal year 1994 exports of U.S. wheat and flour was raised to 32.6 million tons, 1.5 million tons higher than the November 1993 forecast. Despite this upward revision, the forecasted export quantity for fiscal 1994 remains 12 percent lower than fiscal 1993 exports, because of reduced imports by the former Soviet Union and China. Export value was raised $400 million from last November's forecast to $4.3 billion. The upward revision for U.S. wheat shipments reflects stronger demand from the Philippines, Nigeria, and Mexico for quality wheat.

U.S. coarse grain shipments in fiscal 1994 were reduced 3.7 million tons from last November's forecast to 39.1 million tons, down 22 percent from last year. Forecast record corn shipments from China continue to displace U.S. corn in South Korea and some other markets, while a return to exporting corn by South Africa mainly affects U.S. sales to Japan. U.S. sorghum exports to Mexico, used in animal feed rations, are being displaced by large domestic supplies of corn and to a much lesser extent Canadian feed-quality wheat. With higher U.S. prices for corn and sorghum because of tight domestic supplies, the revised fiscal 1994 export value for coarse grains was lowered by only $400 million to $4.7 billion.

U.S. rice exports are expected to reach 2.7 million tons in fiscal 1994, valued at $1.1 billion, down 100,000 tons from the November 1993 forecast. Japan's decision to open its market to rice from the United States and other countries has resulted in a substantially higher forecast for U.S. export value than in fiscal 1993.

The forecast for fiscal 1994 exports of oilseeds and products is 24.1 million tons, down 900,000 tons from November's forecast. Total export value was lowered by $300 million from the previous forecast to $7 billion, mainly due to lower forecasted export quantities. Lower forecasts for total exports are primarily the result of downward volume revisions for U.S. soybean and soybean oil exports, and lower prices for soybean meal. The revisions reflect higher foreign oilseed production, particularly for soybeans grown in Brazil, India, and China. U.S. soybean exports for fiscal 1994 are forecast at 16.5 million tons valued at $4.3 billion, down 600,000 tons and $200 million from November's forecast. The value of U.S. soybean meal exports was revised slightly downward from the previous forecast to $900 million.

The fiscal 1994 outlook for cotton calls for increases in the volume and value of U.S. exports from the previous forecast. The fiscal 1994 revised forecast for U.S. cotton exports is 1.5 million tons valued at $2 billion. This is 15 percent higher in quantity and 18 percent higher in value than the previous forecast. The revision reflects lower production and subsequently lower expected exports for key competitors such as China, Pakistan, India, and Australia. Consequently, the United States, with adequate quality supplies, is expected to meet much of the demand left unfilled by these countries.

The forecast for fiscal 1994 exports of unmanufactured tobacco was revised downward slightly to 200,000 tons valued at $1.2 billion. This represents a 6-percent decline in value compared with the previous forecast. The revision is mainly because of a slight increase in available world supplies.

The fiscal 1994 forecast for U.S. exports of livestock, poultry, and dairy products was lowered by $100 million from the previous forecast in November. Lower expected

Table 2--U.S. agricultural exports: Value by commodity, 1992-94

Commodity	October-December 1992	October-December 1993	Fiscal 1993	Fiscal 1994 Forecast
	--Billion dollars--			
Grains & feeds 1/	3.911	3.795	14.332	13.7
Wheat & flour	1.296	1.212	4.954	4.3
Rice	.205	.209	.768	1.1
Coarse grains 2/	1.506	1.413	5.094	4.7
Corn	1.285	1.255	4.251	4.0
Feeds & fodders	.550	.596	2.196	2.3
Oilseeds & products	2.281	2.326	7.371	7.0
Soybeans	1.497	1.489	4.606	4.3
Soybean meal	.344	.330	1.146	.9
Soybean oil	.091	.128	.327	.4
Livestock products	1.571	1.571	5.886	6.1
Beef, pork & variety meats	.789	.833	3.052	3.2
Hides & skins (incl. furs)	.304	.302	1.271	1.3
Poultry & products	.352	.415	1.315	1.4
Dairy products	.254	.248	.891	.9
Tobacco, unmanufactured	.457	.321	1.443	1.2
Cotton & linters	.381	.384	1.538	2.0
Seeds	.227	.182	.664	.7
Horticultural products	1.917	2.061	7.298	7.7
Fruits & preparations	.654	.704	2.742	2.9
Vegetables & preparations	.507	.537	2.102	2.2
Nuts & preparations	.342	.420	.920	1.0
Sugar, tropical, & other	.455	.529	1.716	1.8
Total 3/	11.807	11.831	42.454	42.5

Table 3--U.S. agricultural exports: Volume by commodity, 1992-94

Commodity	October-December 1992	October-December 1993	Fiscal 1993	Fiscal 1994 Forecast
	--Million metric tons--			
Wheat	9.551	9.116	36.081	31.5
Wheat flour	.238	.202	1.067	1.1
Coarse grains	15.056	12.612	50.100	39.1
Corn	12.833	11.113	41.766	33.0
Feeds & fodders	2.853	3.100	11.885	12.0
Rice	.645	.711	2.713	2.7
Oilseeds & products	9.595	8.440	29.408	24.1
Soybeans	6.959	5.983	20.400	16.5
Soybean meal	1.669	1.549	5.653	4.4
Soybean oil	.170	.217	.644	.6
Beef, pork & variety meats	.237	.247	.903	1.0
Poultry meat	.247	.335	.974	1.1
Animal fats	.305	.283	1.362	1.3
Cotton & linters	.282	.302	1.163	1.5
Horticultural products	1.672	1.813	6.090	6.7
Other	.998	.908	5.054	5.0
Total agriculture	41.658	37.860	146.797	127.1
Major bulk products 4/	32.483	28.706	110.457	91.3

1/ Includes pulses and corn products. 2/ Includes corn, barley, sorghum, oats, and rye. 3/ Totals might not add due to rounding. 4/ Includes wheat, rice, coarse grains, soybeans, and cotton.

values for variety meat exports because of increased beef production and lower prices, resulted in a slight downward revision for U.S. red meat exports, decreasing the overall livestock, poultry, and dairy forecasts to $8.4 billion. Improved market access and growing foreign demand for U.S. red meats and poultry in key markets, such as Japan, Korea, and other Pacific Rim countries, continue to support overseas sales. These factors, which were taken into account in last November's forecast, remain unchanged.

U.S. exports of horticultural products are expected to reach a new high of $7.7 billion in fiscal 1994, $100 million higher than the previous forecast. Improved prospects for tree nuts and fresh fruit account for most of the increase. Sharply higher almond export prices and higher walnut exports are responsible for the upward revision in the value of tree nut exports, while stronger shipments of apples, pears, table grapes, and citrus fruit support a higher fresh fruit forecast. A growing demand for healthful foods in major overseas markets, adequate U.S. supplies, and continued market promotion activities of U.S. firms through USDA's Market Promotion Program continue to drive exports higher.

Economic Outlook

Real Gross Domestic Product (GDP) growth for the world is expected to reach 2.6 percent in 1994. However, the growth prospects for Japan and the European Union (EU) have deteriorated since the November forecast. Japan is now expected to only grow at 0.5 percent in 1994. The EU is projected to grow about 1.4 percent, and Germany's growth prospects are dimmer than they were 3 months ago, but will likely be positive in 1994. Expected GDP growth prospects have improved for Asia, Latin America, and Eastern Europe since November, but lessened for the former Soviet Union (FSU).

