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

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EXPORTS AND IMPORTS TO RISE IN FISCAL 1995

The forecast of $42.5 billion for U.S. agricultural exports in fiscal 1994 is unchanged from the May forecast and last year. Year-to-year gains in cotton, livestock and poultry products, and horticultural exports are offsetting declines in grain and soybean shipments. In fiscal 1995, exports are projected to increase to $43 billion. Continued expansion of high-value exports, such as livestock and horticultural products, account for the expected gains. Although grain and oilseed export volumes are expected to rise in 1995, lower expected export prices could reduce the value of these exports by $700 million from 1994. Total export volume is projected at 134.7 million tons in fiscal 1995, 9 million tons above fiscal 1994.

The U.S. agricultural import forecast for fiscal 1994 is $25.5 billion, $500 million higher than the May forecast and $1 billion higher than last year. This is due to increased imports of horticultural products and oilseeds, and to higher coffee value. Imports in fiscal 1995 are projected at $27.5 billion because of an expected sharp rise in the value of coffee imports. Frosts in Brazil earlier this year have driven world coffee prices to the highest level since 1986.

The agricultural trade surplus is expected to be $17 billion in fiscal 1994, and then fall to $15.5 billion in fiscal 1995. The trade surplus in fiscal 1995 will be the smallest since fiscal 1991.

Table 1--U.S. agricultural trade, fiscal years 1990-95

	-- Year beginning October 1 --						
Item	Fiscal 1990	Fiscal 1991	Fiscal 1992	Fiscal 1993	**Forecast** Fiscal 1994 May	Aug.	**Projected** Fiscal 1995
	-- Billion dollars --						
Exports	40.1	37.5	42.3	42.5	42.5	42.5	43.0
Imports	22.5	22.6	24.3	24.5	25.0	25.5	27.5
Trade balance	17.6	14.9	18.0	18.0	17.5	17.0	15.5
	-- Million tons --						
Export volume	148.7	129.4	143.6	146.8	123.9	125.6	134.7

This Export Outlook reflects commodity forecasts in the August 11, 1994, World Agricultural Supply and Demand Estimates.

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The Outlook for U.S. Agricultural Exports is published in February, May, August, and November. The next quarterly summary is scheduled for release on November 29, 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 remained unchanged from USDA's May forecast of 32 million tons valued at $4.2 billion. In fiscal 1995, exports are projected to rise 500,000 tons and $100 million, reaching 32.5 million tons valued at $4.3 billion. The projected increase in U.S. exports is largely because of an expected sharp decrease in Australia's exportable supplies because of drought, which will result in increased market opportunities for the United States.

The forecast for U.S. coarse grain shipments in fiscal year 1994 was increased 1.6 million tons from the May forecast to 38.7 million tons. The upward revision was largely due to the stimulus provided by lower-than-expected domestic corn prices in anticipation of a bumper harvest this year. With lower U.S. prices, U.S. corn is more competitive in world markets. In addition, demand for U.S. sorghum has been stronger than expected from Mexico and Japan. The fiscal 1994 export value for coarse grains was revised to $4.5 billion, a $200-million increase over the May forecast.

The effects of the 1994 corn harvest will carry over into fiscal 1995. Coarse grain exports are projected to reach 42.8 million tons, 4.1 million higher than the current forecast. Larger exportable supplies at lower prices are projected to help maintain a stronger U.S. position in world markets, particularly in South Korea. However, with lower U.S. prices expected for corn and sorghum, export value is projected to drop $100 million to $4.4 billion in fiscal 1995.

The fiscal year 1994 forecast for U.S. rice exports was lowered 200,000 tons and $100 million from the May forecast to 2.4 million tons valued at $900 million. Higher exports had been forecast earlier in the year, because of Japan's decision to open its market to foreign supplies. However, the increase in U.S. sales to Japan was offset by reduced demand from other countries due to relatively higher prices. In the coming year, Japan's rice production is expected to return to normal levels. Larger U.S. supplies and lower prices are expected to increase U.S. exports by 300,000 tons to 2.7 million tons. However, lower prices are projected to decrease export value by $100 million to $800 million.

The forecast for fiscal year 1994 exports of oilseeds and products was lowered 100,000 tons from the May estimate to 23.4 million tons. A downward revision of 300,000 tons to 15.8 million tons for soybeans was mostly offset by upward revisions in soybean meal and oil shipments. Poorer-than-anticipated foreign crushing margins lowered the volume of soybean exports, while larger-than-expected U.S. program sales supported increased oil exports. The export value for the oilseed complex remained unchanged at $6.8 billion. The forecast for a record 1994 soybean crop is expected to improve U.S. competitiveness by significantly increasing exportable supplies and lowering prices in the coming year.

In fiscal year 1995, oilseed and product exports are projected to rise 2.8 million tons to 26.2 million tons. Soybean and meal shipments are projected to rise 2.3 million tons and 200,000 tons to 18.1 million and 4.8 million, respectively. Despite higher export volumes, substantially lower prices are

Table 2--U.S. agricultural exports: Value by commodity, 1992-95

Commodity	October-June 1992/93	October-June 1993/94	Fiscal 1993	Fiscal 1994 Forecast	Fiscal 1995 Projected
	--Billion dollars--				
Grains & feeds 1/	11.211	10.258	14.332	13.2	12.9
Wheat & flour	3.859	3.204	4.954	4.2	4.3
Rice	.589	.708	.768	.9	.8
Coarse grains 2/	4.087	3.545	5.094	4.5	4.4
Corn	3.379	2.966	4.251	3.8	3.8
Feeds & fodders	1.675	1.732	2.196	2.2	2.1
Oilseeds & products	6.182	5.638	7.371	6.8	6.4
Soybeans	3.941	3.514	4.606	4.1	3.8
Soybean meal	.976	.806	1.146	.9	.9
Soybean oil	.260	.296	.327	.4	.3
Livestock products	4.442	4.616	5.886	6.1	6.3
Beef, pork, & variety meats	2.282	2.325	3.052	3.2	3.3
Hides & skins (incl. furs)	.951	1.027	1.271	1.3	1.3
Poultry & products	.957	1.266	1.315	1.7	1.7
Dairy products	.653	.642	.891	.9	.9
Tobacco, unmanufactured	1.215	1.075	1.443	1.2	1.3
Cotton & linters	1.265	1.774	1.538	2.3	2.5
Seeds	.558	.515	.664	.6	.6
Horticultural products	5.500	6.017	7.299	7.9	8.3
Fruits & preparations	1.998	2.189	2.746	3.0	3.2
Vegetables & preparations	1.634	1.654	2.102	2.1	2.3
Nuts & preparations	.709	.889	.920	1.1	1.0
Sugar, tropical, & other	1.262	1.456	1.716	1.9	2.1
Total 3/	33.246	33.257	42.454	42.5	43.0

