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

May 27, 1993

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

The FY 1993 forecast for U.S. agricultural exports remains at $42.5 billion, unchanged since February. An improved export outlook for U.S. corn, soybeans, soybean meal, and dairy products was offset by reduced prospects for other products. Since February, the outlook has weakened for cotton, beef, fruits, and nuts.

Compared with FY 1992, FY 1993 export value is forecast to remain virtually unchanged. However, at 150 million metric tons, FY 1993 export volume is expected to gain more than 6 million tons, due to gains in wheat, corn, rice, and soybeans. Lower prices, however, are expected to more than offset these increases, and the value of bulk exports is expected to fall slightly. Continued increases for high-value products are expected to more than offset the decline in bulk exports, but with slower growth than FY 1991 and 1992.

At $25 billion, FY 1993 imports are now forecast $500 million higher than in February and $700 million above FY 1992. Growth in livestock and vegetable imports account for much of this year's expected gain. Due to the increased import forecast, the projected FY 1993 agricultural trade surplus decreased to $17.5 billion.

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

Item	-- Year beginning October 1 --					
	1987/88	1988/89	1989/90	1990/91	1991/92	Forecast 1992/93
	-- Billion dollars --					
Exports	35.4	39.6	40.1	37.5	42.3	42.5
Imports	21.0	21.5	22.5	22.6	24.3	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	150.0

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

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Commodity Highlights

The FY 1993 forecast for wheat and flour exports remains unchanged from February's forecast of $4.8 billion. The volume of expected wheat exports also remains unchanged at 35.5 million tons, but wheat flour exports were revised up by 100,000 tons to 1 million tons. When compared to the previous year, FY 1993 wheat and flour exports are expected to rise by $300 million and 1.4 million tons. Lower Canadian and Australian supplies of quality wheat available for export markets, and larger U.S. shipments to Morocco, India, and Nigeria have buoyed sales and supported export prices.

U.S. coarse grain exports are forecast to reach 53.3 million tons, up 3 million tons from FY 1992 and 800,000 tons higher than February's forecast. In FY 1993, exports are projected to decline $400 million from the previous year to $5.3 billion. The record U.S. 1992 corn harvest sharply reduced corn prices from year-earlier levels.

The forecast for FY 1993 rice exports was revised upward slightly from February's forecast to 2.4 million tons. The export value of $700 million remained unchanged, however, reflecting weaker prices.

FY 1993 exports of oilseeds and products were raised by $100 million from February's forecast. They are now projected to reach $7.5 billion, up 3 percent from FY 1992. Export volume is expected to rise 3 percent to 29.8 million tons. Most of the change is due to expected higher soybean exports, now forecast at 20.3 million tons, up 500,000 tons from the February forecast and 1.1 million tons above FY 1992 exports. Relatively low South American supplies of soybeans during the first half of the FY boosted U.S. sales to the European Community (EC) and other markets. The United States has also benefited from increased demand from the EC. The FY 1993 forecast for soybean meal, while revised upward from last month's forecast, is still 300 thousand tons and $100 million lower than last year's export level. Soybean oil exports are expected to remain unchanged in FY 1993.

The value of cotton exports was lowered from February's forecast. The forecast for FY 1993 is now $1.7 billion or $500 million below last year's shipments. The export volume was also lowered to 1.3 million tons, or 200,000 tons below the previous year. These declines reflect the sluggish demand in global markets and increased competition from other suppliers.

The FY 1993 forecast for unmanufactured tobacco exports remains unchanged from February. At $1.6 billion, exports are expected to remain largely unchanged from FY 1992. Sales remain strong to the traditional markets in Europe and Asia.

Compared to February's forecast, the current outlook for FY 1993 exports of livestock products was lowered $200 million to $6 billion, the same as in FY 1992. Most of the downward revision is due to poorer prospects for beef sales to Mexico and Korea, and reduced prospects for exports of live animals. Lower than initially expected sales of beef to Mexico are resulting from the import tariffs of 20 to 25 percent imposed in November 1992. Furthermore, the record growth of U.S. beef exports to Korea is expected to moderate with lower government purchases anticipated. The forecast for poultry remained unchanged at $1.3 billion or $100 million above FY 1992 exports, and dairy product exports were revised to $900 million, up $300 million from February's forecast and up $200 million from the previous year's level. Dairy export gains stem from increased activity under the Dairy Export Incentive Program (DEIP) and relatively tight supplies on world markets.

