

OUTLOOK for U.S. Agricultural Exports

Approved by the World
Agricultural Outlook Board,
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of Agriculture

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U.S. EXPORT FORECAST FOR FISCAL YEAR 1993 UNCHANGED AT \$42.5 BILLION

At \$42.5 billion, the current forecast for U.S. agricultural exports in fiscal year 1993 is unchanged from the last forecast, published in May. Prospects have weakened for coarse grains, cotton, and tobacco, but improved for horticultural and other high-value products. The volume forecast has been reduced 3 million metric tons since May, primarily reflecting reduced prospects for corn exports.

Compared with fiscal 1992, virtually no change is forecast for export value in fiscal 1993, as higher export values for wheat, soybeans, and high-value products offset lower export values for coarse grains and cotton. However, at 147 million metric tons, fiscal 1993 export volume is expected to gain more than 3 million tons, due to year-to-year gains in wheat, corn, rice, and soybeans.

At \$25 billion, the forecast for fiscal 1993 imports is unchanged. Growth in livestock and vegetable imports account for much of this year's expected gain. The projected fiscal 1993 agricultural trade surplus remains at \$17.5 billion.

For fiscal year 1994, little change is expected in the total value of U.S. agricultural exports as growing exports of high-value products partially offset lower bulk exports.

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

Item	-- Year beginning October 1 --						:Forecast : 1992/93
	: 1987/88	: 1988/89	: 1989/90	: 1990/91	: 1991/92	: 1992/93	
	-- Billion dollars --						
Exports	: 35.4	: 39.6	: 40.1	: 37.5	: 42.3	: 42.5	
Imports	: 21.0	: 21.5	: 22.5	: 22.6	: 24.3	: 25.0	
Trade balance	: 14.4	: 18.1	: 17.6	: 14.9	: 18.0	: 17.5	
	-- Million tons --						
Export volume	: 148.4	: 146.3	: 148.7	: 129.4	: 143.6	: 147.0	

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

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Commodity Highlights

The fiscal 1993 forecast for wheat and flour exports remains unchanged from May's forecast of \$4.8 billion. The expected volume for wheat exports remains unchanged at 35.5 million tons, but wheat flour exports were revised up by 100,000 tons to 1.1 million tons. When compared to the previous year, fiscal 1993 wheat and flour exports are expected to rise by \$300 million and 1.5 million tons. The lower quality of Canadian and Australian supplies available for export and larger U.S. shipments to Morocco, India, Nigeria, Venezuela, and Mexico have buoyed sales.

Coarse grain exports are forecast to reach 50.7 million tons in fiscal 1993, down 2.5 million tons from May's forecast. Weaker prospects for imports by Mexico and the former Soviet Union (FSU) account for much of this decline. The lower FSU purchases are linked with delays in completing the \$700 million aid package announced in April. Greater than previously expected competition in Korea from feed wheat suppliers was also a factor. In fiscal 1993, coarse grain exports are projected to decline \$500 million and increase 600,000 tons from the previous year.

The forecast for fiscal 1993 rice exports was revised up by \$100 million and 100,000 tons from May's forecast. Compared to the previous year, export value is expected to remain unchanged at \$800 million, while volume is expected to reach 2.5 million tons. Larger U.S. shipments to Saudi Arabia and Mexico are buoying sales.

The forecast for fiscal 1993 oilseeds and products exports was unchanged at \$7.5 billion, up \$200 million from the previous year. Export volume is expected to rise 1 million tons from the previous year to 29.9 million tons. Most of the change from last year is due to higher soybean exports, which are now forecast at 20.5 million tons, up 200,000 tons from May's forecast and 1.3 million tons above last year's exports. Reduced world rapeseed and cottonseed supplies, and lower than usual Chinese and South American exportable soybean supplies boosted U.S. soybean sales to the European Community (EC) and other markets. The fiscal 1993 forecast for soybean meal, revised slightly down from May's forecast, is 600,000 tons and \$100 million lower than last year's export levels. Soybean oil exports are expected to remain unchanged in fiscal 1993.

The forecast for fiscal 1993 cotton exports was lowered by \$300 million and 100,000 tons from May's forecast, and is now \$800 million and 300,000 tons below last year's shipments. These declines reflect the sluggish demand in global markets and increased competition from other suppliers.

The fiscal 1993 forecast for unmanufactured tobacco exports was lowered by \$100 million from May's forecast. At 1.5 billion for fiscal 1993, exports are expected to fall slightly from last year's levels, with weaker sales to East Asia accounting for most of the decline.

The current forecast for fiscal 1993 exports of livestock products remains at \$6 billion, unchanged from the previous year and the May forecast. Beef exports are expected to rise from the previous year, largely due to the strength of sales to Japan. These sales gains, however, will be partly offset by lower cattle exports to Mexico.

The current forecast for fiscal 1993 poultry exports remains unchanged at \$1.3 billion, but \$100 million above last year's levels. Dairy product exports were again forecasted at \$900 million, up \$200 million from the previous year. Expected gains for exports of dairy products are largely due to stronger sales to Mexico and record shipments to Russia.

The current fiscal 1993 forecast for horticultural products was raised \$100 million from May's forecast to \$7.1 billion. While \$300 million above last year's record of \$6.8 billion, growth in export earnings slowed this year due to: price weakness in the citrus

Table 2--U.S. Agricultural Exports: Value By Commodity 1991-93

Commodity	October-June		Fiscal	Fiscal
	1991/92	1992/93	1992	1993
				Forecast:
	--Billion dollars--			
Grains and feeds 1/	10.695	11.211	14.095	14.3
Wheat & flour	3.365	3.859	4.482	4.8
Rice	.585	.589	.758	.8
Coarse grains 2/	4.305	4.087	5.659	5.2
Corn	3.403	3.379	4.593	4.3
Feeds and fodders	1.588	1.675	2.077	2.2
Oilseeds and products	5.801	6.182	7.338	7.5
Soybeans	3.504	3.941	4.311	4.6
Soybean meal	1.041	.976	1.334	1.2
Soybean oil	.244	.260	.356	.4
Livestock products	4.442	4.442	5.973	6.0
Beef, pork & variety meats:	2.145	2.282	2.935	3.1
Hides & skins	.979	.951	1.317	1.3
Poultry & products	.898	.957	1.195	1.3
Dairy products	.526	.653	.733	.9
Horticultural products	5.237	5.402	6.844	7.1
Fruits & preparations	2.112	1.984	2.822	2.7
Vegetables & preparations	1.991	2.283	2.571	2.9
Nuts & preparations	.883	.873	.943	.9
Tobacco, unmanufactured	1.282	1.215	1.568	1.5
Cotton & linters	1.921	1.265	2.195	1.4
Seeds	.534	.558	.667	.7
Sugar, tropical, and other	1.258	1.358	1.706	1.8
Total 3/	32.613	33.246	42.314	42.5