The U.S. dollar rose by 6 percent relative to the German mark in 1993. The mark is expected to weaken slightly by midyear. The dollar declined more than 12 percent against the Japanese yen last year, but is expected to remain more stable in 1994.

Regional Highlights

European Union

Exports to the European Union (EU) are expected to decline to $6.8 billion in fiscal 1994 as demand for oilseeds weakened since the November 1993 forecast. U.S. exports to the EU for the first quarter of fiscal 1994 were 8 percent lower than a year earlier.

U.S. exports of grains and feeds in fiscal 1994 are not expected to change from the previous year. The EU extended the U.S.-EU Enlargement Agreement for 1993/94, and in addition, a further tariff-rate quota for 500,000 tons of corn for Portugal has been added. Lower EU grains prices are putting downward pressure on prices of non-grain feeds such as corn gluten feed, the single largest component of U.S. grain and feed exports. However, corn gluten feed export volume is expected to increase as U.S. corn gluten prices decline, unless domestic use in the United States rises due to tight feed grain supplies.

Table 4--U.S. agricultural exports: Value by region, 1991-94 1/

Region	October-December 1992	October-December 1993	Fiscal 1993	Fiscal 1994 Forecast
	--Billion dollars--			
Western Europe	2.467	2.337	7.474	7.3
European Union	2.366	2.197	6.999	6.8
Other Western Europe	.131	.140	.475	.5
Central and Eastern Europe	.140	.105	.467	.4
Former Soviet Union	.475	.745	1.556	1.3
Asia	4.234	4.415	15.860	16.4
Japan	2.107	2.371	8.434	9.1
China	.036	.090	.321	.3
Other East Asia	1.410	1.338	4.919	5.0
Taiwan	.569	.611	1.993	2.1
South Korea	.578	.469	2.034	1.9
Hong Kong	.262	.257	.877	.9
Other Asia	.680	.611	2.185	2.1
Pakistan	.109	.060	.235	.3
Philippines	.176	.142	.511	.6
Middle East	.460	.544	1.916	2.0
Israel	.110	.084	.381	.4
Saudi Arabia	.130	.148	.462	.5
Africa	.757	.588	2.662	2.4
North Africa	.397	.375	1.654	1.6
Egypt	.219	.138	.753	.7
Algeria	.096	.159	.457	.5
Sub-Saharan Africa	.360	.213	1.009	.8
Latin America	1.726	1.654	6.861	6.9
Mexico	.839	.786	3.648	3.9
Other Latin America	.887	.867	3.213	3.0
Brazil	.097	.062	.230	.2
Venezuela	.132	.118	.501	.4
Canada	1.256	1.307	5.203	5.4
Oceania	.121	.137	.455	.4
Total	11.807	11.831	42.454	42.5
Developed countries	6.228	6.236	21.947	22.6
Developing countries	4.928	4.655	18.163	17.9
Other countries	.651	.940	2.344	2.0

1/ Country totals are adjusted for transshipments through Canada.

EU demand for imported soybeans will contract in fiscal 1994 because of high soybean prices, and CAP reform-driven price cuts for grain will make grain more competitive in feed rations. Soybean requirements will decline as rapeseed supplies to crushers increase, following last year's unusually strong export demand that made rapeseed scarce and high-priced. Some oilseed crushers who normally crush rapeseed converted their operations to soybeans, resulting in the highest soybean crush in the EU since peaking in 1979-82. However, poor crush margins will favor imports of soybean meal over soybeans in 1994. Expectations of a higher 1994 rapeseed crop does not provide optimism for increased soybean imports, as rapeseed area is expected up in France, Germany, and the UK.

Lower grain prices and better domestic availability of rapeseed meal will dampen the outlook for soybean meal demand. The stronger dollar early in the fiscal year will also be a disadvantage to soybean meal exports. If the hog cycle continues its normal trend, hog numbers in the EU are likely to fall in 1994, reducing demand for soybean meal. Dairy production is not expected to expand because the dairy quota continues to restrain production.

Continued drought in Spain is expected to cut the EU cotton crop nearly 13 percent in marketing year 1993/94. Mill use in the EU has been declining, as the EU textile industry struggles unsuccessfully against imports. The EU textile industry has continued to turn toward Uzbekistan for cotton supplies, and higher production there could hinder the United States from improving its share of the contracting EU cotton market.

The volume and value of U.S. exports of unmanufactured tobacco to the EU are expected to decline during fiscal 1994 due to large world supplies of flue-cured tobacco and the poor quality of last year's U.S. flue-cured tobacco crop. EU reaction to U.S. legislation limiting the content of foreign-grown leaf in U.S. cigarettes has been negative, and an Italian tobacco organization has asked the Italian Government and the EU to introduce similar legislation for the EU.

Exports of horticultural products were hampered by Europe's increased production, poor economic situation, and unfavorable exchange rates in fiscal 1993. Although vegetable exports increased in 1993, and are expected to rise again, total horticultural exports are projected to drop in fiscal 1994. The volume of nut exports to the EU is expected to drop as tighter supplies and higher prices in the U.S. negatively affect exports. Total fruit export volume is anticipated to decline because of continued high EU production and Chilean competition in the apple and pear markets. Exports of some fresh fruits and vegetables may be constrained by the creation of a new EU licensing system. EU importers must now obtain a license issued by their member state, and post a security deposit against the quantity to be imported.

Canada

The value of U.S. agricultural exports to Canada is now expected to reach $5.4 billion, slightly higher than forecast in November 1993. During the first quarter of fiscal 1994, U.S. exports were 4 percent higher than at the same time last year. Canada's GDP growth rate is expected to increase to 3.5 percent during 1994, aiding the demand for U.S. agricultural exports, particularly high-value products.

U.S. beef exports to Canada are slightly above the fiscal 1993 pace and probably will increase during the latter part of fiscal 1994. A 25-percent ad valorem tariff on non-U.S. (mainly Australia and New Zealand) boneless beef imports applies on imports exceeding 72,000 metric tons in 1994. Despite an increase in Canadian production of chicken and turkey, poultry meat exports are currently similar to the fiscal 1993 values for both chicken and turkey. This is the result of higher consumption in 1994, prompted by competitive chicken prices relative to beef and pork.

U.S. corn exports to Canada are expected to decline significantly in fiscal 1994 because of a return to normal growing conditions in Canada in 1993. U.S. soybean exports have fallen sharply because of record Canadian production in 1993. Despite record rapeseed production in 1993, U.S. vegetable oil exports are similar to the 1993 pace. Demand for blended vegetable oil mixtures in Canada provides a basis for continued U.S. exports of selected vegetable oils.

U.S. exports of fruit, fruit juice, and nuts in fiscal 1994 are slightly ahead of last year, as the progressive tariff reductions under the U.S.-Canada Free Trade Agreement continue to assist in expanding the rise in exports to Canada. So far, strong gains have occurred in U.S. grape, grape juice, and tree nut exports to Canada.