Table 3--U.S. agricultural exports: Volume by commodity, 1992-95

Commodity	October-June 1992/93	October-June 1993/94	Fiscal 1993	Fiscal 1994 Forecast	Fiscal 1995 Projected
	--Million metric tons--				
Wheat	27.680	23.298	36.081	31.0	31.5
Wheat flour	.888	.725	1.067	1.0	1.0
Coarse grains	40.392	29.908	50.100	38.7	42.8
Corn	33.418	24.885	41.766	32.0	36.5
Feeds & fodders	9.080	9.084	11.885	11.9	12.1
Rice	2.001	1.903	2.713	2.4	2.7
Oilseeds & products	25.276	19.602	29.408	23.4	26.2
Soybeans	17.750	13.642	20.400	15.8	18.1
Soybean meal	4.861	3.806	5.653	4.6	4.8
Soybean oil	.519	.469	.644	.6	.6
Beef, pork, & variety meats	.676	.742	.903	1.0	1.1
Poultry meat	.695	1.001	.974	1.3	1.4
Animal fats	1.051	1.008	1.362	1.3	1.2
Cotton & linters	.956	1.296	1.163	1.6	1.6
Horticultural products	4.675	5.115	6.188	6.8	7.1
Other	5.412	4.906	5.051	5.2	6.0
Total agriculture	118.782	98.588	146.895	125.6	134.7
Major bulk products 4/	88.779	70.047	110.457	89.5	96.7

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.

projected to lower overall export value. Global expansion in oilseed supplies continues to exceed global expansion in oil and meal use. South American competition, especially from Brazil, is expected to put downward pressure on U.S. export prices in fiscal 1995. As a result, the export value for oilseeds and products is projected to drop $400 million to $6.4 billion, with soybeans accounting for most of the decline.

The fiscal year 1994 forecast for U.S. cotton exports was lowered $200 million to $2.3 billion to reflect lower-than-expected export prices. Export volume remained unchanged at 1.6 million tons. In fiscal 1995, no change in export volume is forecast, but value is projected to rise $200 million to $2.5 billion. Production problems in major producing countries are expected to continue. This, combined with rising world consumption and lower world ending stocks, should lead to upward pressure on international cotton prices.

The fiscal year 1994 forecast for U.S. unmanufactured tobacco exports remained unchanged from the May forecast at 200,000 tons valued at $1.2 billion. This represents a 15-percent decline in both volume and value compared with the previous year. World tobacco leaf markets generally remain in a condition of oversupply. In fiscal 1995, export volume is projected to remain unchanged at 200,000 tons, and export value is projected to rise slightly to $1.3 billion. The U.S. export position should improve somewhat, because of a small decline in projected carryover stocks of several competing suppliers.

The fiscal year 1994 forecast for U.S. exports of livestock, poultry, and dairy products was revised upward $100 million from the previous forecast in May to $8.7 billion. The increase was due to a $100-million rise in poultry and product exports that are now forecast to reach $1.7 billion. In fiscal 1995, U.S. exports of livestock, poultry, and dairy products are projected to rise $200 million to a record high of $8.9 billion. Beef shipments are expected to account for most of the gain, but poultry meat is also expected to do well. Improved market access, income growth, and a growing demand for animal protein in key markets, such as Japan, Korea, Mexico, and Hong Kong, continue to support U.S. overseas sales.

The fiscal year 1994 forecast for exports of U.S. horticultural products remains unchanged at a record $7.9 billion. Exports are projected to reach a new high of $8.3 billion in fiscal 1995. Exports of fresh and processed fruits and vegetables are projected to increase $400 million. This will be partially offset by a slight decline in tree nut sales. Tree nut exports are projected to drop roughly $100 million to $1 billion, because of lower almond prices as the U.S. almond crop recovers from a poor year. Market liberalization, rising incomes, a growing demand for healthful foods, and on-going market promotion activities in major foreign markets, such as Mexico, Japan, and other Asian markets, continue to drive U.S. exports higher.

The fiscal year 1994 forecast for sugar and tropical product exports has increased to $1.9 billion. Exports are projected to reach $2.1 billion in fiscal 1995, up $200 million from this year's forecast. This is largely due to a projected rise in exports of chocolate confectioneries in response to continued strong global demand for these products.

Economic Outlook

Increases in real Gross Domestic Product (GDP) have occurred in 1994 (compared with 1993) in most countries that are major trading partners with the United States, and GDP is anticipated to rise again in 1995. GDP growth for the world, not including the United States, is expected to be near 2.4 percent in 1994 and increase to about 3.5 percent in 1995. Economic recovery has begun in Japan and the European Union, which are expected to grow 2.7 percent and 2.8 percent, respectively, in 1995. Moreover, the economic outlook for Asia and Latin America remains strong. The growth rate in the Asian countries of the Pacific Rim is likely to be near 8 percent in both 1994 and 1995. GDP growth in Mexico is expected to increase from about 3 percent in 1994 to over 4 percent in 1995, and to increase to nearly 4 percent in all of Latin America. GDP in Eastern Europe is expected to be positive in 1994 and an grow at a higher rate in 1995. Prospects for economic growth in the former Soviet Union appears unlikely through 1995.

Regional Highlights

Japan

The value of U.S. agricultural exports to Japan is projected to be $9.4 billion in fiscal year 1994, an 11-percent increase from fiscal 1993. The high value of the yen has led to lower prices (or greater profit margins to importers) for a wide variety of imported agricultural goods. Despite the generally negative effect that Japan's poor economic performance has had on spending, lower prices of agricultural goods have stimulated imports of many foodstuffs. Retailers have increasingly sought out lower-priced imported foods to replace more expensive, locally produced foods. Major retail chains have marketed lower-priced house brands and offered some foreign products at discount prices in response to consumers' need to save money. The poor outcome of Japan's 1993 growing season for most crops has also spurred food imports in 1994.

The volume of Japan's beef imports from the United States was up 16 percent in the October 1993-June 1994 period. Although beef consumption is directly related to incomes, which have been flat or falling, imported beef became cheaper in Japan as the yen rose. Additionally, Japan has imported more lower-priced cuts than it had previously to further reduce prices. Lower beef prices have limited the value gain to 2 percent. U.S. pork exports rose slightly in volume, even though Japanese consumption and overall imports of pork have been falling. Variety meat exports are down over 20 percent, chiefly because of a drop in volume. The value of U.S. meat exports to Japan is expected to fall marginally, although growth in the volume of beef exports is expected to continue.

U.S. feed grain exports in the first 9 months of fiscal 1994 were 13 percent below year-earlier levels, but higher corn prices pushed the export value higher. U.S. corn exports for the year are projected lower because of increased competition, particularly from South African corn. U.S. soybean exports are 10 percent behind 1993 levels because of a slight drop in meal use and increased rapeseed imports, which reduces the need for soybeans for crush.

Table 4--U.S. agricultural exports: Value by region, 1992-94 1/

Region	October-June 1992/93	October-June 1993/94	Fiscal 1993	Fiscal 1994 Forecast
	--Billion dollars--			
Western Europe	6.316	5.717	7.474	6.8
European Union	5.955	5.341	6.999	6.3
Other Western Europe	.360	.375	.475	.5
Central and Eastern Europe	.391	.244	.467	.3
Former Soviet Union	1.309	1.235	1.556	1.5
Asia	12.102	13.477	15.860	17.4
Japan	6.381	7.156	8.434	9.4
China	.292	.539	.321	.7
Other East Asia	3.730	3.955	4.919	5.2
Taiwan	1.495	1.650	1.993	2.2
South Korea	1.554	1.511	2.034	1.9
Hong Kong	.668	.793	.877	1.0
Other Asia	1.700	1.828	2.185	2.2
Pakistan	.171	.204	.235	.3
Philippines	.402	.411	.511	.5
Middle East	1.499	1.300	1.916	1.7
Israel	.278	.272	.381	.4
Saudi Arabia	.380	.396	.462	.5
Africa	2.162	1.682	2.662	2.1
North Africa	1.338	1.096	1.654	1.4
Egypt	.604	.430	.753	.6
Algeria	.372	.477	.457	.7
Sub-Saharan Africa	.824	.585	1.009	.7
Latin America	5.198	5.303	6.861	7.0
Mexico	2.792	2.940	3.648	3.9
Other Latin America	2.407	2.363	3.213	3.1
Brazil	.180	.173	.230	.2
Venezuela	.394	.335	.501	.4
Canada	3.943	3.927	5.203	5.2
Oceania	.325	.376	.455	.5
Total 2/	33.246	33.257	42.454	42.5
Developed countries	17.243	17.447	21.947	22.2
Developing countries	14.012	13.792	18.163	17.8
Other countries	1.991	2.017	2.344	2.5

1/ Country totals are adjusted for transshipments through Canada.
2/ Totals may not add due to rounding.
Note: Fiscal 1995 country forecasts will be released in the November 29, 1994 issue of the Outlook for U.S. Agricultural Exports.