Table 3--U.S. Agricultural Exports: Volume By Commodity 1991-93

Commodity	October-June		Fiscal	Fiscal
	1991/92	1992/93	1992	1993
				Forecast:
	--Million metric tons--			
Wheat	26.518	27.680	34.289	35.5
Wheat flour	.604	.888	.808	1.1
Coarse grains	37.534	40.392	50.195	50.8
Corn	29.533	33.418	40.597	42.0
Feeds & fodders	9.020	9.080	11.711	11.8
Rice	1.751	2.001	2.281	2.5
Oilseeds and products	23.040	25.276	28.881	29.9
Soybeans	15.659	17.750	19.247	20.5
Soybean meal	4.900	4.861	6.301	5.7
Soybean oil	.515	.519	.747	.7
Beef, pork & variety meats	.644	.676	.870	.9
Poultry meat	.581	.695	.787	.9
Animal fats	1.027	1.051	1.392	1.4
Cotton & linters	1.319	.956	1.527	1.2
Horticultural products	4.605	4.6015	5.951	6.2
Other	4.444	5.022	4.944	4.8
Total agriculture	110.408	117.223	143.636	147.0
Major bulk products 4/	82.950	88.745	107.539	110.5

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

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

market, lower deciduous fruit sales due to a record fruit harvest in Europe, and a lower California almond crop.

Economic Outlook

The world economic outlook has continued weakening since May due to deteriorating conditions in the foreign industrialized countries. A 2-percent contraction in Germany's Gross Domestic Product (GDP) is now forecast for 1993, following a meager 1.5 percent gain in 1992. Japan's 1993 GDP growth is now expected to be about 1 percent for the second consecutive year.

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

The U.S. dollar's performance on foreign exchange markets has been mixed since the beginning of fiscal 1993, weakening versus the yen, but increasing versus the mark and the Canadian dollar. Adjusted for differences between U.S. and overseas inflation, and weighted by agricultural trade, the U.S. dollar has climbed slightly since the end of fiscal 1992.

Regional Highlights

European Community

The forecast for U.S. agricultural exports to the EC in fiscal 1993 was reduced slightly this quarter. Weaker prospects for both bulk and high-value products resulted in a \$300 million decline in the forecast to \$7.3 billion. However, this is still \$100 million above fiscal 1992's \$7.2 billion.

Most of fiscal 1993's \$100 million increase is expected in soybeans and soybean meal. EC demand for imported soybeans has risen in fiscal 1993 with higher protein meal consumption and lower EC oilseed production. The decline in EC 1992/93 oilseed production was the result of both changes in oilseed policy and a 1992 drought in northern Europe that reduced rapeseed yields.

Rapeseed supplies to crushers were further reduced by strong demand for EC rapeseed exports, the result of a reduced Canadian crop and changes in the EC oilseed policy that eliminated the policy-based bias toward domestic crushing of EC-produced oilseeds. EC rapeseed exports were record-high as other countries sought new sources of high-quality rapeseed to replace reduced supplies from Canada. In the first part of the 1992/93 marketing year, EC producers withheld rapeseed from the domestic market in protest of low prices. Both factors created shortages of rapeseed for EC crushers, and 1992/93 saw the highest soybean crush in the EC since the 1979-82 peak period.

Market factors favored the United States to garner a large share of the EC's increased soybean imports. The EC's increased demand for imported soybeans coincided with October-March, the time of year when the United States is the principal supplier to the EC market. High soybean prices in South America allowed U.S. soybeans to remain competitive in the EC market beyond the normal shipping season. The decline in EC production of relatively oil-rich soft seeds meant an increase in EC demand for vegetable oil. This factor boosted demand for imports of whole beans rather than soybean meal, although meal imports also rose.

Table 4--U.S. agricultural export value by region

Region	October-June		Fiscal:	Fiscal
	1991/92	1992/93	1992	1993
				Forecast
	--Billion dollars--			
Western Europe	6.317	6.276	7.721	7.8
European Community <u>1/</u>	5.903	5.916	7.176	7.3
Other Western Europe	.414	.360	.545	.5
Central and Eastern Europe <u>2/</u>	.150	.391	.221	.5
former USSR	2.196	1.210	2.685	1.9
Asia	12.358	12.105	15.974	15.7
Japan	6.427	6.377	8.362	8.2
China	.644	.288	.689	.4
Other East Asia	3.791	3.739	4.922	4.9
Taiwan	1.505	1.499	1.911	2.0
South Korea	1.660	1.559	2.195	2.0
Hong Kong	.625	.669	.815	.9
Other Asia	1.496	1.701	2.001	2.2
Pakistan	.155	.171	.225	.2
Philippines	.312	.403	.442	.6
Middle East	1.251	1.445	1.765	1.9
Israel	.261	.266	.346	.3
Saudi Arabia	.378	.347	.547	.4
Africa	1.450	2.104	2.298	2.5
North Africa	.970	1.279	1.408	1.6
Egypt	.513	.577	.707	.7
Algeria	.318	.349	.477	.5
Sub-Saharan Africa	.480	.826	.890	.9
Latin America	4.794	5.161	6.422	6.7
Mexico	2.761	2.773	3.667	3.8
Other Latin America	2.033	2.388	2.755	2.9
Brazil	.127	.180	.143	.2
Venezuela	.280	.393	.394	.4
Canada	3.607	3.944	4.800	5.1
Oceania	.322	.324	.427	.4
Total	32.614	33.246	42.314	42.5
Developed Countries	17.067	17.596	21.915	22.1
Developing Countries	12.511	13.659	16.804	17.5
Other Countries	3.036	1.992	3.595	2.9

1/ Including East Germany.2/ Excluding East Germany.

U.S. exports of grains and feeds in fiscal 1993 will not be much changed from the previous year. The U.S.-EC Enlargement Agreement, under which the EC agreed to allow annual imports of 2 million tons of corn and 300,000 tons of sorghum into Spain, remains the chief factor influencing U.S. sales.

The EC has not yet adopted the November 1992 agreement with the U.S. that would prevent future disruptions in corn gluten feed trade. A so-called interim agreement has allowed trade to continue until the end of September 1993, but problems have been reported. Although shipments of corn gluten feed benefit from a bound zero tariff, customs reclassifications at some EC ports of entry earlier in the year resulted in exceedingly high duties, which discouraged importers from making purchases. Despite the problems at the ports, U.S. exports of corn gluten feed are expected to rise in fiscal 1993. Resolution of this dispute should help maintain U.S. corn gluten feed sales, but prices are likely to drop as a result of the EC's CAP (Common Agricultural Policy) Reform program for grains which caused a sharp drop for EC price support levels for 1993/94.

Cotton consumption in the EC continues its slide. Weaker consumer demand and increased imports of yarns, fabrics and finished apparel continue to force the closing of a number of mills in France, Italy, Belgium and the United Kingdom. U.S. sales of cotton are expected to slip again in fiscal 1993. In addition to depressed demand, U.S. exports face increased exportable supplies from a number of competing cotton producing countries. Cotton from the former Soviet Union is again important in EC purchases in fiscal 1993. Production of cotton in Greece, the EC's main producer, will rise as a result of a 20 percent expansion of area, in response to increased subsidy payments.