Japan

The value of U.S. agricultural exports to Japan is projected to increase to $9.1 billion in fiscal 1994, compared with $8.4 billion last year. Exports are expected to be $200 million higher than forecast in November as significant increases occurred for coarse grains, soybeans, animal feeds, and horticultural products.

U.S. agricultural exports to Japan continue to rise despite the longest economic slump since World War II. The Japanese Government has yet to stimulate the economy with its supplementary budget spending packages, but U.S. exports are benefiting from the higher yen relative to the dollar. In light of the recent impasse in U.S.-Japan trade talks, the Japanese Government may expedite the imports of selected highly visible products, thus benefitting some U.S. agricultural exports to Japan.

U.S. exports of livestock products are projected to increase slightly over fiscal 1993, but less than expected in November. Beef and pork are likely to increase over last year, but U.S. poultry meat continues to show a slight decline in value and volume.

U.S. exports of cereals and products are projected to rise again in fiscal 1994. For wheat, both volumes and prices have strengthened in recent months, thus leading to a strong increase in value over the November estimate. Projections of feed grain volumes have declined from the previous projection, but the drop has been more than offset by strengthening prices. Rice from the United States is now showing up on Japanese supermarket shelves.

Foremost among other commodities showing a positive export picture are fruits, tree nuts, and vegetables, which were 35 percent higher in value terms during the first quarter of fiscal 1994 than the same period last year. Citrus fruit and almonds are showing significant gains.

Former Soviet Union

U.S. agricultural exports to the former Soviet Union (FSU) in fiscal 1994 are now forecast at $1.3 billion, down 19 percent from last year's $1.6 billion. FSU import demand continues to be affected by hard currency constraints, Russia's continued suspension from the GSM-102 program, stable grain production and procurement, and economic restructuring. However, significant growth in the FSU's import of nontraditional agricultural goods from the U.S. bolstered October-December exports, signalling the development of new markets for U.S. high-value products. However, in the short-term, FSU agricultural imports are still largely dependent on U.S. export financing and donations.

As of January 1994, less than $250 million in fiscal 1994 U.S. programming (GSM-102, P.L. 480, Title I, Section 416(b), Food for Progress) for the FSU had been announced. Russia continues to make payments on its credit obligations to the United States in accordance with the U.S.-Russian bilateral debt rescheduling agreement, but has not requested additional credit guarantees. Even if Russia did request additional credit guarantees, a re-evaluation of its creditworthiness would be required before becoming eligible for the GSM-102 program. Russian officials have stated that 1994 agricultural imports will continue to drop, and have indicated that they will use cash, not credit, to make purchases.

USDA is forecasting 1993/94 (July/June) total FSU grain imports, which make up most of the FSU's agricultural purchases from the United States, at 24.4 million metric tons, over 30 percent lower than estimated 1992/93 levels, and the lowest in 15 years. Stable 1993/94 production and procurement, reduced utilization, and slight stock building in Russia, the FSU's primary grain importer, partially account for this fall.

While Russian officials have predicted that 1994 grain imports will be lower than the 11 million tons in calendar 1993 because of increased utilization of domestic output and decreased demand, potential shifts in policy could make this goal difficult to achieve. At the end of 1993, there were indications that the role of the State in grain marketing might be reduced in 1994. However, a more conservative approach to reform may be taken with the strong showing by parties less supportive of market reforms in the December parliamentary elections. In addition, agrarian interests are lobbying for significant increases in subsidies and soft credits for the farm sector, which could fuel inflation and worsen farmers' terms of trade. If these policy shifts occur, farmers could be less willing to sell to State agencies in 1994, reducing domestic State supply and potentially leading to continued grain imports.

First quarter data for fiscal 1994 show significant increases for U.S. high-value products not traditionally imported by the FSU. The export of U.S. animal and animal products increased nearly 135 percent from the corresponding period in 1992, largely due to increases in pork, poultry, and other meat products sold to the FSU. Exports of sugar and tropical products have also shown significant growth, particularly exports of chocolate and chocolate products. Other commodities showing substantial increases in early fiscal 1994 include: canned fruits, peanuts, corn oil and other vegetable oils, soybean meal, cocoa, and miscellaneous vegetable products. While some of these commodities have been exported through donation programs, growth in certain foodstuffs, such as poultry meat and chocolate, has largely occurred in private sector trade.

Central and Eastern Europe

U.S. exports to Central and Eastern Europe (CEE) for fiscal 1994 are forecast to fall to $420 million, a 1-percent decline from fiscal 1993. The decline was the result of a forecast for a slight recovery in CEE grain production from the 1992/1993 drought-reduced harvest. Higher grain production and continued declines in animal inventories have reduced pressure for grain imports. However, since the last quarterly forecast, more sales have been completed and unit values have increased, limiting the size of the decline. With most of the region continuing to suffer from the economic bottoming out and the removal of consumer subsidies brought on by the transition to a market economy, it is unlikely that significant growth can be expected in CEE imports for the next few years.

So far in fiscal 1994, $40 million of food aid has been allocated to the CEE countries, $15 million of Food for Progress, and $25 million of P.L. 480 Title I. The P.L. 480 Title I is allocated as follows: $5 million for Poland, and $10 million each for Bulgaria and Romania.

As of February 4, 1994, GSM-102 allocations were $35 million to Slovenia--$10 million each for protein meals and wheat, and $5 million each for feed grains, cotton, and hides and skins; $20 million to the Czech Republic for protein meals, rice, and cotton; and $20 million to Hungary for protein meals, cotton, planting seeds, and rice. Slovenia has used $2.3 million for wheat, $2.8 million for hides and skins, and $800,000 for feed grains. Hungary and the Czech Republic have not used any of their allocations.

As of February 4, 1994, USDA had announced that several CEE markets are eligible to purchase selected commodities under the Export Enhancement Program (EEP). The Czech and Slovak republics were allocated 700,000 tons of wheat, 25,000 tons of barley, and 75,000 tons of malting barley. Poland was allocated 100,000 tons of barley and 700,000 tons of wheat. Romania was allocated 150,000 tons of barley, 5,000 tons of barley malt, 50,000 tons of malting barley, and 700,000 tons of wheat. Slovenia was allocated 50,000 tons of barley, 40,000 tons of flour, 50,000 tons of malting barley, 20,000 tons of vegetable oil, and 200,000 tons of wheat. Sales under the program as of January 28, 1994, totaled 157,700 tons: 95,500 tons of wheat to Poland, 44,700 tons of wheat and 17,500 tons of barley to Slovenia.

China

U.S. agricultural exports to China in fiscal 1994 are forecast to fall to $300 million, 7 percent below 1993 exports of $322 million. The decline in exports stems from modest reductions in a wide range of commodities. But increased exports of poultry meat, cattle hides, and other animal products should help minimize the overall export decline.

China's real GDP rate in 1993 was 12.3 percent and growth in 1994 is expected to maintain a lower, but nonetheless robust, 10 percent because of tighter fiscal and monetary policies. Although 1994 GDP growth is expected to remain high, trade and macro-economic forecasts have more than the usual amount of uncertainty because of the many economic reforms introduced recently and others still under consideration.