However, export unit values are significantly higher than in fiscal 1993, and the value of exports is expected to be higher than in 1993. U.S. exports of corn oil and cottonseed oil are showing strong growth.

U.S. rice exports totaled 430,000 tons during October-June, valued at over $200 million. Wheat exports through June are 6 percent higher than in 1993, but value has risen 23 percent because of higher export prices.

Japan's imports of fruits, vegetables, and nuts from the United States have shown strong growth in recent years. The higher value of the yen, reductions in trade barriers against citrus fruits and products in previous years, and efforts by some Japanese firms to provide consumers with lower-priced products have worked together to strengthen trade. Fresh-vegetable export volume, led by broccoli and cauliflower, doubled in the first 9 months of fiscal 1994. Frozen and canned vegetable exports increased in volume and value. Fresh, frozen, dried, and canned fruit exports are all increasing, but fruit juice exports are sharply lower in fiscal 1994, partly in reaction to significantly higher export unit values for all juices. Export prices for nuts are also higher, but volume has stayed constant, leading to higher values.

Imports of cotton and cattle hides have fallen as the Japanese textile and leather industries using them declined in the face of increasing foreign competition for intermediate and final products. Cotton exports from the United States were down 3 percent in the first three quarters of fiscal 1994, and U.S. cattle hide exports fell over 15 percent. Exports of flue- and light air-cured tobacco have been strong, however, and tobacco volume is up 32 percent and value is up 33 percent above the October-June period in fiscal 1993.

European Union

U.S. agricultural exports to the European Union (EU) are expected to fall 10 percent to $6.3 billion in fiscal 1994. Slow economic recovery in 1994 and weak demand for soybeans has dampened U.S. exports. Recession in the EU has likely slowed sales of fruit, vegetables, and tree nuts. All are lower than last year, although higher almond prices have led to an increase in export value for tree nuts.

The value of U.S. exports of grains and feeds to the EU will show a slight gain because of the new 500,000-ton corn quota for Portugal, and the sharp rise in export prices of corn and sorghum. Sales of nongrain feeds are expected to show a slight drop in quantity because the EU's Common Agricultural Policy (CAP) reform program reduced internal grain prices significantly and resulted in increased grain feeding in animal rations. Corn gluten feed export volume is unchanged for October-June exports, but sharply lower U.S. prices will push export value below that of 1993.

High rice prices and recession in the EU will reduce U.S. rice exports. The EU provides an area payment to domestic producers of long-grain rice, which competes with U.S. rice. For 1993/94, the area payment has been reduced, and it will be eliminated next year. Although long-grain rice receives greater

intervention support than medium grain, it seems unlikely that EU long-grain area will continue to expand without the area payment.

The volume and value of U.S. exports of oilseeds and products to the EU will decline in fiscal year 1994. U.S. soybean exports to the EU will fall due to high U.S. soybean prices and CAP-reform-driven price cuts for grains, which have made grains more competitive in feed rations. U.S. shipments of soybean meal will decline sharply because of reduced EU demand and increased competition from other exporters. Soybean meal utilization in the EU is expected to decline slightly (-0.2 percent) from a record high in fiscal 1993. The dollar's strength early in the fiscal year disadvantaged U.S. soybean meal exports, and U.S. meal is competing with record production in both Brazil and Argentina. Although EU vegetable oil production declined and EU consumption is expected to rise 3 percent in fiscal 1994, the high price of U.S. oils will limit imports from the United States. During the first half of the fiscal year, only U.S. soybean oil exports to the EU increased because of reduced soybean crush there.

Mill use of cotton in the EU has been declining, as the EU textile industry struggles unsuccessfully against imports. Sluggish economic growth in the EU will compound low demand for textiles and hence U.S. cotton. Competition from lower-priced suppliers, particularly Uzbekistan and Turkmenistan, has squeezed U.S. product out of the Italian market, the largest EU purchaser of U.S. cotton. In the first 9 months of fiscal 1994, U.S. cotton sales to the EU were down 22 percent in quantity from the previous year. However, cotton production problems in important exporting countries, including China and Pakistan, could reduce available world supplies in the last quarter of fiscal 1994 and boost U.S. export opportunities.

Canada

U.S. exports to Canada are expected to be $5.2 billion in fiscal 1994, about the same as the previous year. The value of U.S. exports for October 1993-June 1994 were unchanged from 1993 at $3.9 billion. A weaker Canadian dollar (relative to the U.S. dollar), reduced horticultural imports, and smaller imports of corn and soybeans because of much improved Canadian crops in 1993 have all worked to reduce U.S. exports.

U.S. beef exports to Canada are slightly above the fiscal year 1993 pace, but lower beef prices have kept value unchanged from a year ago. Poultry meat exports are lower and are expected to fall further because the Canadian Chicken Marketing Agency (CCMA) increased the production quota 20 percent for the May-August period. The CCMA regulates chicken production and negotiates prices for its producer members in all the Canadian provinces. As a result, Canadian chicken production is now anticipated to have a record year-to-year increase in fiscal 1994.

U.S. soybean exports to Canada have continued to fall dramatically in fiscal 1994 because of record Canadian soybean production in 1993. U.S. soymeal exports during October-June have increased 10 percent above the fiscal 1993 level because of capacity constraints for soybean crushing in Eastern Canada.

Mexico

Mexico's economic recovery in 1994 and the start of the North American Free Trade Agreement (NAFTA) should result in the value of agricultural imports from the United States reaching about $3.9 billion in fiscal year 1994. The 1993 Mexican recession adversely affected the demand for imports of U.S. commodities, as Mexican imports slowed to $3.6 billion in 1993 from $3.8 billion in 1992.

During the second half of 1994, GDP is expected to increase, totaling around 2.4 percent for all of 1994. Sustained growth should result from the continuation of the Mexican Government's structural reforms, government expenditures to stimulate demand, changes in farm policy, and the impacts of the NAFTA.

During the first 6 months NAFTA has been in place (January-June 1994), total U.S. agricultural exports to Mexico were 10 percent above year-earlier levels. U.S. beef is one agricultural export that has registered a rapid increase since entering the Mexican market duty free as of January 1, 1994. Other U.S. commodities registering rapid growth are corn, poultry, and pork, which enter Mexico under a tariff-rate quota (TRQ). Once the quota is reached, additional imports will be subject to a tariff. This seems to have encouraged early shipments.