Japan

The forecast for U.S. agricultural exports to Japan in fiscal 1993 was raised \$100 million to \$8.2 billion, but remains slightly down from the fiscal 1992 exports of \$8.4 billion. Compared with last year, increases are projected for beef, pork, wheat products, oilseeds, and oilseed products. Value decreases are projected for poultry meat, cattle hides, feed grains, fruits and preparations, and cotton.

Japanese agricultural imports continue to be affected by a weak economy, which remains in a state of slow and uncertain recovery. Consumer spending continues to be very weak, and until the Japanese labor market improves (the ratio of job offers to applicants hit a 5-year low in May), little real change is expected in consumer confidence. Moreover, while the business confidence index shows improvement, other measures, such as the housing starts index, show new signs of deterioration.

The weak Japanese domestic economy has led to a reduced demand for many imports and caused Japan's trade surplus to expand rapidly, with its 1993 value expected to hit \$150 billion. The bilateral surplus with the United States is about one third of this value. Exchange rate changes have moderated the declining demand for imports by reducing the price of imports in yen terms. The Japanese yen continues to strengthen, with the yen/dollar exchange rate (currently hovering above 100 yen/dollar) reaching new lows in August.

U.S. beef exports to Japan remain strong and are expected to surpass fiscal 1992's 200,000 tons. They have clearly been aided by reduced retail prices and promotion campaigns by Japanese retailers which have boosted domestic demand for imported beef. The rising beef imports prompted Japanese officials to meet with beef importers in early August to seek to discourage rising imports. There is little reason to believe that this will have any real negative effect on imports.

The United States continues to face increased competition in the Japanese poultry meat import market, which consists mainly of the food processing and restaurant sector. The overall market continues to expand, but China and Brazil both have emerged as strong

competitors. During the first 9 months of fiscal 1993, U.S. poultry meat exports to Japan fell 22 percent to 87,000 tons.

The weak Japanese economy continues to affect the demand for raw cotton adversely. The Japanese textile industry is under considerable pressure, with decreased domestic demand for clothing a major factor. Japanese firms continue to close some domestic textile mills and to relocate production off-shore. The U.S. share of Japanese raw cotton imports is expected to rise slightly to 43.5 percent, but the overall demand is falling.

Canada

The forecast for U.S. agricultural exports to Canada was raised slightly this quarter, in part reflecting an improved outlook for U.S. horticultural exports to Canada. While Canada's unemployment remains high, over 11 percent, and the Canadian dollar has strengthened this year, Canada's economy is expected to be the fastest growing of all the developed countries in 1993, with GDP expected to expand at a 3.3 percent rate.

U.S. corn exports to Canada rose nearly \$100 million during the first 9 months of the fiscal 1993. Higher Canadian imports followed the devastation of Canada's 1992 corn crop by a cool, wet growing season and adverse harvesting conditions. Some crop was abandoned and harvested crop was mainly of poor quality. Although Canada's corn production is anticipated to rebound in 1993/94, imports of U.S. corn will continue to be necessary until new crop supplies become available. U.S. soybean exports to Canada are also expected higher in fiscal 1993, as the poor growing conditions that affected the corn crop in Eastern Canada also reduced soybean production, although not as dramatically.

Vegetable oil exports are forecast to remain above year-earlier levels through the end of fiscal 1993. Vegetable oil exports were expected to rise following a reduction in the quality of Canada's canola caused by the harvest freeze. The availability of No. 1 canola has been substantially reduced, limiting the availability of canola for domestic crushing in fiscal 1993, and increasing demand for U.S. oils.

U.S. beef exports to Canada fell slightly during the first 9 months of fiscal 1993. However, U.S. beef exports to Canada could rise during the remainder of fiscal 1993 since Canada recently levied a 25 percent ad valorem tariff for the rest of 1993 on non-U.S. boneless beef imports.

U.S. exports of fruits to Canada are currently behind the year-earlier levels, with the most significant decline occurring in fresh grapes. Nevertheless, U.S. exports of apples are rising in fiscal 1993, with the very large U.S. apple crop in 1992. Orange exports to Canada have increased greatly due to a moderate decline in prices.

Former Soviet Union

The estimate for fiscal 1993 U.S. agricultural exports to the FSU-15 has been revised downward, due to slow progress in finalizing the credit portion of the \$700-million Food for Progress package announced for Russia in April. Fiscal 1993 U.S. exports are being projected at \$1.6 billion, down more than 10 percent from the previous estimate of \$1.9 billion, and a decrease of over 40 percent from fiscal 1992. Several factors have led to lower fiscal 1993 exports: Russia's suspension from the GSM-102 credit guarantee program, severe hard currency constraints in all of the republics, a projected 1993 FSU grain output increase of 8 million tons from 1992, and decreased grain demand due to declining livestock herds. Nearly all U.S. agricultural exports to the FSU since Russia's suspension from the GSM-102 program have been under concessional or donation food programs, such as P.L. 480 Title I, Section 416(b), and Food for Progress. The exceptions to this include \$5 million in GSM-102 credits used by Estonia to purchase cotton, and \$90 million of Ukraine's previously allocated \$200 million GSM-102 credit line for the purchase of feed grains (the remaining \$110 million for Ukraine is non-operational). On

August 16, USDA announced \$15 million in fiscal 1993 GSM-102 credit for Uzbekistan, for the purchase of wheat.

The primary reason for adjusting the fiscal 1993 U.S. export figure down is the slow pace in finalizing the \$700 million Food for Progress package announced by President Clinton in April. While USDA Secretary Mike Espy and Russian Deputy Prime Minister Alexander Zaveryukha signed an agreement in June, subsequent agreements necessary for the release of \$428.5 million in concessional credit sales have not been finalized. However, agreements for the \$71.5 million in wheat and sugar donations included in the package have been signed. The Food for Progress package includes concessional credit sales and donations for 2-3 million tons of grain, mostly corn, with grain comprising over half of the package in value terms. Other commodities included in the package are wheat, soybean meal, butter, soybean oil, sugar, peanuts, and poultry. As of mid-August, purchase authorizations had been finalized for the corn, wheat, and soybean meal allocations.

Several factors may explain Russia's slow use of the Food for Progress package. First, domestic supply of grain is expected to increase, given above average harvest prospects and significantly higher procurement prices that will be indexed monthly for inflation. Secondly, livestock herds in Russia have continued to contract, with poultry and pork inventories experiencing the greatest declines. This means that grain consumption should be lower, given the high levels of grain historically consumed by livestock. In addition, output of forage crops is expected to be up this year, further decreasing grain demand for livestock feed. Finally, since these are the first concessional sales to Russia, their representatives need to become familiar with all operational procedures.

October-June 1992/93 data show a 45 percent decrease in the total value of U.S. agricultural exports to the FSU compared to the same period in fiscal 1992. The most notable declines were posted in grain and oilseed exports, which fell 37 percent and 776 percent in value terms, respectively. Exports of dairy products continue to grow compared to fiscal 1992 levels, mostly due to butter, and milk donations provided through U.S. food aid programs. Exports of fruits, nuts, and vegetables have also increased compared to fiscal 1992. Other commodities exported in larger quantities in fiscal 1993 include seeds, sugar and tropical products, nursery and greenhouse products, beverages (excluding juices), and other miscellaneous vegetable products.