China abolished the dual currency system effective January 1, 1994. Henceforth, all foreign currency will be exchanged at swap market rates rather than the overvalued government rate. Although effectively a 30-percent devaluation of the currency, most trade in China already took place under the now officially sanctioned swap market rate, limiting the impact of the change on imports. Most of the impact will be felt by government monopoly trade organizations, and their imports (principally wheat and cotton), which are priority commodities from the perspective of the central government, limiting the likelihood of drastic import reductions.

Additional reforms announced, though with little detail on implementation, include restructuring the banking system and revamping the tax system, which both have the potential to adversely affect imports. However, the impact of these reforms on China's imports is very difficult to predict until the new structures and regulations are actually put into practice.

In 1994, U.S. wheat sales to China are forecast lower than in 1993. The 1994 forecast takes into account China's record wheat harvest in 1993 and less generous government subsidy programs that encourage flour mills and grain companies to reduce wheat stock-holding strategies, making more wheat available for local use and reducing import demand.

Cotton sales in fiscal 1994 are forecast up somewhat from the previous year's negligible level. Although China is expecting the second poor cotton harvest in a row this season, imports are not expected to rise dramatically. China will likely continue to work down its high level of stocks, and perhaps increase the chemical-to-cotton fiber ratio in yarn output. Currently high international cotton prices will also dampen import demand.

Beef, pork, poultry meat, cattle hides, and feeds and fodders (excluding oilcake) shipments are all expected to rise. Increased demand for feed supplies is expected to boost the value of U.S. feed and fodder sales. Soybean imports will decline from the previous year due to high U.S. soybean prices and a record crop in China.

U.S. fruit exports to China are also expected to rise following the recent conclusion of a bilateral phytosanitary agreement covering U.S. apples. China withdrew its demand for special fumigation requirements and agreed to reduce the tariff on apples from 80 to 40 percent beginning January 1, 1994. Although currently only a small fraction of U.S. agricultural sales to China, demand for U.S. apples is reportedly quite high, suggesting the potential for healthy growth in U.S. fruit exports over the next few years.

Taiwan

U.S. farm sales to Taiwan in fiscal 1994 are forecast at $2.1 billion, the same as the November 1993 forecast, and slightly higher than fiscal 1993. Compared with fiscal 1993, higher prices and strong import demand from Taiwan's feed-livestock sectors for coarse grains and soybeans as well as fast growth of many high-value-product imports will more than offset declines in volume in some bulk exports.

Currently, Taiwan's official projected economic growth rate in 1994 is 6.2 percent, marginally higher than the 6 percent estimated for 1993. The sluggish world economy and fiscal caution on the part of the public sector have crimped Taiwan's otherwise fast economic expansion. Nevertheless, the 6.2 percent growth is remarkable by the standards of the industrialized world, particularly for an export-dependent economy like Taiwan.

The volume of coarse grain and soybean imports, accounting for more than half of U.S. farm exports to Taiwan, is forecast to remain at about the same high levels as in fiscal 1993 because of strong demand from the hog and poultry sectors--Taiwan's two dominant livestock sectors. Over the last two decades, Taiwan's hog and poultry producers have generated ever-increasing import demand for coarse grains and soybeans to supply their increasingly sophisticated production techniques and expanded animal numbers. Despite worries about the environmental impact from animal waste disposal that has threatened a to force a downsizing of Taiwan's pork production, animal numbers have not declined. Therefore, import demand for coarse grains and soybeans remains robust. Cut-rate prices for soybean meal imports, particularly from India, however, cloud the basically strong marketing outlook for soybean imports from the United States.

Although severe drought since last summer (the worst in 40 years) will cause several thousand hectares of rice land to be idled for the 1994 crop, Taiwan still has a sufficient rice supply. The drought came late enough to have no adverse effect on the 1993 second crop, which was up about 170,000 tons (brown basis) from normal. This production increase will offset the expected production decrease of about 160,000 tons due to the rice fallow area caused by the current drought. As a result, unlike Japan, Taiwan does not need any emergency rice imports in 1994. The concessions made by Japan and South Korea on rice imports in the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), however, are likely to force Taiwan to accept a similar package on rice imports when Taiwan's GATT membership is approved.

Consumption and import demand for cotton and hides in Taiwan are dictated by the international competitiveness of its finished products. Taiwan's export-oriented textile and shoe industries are faced with rising labor costs and increased competition from less expensive exporters. This has forced many Taiwanese mills to downsize or move offshore. However, cotton imports in 1994 are expected to rise as Taiwan has increases production of high quality products.

U.S. tobacco exports to Taiwan in fiscal 1994 are forecast to decrease slightly from fiscal 1993. Facing strong competition from imported products since cigarette imports were liberalized in 1987, Taiwan has continuously upgraded its local cigarette blend by increasing foreign leaf content to compete with imported cigarettes. Thus far, however, sales of locally produced American Blend cigarette products have not been very successful.

South Korea

Total U.S. agricultural exports to Korea are forecast at $1.9 billion, $100 million lower than the previous forecast, as exports during the first quarter of fiscal 1994 were 19 percent below the year earlier period. Real economic growth is expected to be 6.8 percent in 1994, but inflation may accelerate this year as a result of the expansionary monetary policy that was pursued to spur economic growth last year.

The outlook for beef exports in fiscal 1994 is for improvement as domestic slaughter prices strengthen and economic growth picks up. U.S. pork and poultry exports are expected to increase. The pork and poultry sectors in Korea have been tightly protected, but as part of the first phase of balance-of-payments liberalization, Korea ended its import ban on fresh and chilled poultry on January 1, 1993, and on fresh and chilled pork January 1, 1994. Little trade has yet occurred in these categories.

U.S. exports of bovine hides declined in fiscal 1993, reflecting a continuation of the long-term decline of the Korean leather shoe and garment industries. The outlook for fiscal 1994 is for declining exports as the Korean leather industry continues to move offshore. In addition, the United States has been losing market share to the EC.

U.S. corn was displaced by corn from China, and competitively priced feed wheat from Canada and Australia in 1993. U.S. corn exports are expected to remain weak, limited almost entirely to purchases covered by the GSM program. Korea has been allocated $45 million in credits for purchases of feed grains in fiscal 1994. High Korean soybean oil stocks are encouraging imports of soybean meal rather than beans. Korea agreed to remove its ban on rice imports under the GATT agreement, however, the agreement will not affect Korean rice imports in 1994.

U.S. cotton exports declined in fiscal 1993, as Korean textile exports face increasing competition from other Asian countries. The demand for raw cotton will likely continue to decline.

Hong Kong

The value of U.S. agricultural exports to Hong Kong in fiscal 1994 is forecast at $900 million, up slightly from the record $880 million achieved in fiscal 1993. The current export forecast is up slightly from November, as higher volume estimates for poultry meat, cattle hides, and cotton more than offset projected declines for wheat, vegetable oils, and tobacco. After reaching a record $321 million in fiscal 1993, the value of U.S. horticultural product sales to Hong Kong in fiscal 1994 is expected to remain strong. Healthy economic growth of about 5 percent should support growth in farm product imports in 1994.