U.S. exports of beef to Mexico increased 54 percent during the January-June 1994 period as a result of the elimination of the 20-percent import duty on fresh beef and the 25-percent import duty on frozen beef. During this same period, the volume of U.S. corn sales to Mexico increased 470 percent to $105 million, and U.S. sales of poultry and products to Mexico rose 28 percent to $120 million. Other commodities showing growth in U.S. export sales to Mexico during the first 6 months of the NAFTA include soybeans (up 24 percent to $333 million), vegetables and preparations (up 24 percent to $102 million), and apples (up 74 percent to $68 million)

Although U.S. exports of sorghum to Mexico no longer face a tariff, U.S. sales have declined as domestically produced corn has substituted for sorghum in feed rations. The United States is expected to ship its full 2.5-million-ton TRQ for corn in 1994 in response to economic growth and strong demand for meat products.

The pace of U.S. wheat sales to Mexico slowed early in 1994, partly because of the announcement by the Mexican Government's grain marketing agency (ASERCA) of a new subsidy to Mexican wheat millers to purchase domestically produced wheat. There are prospects of a larger wheat crop in Mexico, as more area is being planted to wheat because the pricing policy under PROCAMPO has shifted prices to favor wheat production.

The quantity of U.S. pork exports to Mexico increased sharply in 1994, 70 percent above the January-June period of 1993. Prospects for increasing per capita consumption in Mexico suggest there will be continued growth for U.S. pork exports to Mexico. Sales of U.S. poultry to Mexico increased 25 percent in quantity for the January-June 1994 period from a year earlier. During the same period, broiler exports were 28 percent higher and turkey exports, 26

percent higher. The rapid growth in poultry sales to Mexico meant that by May of this year, 65 percent of the 95,000-ton annual TRQ allocated under NAFTA had been filled. The Mexican Government has since increased the TRQ for poultry from 95,000 to 265,000 tons in July 1994.

Since Mexico removed the licensing requirement for pears in 1988 and apples in late 1991, pears and apples have become the two leading fruits exported from the United States to Mexico. NAFTA secured a 10-year phaseout period on tariffs for apples and a 5-year phaseout period for pears. In 1994, NAFTA lowered the tariff on U.S. apples from 20 to 18 percent--with a tariff rate quota of 55,000 tons--and reduced the tariff on U.S. pears from 15 to 12 percent. During the first 6 months of NAFTA, U.S. apple exports to Mexico totaled 120,000 tons, a 57-percent increase from the same period in 1993. U.S. pear sales to Mexico totaled 33,000 tons, representing an 83-percent increase from the January-June 1993 period.

Mexico is issuing guidelines to administer the TRQ for all products that were under licensing prior to the NAFTA. The allocation of quotas and tariff-rate quotas will be based on a system of direct assignment, sealed public bids, and special provisions for specific industries and/or geographic zones. Auctions for "quota certificates" are being administered by the Ministry of Foreign Trade (SECOFI).

Through July 1994, Mexico had announced the allocation procedures of import quotas for several commodities: corn (2.5 million tons) direct allocation to millers and feeders at international prices, dry beans (50,000 tons) sealed bids for public sale, barley (120,000 tons) direct allocation to the beer industry, dry milk (40,000 tons) direct allocation to border trading companies of 121.4 tons (with the remainder assigned to CONASUPO), fresh eggs (6,500 tons) auction (the quota was split, 5,850 tons of fresh eggs and 650 tons of fertilized eggs), potatoes (15,000 tons) and poultry (15,000 tons) direct allocation to border trading companies, poultry cuts and offal (80,000 tons) direct allocation to border trading companies and traditional importers inside the country, and fresh single strength (130,000 liters) and frozen concentrate (734,000 liters) orange juice on a first-come first-served basis.

China

U.S. agricultural exports to China in fiscal year 1994 are forecast to increase to $700 million, 117 percent above 1993 exports of $321 million. The surge stems from a sudden upswing in cotton imports. In March and April of this year, China purchased over 180,000 tons of cotton, with delivery by the end of August or early September. Combining these purchases and a few earlier ones, China's total cotton-import forecast for fiscal 1994 is revised sharply upward.

Textile exports account for 25-30 percent of China's total export earnings, and China can ill afford any serious disruption in cotton supplies. The current jump in imports follows 2 consecutive years of poor cotton harvests due to an outbreak of bollworms, which caused tight supplies of raw cotton in the yarn industry and shut down some mills because of the lack of raw cotton. In addition, private yarn mills in rural areas reportedly increased purchases

of cotton directly from farmers by outbidding the official State procurement agency, forcing the State to reduce cotton allocations to the large, State-run yarn mills.

Although China was believed to be holding relatively high State cotton stocks, the quality of a substantial portion is now believed to be so poor as to be unspinnable, explaining China's high level of cotton imports concurrent with large stockholdings. The cotton shortage will be over as soon as the new crop is harvested this fall. China is not expected to purchase more cotton for delivery in fiscal 1994.

In addition to the huge increase in cotton imports, U.S. cattle hide sales to China have increased sharply, rising over 400 percent to $24 million for the October 1993-June 1994 period. China continues to demand high-quality cattle hides for the production of athletic shoes and leather goods. Although once produced almost solely for export, income growth has also led to increased domestic demand for these goods.

U.S. poultry meat exports to China also have increased, as rising incomes increase consumer demand for poultry meat. This has resulted in rapid growth in China's domestic poultry meat production as well as imports. Poultry meat import statistics for China are widely believed to understate the true amount because of the transhipment of chicken parts, particularly chicken feet (paws), into Guangdong Province from Hong Kong.

Taiwan

U.S. farm product sales to Taiwan in fiscal year 1994 are forecast at a record $2.2 billion, 10 percent higher than in fiscal 1993. The volume of coarse grain and soybean imports, accounting for more than half of total agricultural imports, are expected to remain at about the same high level as the previous year because of strong demand from Taiwan's hog and poultry sectors--the two dominant livestock sectors. The U.S. market share in Taiwan's corn and soybean import markets, however, is expected to decrease in fiscal 1994, mainly because of higher prices. In particular, Taiwan purchased 500,000 tons of Argentine soybeans during its April/June harvest season. The average Taiwan delivery price of Argentine soybeans was approximately US$15 per ton below the comparable U.S. soybean price. It is estimated that Argentine soybeans will account for approximately 20 percent of Taiwan's soybean-import market share, with the U.S. share dropping from 99-100 percent to 80 percent for fiscal 1994.

Also, the U.S. market share in Taiwan's corn import market is expected to decline slightly in fiscal 1994. Taiwan purchased nearly 300,000 tons of Argentine corn for July-September 1994 delivery and is likely to purchase some corn from South Africa. During the last two decades, the Taiwan Feed Industry Association (TFIA) and the Maize Board of the Republic of South Africa (MBRSA) have signed numerous purchase agreements for Taiwan to purchase corn when supplies are adequate. Taiwan's most recent purchase of South African corn was only 175,000 tons in 1990. The latest renewal of the 3-year, corn-purchase-intention agreement is effective from May 1, 1993, until April 30, 1996. MBRSA recently notified TFIA that there will be a surplus available for

export, and Taiwan is expected to import South African corn in fiscal 1994. Consequently, the U.S. market share in Taiwan's corn import market is likely to drop to about 92 percent, down from 96 percent the previous year.

South Korea

U.S. exports are expected to total $1.9 billion in fiscal year 1994, down 6 percent from the previous year. The Korean economy is expanding rapidly in 1994, which should lead to stronger demand and a resumption of steady growth in U.S. consumer-oriented agricultural exports.