Central and Eastern Europe

U.S. exports to Central and Eastern Europe (CEE) for fiscal 1993 are again forecast at \$500 million, more than double fiscal 1992's \$221 million. U.S. exports to CEE were unusually low in fiscal 1992, however. Exports in 1991 are probably a better base for comparison than those of 1992 since 1990 was an average year for CEE agricultural production, while 1991 was a bumper crop year. Compared to fiscal 1991 exports (\$306 million), U.S. exports to the CEE countries are forecast only 67 percent higher in fiscal 1993.

U.S. exports to the CEE countries through the third quarter of fiscal 1993--totaling \$391 million--were 161 percent higher than the same period last year. This increase can be attributed mostly to last summer's (1992) drought which reduced CEE grain harvests by 26 percent.

Part of this shortfall has been made up through food assistance to Central and Eastern Europe which in fiscal 1993 totaled nearly \$200 million. In fiscal 1993, under the PL 480 Title I program, Romania received \$10 million for 61,400 tons of wheat flour; Bulgaria received a \$10 million allocation to be used for 100,000 tons of feed grains. Under the Food for Progress Title I program, Albania received a \$66-million package which included 40,000 tons of wheat flour, 17,000 tons of rice, and 9,000 tons of vegetable oil. Poland was awarded 200,000 tons of corn from Food for Progress, CCC direct-purchase funds.

Albania and Romania both received 416(b) credits for butter/butteroil, with 5,000 tons going to Albania and 400 tons to Romania in fiscal 1993.

Under GSM 102, the Czech Republic received a \$25 million package which included \$8 million in credits for cotton, \$7 million for protein meals, \$1 million for pulses, and \$5 million for rice. For Hungary a \$10 million credit package which included \$5 million for cotton was announced. Romania received a \$51 million package, with \$1 million for poultry breeder stock, \$15 million for cotton, and \$35 million for wheat. A \$13 million credit package was announced for Slovenia, including \$3 million in feed grains, \$4 million for protein meals and \$0.6 million for wheat/wheat flour.

Any effects from this summer's dry spell in the Northern tier of CEE would become apparent only in fiscal 1994. CEE imports of grains will not increase in fiscal 1993 due to the reduction in consumer demand for grains, the continued downsizing of livestock herds, and a shortage of hard currency.

China

U.S. agricultural exports to China in fiscal 1993 are forecast to decline to about \$400 million, 42 percent below 1992 exports of \$689 million, and unchanged from the May forecast. The fall in value is due to substantial declines in the exports of the two main bulk commodities, wheat and cotton. However, some of the decline in sales will be offset by rapidly rising exports of poultry meats, baby chicks, and soybeans.

China's real 1992 GNP growth was 12.8 percent. Growth in 1993 will likely fall to around 10 percent, in part because of the government's tighter fiscal and monetary policies. However, in the first 6 months of 1993, urban inflation was 17.4 percent and reportedly much higher in some coastal provinces and in the largest cities. Although overall imports have risen rapidly, particularly in materials to support the booming construction industry, agricultural imports are falling. High levels of stocks in many agricultural commodities, the lack of bank credit for processing or trade enterprises involved in the low-profit agricultural sector, and the devaluation of the yuan on the swap market (the limited, semi-independent currency exchange market), have dampened demand for agricultural imports.

U.S. fiscal 1993 wheat sales to China are forecast to fall from 1992's 4.2 million tons. This year's record crop, following several years of bountiful grain harvests and the resulting rise in domestic stocks has reduced demand for imported wheat. During the first 9 months of fiscal 1993, U.S. wheat exports to China fell 50 percent, to 2 million tons.

China's demand for cotton imports has fallen significantly this year--despite a smaller-than-expected harvest in 1992/93--primarily because of high domestic stock levels and continued strict government control of cotton imports. China is reducing stocks through consumption rather than exports because the high state-controlled domestic procurement price generally makes cotton exports a money-losing venture.

China's fiscal 1993 animal and animal product imports are expected to climb from \$29 million in 1992, with the largest contributors being live chicks and poultry meats. Although the export value of these two commodities only accounts for about 7.2 percent of total U.S. agricultural exports, they will likely continue to show unusually rapid rates of growth, driven by China's poultry industry shift away from native breeds and rapidly rising demand for high-quality poultry meats.

Taiwan

U.S. farm sales to Taiwan in fiscal 1993 are forecast at \$2 billion, slightly higher than the May forecast and also marginally more than fiscal 1992. Compared with fiscal 1992, increased volume sales are forecast for most of Taiwan's major agricultural imports, such

as coarse grains, soybeans, and wheat. Cotton and tobacco imports, however, are expected to drop substantially. Demand for many high-value products, such as beef, dairy products, fruits and preparations, and nuts and preparations, are forecast to remain strong.

The United States will maintain its share of the wheat market in Taiwan, although the relaxation of regulations, effective June 1, 1993, to allow nonmembers of the Taiwan Flour Millers Association (TFMA) to import wheat is meant to encourage competition. Although the new policy allows non-traditional importers to import wheat, requirements including monetary deposits and registration by importers appear to mean that Taiwan's 35 flour millers will continue to be the primary importers. No drastic changes are expected regarding wheat imports or the U.S. share. The current annual import quota is still 850,000 tons (but it will be relaxed whenever domestic supply is tight). All wheat is imported by TFMA members who for decades have bought mainly from the United States. TFMA members will not mill wheat for nonmembers.

The volume of coarse grains and soybeans, accounting for more than half of U.S. farm exports to Taiwan, is forecast to increase in fiscal 1993 because of strong demand from the hog and poultry sectors--Taiwan's two dominant livestock sectors. The hog industry is expected to remain steady, while the poultry industry is forecast to show healthy growth in fiscal 1993.

Taiwan's export-oriented textile industry is faced with rising labor costs and increased competition from less expensive textile exporters. This has forced many Taiwanese mills to downsize or move offshore. In addition, Taiwan is expected to increase cotton yarn imports. The textile industry has declined since the mid-1980's, and cotton imports stagnated for several years until fiscal 1992. Taiwan's cotton imports in fiscal 1993 are expected to follow the long-term trend of decline in the textile industry.

Taiwan is a price buyer and purchases cotton from a variety of countries. The United States, followed by Australia and Tanzania, were the major sources in 1992. The high quality and reliable delivery of U.S. cotton have helped the United States to keep its market share (about 29 percent in 1992) in Taiwan's cotton import market. In particular, the United States is expected to benefit from Taiwan's increasing emphasis on the production of higher quality fabric. U.S. cotton exports to Taiwan in fiscal 1993, however, are forecast to decline substantially, mainly because of the decline in the textile industry.

While the United States dominates Taiwan's tobacco import market, its major competitors in 1992 were South Africa, Malawi, and Thailand. The market share of U.S. tobacco leaf increased with the development of low tar/nicotine cigarettes. Thus far, however, sales of the locally produced U.S.-type cigarettes have not been successful. In addition, the availability of large quantities of foreign cigarettes from smuggling (mainly from Japan) also have depressed local cigarette production. As a result, import demand for U.S. unmanufactured tobacco is forecast to decrease in fiscal 1993.