The value of U.S. exports of animals and products to Hong Kong in fiscal 1994 is projected to rise 8 percent from last year's high of $280 million, propelled by expected gains in poultry meat sales. Hong Kong recently became the leading overseas market for U.S. poultry meat, surpassing Mexico and Japan in fiscal 1992 and fiscal 1993. The United States remained Hong Kong's largest supplier of frozen poultry in 1993, with a 62-percent market share. However, U.S. poultry meat faces keen competition in this price-sensitive market from Brazil, the Netherlands, Japan, China, and Thailand.

After climbing to a record 208,000 tons in fiscal 1993, U.S. poultry meat exports to the territory in fiscal 1994 are forecast to continue to grow, helped by a continued decline in local poultry meat production, greater consumer acceptance of frozen poultry meat, growth in demand for frozen poultry by fast-food operations (mainly chicken parts) and other restaurants, and continued large re-exports to China (chicken wing tips and poultry feet are very popular in this market).

Although relatively small, U.S. exports of beef and veal to Hong Kong nearly doubled over the past 5 years, amounting to 5,445 tons in fiscal 1993. U.S. beef exports, mostly high-quality cuts for the hotel and restaurant trade, are forecast to grow modestly in fiscal 1994. This is in an environment where overall beef consumption in the territory has been waning, apparently as a result of a continued shift since the late 1980's from red meat consumption to poultry and seafood for health reasons. Brazil was the leading supplier of chilled and frozen beef to Hong Kong in 1993, followed by China.

The consumer shift to poultry and seafood also caused pork consumption in the territory to decline in 1993. Brazil overtook China in 1993 to become the leading supplier of frozen pork to Hong Kong. U.S. pork currently comprises only a very small share of this market. However, U.S. pork has made gains, with exports in fiscal 1993 almost double what they were 5 years earlier.

After significant expansion in fiscal 1992 and fiscal 1993, U.S. exports of cattle hides to Hong Kong in fiscal 1994 are forecast to increase marginally. The United States became the territory's second largest supplier of cattle hides and skins (after China) in 1993, displacing imports from Australia and Italy. Hong Kong remains an important trading center for hides and skins, which are re-exported in the same condition as they arrive, mainly to other Asian countries, such as China and Thailand (an estimated 95 percent of all imported hides are re-exported). Since the mid-1980's, Hong Kong leather manufacturers have been relocating across the border in China, where labor costs are lower.

The Philippines

U.S. agricultural exports to the Philippines are expected to be about $600 million in fiscal 1994, unchanged from the November 1993 estimate. Improvements in the economic situation are expected to contribute to improved stability and increased agricultural imports. Furthermore, negotiations continue with the International Monetary Fund to develop an economic plan which will also contribute to further economic growth.

U.S. wheat exports to the Philippines are expected to continue to rise in fiscal 1994. Substitution of wheat foods for other traditional staples will continue. Rice and corn grits are increasingly being displaced by less expensive and more convenient wheat-based products. The Philippines has been allocated almost 1.2 million tons of wheat so far through EEP in marketing year 1994.

Middle East and North Africa

U.S. exports to the Middle East and North Africa are projected at $3.6 billion in fiscal 1994, unchanged from last year. The overall quantity of grain and oilseed exports is expected to rise slightly in fiscal 1994. This is related to continued gains in consumer demand for wheat products and adverse weather in North Africa for the last 2 years that has led to greater import needs.

Egypt is expected to remain the top market for U.S. exports, but during the first quarter of fiscal 1994, exports were 40 percent less than a year ago as wheat shipments were down sharply. U.S. corn exports to Egypt are likely to remain near fiscal 1993 levels, but higher prices are expected to lift the value. U.S. cotton exports are expected to decline as Egyptian production rebounds. Although Egypt normally imports short-staple cotton from the United States, the local industry has been using its own cotton for textile production.

The value of U.S. agricultural exports to Algeria should rise above $500 million in fiscal 1994. Algeria is expected to buy more U.S. farm products to cope with greater needs for imported wheat and feed, after the wheat and barley harvests declined sharply. U.S. corn exports to Algeria are expected to rise, and barley shipments are also forecast to rise after remaining steady in fiscal 1993. Wheat exports for October-December 1993 were almost 120 percent higher than for the same period in 1992. Much larger quantities of dairy products were purchased in fiscal 1993, but shipments lagged behind reported purchases. Total U.S. exports of dairy products to Algeria in fiscal 1993 were only $24.3 million, about one-fifth of the $117 million in GSM-102 credit guarantees used by Algeria for dairy products. It appears that a large carryover of items for shipment in fiscal 1994 will be reflected in future deliveries.

U.S. exports of farm products to Saudi Arabia are expected to remain at $500 million. Through the first quarter of fiscal 1994, coarse grain exports were higher than a year ago, but rice exports were lower. While Saudi Arabia is no longer a market for imported wheat used for food, it was a leading market for U.S. wheat seed. Total U.S. seed exports to Saudi Arabia in fiscal 1993 declined 64 percent in value to $18.8 million, about four-fifths wheat seed. Purchases of seed other than wheat may accelerate as farmers are encouraged to shift land from wheat to other crops. Interest in U.S. alfalfa seed has been high in recent months.

Pakistan

In fiscal 1994, Pakistan has been allocated about $85 million in GSM-102 credits for wheat purchases, $10 million for feed grains, and $5 million for other products. In addition, Pakistan is eligible to purchase 600,000 tons of wheat under EEP. Exports in 1994 are expected to fall below last year.

The dry weather and pest attacks have affected production of cotton, the country's major export crop, which fell by about 40 percent. As a result, the government has banned cotton exports and encouraged cotton mills to import. If Pakistan imports cotton, the most likely sources will be the Central Asian producers of the FSU and the United States.

Brazil

The forecast for Brazil remains at $200 million. Grains are expected lower, but cotton exports are expected to rise as Brazil had a poor crop. Brazil has been allocated $115 million in GSM-102 credits for fiscal 1994, but as of February 4, 1994, no credits have been used. The allocations include livestock and poultry breeder stock, cotton, feed grains, rice, and wheat. Exports could be affected if Brazil invokes temporary tariff cuts or increases, as it has done periodically, to moderate food prices. Such tariff adjustments would affect import volumes. For example, duties on non-MERCOSUR wheat imports were cut from 15 to 5 percent in February 1993, and then raised again to 10 percent in August. These types of temporary duty changes could be re-invoked in 1994 on various food items if supplies seem likely to run short later in the year.

Mexico

The value of U.S. agricultural exports to Mexico in fiscal 1994 is projected at a record $3.9 billion, 7 percent higher than in fiscal 1993. The North American Free Trade Agreement (NAFTA), negotiated between the United States and Canada, became effective on January 1, 1994. Under the agreement, Mexico has removed or phased out tariffs on non-sensitive commodities, while permitting duty-free access to a portion of the market for sensitive commodities. NAFTA replaced the import-licensing restrictions with either tariff-rate quotas or ordinary tariffs, which will be phased out within 5-15 years, depending on the product. Some of the effects of trade liberalization and changes in agricultural policy include lower producer prices in Mexico, and more rapid economic growth, which will lead to increased demand for food and agricultural products, thereby increasing U.S. export opportunities.