A combination of market manipulation by the Korean Government and a slowdown in overall economic growth suppressed beef consumption in fiscal 1993. This year, a rebound in the local economy should lead to a significant increase in consumption. The demand for beef, however, may be somewhat tempered by the recent rise in the beef/pork price ratio. Beef is by far the largest, single U.S. export to Korea in the consumer-oriented category. During the first 9 months of fiscal 1994, U.S. beef exports reached $147 million, 23 percent ahead of the same period last year. Pork consumption is also increasing rapidly because of increased incomes and a growing economy.

U.S. corn exports have declined dramatically because of the availability and competitive prices of feed wheat from Canada and Australia and corn from China. Despite recent strong sales by the United States, Korea's imports of corn for feed use will be primarily from China. A major development in the Korean feed grain market this fiscal year will be a sharp rise in feed wheat consumption. With this year's rise in corn prices, Korean feed millers are shifting to feed wheat in large numbers. Feed wheat is expected to account for approximately 37 percent of total feed ingredients used in fiscal 1994, compared with 16 percent in fiscal 1993. This development mainly benefits Canada, followed by Australia. The United States does not export feed wheat.

The value of U.S soybean exports to Korea in fiscal year 1994 is expected to remain about the same as last year. During the first 9 months of fiscal 1994, U.S. exports to Korea totaled about $194 million, and the volume of U.S. exports dropped 11 percent. U.S. soybean export value will likely be maintained by a significant rise in soybean prices. This year's decline in the volume of imports reflects higher-than-normal oil stocks in Korea, as well as an increase in cheap meal imports from India. The United States is not expected to export soybean meal to Korea this year.
Korea continues to be the largest market in the world for U.S. cattle hides. However, a long-term decline in U.S. exports is occurring as the Korean leather manufacturing industry continues to move offshore in search of lower labor costs. The outlook is for continued strong, though declining, Korean imports of raw cattle hides. U.S. cattle hide exports to Korea declined 4 percent to $373 million during the first 9 months of fiscal 1994.

Hong Kong

The value of U.S. agricultural exports to Hong Kong in fiscal year 1994 is forecast to climb to a record $1 billion, up from the previous high of $880

million reached in fiscal 1993. Fairly healthy economic growth in Hong Kong in recent years has benefited U.S. export sales, especially high-value products. A large part of the gain in U.S. agricultural sales to Hong Kong can also be linked to growth in re-exports of commodities, such as poultry meat, and cattle hides, to China and other Asian countries. Prospects for U.S. exports to Hong Kong this year are particularly bright for poultry meat, table eggs, cattle hides, cotton, and fruits and vegetables.

After significant growth in fiscal years 1992 and 1993, U.S. exports of cattle hides to Hong Kong in fiscal 1994 are projected to continue to expand. In 1993, the United States became the territory's second largest supplier (following China) of cattle hides and skins, displacing Australia and Italy. Hong Kong, an important trading center for hides and skins, re-exports most of its hide imports, mainly to other Asian countries, such as China and Thailand. Since the mid-1980's, Hong Kong leather manufacturers have been relocating across the border in China because of cheaper labor.

U.S. cotton exports to Hong Kong fell substantially in fiscal 1993, but are forecast to recover in fiscal 1994. The territory's cotton spinning industry declined further in the 1992/93 (August-July) marketing year, and raw cotton consumption and imports were down about one-fifth from the year before. Pakistan and India were the leading cotton suppliers in marketing year 1992/93, while imports from the United States dropped markedly. Low-priced Pakistani and Indian cotton (when available) is favored for denim (coarse) yarn production, which makes up the majority of local cotton use. Although U.S. cotton is viewed as being very reliable in terms of quality and delivery, its higher price limits demand. Cotton consumption, imports, and re-exports are expected to pick up in the 1993/94 marketing year, with a rebound anticipated for imports of U.S. cotton.

Philippines

U.S. agricultural exports to the Philippines are expected to be around $500 million in fiscal year 1994, unchanged from 1993. Exports through June were $411 million, 1 percent higher than last year. Wheat exports totaled 1.6 million tons through June 1994, 28 percent larger than in the same period in 1993.

Although still lagging behind most of the ASEAN countries in economic growth, the Philippine economy holds promise for continued economic stability and growth. Negotiations proceed with the International Monetary Fund to renegotiate a new economic plan. Foreign capital continues to flow into the economy, which was helped recently by liberalization of the banking and investment markets.

Former Soviet Union

U.S. agricultural exports to the former Soviet Union (FSU) in fiscal year 1994 are forecast at $1.5 billion, down 6 percent from $1.6 billion in fiscal 1993. Late shipments of fiscal 1993 food assistance and strong sales of semi-processed and high-value products have compensated for weak grain and oilseed

exports, which traditionally made up 80-90 percent of total FSU agricultural imports from the United States. However, growing trade protectionism in several FSU countries, notably Russia, could slow growth of U.S. high-value exports, particularly meat and poultry products.

As of August, USDA estimates FSU 1994/95 grain production at 160 million tons, down 10 percent from 1993/94. While Russia's grain output is forecast down nearly 10 percent, imports are not expected to rise given continued contraction of the livestock sector, more efficient grain use, and sizable stocks of 1993 grain. Crop reductions, mainly weather-related, are forecast in Moldova (down more than 50 percent from 1993), the Baltics, and Ukraine (each down 20 percent) and could increase import demand. However, additional imports would likely require the availability of financial assistance or donations. In 1994/95, as in 1992/93 and 1993/94, Kazakhstan is expected to supply the other FSU countries with large supplies of grain, mostly wheat.

Preliminary data (October-June) for fiscal year 1994 show total U.S. exports to the FSU at $1.2 billion, down 5 percent from the same period in fiscal 1993. Of the total, grain, oilseed, and oilseed product exports together account for slightly over 55 percent. Significant increases in U.S. sales of animals and animal products, fruits, sugar and chocolate products have boosted the share of nonbulk commodities exported to the FSU. This trend of increased high-value exports began in fiscal 1993, when the FSU ranked in the top 10 markets for U.S. exports of dairy products, poultry, wines and beer, and snack foods.

Moreover, U.S. exports of high-value products are increasingly taking place through developing private channels. In fiscal years 1992 and 1993, a large share of U.S. exports (bulk and processed) were facilitated through credit and aid programs. But in fiscal 1994, a significant drop in assistance and in centralized government imports indicate that a larger percentage of U.S. agricultural commodities are being imported through private traders. It is still likely, however, that fiscal 1994 exports of traditional assistance commodities, such as flour, certain dairy products, and vegetable oil, will continue to be shipped through USDA aid programs, such as P.L. 480. The transition from a planned economy has released previously unsatisfied consumer demand for higher quality products and Western brand names, also contributing to more high-value agricultural imports by the FSU.

However, the outlook for growth in U.S. high-value exports may be mitigated by the move by several FSU countries to institute import tariffs to protect less efficient domestic producers. A significant shift towards protectionism has occurred in Russia, the country that accounts for 60-70 percent of total U.S. exports to the FSU. In March, new import tariffs were announced for most agricultural goods, but by April these tariffs had been delayed until July 1. After July 1, import tariffs were reinstated, although several cities (including Moscow and St. Petersburg) have requested exemption from the new tariffs. The most significant new tariffs include a 15-percent tariff on imported meat and milk products and a 20-percent tariff on white sugar, commodities for which U.S. exports have increased in fiscal 1994. Other FSU countries introducing or planning to introduce import tariffs on agricultural commodities include Ukraine, Belarus, and Lithuania--all significant livestock and dairy producers. While it is still unclear to what extent the new tariffs

will affect U.S. sales, it is likely that there will be some reduction or limitation of further growth in the near term.