South Korea

U.S. agricultural exports to South Korea during fiscal 1993 is expected to be somewhat below a year earlier, and prospects have weakened slightly since May. Declines in U.S. exports of tobacco, corn, and cotton are expected to more than offset export increases in high-value products.

In June 1993 during a fifth round of meetings, the United States and South Korea reached a preliminary accord on beef import quotas and a timetable for reforming the system. Under the new agreement, the 1993 quota for beef imported from the United States, Australia and New Zealand will be set at 99,000 metric tons (boneless basis). In 1994 and 1995, quotas will rise to 104,000 and 109,000 tons respectively.

Annual quotas represent the minimum amount of beef South Korea intends to import. In the past, Korea imported around double the base quotas in an effort to control domestic prices and meet strong domestic demands for beef. While the 1992 base quota was initially set at 94,000 metric tons (carcass basis), imports were actually 185,000 metric tons.

U.S. poultry exports to Korea are expected to continue to benefit from the use of imported turkey meat as a substitute for pork in Korean processed foods. However, because of low pork prices, there may be some tendency to switch back to pork, and this may slow the increase of turkey meat used in these processed foods.

Under an international agreement scheduled to go into effect since January 1, 1993, Korea agreed to end its import ban on fresh and chilled (but not frozen) poultry. Last December, just prior to the termination of the import ban, the Korean government issued new import regulations which would tend to limit poultry imports. After U.S. objections, Korea agreed to new regulations which went into force April 1. U.S. poultry exports, however, are unlikely to benefit significantly from removal of the ban as the United States is currently facing substantial competition from lower priced suppliers.

U.S. exports of bovine hides to Korea is likely to remain the same as last year despite increasing labor costs and a general unprofitability in the Korean shoe industry. A large portion of imported hides are being tanned in Korea for export to Korean-owned manufacturing companies which have relocated to other Asian countries where wages are lower. Under this system, the demand for cattle hides should not weaken in the immediate future.

U.S. soybean exports to Korea may weaken in fiscal 1993 after reaching a record 1.2 million tons last year. The U.S. market share, however, should remain high given the current price situation. The expected leveling off in the demand for soybeans is due to high soybean oil stocks which are encouraging imports of soybean meal rather than whole beans. Oilmeal production continues to be limited primarily by domestic demand for oil. Local mills increased crushing sharply last year to supply the strong demand for soybean meal in the feed sector, driving soybean oil stocks higher.

Since soybean crushing is largely limited by demand for soybean oil (exporting excess production is not feasible given the current pricing structure), promoting increased soybean meal consumption in livestock feed rations will likely have very little effect on U.S. soybean sales to Korea.

U.S. cotton exports to Korea are expected to remain weak in fiscal 1993. High labor costs have made Korean cotton products less competitive in world markets, and the downturn in the Japanese economy has reduced Japanese demand for Korean products made from high quality yarns (extra-long-staple cotton) of which the U.S. is the primary supplier.

U.S. tobacco leaf exports to Korea in fiscal 1993 may decline 10-12 percent from year earlier levels. Korean tobacco producers achieved record yields for both flue cured and burley tobacco in 1992. Crop quality was generally rated good to very good. Contracts for 1993 have been signed, and sharp increases in flue-cured and burley plantings are projected. In addition, the Korean government has decided to liberalize their contracting system--increasing the contracted area and accepting all requests for contracts. This policy will tend to increase production further.

Hong Kong

The value of U.S. agricultural exports to Hong Kong in fiscal 1993 is forecast to reach \$900 million, over \$50 million above fiscal 1992's record. Projected value gains from the previous year for many farm products are expected to more than offset declines for grains and preparations, oilseeds and products, tobacco, and cotton. Brisk economic growth in

Hong Kong of around 5 percent predicted for 1993 and 1994 should sustain growth in agricultural imports.

While the Hong Kong Government's 1993 economic forecast remains optimistic (5.5 percent GDP growth), private-sector economists believe growth would be slower if the recent austerity drive in China, meant to deal with China's overheating economy, is vigorous. Since China is by far Hong Kong's biggest trading partner, measures taken to bridle economic growth in China would most likely affect trade, and possibly also the stock and property markets in Hong Kong.

The value of U.S. exports of animals and products to Hong Kong in fiscal 1993 is projected to rise from last year, helped by larger exports of beef and veal, pork, poultry meat, and cattle hides. U.S. poultry meat exports to Hong Kong in fiscal 1993 are forecast up significantly from fiscal 1992. U.S. poultry meat sales to the territory are expected to continue to benefit from a decline in local poultry meat production, greater consumer acceptance of frozen poultry meat, growth in the fast-food restaurant business, and increased re-exports to China.

U.S. exports of horticultural products to Hong Kong in fiscal 1993 are forecast to make strong gains from the year before. The value of sales during October-June compared with the same period a year earlier was up 14 percent for fruits and preparations, 48 percent for nuts, and 40 percent for vegetables and preparations.

Philippines

Fiscal 1993 U.S. agricultural exports to the Philippines are expected to be about \$600 million. Export growth is expected to slow as the worsening economic conditions and worsening power outages start to affect consumption. As a result, U.S. wheat exports to the Philippines are expected to only slightly exceed 1992's 1.3 million tons. Wheat exports comprise about 35 percent of U.S. agricultural exports to the Philippines.

Growth in the domestic Philippine flour industry is starting to slow. Stagnant economic conditions have slowed consumer buying power. Daily power outages are contributing to higher production costs and high flour prices.

Mideast and North Africa

U.S. agricultural exports to the Mideast and North Africa may rise about 16 percent in value to approximately \$3.7 billion in fiscal 1993. Gains in fiscal 1993 will follow a strong showing in exports to Morocco, Tunisia, and most Mideast markets, other than Saudi Arabia. No exports to Iraq are expected, but gains in other markets have nearly made up for the loss of Iraq, which was a \$808 million market in 1989.

Three rapidly growing markets are each expected to purchase over \$300 million worth of U.S. farm products in fiscal 1993. They are Turkey, Israel, and Morocco. Turkey is buying more tobacco, cotton and vegetable oils. Israel is buying more wheat, feed grains, rice and soybeans. Morocco is buying more wheat and corn, but lags in expected purchases of vegetable oils.

U.S. agricultural exports to Egypt could slightly surpass \$800 million in fiscal 1993, after remaining stagnant during fiscal 1992 at only \$709 million. The reason for last year's lack of growth was a sharp decline in the exports of corn and wheat flour, which was offset by dramatic gains in wheat sales. In fiscal 1993, exports of wheat flour and corn have rebounded, partly because of attractive U.S. export programs, while wheat exports remain steady. Privatization of corn imports caused a considerable shift to Argentina in 1992, and caused disruptions in the stability of imports. U.S. corn sales have rebounded, however, and nearly doubled so far in fiscal 1993. Also, U.S. wheat flour exports to Egypt have rebounded because of competitive U.S. prices.