In fiscal 1994, higher export volumes are forecast for some U.S. bulk commodities (wheat and soybeans), high-value farm products (cattle, meat, poultry, dairy products, and soybean meal), and a variety of U.S. horticultural products (fresh apples, pears, peaches, and tree nuts).

Continued good prospects for sales of U.S. farm products to Mexico reflect the favorable outlook for the Mexican economy. As NAFTA becomes effective in 1994, the Mexican economy is expected to rebound from its recent deceleration in economic activity. Real GDP growth of 1 percent in 1993 was significantly lower than the average annual growth rates of 3-4 percent posted since 1987. Implementation of NAFTA is expected to generate increased investment flows and higher government spending in real terms and boost economic growth an additional one-half of a percentage point. GDP growth in 1994 is expected to increase to 3.4 percent, with growth accelerating thereafter. Over the long term, the economy is expected to expand at a sustainable 5-percent rate.

NAFTA is expected to have the most immediate impact on U.S. sales of livestock products to Mexico. Elimination of import tariffs on cattle (15 percent) and beef (20 percent on fresh beef and 25 percent on frozen beef) will favor immediate trade expansion. U.S. exports of livestock and livestock products (including cattle and calf sales) are forecast up in fiscal 1994, reflecting freer trade, rising incomes, and increased availability of U.S. export credit guarantees.

The outlook for both hogs and pork calls for increases in the volume and value of U.S. exports from last year. In the past, Mexican pork producers were protected by high tariffs of 20 percent on pork and slaughter hogs. Under NAFTA, tariff-rate quotas have initial tariffs of 18 percent on within-quota imports and 20 percent on above-quota amounts. The within-quota tariffs are to be phased out gradually over a 10-year period. The over-quota tariffs will remain at 20 percent and then be eliminated at the end of year nine. The quotas will grow at a 3-percent annual rate. In fiscal 1994, Mexico will continue to be the largest foreign buyer of U.S. hogs and account for a significant share of U.S. pork exports.

U.S. exports of poultry meat, up sharply in recent years, are also expected to grow in fiscal 1994 as consumption of poultry meat continues to increase. Under NAFTA, Mexico eliminated its import licensing requirements and the 10-percent tariff on poultry imports. NAFTA converted the import-licensing restrictions to tariff-rate quotas. The tariff-rate quotas on poultry meat products will total 95,000 tons in the first year of the agreement, growing 3 percent annually, with zero duty initially. The over-quota tariffs, ranging from 133 percent to 260 percent, will decline by 24 percent in the first 6 years and go to zero by year ten.

Another commodity forecast to increase sales in fiscal 1994 is corn, as NAFTA eliminates the Mexican import license and gives the United States duty-free access for a minimum of 2.5 million tons, boosting U.S. corn exports to Mexico in fiscal 1994. Under NAFTA, the minimum access will grow 3 percent each year over the 15-year duration period of NAFTA. Quantities above the duty-free-access level will have a high initial tariff of 215 percent that will be gradually reduced, by 24 percent in the first 6 years, and then to zero over the following 9 years. It is expected that at least half of the imported corn will go to satisfy feed demand, benefiting Mexican livestock and poultry producers.

Although U.S. sorghum exports to Mexico will benefit from the immediate elimination of the seasonal (May 16-December 15) 15-percent ad valorem tariff, sales of U.S. sorghum to Mexico are expected to be hampered by increased sales of large stocks of domestic corn for feeding. The final outcome is highly dependent on the amount of corn used for feed, which is influenced by the relative prices of corn, sorghum, wheat, and barley.

U.S. exports of soybeans to Mexico are expected to show further gains in fiscal 1994. NAFTA will immediately reduce the 15-percent tariff to the standstill base of 10 percent, reduce the dutiable season, and then reduce the tariff to zero over a 10-year period. Mexico has a 15-percent tariff on soybean meal, a 10-percent duty on crude soybean oil, and a 20-percent duty on refined soybean oil. All these duties will be phased out over 10 years. U.S. soymeal sales to Mexico are also expected to rise, reflecting increasing protein feed requirements and expansion in the Mexican poultry sector.

The volume of wheat sales to Mexico is estimated to rise in fiscal 1994 to meet expanding demand. Under NAFTA, Mexico will eliminate its import licenses for all wheat immediately and apply a common tariff of 15 percent which will be reduced to zero over a 10-year transition period.

U.S. exports of deciduous fruit, apples, pears, peaches, and nectarines, among others, are expected to show further gains in fiscal 1994, reflecting reductions in Mexico's tariffs and increased demand for higher quality and a greater variety of deciduous fruit.

U.S. Agricultural Export Programs

CCC Export Credit Guarantee Programs

As of February 4, GSM-102 and -103 credit guarantee applications received by the CCC amounted to about $1.2 billion, approximately one-third below the same time last year. Applications represent the amount of credit guarantees requested by exporters and are an indication of sales activity under the program. Lower credit guarantee applications for sales to Russia and Mexico account for most of the decline. The $1.2 billion amount is presently the lowest since fiscal 1988. Higher credit guarantee applications have been received from Algeria, Egypt, and Venezuela. To date, sales to Algeria and Mexico alone account for almost two-thirds of activity under the programs.

As part of the 1995 budget, the Administration has proposed maintaining the program levels of the GSM-102 and -103 programs at $5 billion and $500 million, respectively. Further, an additional $200 million is proposed for guarantees to emerging democracies, as stipulated by the Food, Agriculture, Conservation, and Trade Act of 1990.

Food Aid Programs

The current estimate for P.L. 480 appropriations in fiscal 1994 are as follows: Title I, $462 million; Title II, $821.6 million; and Title III, $255.1 million. For fiscal 1994, the President proposes rescissions totaling $34.3 million and $25 million in program levels for Title I and Title III, respectively. The proposed rescission levels will result in an estimated 5.1 million tons of food assistance being provided in fiscal year 1994 under the P.L. 480 program.

On January 11, 1994, USDA announced revised country and commodity allocations for the second quarter of fiscal 1994 under Title I of the PL 480 program and the Food For Progress (FFP) program funded under Title I appropriations. USDA has allocated $326.5 million for commodity loans and grants among 27 countries and is holding an additional $108.9 million in reserve to fund unforeseen needs during fiscal 1994.

The main changes to USDA's initial allocations for fiscal 1994 announced on September 21, 1993, are: (1) Suriname has been added to the Title I list of recipient countries, with an allocation of $5.5 million for wheat, (2) the $35 million previously allocated to Egypt for wheat has been returned to the unallocated reserve, and (3) Albania, Armenia, Georgia, and Kyrgystan--all originally listed for long-term credits under Title I--are now listed as recipients of grants under the FFP program.

Under Title I, 1.5 million tons of commodity assistance have been tentatively allocated, approximately 300,000 tons less than a year ago. Allocations of wheat represent 60 percent of the total volume of allocated commodity assistance, with feed grains following distantly with 21 percent. Other commodities such as oilseeds/meal, rice, vegetable oils, cotton, and tallow accounted for lesser amounts.