Central and Eastern Europe

U.S. exports to Central and Eastern Europe (CEE) for fiscal year 1994 are forecast to fall to $300 million, a 36-percent decline from the previous year. The decline resulted from an increase in CEE grain production and lower animal inventories, which have reduced demand for grain imports. Most U.S. exports are concessional sales because of the weak economic situation in most of the CEE countries.

So far in fiscal year 1994, allocations to the CEE countries are $15 million of Food for Progress to Albania, $17 million of P.L. 480 Title I to Croatia and Macedonia, and $63 million of P.L. 480 Title II to Bosnia, Croatia, and Slovenia (mostly Bosnia). P.L. 480 Title I allocations to Bulgaria, Poland, Romania, and Slovakia have been canceled, the $10 million to Croatia has remained unchanged, and a new allocation of $7 million has been given to Macedonia. The bulk of the sales have been wheat and wheat flour to Bosnia. Croatia has purchased 2,100 bales of U.S. cotton for $3.8 million.

As of July 29, 1994, GSM-102 allocations were unchanged during the last quarter ($35 million to Slovenia, $20 million to the Czech Republic, and $20 million to Hungary.) Sales so far include $2 million for feed grains, $5 million for hides and skins, $2.3 million for wheat to Slovenia, and $5.2 million for protein meals to the Czech Republic. Hungary has not used any of its allocation.

USDA's Export Enhancement Program (EEP) allocations for fiscal 1994 for the Czech and Slovak Republics, Poland, Romania, and Slovenia included 2.3 million tons of wheat, 325,000 tons of barley, and 175,000 tons of malting barley. In addition, Romania was allocated 5,000 tons of barley malt, and Slovenia was allocated 40,000 tons of flour and 20,000 tons of vegetable oil. Sales to East European countries included 140,000 tons of wheat to Poland and Slovenia, and 37,500 tons of barley to Slovenia. The 1994/95 EEP allocations include 550,000 tons of wheat to the Czech and Slovak Republics, Poland, Romania, and Slovenia, and 40,000 tons of flour to Slovenia. There are no sales yet under the 1994/95 program, and the 1994/95 program for barley has not been announced.

Middle East and North Africa

U.S. agricultural exports to the Middle East and North Africa are expected to decline 14 percent to $3.1 billion in fiscal year 1994, down from $3.6 billion in fiscal 1993. The decline stems from sharp reductions in exports to Egypt, Morocco, Turkey, and Iran. Year-to-date exports to the region total $2.4 billion, down 14 percent compared with fiscal 1993.

U.S. grain exports to Morocco declined in 1994 because of improved production, following 2 years of drought that spurred grain imports. Turkey has been importing less grain and tobacco from U.S. suppliers. Iran was only a

temporary market in 1993 for U.S. rice and corn, as the Iranian Grain Board halted purchases from the United States in early 1994. Exports to Egypt are expected to decline sharply because of reduced wheat, wheat flour, and tobacco exports, and there were no cotton shipments because of increased Egyptian production. Exports of vegetable oils to Egypt rebounded recently, as U.S. export programs boost shipments of soybean and corn oil in fiscal 1994.

Algeria will likely be the largest market for U.S. farm exports in fiscal 1994 as it is expected to buy more wheat, corn, barley, and rice. During the first 9 months of fiscal 1994, U.S. agricultural exports were up 76 percent, and exports are expected to increase to about $700 million in fiscal 1994, up from $457 million in fiscal 1993. Algeria is the major market for U.S. non-fat dry milk, with shipments in the first 9 months of fiscal 1994 reaching 23,000 tons, 45 percent of total U.S. non-fat dry milk shipments.

Exports to Saudi Arabia are expected to reach $500 million, a gain of 10 percent, after a steep setback for U.S. exports of barley and wheat seed to Saudi Arabia in fiscal 1993. Barley sales have resumed through EEP, but only modest year-to-year gains are expected. There has been an increase in U.S. corn oil, soybean meal, and poultry meat exports. In general, U.S. exports of items used in the food production process in Saudi Arabia tend to exceed exports of consumer-ready items. This means that sales of animal feed, seeds, and ingredients used in factories are more prevalent than those of processed foods that are ready for the grocery shelf. Saudi Arabia now has over 1,000 facilities involved in the preparation of foods and beverages for the market. A large share of the products produced there are prepared from imported ingredients. U.S. exports of items used as ingredients, such as corn oil for margarine and sugar products for beverage bottling plants, are expected to show gains in fiscal 1994.

Brazil

U.S. exports are likely to total $200 million in fiscal year 1994, unchanged from 1993. The U.S. has exported 67,000 tons of cotton, valued at $82 million, to Brazil in one of the few gains this year. The late-June and early-July frosts that hit the coffee-growing regions in Brazil may have also damaged some of the wheat and safrinha (second) corn crops, but there is no final assessment at this time. Crop damage could ultimately boost import demand for grains this year and possibly next year.

The Government of Brazil implemented the final phase of its economic plan on July 1, 1994, which could affect the dollar-real exchange rate in a manner that encourages imports while discouraging exports. A new Brazilian currency, the real, was introduced July 1, and was pegged to the U.S. dollar in an effort to control the country's inflation rate which had reached an annual rate of 5,000 percent on June 30. An earlier phase of the anti-inflation plan included the announcement of tight fiscal and monetary policy goals for the current fiscal year.

Under the economic plan, it is possible that the real could become overvalued vis-a-vis the dollar, if inflationary pressures mount again while the exchange rate remains fixed. Under this scenario, imports would be cheaper for Brazilians, while Brazil's exports would be more expensive in the world market. At this time, however, it is unclear how long the Brazilian Government will maintain the pegged exchange rate--no public announcement has been made. Nor is it yet possible to predict the government's success in meeting the stringent fiscal and monetary policy goals. Political pressure to maintain austerity programs in an election year could prove difficult.

An alternative scenario to consider is the success of the economic plan. If inflation is brought under control while Brazil's economic expansion continues, pent up demand, combined with the return of the availability of consumer credit, could significantly boost consumption of both domestic and imported goods.

U.S. Agricultural Export Programs

The Export Enhancement Program

USDA continues to use the EEP to meet subsidized competition in export markets in fiscal year 1994. EEP bonuses of $944 million (as of August 16) are 16 percent higher than in the same period in fiscal 1993. Seventy-six percent of fiscal 1994 EEP bonuses (as of August 16) assisted sales of wheat, compared with 79 percent for the same period in fiscal 1993. The remaining 24 percent of fiscal 1994 EEP bonuses assisted sales of barley (9 percent) and high-value products, including barley malt, frozen poultry, pork, table eggs, vegetable oils, and wheat flour.

EEP wheat sales of 14.4 million tons (as of August 16) are down 24 percent from the same period in fiscal 1993. Average EEP bonuses of $49 a ton are up 45 percent from last year. Higher EEP wheat sales in fiscal 1994 to Algeria, Egypt, Mexico, Pakistan, the Philippines, and Sri Lanka have not yet offset sharply lower EEP wheat sales to China, the FSU, Morocco, and Yemen.