The current FY 1993 export forecast for horticultural products has been lowered $200 million from February's forecast to $7 billion. While this remains above last year's record $6.8 billion, growth in export earnings has been slowed due to price weakness in the citrus market, lower deciduous fruit sales due to the record 1992 fruit harvest in Europe, and a poorer than expected almond crop in California. Compared to the previous

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

Commodity	October-March 1991/92	October-March 1992/93	Fiscal 1992	Fiscal 1993 Forecast
	--Billion dollars--			
Grains and feeds 1/	7.245	7.736	14.095	14.2
Wheat & flour	2.380	2.634	4.482	4.8
Rice	.399	.388	.758	.7
Coarse grains 2/	2.834	2.367	5.659	5.3
Corn	2.225	2.367	4.593	4.5
Feeds and fodders	1.055	1.141	2.077	2.2
Oilseeds and products	4.400	4.777	7.338	7.5
Soybeans	2.805	3.170	4.311	4.5
Soybean meal	.739	.723	1.334	1.2
Soybean oil	.166	.194	.356	.4
Livestock products	2.992	2.932	5.973	6.0
Beef, pork & variety meats	1.413	1.456	2.935	3.0
Hides & skins	.654	.625	1.317	1.3
Poultry & products	.617	.646	1.195	1.3
Dairy products	.351	.455	.733	.9
Horticultural products	3.448	3.483	6.844	7.0
Fruits & preparations	1.549	1.430	2.822	2.7
Vegetables & preparations	1.282	1.442	1.772	2.0
Nuts & preparations	.573	.539	.943	.9
Tobacco, unmanufactured	.815	.823	1.568	1.6
Cotton & linters	1.360	.870	2.195	1.7
Seeds	.445	.448	.667	.7
Sugar, tropical, and other	.877	.974	1.706	1.7
Total 3/	22.551	23.143	42.314	42.5

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

Commodity	October-March 1991/92	October-March 1992/93	Fiscal 1992	Fiscal 1993 Forecast
	--Million metric tons--			
Wheat	19.669	19.044	34.289	35.5
Wheat flour	.378	.550	.808	1.0
Coarse grains	25.040	28.777	50.195	53.3
Corn	19.506	23.613	40.597	44.5
Feeds & fodders	5.869	6.094	11.711	12.3
Rice	1.192	1.243	2.281	2.4
Oilseeds and products	17.755	19.827	28.881	29.8
Soybeans	12.606	14.406	19.247	20.3
Soybean meal	3.430	3.563	6.301	6.0
Soybean oil	.355	.387	.747	.7
Beef, pork & variety meats	.430	.434	.870	.9
Poultry meat	.414	.479	.787	.9
Animal fats	.671	.723	1.392	1.5
Cotton & linters	.906	.656	1.527	1.3
Horticultural products	2.980	2.950	5.951	6.1
Other	2.567	2.663	4.944	5.0
Total agriculture	77.871	83.440	143.636	150.0
Major bulk products 4/	59.413	64.126	107.539	112.8

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.

year, FY 1993 exports are expected to decline $100 million for fresh and processed fruit, rise $200 million for fresh and processed vegetables, and fall $50 million for tree nuts.

Economic Outlook

The world economic outlook has continued weakening since February due to deteriorating conditions in the foreign industrialized countries. A 1.7 percent contraction in Germany's Gross Domestic Product (GDP) is now forecast for 1993, following a meager 6 percent gain in 1992. Japan's 1993 GDP growth is now expected to be little better than 1 percent for the second consecutive year.

For developing countries, 1993 is forecast to be slightly better than 1992, with GDP growth expected to exceed 5 percent. If realized, this would be their best performance since 1979. China, 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 FY 1993, weakening versus the Yen, but increasing versus the Mark and the Canadian dollar.

Regional Highlights

European Community

The forecast for U.S. agricultural exports to the EC in FY 1993 was reduced slightly this quarter. Weaker prospects for horticultural and other high-value product exports resulted in a $100 million decline in the forecast to $7.6 billion. However, this is still $400 million above FY 1992's $7.2 billion.

Most of FY 1993's $400 million increase is expected in soybeans and soybean meal. U.S. soybean exports to the EC will expand both in volume and value due to reduced availability of EC-produced oilseeds, low prices, and reduced availability from South America. U.S. soybean meal exports will continue to recover from the low levels of 3 years ago, with increases forecast in both volume and value. U.S. exports (both volume and value) of vegetable oils will decline as the EC's shortfall in oil from domestically-produced seeds will be met by imports from non-U.S. suppliers.

Soybean meal demand in the EC has expanded in 1993 as production of pork and poultry, the biggest users of soybean meal, is expected to increase. Dairy production is not expected to expand as the dairy quota remains the same for 1992/93. Overall, feed demand for protein meal is expected to increase.

An important factor determining the size of the increase in U.S. exports has been the direction of the U.S. dollar. The dollar has recovered its value somewhat since autumn, eroding some of the cost advantage soybeans and products enjoyed relative to EC-produced oilseeds and products. EC demand for soybean meal was aided early in the marketing year by a shift in relative prices as the rapeseed shortage led to an increase in the rapeseed meal price. The weak dollar early in the year also aided soybean meal exports. Soybean meal prices in Deutsche marks fell to the lowest levels in years, gaining a big price advantage over domestically-grown European feed grains. As a result, soybean meal was introduced into more feed rations where it normally was not competitive.