Egypt has expanded milling capacity and had planned to reduce flour imports further. However, new arrangements and revisions in the pricing and regulation of trading imported flour led to a revival in imports. Egypt has maintained purchases of U.S. wheat at a high level because the Export Enhancement Program (EEP) has allowed the U.S. to be competitive. While Egypt's P.L. 480 package for wheat was reduced from \$150 million, to only \$50 million, the reduction in food aid has not adversely affected purchases of U.S. wheat. In fiscal 1992, Egypt used only \$40 million of the \$150 million available for P.L. 480 purchases, partly because of a reluctance to buy wheat flour with one-fourth of the allocation, and also concern that the loan had to be repaid in dollars.

U.S. wheat exports to Algeria were down 21 percent in the first 9 months of fiscal 1993 to 941,000 tons for \$116 million. U.S. wheat exports may lag for the entire year, to possibly one-third below the 1.6 million tons shipped in fiscal 1992. The EC has recently increased wheat and flour exports to Algeria under credit financing. A very large 1991 harvest had reduced Algeria's wheat import needs during 1992, but a less favorable 1992 harvest caused imports to rise again.

Intense competition from many suppliers tends to limit gains in U.S. agricultural exports to Saudi Arabia, which are likely to fall below \$500 million in fiscal 1993, down from \$548.7 million in fiscal 1992. Competitors make great efforts to boost agricultural exports to Saudi Arabia because its excellent banking system limits payment problems, and its modern ports and infrastructure minimize transportation problems. U.S. exports of high-value products to Saudi Arabia are hampered by greater competition from Europe and some developing countries that have aggressive export promotion campaigns. The EC has used subsidies to help capture most of the Saudi market for imported canned peaches, fruit juice concentrates, canned vegetables, bakery products, candy, and non-alcoholic beverages.

A severe drought reduced Morocco's grain production by two-thirds in 1992, and rather than relief in 1993, another drought struck, again reducing grain yields. The most recent drought has caused a sharp gain in grain imports. Stocks from the record 1991 harvest allowed Morocco to use stocks to cope with the 1992 drought, but grain stocks have since been depleted. During the first 9 months of fiscal 1993, U.S. agricultural exports to Morocco nearly tripled, reaching \$253 million. If exports remain at this pace through September the value would reach about \$345 million for fiscal 1993.

Brazil

The total value of Brazil's imports from the United States was adjusted upward slightly from the May estimate. This optimistic revision is based on the fact that Brazil lowered import tariffs in July, and that the Brazilian economy is beginning to show signs of renewed growth. Growth in GDP is now estimated at 3.5 percent for the 1993 calendar year.

Since Brazil is now in its post-harvest, winter period, expansion of U.S. grain and oilseed exports are not anticipated. However, given economic recovery there and lower tariffs, further expansion is expected in imports of high-value products from the United States. Brazil's imports of hides and skins as well as tallow will continue to exceed last year's levels.

Mexico

The fiscal 1993 forecast for U.S. exports to Mexico has been lowered \$200 million from the May forecast to \$3.8 billion. While this is above last year's record \$3.7 billion, expected growth in exports has been slowed by reduced prospects for exports of livestock products and coarse grains to Mexico.

Mexico's economy is expected to continue to demonstrate strong growth throughout 1993. This assumption is based on Mexico's achievements of recent months and the its economic

reform plan for 1993. Higher growth in GDP is forecast in 1993, 3.6 percent, compared with 2.7 percent in 1992.

Weakened prospects for U.S. sales of livestock products to Mexico are resulting from the import tariffs on cattle (15 percent) and beef (20 percent on fresh beef and 25 percent on frozen beef) established in November 1992. Also, higher U.S. beef export prices, relative to Australian and Central American prices, have reduced the U.S. share of the Mexican market. A favorable domestic corn-pricing policy in Mexico and a record 1992 corn harvest have led to lower-than-expected corn imports. In addition, total U.S. sorghum exports to Mexico in fiscal 1993 will be lower than initially forecasted. In spite of rising Mexican demand for livestock feed, high domestic storage costs, and declining Mexican producer prices for sorghum relative to corn, sorghum imports from the United States are expected to fall compared to the 1992 record of 4.9 million tons. Recently, CONASUPO (the Mexican government's marketing agency) has been channeling increasing amounts of corn for feed, thus reducing the import volume of sorghum.

Mexico's total wheat imports have increased sharply in recent years, as the price of corn relative to wheat favored corn plantings. The U.S. share of the Mexican wheat market was about 84 percent in the late 1980's, but since 1990 it has decreased to about 30 percent because Mexico is importing increasing quantities of Canadian wheat. In fiscal 1993, the volume of wheat imports is expected to rise because of harvest-time rains that reduced the size and quality of Mexico's wheat crop and because of government purchasing procedures that give preference to imports under U.S. export programs. U.S. wheat will face increasing challenges from Canadian wheat in the Mexican market. The EEP has played a major role in U.S. wheat exports to Mexico. On June 24, USDA announced an EEP allocation of 1.4 million tons of wheat for Mexico for the 1993/94 (July to June) marketing year to meet subsidized exports from Canada.

Higher domestic beef prices in Mexico, rising incomes, and population growth all have encouraged increasing imports from the United States in recent years. In fiscal 1993, stronger growth in consumer incomes will fuel growth in demand for beef. Growth, however, will be constrained by the current tariffs on cattle and beef imports. In fiscal 1993, pork imports from the United States are expected to be only slightly higher than in 1992, because increased demand in Mexico will be met by increased domestic production, which is currently at the peak of the production cycle. Per capita consumption of pork in Mexico lags behind both beef and poultry at 23 pounds (compared to 69 pounds in the United States).

Mexican per capita consumption of poultry is around 26 pounds per year (compared with 76 pounds in the United States), but recently has increased significantly, doubling in 4 years. As the Mexican economy continues to improve, demand for and consumption of chicken will increase even faster. The Mexican poultry sector has been the major beneficiary of the recent reform to Article 27 of the Mexican Constitution, which permits private companies to invest in rural land and promote outside investment through contracts with agroindustry.

Agricultural Export Programs

The Export Enhancement Program

The EEP continues to target markets where U.S. competitors subsidize exports. As of August 19, EEP bonuses for fiscal 1993 were \$816 million, about \$24 million lower than at about the same time in fiscal 1992. The major share of fiscal 1993 EEP bonuses to date, 86 percent, facilitated sales of bulk commodities. Wheat sales alone accounted for 80 percent of total bonuses. Bonuses for value-added products (barley malt, canned peaches, flour, frozen poultry, table eggs, and vegetable oil) to date have accounted for 14

percent of total EEP bonuses in fiscal 1993. By comparison, in fiscal 1992 EEP bonuses for value-added products represented 8 percent of total EEP bonuses as of August 20, 1992.

The United States has announced several EEP packages during the summer. In June, USDA announced a 32-million-metric-ton package of initiatives for wheat. The major markets are China, the former Soviet Union (FSU), and Egypt. As of August 19, China had purchased close to 800,000 tons of its allocation of 5.53 million tons. The FSU had purchased 227,000 tons of its 4-million-ton allocation; and Egypt had purchased none of its 3.5-million-ton allocation. While sales to the FSU and Egypt are down noticeably in fiscal 1993, sales to other markets have helped offset those declines. For example, sales to China, Morocco, and West and Central Africa are up substantially.