This summer, USDA announced EEP wheat and wheat flour initiatives for July 1994 through June 1995. EEP initiatives for other commodities do not expire until later in 1994. On June 29, USDA announced EEP initiatives covering 24.6 million tons of wheat for 75 countries and republics. The 1994/95 initiative is down 23 percent from the initial announcement of the 1993/94 program which covered 32 million tons of wheat. One or more million tons of wheat were announced for Egypt (3.5 million tons), China (3 million tons), the former Soviet Union (3 million tons), Pakistan (2.3 million tons), West and Central African countries (2.2 million tons), the Philippines (1.9 million tons), Algeria (1.7 million tons), Morocco (1.1 million tons), and Tunisia (1 million tons). Together, these countries account for 80 percent of the announced initiatives. The 1993/94 initiatives for wheat sales to Mexico, Norway, and Eastern Europe (durum only) were not renewed in 1994/95.

On July 18 and August 1, USDA announced EEP wheat flour initiatives totaling 1.2 million tons for 50 countries and republics. The majority of the 1994/95

initiatives are for Egypt (504,500 tons), Yemen (400,000 tons), Sub-Saharan African countries (379,500 tons), and the former Soviet Union (100,000 tons).

CCC Export Credit Guarantee Programs

As of August 12, GSM-102 and -103 credit guarantee applications received by the CCC amounted to almost $2.7 billion, more than 20 percent below those received by the same date in fiscal 1993. 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. Higher credit guarantee applications have been received mainly for Egypt and Indonesia.

U.S. agricultural exports through June, the latest data available, are essentially unchanged from year-earlier levels. Since sales registered under the GSM-102 and -103 programs through May were down significantly (even when sales to Russia and other former Soviet republics were excluded), the GSM-102 and -103 programs will likely play a lesser role in U.S. agricultural exports in fiscal 1994 than in fiscal 1993.

The P.L. 480 Food Aid Program

The United States provides food aid mainly through the P.L. 480 Program, which is comprised of the Title I, II, and III programs. The fiscal 1994 program level for P.L. 480 is estimated at $1,539 million, compared with $1,686 million in fiscal 1993.

The Title I program level for fiscal 1994 is $462 million for commodities and ocean freight differential costs, about $80 million less than in 1993. On July 12, USDA announced revised country and commodity allocations for the fourth quarter of fiscal 1994 under Title I and the Food for Progress program, funded under Title I appropriations. A total of $355.5 million was allocated for commodity loans and grants. The former Yugoslav Republic of Macedonia was added to the list of countries receiving Title I allocations, while funds previously allocated to Poland, Romania, the Slovak Republic, and Yemen were returned to the unallocated reserve. Allocations for Angola, Belarus, Congo, Jamaica, Moldova, and Sri Lanka were increased by a total of $46 million.

Wheat and wheat flour represent almost two-thirds of the volume of Title I allocations, followed distantly by oilseeds and oilseed meal, which account for less than 20 percent. Other commodities are feed grains and rice with 10 and 8 percent respectively, and cotton and vegetable oils with 2 percent each. Wheat and wheat flour allocations of 922,000 tons were down 22 percent, a significant change from this time last year. This is due mainly to the withdrawal of El Salvador and Yemen from the program and a much lower allocation to Jordan. Increases in allocations for some of the former Soviet Union and Central and East European countries were not enough to offset these changes.

Of the approximately 1.5 million tons of commodities allocated under Title I, East European countries received more than half, followed by countries in

Latin America and Asia, with 19 and 11 percent, respectively. Recipients in Africa and the Near East received lesser amounts.

The Title II level for fiscal year 1994 was $822 million but has been augmented to $904 million by the transfer of funds from other titles and the use of prior-year funds. This is $72 million higher than in fiscal 1993. By the end of July, Title II commodity allocations totaled 2.1 million tons, similar to the same time in fiscal 1993. The top commodities shipped under Title II are wheat and wheat flour (914,000 tons), and feed grains (666,000 tons). Lesser amounts of rice, vegetable oil, and pulses were also allocated. Fifty percent of the total value of Title II allocations were directed to African countries, with Ethiopia, Somalia, and Liberia being the major recipients in the region. Asian and Latin American countries were allocated slightly less than 20 percent each. Central and East European countries received 11 percent, with the remainder going to Near Eastern countries.

The Title III program level of $255 million for fiscal year 1994 has been reduced to $230 million as a result of a transfer of funds to Title II. The Title III program level in fiscal 1993 was $312 million. The Agency for International Development, which administers Title III, announced at the beginning of August that agreements had been signed with 12 countries to provide 900,000 tons of corn, rice, sorghum, tallow, and wheat. Bangladesh and Ethiopia each received 22 percent of the volume, followed by Bolivia with 11 percent. A number of other countries received smaller amounts.

In response to the humanitarian crisis that erupted in Rwanda following the plane crash that killed President Habyarimana on April 6, the United States pledged 77,000 tons of food valued at almost $60 million. Food aid represents about one-quarter of all assistance that the United States has pledged to meet needs there.

Import Commodities

Total U.S. agricultural imports are projected at $25.5 billion for fiscal year 1994, up $500 million from the May 1994 forecast. Competitive imports were higher than expected in the third quarter, with increased shipments of horticultural products, tobacco, and seeds. The forecast for competitive imports has been revised upward to $19.6 billion. Noncompetitive imports are unchanged at $5.9 billion.

Live animal imports were slower than expected, with October-June shipments 16 percent behind last year. The forecast for live animal imports has been lowered $1 million to $1.3 billion. High U.S. feeder and slaughter cattle herd numbers, combined with low prices, have slowed Canadian shipments of live animals. Live cattle imports are expected to remain at $1.3 billion in fiscal 1995.

Beef and veal import values for fiscal year 1994 are forecast at $1.9 billion, unchanged from the previous forecast. They are expected to remain at $1.9 billion in fiscal 1995. The pork import forecast for fiscal 1994 is unchanged at $800 million, but volume is up 10,000 tons as shipments of less-processed

pork increased. Pork shipments are expected to decline in fiscal 1995 to $700 million, as U.S. production increases.

The forecast for fiscal year 1994 horticultural imports has been raised $100 million from the May forecast to $2.2 billion because of larger-than-expected juice shipments in the third quarter (April-June). Strong third-quarter orange juice imports because of early-season commitments by importers have resulted in a total juice forecast of 28,000 hectoliters (HL), 6,000 HL greater than the May forecast. Fruit imports in fiscal 1995 are expected to remain steady at $2.2 billion.

The fiscal year 1994 forecast for grains and feeds is unchanged at $2.2 million. The first projection for fiscal 1995 calls for a decline to $2 million because of weaker prices and lower U.S. import demand as production increases. Imports of wheat, oats, and barley are expected to decline, significantly lowering the grain and feed volume.

Vegetable imports are forecast at $2.6 billion for fiscal year 1994, unchanged from the May forecast. The forecast reflects a $200-million increase from fiscal 1993. For fiscal 1995, vegetable imports are projected to increase to $2.7 billion.

The fiscal year 1994 forecast for the import value of oilseeds and products is unchanged from May, although the quantity has been increased from 2.9 million tons to 3.2 million because of increased third-quarter shipments at lower-than-expected prices. The fiscal 1995 projection for imports is $1.3 billion, down $100 million from fiscal 1994, the result of increased oilseed production in the United States and declining prices for soybeans and other oilseeds.