As of late-January 1994, about 1.2 million tons were allocated under the Title II donation program (mainly through private voluntary organizations and the World Food

Program). This is down 300,000 tons compared to the same time in fiscal 1993. The donations include 502,000 tons of feed grains, 435,000 tons of wheat and wheat products, 113,000 tons of rice, 102,000 tons of vegetable oil, and about 36,000 tons of beans. Africa is programmed to received 41 percent, Latin America 25 percent, and Asia 24 percent. Europe and the Near East are scheduled to received 9 and 1 percent, respectively. On February 7, agreements under Title III were signed with Bolivia and Guyana to provide approximately 139,000 tons and 32,000 tons of wheat, respectively

Under the Section 416(b) program, the Secretary announced on December 30, 1993, the availability of 100,000 tons of corn, 30,000 tons of sorghum, 60,000 tons of butter and butteroil (of which at least 34,000 must be butter), and 10,000 tons of nonfat dry milk. Except for nonfat dry milk, these availabilities are much lower than last year, reflecting lower CCC stocks.

For fiscal 1995, the President proposes a program level of $1.3 billion for P.L. 480 food assistance that is expected to provide total commodity shipments of approximately 4.7 million tons. This includes $374.3 million for Title I, $773 million for Title II, and $160 million for Title III. The reduced program level recommended for P.L. 480 assistance in 1995 results from limitations on funding for U.S. international programs and the need to accommodate increased disbursements for other priority activities.

The Export Enhancement Program

USDA is continuing to use the EEP to meet subsidized competition in export markets in fiscal 1994. EEP bonuses of $545 million, as of February 22, assisted sales of commodities valued at more than $1.5 billion.

EEP wheat sales of 7.9 million tons, as of February 22, are down 30 percent from last year's sales for the same period. Average EEP bonuses of $52.64 are up more than 40 percent. For fiscal 1994, as of February 10, sales to China, the FSU, Morocco, and Sub-Saharan African countries are down, while sales to Algeria and Egypt are up. Sales to Mexico also are boosting fiscal 1994 EEP wheat sales.

EEP flour sales in fiscal 1994 are about even with fiscal 1993 sales for the same period. Flour sales to Yemen of 300,000 tons are leading fiscal 1994 EEP flour sales.

EEP sales of 13,166 tons of frozen poultry are almost double total fiscal 1993 sales, although fiscal 1993 sales of frozen poultry were the lowest in the history of the EEP. Importers in Egypt, Near East countries, and Saudi Arabia may continue to buy frozen broilers if an EEP initiative is announced in the future.

EEP initiatives were announced on January 18, 1994, for frozen pork and table eggs. Importers in several former Soviet republics are eligible to buy 20,000 tons of pork under EEP, although no sales have yet been made. Egg importers in Hong Kong and Near East countries are eligible to buy up to 55 million dozen eggs under EEP. To date, 3 million dozen eggs have been sold under the January EEP initiative. Although egg sales under EEP lagged in November and December, they have picked up after the new initiative.

Table 5--1993 and 1994 EEP sales, 1994-average EEP bonuses, EEP initiatives, and remaining balances

Commodity	1993 sales	1994 sales (as of 2/10)	Average EEP bonus	Recent EEP initiatives	Remaining balance (as of 2/10)
	----- Metric tons -----		$/MT	-----Metric tons-----	
Barley	1,280,850	500,450	57.33	3,375,000	2,874,550
Barley malt	55,230	41,000	139.46	175,500	132,500
Canned peaches	2,654	0	--	--	0
Eggs (dozens)	45,569,920	11,132,110	$0.27/doz	55,000,000	51,997,900
Frozen poultry	7,260	13,166	743.34	--	0
Pork	0	0	--	20,000	20,000
Rice	278,452	13,780	65.45	--	0
Semolina	--	--		50,000	50,000
Vegetable oils	373,196	155,250	127.82	835,000	679,750
Wheat	21,603,243	7,854,500	52.64	32,700,000	19,201,432
Wheat flour	756,636	447,335	141.69	1,745,000	1,195,165

Source: ERS calculations from FAS, Export Credits Division data.

Import Commodities

The fiscal 1994 forecast is $24.5 billion, unchanged from the previous forecast of November 1993. The grains and feeds forecast was revised upward, but lower forecasts for animal products, down $100 million to $5.9 billion, and horticultural products, down $200 million to $6.8 billion, offset the rising value of grain and feed imports.

First quarter beef and veal imports were 156,000 tons, virtually unchanged from the same period last year. Beef shipments from Canada increased 26 percent to 44,000 tons, 28 percent of U.S. imports. Shipments from Australia were down slightly to 56,000 tons with rising prices. New Zealand shipped 14,000 tons. Total U.S. beef imports are forecast at $1.9 billion, the same as last year. Pork imports during October-December 1993 were 85,000 tons, 30 percent higher than the previous year. Imports from the EU were up 62 percent, on higher shipments from Denmark of processed and fresh and frozen ham. Total 1994 pork imports are forecast at $800 million. Live cattle imports decreased slightly for the October-December quarter from the previous year due to lower shipments from Canada. Lower valued Mexican cattle shipments increased slightly during the period. Live animal imports in 1994 are expected to total $1.6 billion, $100 million lower than expected in November.

Grain and feed shipments for October-December 1993 rose over 100 percent by volume from the previous year. Value was up 41 percent. Barley from Canada surged to 410,000 tons during the first quarter of 1994, up from 29,000 tons during the same period of fiscal 1993. Oat imports nearly doubled compared to the same period a year earlier, led by higher shipments from Canada. The 1994 forecast has been raised to $2.1 billion, up $300 million from last November's forecast.

October-December 1993 fruit and fruit juice imports increased slightly compared to 1992. Orange juice imports from Brazil rose 56 percent as prices rose, bringing value close to $100 million. Shipments of fruit from Chile fell sharply, but shipments of apple and grape juice from Chile were strong. Total fruit (including juice) imports for 1994 are forecast at $2.1 billion, up from $2 billion in 1993.

Imports of nuts are expected down sharply from a year earlier at $400 million. Pecan shipments from Mexico, the primary U.S. supplier of imported pecans, fell 79 percent in the first quarter of fiscal 1994.

First-quarter 1994 imports of vegetables and preparations were up slightly to $572 million. Fresh and frozen vegetables were up 12 percent in value. Vegetable imports are forecast at $2.5 billion for 1994.

October-December 1993 imports of oilseeds and products rose 21 percent to 818,000 tons from October-December 1992. Rapeseed, soybean, and meal shipments rose, while coconut oil, and palm kernel oil decreased. The forecast for 1994 has been increased to 2.9 million tons, 100,000 tons above November's forecast. Imports of rapeseed and meal from Canada will register sharp gains in fiscal 1994. The value of oilseed imports fell slightly.

Unmanufactured tobacco imports surged in December 1993, boosting first quarter shipments 89 percent higher than last year. The sharp monthly increase is expected to be temporary because of increased cigarette production before domestic content rules took effect in January 1994. However, the increase was great enough to push the total 1994 forecast up to $700 million.

Noncompetitive imports were up 6 percent to $1.5 billion in the first quarter of fiscal 1994, compared to first-quarter 1993. Banana imports fell 4 percent in value, but most other categories increased. Coffee shipments fell 20 percent in volume terms, but a $400-increase in unit value caused a 5-percent increase in coffee import value. Cocoa shipments increased 15 percent, but lower prices held values at a 12 percent gain. Noncompetitive imports are expected to remain at $5.5 billion in 1994.