In July, USDA announced a 1.7-million-metric-ton EEP package for flour. Chief markets are Egypt, Sub-Saharan Africa, and Yemen. From July 1 through August 19, neither Egypt nor Yemen had purchased any, while Sub-Saharan markets had purchased very little.

Also in July, USDA announced new EEP vegetable oil allocations for Norway (40,000 metric tons) and Slovenia (20,000 tons), and an additional allocation of 45,000 tons for Algeria. Of a total allocation of 145,000 tons, Algeria had purchased about 107,000 tons as of August 19. Neither Norway nor Slovenia had yet made use of their new allocations.

Export Credit Guarantee Programs

As of August 20, credit guarantee allocations totaled about \$4.9 billion under the GSM-102 and GSM-103 programs. Applications received from exporters totaled approximately \$3.5 billion, down almost 33 percent from the same time in fiscal 1992. Because of the sharp decline in applications this fiscal year, the credit guarantee programs will likely play a smaller role in total U.S. agricultural exports in fiscal 1993 than in fiscal 1992. Major importers under the fiscal 1993 credit programs are, in order of program purchases, Mexico, Algeria, Korea, and Russia (though suspended in November 1992).

However, the decline in program activity is due almost entirely to lower sales to the FSU. Credit guarantee sales to countries other than the FSU are actually up more than 10 percent compared to year-ago levels. Excluding the FSU and comparing fiscal 1993 exports through June (the latest data available) with those of the same time in fiscal 1992 implies that the credit guarantee programs will be of increasing importance this year for U.S. agricultural exports to destinations other than the FSU.

Food Aid Programs

The fiscal 1993 program level for food aid under the Food for Peace (or PL 480) Program is almost \$1.7 billion, about 6 percent higher than in fiscal 1992. PL 480 is comprised of the Title I, II, and III programs.

The Title I program level for fiscal 1993 is \$555.3 million compared to \$534.8 million in fiscal 1992. On July 22, USDA announced revised fiscal 1993 country and commodity allocations under Title I of the Food for Peace Program and the Food for Progress Program funded under Title I appropriations. Almost \$444 million has been allocated for commodity loans and grants. Since April, Tajikistan and Ukraine were added to the list of countries receiving Title I allocations, while funds previously allocated to Congo, Egypt, Latvia, and Nigeria were returned to the unallocated reserve, and Zimbabwe's allocation was reduced by half to \$5 million. Wheat and wheat flour represent more than 50 percent of the volume of Title I allocations, followed by feed grains with 23 percent. Other commodities are rice and oilseeds, with 8 percent each, and vegetable oils with 5 percent. Tallow accounted for 1 percent. A significant change is that wheat and wheat flour allocations of 1.2 million tons were down approximately 55 percent compared to this time last year due mainly to Egypt's withdrawal from the program.

The Title II program level for fiscal 1993 is \$815 million compared to \$749 million in fiscal 1992. By August 4, Title II commodity allocations totaled 2.1 million tons, about 5 percent higher than the same time last year. Top commodities include wheat and wheat products (930,000 tons), feed grains (565,000 tons), and rice (216,000 tons). Smaller amounts of vegetable oil, pulses, and nonfat dry milk were also allocated. African countries received 45 percent of the total value of Title II shipments. Asian countries were allocated slightly less than 30 percent, followed by Latin American countries with almost 20 percent. European and Near Eastern countries received 12 and 3 percent, respectively.

The fiscal 1993 Title III program level is \$328.6 million compared to \$323.6 million in fiscal 1992. The Agency for International Development, which administers Title III, announced on August 11 that it had signed agreements with 16 countries to provide more than 1 million tons of corn, cotton, rice, tallow, vegetable oil, and wheat. Top recipients were Sri Lanka (with 25 percent of the volume), Bangladesh (19 percent), and Peru (11 percent).

The United States also provides food aid under authority of Section 416(b) of the Agricultural Act of 1949, as amended. Under this program, surplus CCC stocks are distributed through private voluntary organizations, government-to-government transfers, and multilateral or international organizations. For fiscal 1993 the Secretary determined that almost 3 million tons of agricultural commodities are available for distribution compared to 1.7 million tons in fiscal 1992. As of August 16, over 2 million tons of butter, butteroil, corn, feed wheat, and sorghum had been allocated. Major recipients are former Soviet republics.

In mid-August, USDA authorized Russia to buy \$44 million of wheat, \$227.5 million of corn, and \$105 million of soybean meal under the previously announced Vancouver Food for Progress food aid package.

For fiscal 1994, the U.S. House and Senate appropriations conference committee approved a PL 480 program level of \$1.6 billion that is expected to provide total commodity shipments of approximately 6.1 million tons (grain equivalent). This includes \$496.4 million for Title I, \$821.6 million for Title II, and \$280.1 million for Title III. This represents a decrease in the Title I and III programs, while Title II would be slightly increased. These levels depend on final appropriations, however.

Import Commodities

Agricultural imports are projected to total \$25 billion for fiscal 1993, unchanged from the May 1993 forecast. U.S. agricultural imports for October 1992-June 1993 were 4 percent higher than in fiscal 1992. Competitive imports have increased 6 percent, but noncompetitive imports have fallen 5 percent. The outlook for fruit, tree nut, and coffee imports has weakened compared to the previous forecast. Gains in cattle, vegetables, and tobacco imports offset declines, however.

Live animal imports are expected to total \$1.7 billion, \$100 million higher than forecast in May 1993, as cattle imports from Canada and Mexico continued at a record pace. The value of cattle imports has increased 20 percent from Canada and 38 percent from Mexico. Imports are expected to reach 2.3 million head in fiscal 1993, about 15 percent higher than last year.

Beef imports are projected at \$1.9 billion, unchanged from the previous forecast. But the volume is now forecast at 800,000 tons, about 2 percent less than was imported in fiscal 1992. Beef shipments from Australia and New Zealand have decreased nearly 11 percent from a year ago, but increases from Canada and Nicaragua contributed to a higher projection for beef volume from the previous forecast. Pork imports are expected to increase about 4

percent over fiscal 1992 to \$700 million on increased shipments from the European Community.

Horticultural imports are projected to total \$6.9 billion in fiscal 1993, a \$100 million reduction from May 1993, as imports of fruit juice and tree nuts are lower than previously projected. Fruit and fruit juice imports are now projected at \$2 billion, a decrease of \$100 million due to lower orange and apple juice imports. Fruit juice volume is unchanged, but sharply reduced prices for orange and apple juice have dampened the expected import value. Fresh fruit imports will likely remain at last year's level, but prepared fruit, particularly canned pineapple will be lower. The forecast for tree nut imports is \$100 million lower than in May 1993, as shipments in the third quarter of fiscal 1993 were lower than expected. Total tree nut imports of \$500 million will still surpass last year's level.