Unmanufactured tobacco imports for fiscal year 1994 are forecast at $900 million, $100 million more than the May forecast because of higher-than-expected import value in the third quarter. Volume is forecast at 300,000 tons, 25,000 tons greater than the May forecast. Lower world prices due to large 1993 crops in Brazil and Zimbabwe, and reduced U.S. purchases from Turkey-- traditionally a source of high-quality leaf--have reduced unit values. U.S. tobacco imports in fiscal 1995 are projected to decrease $100 million to $800 million because of large stocks of imported tobacco.

Noncompetitive imports are forecast to be $5.9 billion, unchanged from the May forecast. The forecast for coffee value has been reduced $200 million to $1.8 billion, and volume is lowered 150,000 tons from the May forecast to 900,000 tons, because of lower third-quarter shipments due to escalating prices. Cocoa imports are expected to total $1.1 billion, unchanged from the May forecast but $100 million higher than in fiscal 1993. The forecast for rubber is unchanged at $900 million, but volume is expected to be 1.1 million tons, 100,000 tons below the May forecast, due to lower-than-expected third-quarter imports. The forecast for tea and spices is unchanged at $200 million and $300 million, respectively. The volumes of both declined in the third quarter, but not enough to change the forecast of 150,000 tons for tea and 140,000 tons for spices. Gains of $100 million are projected for both cocoa and rubber imports in fiscal 1995.

Agricultural imports are forecast at $27.5 billion in fiscal year 1995, largely due to an expected $2.2-billion increase in coffee imports. In spite of rising prices, importers will be forced to buy coffee to meet current consumption. Stocks have been falling as buyers put off purchases because of high prices caused by production shortfalls in Colombia and Brazil. Also, some coffee producers have withheld exports from the world market. Low international prices in recent years have resulted in poor maintenance of plantations and reduced tree plantings, which has added to the production squeeze. The surge in coffee import value will raise noncompetitive imports to $8.3 billion in fiscal 1995.

Table 5--U.S. agricultural imports: Value by commodity, 1992-95

Commodity	October-June 1992/93	October-June 1993/94	Fiscal 1993	Fiscal 1994 Forecast	Fiscal 1995 Projected
	--Billion dollars--				
Competitive products	14.584	15.462	18.929	19.6	19.2
Animals and products	4.474	4.421	5.917	5.7	5.5
Live animals	1.241	1.043	1.569	1.3	1.3
Beef and veal	1.398	1.398	1.919	1.9	1.9
Pork	.491	.578	.663	.8	.7
Dairy products	.639	.706	.860	.9	.9
Horticultural products	5.393	5.740	6.863	7.1	7.3
Fruits (incl. juices)	1.618	1.749	2.037	2.2	2.2
Vegetables and preps.	1.997	2.137	2.440	2.6	2.7
Nuts and preparations	.381	.346	.508	.4	.4
Wines and malt beverages	1.397	1.508	1.878	1.9	2.0
Grains, feeds, and products	1.188	1.763	1.639	2.2	2.0
Sugar and related products	.782	.765	1.057	1.1	1.1
Oilseeds and products	.916	1.110	1.204	1.4	1.3
Tobacco, unmanufactured	.951	.721	1.101	.9	.9
Seeds	.175	.211	.214	.4	.4
Other competitive	.706	.730	.934	.8	.7
Noncompetitive products	4.209	4.341	5.525	5.9	8.3
Bananas and plantains	.816	.795	1.083	1.0	1.0
Coffee, incl. processed	1.163	1.219	1.502	1.8	4.0
Cocoa, incl. processed	.771	.811	1.028	1.1	1.2
Rubber and allied gums	.644	.648	.839	.9	1.0
Spices	.201	.229	.259	.3	.3
Tea	.141	.144	.187	.2	.2
Other noncompetitive	.473	.495	.628	.6	.6
Total	18.793	19.803	24.454	25.5	27.5

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

Commodity	October-June 1993/94	October-June 1994/95	Fiscal 1993	Fiscal 1994 Forecast
	--Thousand metric tons--			
Competitive products	11,834	16,970	15,338	21,515
Beef and veal	593	615	795	780
Pork	201	298	274	315
Cheese & casein	164	162	221	220
Horticultural products	3,809	3,911	4,478	4,600
Fruits and preparations	1,829	1,870	2,159	2,100
Vegetables-fresh & frozen	1,839	1,899	2,127	2,300
Nuts and preparations	141	142	193	200
Wines and malt beverages 1/	9,188	10,820	12,804	14,000
Fruit juices 1/	18,442	24,666	27,052	28,000
Grains, feeds, and products	3,544	7,974	4,942	10,300
Sugar, cane or beet 2/	1,199	992	1,569	1,500
Oilseeds and products	1,837	2,490	2,484	3,200
Tobacco, unmanufactured	317	251	386	300
Seeds	170	277	189	300
Noncompetitive products	5,252	5,133	6,937	6,790
Bananas and plantains	2,790	2,853	3,737	3,700
Coffee, incl. processed	927	719	1,185	900
Cocoa, incl. processed	577	582	770	800
Rubber and allied gums	748	765	981	1,100
Spices	98	103	124	140
Tea	112	111	140	150

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

Table 7--U.S. agricultural imports: Value by region, 1992-94

Region	October-June 1992/93	October-June 1993/94	Fiscal 1993	Fiscal 1994 Forecast
	--Billion dollars--			
Western Europe	3.800	4.018	5.080	5.1
European Union	3.544	3.723	4.735	4.8
Other Western Europe	.256	.295	.345	.3
Central and Eastern Europe	.240	.195	.281	.2
Former Soviet Union	.023	.024	.029	7/
Asia	3.858	2.892	3.746	3.7
Japan	.195	.205	.258	.3
China	.306	.346	.425	.4
Other East Asia 1/	.225	.220	.297	.3
Other Asia 2/	3.132	2.121	2.767	2.7
Middle East 3/	.375	.286	.426	.3
Africa	.487	.490	.623	.6
North Africa 4/	.041	.033	.054	7/
Sub-Saharan Africa	.446	.457	.569	.6
Latin America	6.324	6.625	7.969	8.3
Mexico	2.282	2.373	2.708	2.9
Other Latin America	4.042	4.252	5.261	5.4
Brazil	.864	1.027	1.199	1.2
Canada	3.302	3.932	4.422	5.5
Oceania	1.386	1.342	1.879	1.8
Total	18.795	19.803	24.454	25.5
Developed countries 5/	5.758	6.253	11.639	12.7
Developing countries	6.520	6.720	12.080	12.2
Other countries 6/	.215	.245	.735	.6

1/ Korea, Hong Kong, and Taiwan.
2/ Afghanistan, India, Pakistan, Nepal, Bangladesh, Sri Lanka, Burma, Thailand, Vietnam, Laos, Cambodia, Malaysia, Singapore, Indonesia, Brunei, the 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 Soviet Union, Central and Eastern Europe, and China.
7/ Less than $50 million.

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- U.S. farmers will gain from the increase in world income that will arise from the Uruguay Round agreement.
- U.S. agricultural exports are expected to increase by between $1.6 billion and $4.7 billion in 2000 and between $4.7 billion and $8.7 billion in 2005.
- Increased exports mean more export-related jobs, particularly for high-value and value-added products.
- Increased exports will raise farm prices, increase farm income, and lower Government outlays on price and income support programs.
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The Uruguay Round (UR) Agreement is an historic effort to open world agricultural markets, prompting increased trade and dynamic growth. The agricultural agreement covers four areas implemented over a 6-year period, 1995-2000, export subsidies, market access provisions, internal supports, sanitary and phytosanitary measures.

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