Table 6--U.S. agricultural imports: Value by commodity, 1992-94

Commodity	October - December 1992	October - December 1993	Fiscal 1993	Fiscal 1994 Forecast
	--Billion dollars--			
Competitive Products	4.691	5.124	18.929	19.0
Animals & products	1.480	1.453	5.917	5.9
Live animals	.443	.375	1.569	1.6
Beef & veal	.371	.391	1.919	1.9
Pork	.167	.198	.663	.8
Dairy products	.260	.273	.860	.9
Horticultural products	1.708	1.525	6.863	6.8
Fruits, (incl juices)	.334	.443	2.037	2.1
Vegetables & preparations	.562	.573	2.440	2.5
Nuts & preparations	.169	.128	.508	.4
Wines & malt beverages	.534	.573	1.878	1.8
Grains & feeds	.423	.597	1.639	2.1
Sugar & related products	.227	.232	1.060	1.1
Oilseeds & products	.353	.342	1.204	1.4
Tobacco, unmanufactured	.216	.485	1.101	.7
Seeds	.043	.050	.214	.2
Noncompetitive products	1.375	1.468	5.525	5.5
Bananas & plantains	.263	.252	1.083	1.0
Coffee, incl. processed	.376	.397	1.502	1.6
Cocoa, incl. processed	.281	.316	1.027	1.0
Rubber & allied gums	.193	.206	.839	.9
Spices	.075	.081	.259	.3
Tea	.041	.053	.187	.2
Total	6.066	6.593	24.454	24.5

Table 7--U.S. agricultural imports: Volume by selected commodities, 1992-94

Commodity	October - December 1992	October - December 1993	Fiscal 1993	Fiscal 1994 Forecast
	--Thousand metric tons--			
Competitive products	3,413	5,189	15,338	17,900
Beef & veal	155	156	793	780
Pork	65	85	276	315
Cheese & casein	68	73	221	235
Horticultural products	883	916	4,478	4,400
Fruits & preparations	385	366	2,159	2,100
Vegetables-fresh & frozen	435	498	2,126	2,100
Nuts & preparations	63	52	193	180
Wines & malt beverages 1/	3,120	3,582	12,804	13,500
Fruit juices 1/	7,078	8,768	27,053	22,000
Grains & feeds	1,210	2,646	4,942	7,100
Sugar, cane or beet 2/	243	290	1,569	1,700
Oilseeds & products	673	819	2,484	2,900
Tobacco, unmanufactured	85	160	386	250
Seeds	31	44	189	220
Noncompetitive products	1,754	1,727	6,937	7,200
Bananas & plantains	938	912	3,737	3,700
Coffee, incl. processed	320	253	1,185	1,250
Cocoa, incl. processed	199	230	770	750
Rubber & allied gums	230	249	981	1,200
Spices	40	36	124	140
Tea	27	47	140	160

1/ 1,000 hectoliters. Not included in horticultural totals.
2/ Imports for consumption, product weight.

Table 8--U.S. agricultural imports: Value by region, 1992-94

Region	October - December 1992	1993	Fiscal 1993	Fiscal 1994 Forecast
	--Billion dollars--			
Western Europe	1.464	1.533	5.080	5.1
European Union	1.381	1.430	4.735	4.8
Other Western Europe	.083	.103	.345	.3
Central and Eastern Europe	.079	.086	.281	.2
Former Soviet Union	.009	.005	.029	7/
Asia	.984	.966	3.746	3.7
Japan	.070	.072	.258	.3
China	.102	.128	.425	.4
Other East Asia 1/	.079	.072	.297	.3
Other Asia 2/	.733	.694	2.767	2.7
Middle East 3/	.078	.080	.426	.3
Africa	.149	.198	.623	.6
North Africa 4/	.017	.013	.054	7/
Sub-Saharan Africa	.129	.185	.569	.6
Latin America	1.858	2.078	7.969	8.1
Mexico	.627	.628	2.708	2.7
Other Latin America	1.231	1.450	5.262	5.4
Brazil	.311	.511	1.199	1.2
Canada	1.096	1.294	4.422	4.6
Oceania	.353	.352	1.879	1.9
Total	6.066	6.593	24.454	24.5
Developed countries 5/	2.983	3.250	11.639	11.9
Developing countries	2.893	3.122	12.081	12.0
Other countries 6/	.190	.220	.734	.6

1/ Korea, Hong Kong, and Taiwan.
2/ Afghanistan, India, Pakistan, Nepal, Bangladesh, Sri Lanka, Burma, Thailand, Vietnam, Laos, Cambodia, Malaysia, Singapore, Indonesia, Brunei, Philippines, and Macao.
3/ Turkey, Cyprus, Syria, Lebanon, Iraq, Iran, Israel, Jordan, Kuwait, Saudi Arabia, Qatar, United Arab Emirates, Yemen, Oman, and Bahrain.
4/ Morocco, Algeria, Tunisia, Libya, and Egypt.
5/ Western Europe, Japan, Canada, Israel, South Africa, and Oceania.
6/ Includes the former Centrally Planned Economies.
7/ Less than $50 million.

United States
Department of Agriculture
1301 New York Avenue, NW
Washington, DC 20005-4789

OFFICIAL BUSINESS
Penalty for Private Use, $300

MOVING? To change your address, send this sheet with label intact, showing new address to: EMS Information, Rm 228, 1301 New York Ave., NW, Washington, DC 20005-4789

FIRST CLASS
POSTAGE & FEES PAID
USDA
PERMIT NO. G-145

✓ Want to Subscribe? ✓ Time to Renew?

Subscribe to ***Outlook for U.S. Agricultural Exports*** today! If you already subscribe to this timely periodical, note that expiration information about your subscription appears on the top line of your mailing label. **Expiration information will appear in one of two formats:** 1-AES-2 (this means you have TWO issues remaining in your subscription) or APR95 (expiration date is April 1995). Disregard this notice if no renewal information appears. **Call toll free, 1-800-999-6779,** and tell us whether you want to subscribe or renew, or return this form to: **ERS-NASS, 341 Victory Drive, Herndon, VA 22070.**

Outlook for U.S. Agricultural Exports

❑ Yes! I want to **start** my subscription.

❑ Yes! I want to **renew** my subscription.

	1 Year	*2 Years*	*3 Years*
Domestic:	❑ $17.00	❑ $32.00	❑ $48.00
Foreign:	❑ $21.25	❑ $40.00	❑ $60.00

New subscribers:

Name: ______________________________

Address: ______________________________

City, State, Zip: ______________________________

Daytime phone: (______)______________________________

Renewals:

ATTACH MAILING LABEL HERE

Payment method:

❑ Enclosed is $____________.

Use purchase orders, checks drawn on U.S. banks (and in U.S. funds), cashier's checks, or international money orders. **Make payable to ERS-NASS.** Please do not send cash.

Credit card orders: ❑ MasterCard ❑ Visa Total charges $____________

Credit card number:

Card expiration date:

Month/Year

For *fastest* service, call our toll-free order desk 1-800-999-6779 in the U.S. and Canada; other areas please call 703-834-0125, or FAX this page to 703-834-0110.