Vegetable imports are forecast at \$2.5 billion, an increase of \$100 million from the last forecast. The expected volume of fresh and frozen vegetables imports is raised by 100,000 tons, as third-quarter shipments were stronger than usual. Vegetable imports through June 1993 were 17 percent higher than a year earlier and are expected to reach a near record for the year. Imports from Mexico are up 42 percent for the year with gains in fresh tomatoes, cauliflower and broccoli, and peppers. Imports of prepared vegetables are expected to remain at last year's level.

The forecast value for grains and feeds is unchanged at \$1.6 billion, but volume is expected to decline to 4.7 million tons because of declines in shipments of grains and feeds and fodders. Wheat imports slowed during the last quarter, but surpassed 1 million tons, a 26-percent gain from last year. Imports of biscuits and pasta are about 10 percent higher than a year earlier.

Imports of oilseed products are projected to total \$1.2 billion, unchanged from the May forecast. Vegetable oil imports were 16 percent higher through June, with gains in coconut, olive, and rapeseed oils. Higher prices for palm oil and palm kernel oil raised the value of imports, but volume is unchanged for palm oil and down slightly for palm kernel oil.

Sugar imports are expected to total \$1.1 billion, unchanged from the last forecast. There were small increases in cane and beet, and confectionery products, but lower molasses imports. Lower import unit values will keep sugar and products at about the same level as a year earlier.

Unmanufactured tobacco imports are expected to reach \$1.2 billion, an increase of \$100 million from the May 1993 forecast. Tobacco volume is expected to rise to a record of nearly 400,000 tons as cigarette manufacturers use cheaper foreign tobacco for their lower cost cigarettes. Compared to a year ago, imports through June were 62 percent higher by value and 72 percent higher by volume. There were record tobacco imports in the last quarter of fiscal 1992, and the large percentage change over last year will lessen during the fourth quarter of fiscal 1993. The lower valued tobacco imports this year will hold the total import value of tobacco below last year's record \$1.3 billion.

Noncompetitive imports are expected to total \$5.6 billion, a decline of \$100 million from the May forecast, as coffee value remained weaker than previously expected. Coffee volume was down 8 percent through June, and value has declined much more as prices remain weak. The coffee producing countries of Latin America and Africa are formulating a retention plan to withhold exportable coffee from the world market. However, this is expected to have little effect on U.S. coffee imports in fiscal 1993. Projected cocoa imports of \$1 billion will be lower than last year. Banana import volume is expected to rise above last year's level, but the value of banana imports is still expected to be \$1.1 billion, on weaker prices in fiscal 1993. Imports of tea, rubber, essential oils, and crude natural drugs are expected to rise above last year.

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

Commodity	October - June		Fiscal	Fiscal
	1991/92	1992/93	1992	1993
				Forecast
	--Billion dollars--			
Competitive Products	13.689	14.586	18.549	19.4
Animals and products	4.222	4.474	5.555	6.0
Live animals	.995	1.241	1.275	1.7
Beef and veal	1.481	1.398	1.933	1.9
Pork	.468	.491	.625	.7
Dairy products	.578	.639	.816	.9
Horticultural products	5.309	5.393	6.760	6.9
Fruits (incl juices)	1.892	1.618	2.275	2.0
Vegetables and preps	1.701	1.997	2.125	2.5
Nuts and preparations	.311	.381	.432	.5
Wines and malt beverages	1.406	1.397	1.928	1.9
Grains and feeds	1.120	1.188	1.548	1.6
Sugar and related products	.763	.784	1.114	1.1
Oilseeds and products	.814	.916	1.124	1.2
Tobacco, unmanufactured	.586	.951	1.299	1.2
Seeds	.171	.175	.214	.2
Noncompetitive products	4.449	4.209	5.774	5.6
Bananas and plantains	.825	.816	1.083	1.1
Coffee, incl. processed	1.437	1.163	1.798	1.5
Cocoa, incl. processed	.869	.771	1.122	1.0
Rubber and allied gums	.554	.644	.756	.9
Spices	.201	.201	.267	.3
Tea	.129	.141	.173	.2
Total	18.138	18.795	24.323	25.0

Table 6--U.S. agricultural imports: Volume by selected commodities

Commodity	October - June		Fiscal	Fiscal
	1991/92	1992/93	1992	1993
				Forecast
	--Thousand metric tons--			
Competitive Products	11,545	11,833	15,105	15,180
Beef and veal	616	591	813	800
Pork	199	202	263	270
Cheese & casein	163	164	223	220
Horticultural products	3,311	3,809	3,869	4,390
Fruits and preparations	1,834	1,829	2,093	2,100
Vegetables-fresh & frozen	1,360	1,838	1,612	2,100
Nuts and preparations	117	142	164	190
Wines and malt beverages 1/	8,869	9,189	12,258	13,000
Fruit juices 1/	20,023	18,442	26,049	24,000
Grains and feeds	4,112	3,544	5,446	4,700
Sugar, cane or beet 2/	1,086	1,199	1,623	1,700
Oilseeds and products	1,721	1,836	2,330	2,500
Tobacco, unmanufactured	184	317	364	400
Seeds	153	171	174	200
Noncompetitive products	5,236	5,250	6,911	6,910
Bananas and plantains	2,748	2,790	3,626	3,700
Coffee, incl. processed	1,015	927	1,330	1,200
Cocoa, incl. processed	595	577	773	740
Rubber and allied gums	684	747	920	1,000
Spices	95	98	127	130
Tea	99	111	135	140

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

2/ Imports for consumption, product weight.

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

Region	October - June		Fiscal	Fiscal
	1991/92	1992/93	1992	1993
				Forecast
	--Billion dollars--			
Western Europe	3.739	3.796	5.098	5.2
European Community 1/	3.457	3.544	4.733	4.9
Other Western Europe	.282	.252	.366	.3
Eastern Europe	.214	.240	.350	.3
Former Soviet Union	.012	.023	.020	8/
Asia	2.658	2.858	3.588	4.0
Japan	.191	.195	.256	.3
China	.281	.306	.369	.4
Other East Asia 2/	.241	.225	.315	.3
Other Asia 3/	1.945	2.131	2.649	3.0
Middle East 4/	.313	.375	.760	.5
Africa	.531	.487	.675	.6
North Africa 5/	.053	.041	.067	.1
Sub-Saharan Africa	.478	.446	.608	.5
Latin America	6.215	6.324	7.899	8.2
Mexico	1.907	2.282	2.286	2.9
Other Latin America	4.308	4.042	5.613	5.3
Brazil	1.013	.864	1.358	1.2
Canada	2.918	3.302	3.930	4.4
Oceania	1.538	1.390	2.003	1.8
Total	18.131	18.795	24.323	25.0
Developed Countries 6/	8.386	8.683	11.287	11.7
Less Developed Countries	9.237	10.112	13.036	13.3
Other Countries 7/	.507	.569	.739	.7

1/ Including East Germany beginning in fiscal 1991.

2/ Hong Kong, Korea, and Taiwan.

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

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

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

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

7/ Includes the former Centrally Planned Economies.

8/ Less than \$50 million.

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