EC demand for imported soybeans has risen due to the decline in EC oilseed production, the result of both the new oilseed policy and the 1992 drought in northern Europe that reduced rapeseed yields. In 1992, rapeseed production fell by 15 percent, soybean production declined by 13 percent, and only sunflowerseed production rose, by 5 percent. In the

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

Region	October-March 1991/92	October-March 1992/93	Fiscal 1992	Fiscal 1993 Forecast
	--Billion dollars--			
Western Europe	4.832	5.006	7.721	8.1
European Community 1/	4.533	4.765	7.176	7.6
Other Western Europe	.299	.241	.545	.5
Central and Eastern Europe 2/	.096	.278	.221	.5
former USSR	1.670	.767	2.685	1.9
Asia	8.387	8.302	15.974	15.5
Japan	4.254	4.174	8.362	8.1
China	.442	.172	.689	.4
Other East Asia	2.613	2.612	4.922	4.9
Taiwan	1.028	1.051	1.911	1.9
South Korea	1.157	1.095	2.195	2.1
Hong Kong	.427	.454	.815	.9
Other Asia	1.078	1.344	2.001	2.1
Pakistan	.152	.168	.225	.2
Philippines	.198	.312	.442	.5
Middle East	.899	1.055	1.765	1.9
Israel	.194	.190	.346	.3
Saudi Arabia	.309	.283	.547	.4
Africa	.964	1.520	2.298	2.5
North Africa	.691	.876	1.408	1.6
Egypt	.367	.417	.707	.7
Algeria	.224	.232	.477	.5
Sub-Saharan Africa	.273	.644	.890	.9
Latin America	3.162	3.491	6.422	6.7
Mexico	1.742	1.810	3.667	4.0
Other Latin America	1.420	1.681	2.755	2.7
Brazil	.109	.147	.143	.2
Venezuela	.168	.289	.394	.4
Canada	2.308	2.504	4.800	5.0
Oceania	.232	.220	.427	.4
Total	22.551	23.143	42.314	42.5
Developed Countries	11.839	12.349	21.915	22.2
Developing Countries	10.270	10.612	16.804	17.5
Other Countries	1.101	.651	3.595	2.8

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

first part of the 1992/93 marketing year, producers withheld rapeseed from the domestic market in protest of low prices. Rapeseed exports from the EC, chiefly to Japan, Mexico, and Scandinavia, were record-high as importers sought new sources of high-quality rapeseed to replace reduced supplies from Canada. As of March, it was reported that EC supplies of rapeseed had been exhausted, due to unusually high exports.

Market factors have favored the United States to garner a large share of the EC's increased soybean imports. This additional increase in demand for imported soybeans coincided with the time of year when the United States is the principal supplier to the EC market (October-March). Because production of the relatively oil-rich soft seeds produced in the EC declined, the EC has needed vegetable oil. This factor has favored increased imports of soybeans rather than soybean meal.

Prospects for increased crushings of imported rapeseed later in FY 1993 are poor, as Poland is not likely to increase exports due to last year's drought, and the Canadian crop will not yet be available. EC oil mills will have to crush soybeans to the end of the season, although poor crush margins may dampen crusher demand for soybeans. However, with Brazil's expected record soybean crop, the U.S. probably will not extend its traditional marketing season in the EC market beyond March or April, as it did in 1992.

Japan

The forecast value of U.S. agricultural exports to Japan in FY 1993 remains at $8.1 billion, slightly down from the record $8.4 billion in FY 1992. Expected decreases in cattlehides, poultrymeat, feedgrains, fresh fruits, soybeans, and cotton are expected to offset gains in other commodities. Commodities expected to show gains include beef, pork, and nuts.

Major factors affecting U.S. agricultural exports include the lack of economic growth in Japan and changes in the exchange rate. The Japanese economy still struggles to emerge from a recession, and the consensus forecast for real GDP growth for 1993 has probably fallen to near 1 percent. Japanese government policy has finally begun to seriously address the faltering economy, with a FY package (roughly 12 trillion yen, or $104 billion at current exchange rates) recently introduced as a stimulus package. The amount of actual new spending in this budget package, however, remains unclear. Monetary policy continues to hold interest rates low, but Japanese banks have been unable to play any appreciable role in rejuvenating the economy, due to falling prices for real estate held in collateral for earlier loans.

The other major macroeconomic development has been the strengthening of the Japanese yen against the U.S. dollar. Recently moving into the 110 yen/dollar range has reduced the price of U.S. goods to Japanese importers and, increasingly, to Japanese consumers.

Exports of U.S. beef and veal to Japan are expected to pick up during the last half of FY 1993, following the reduction of Japan's tariff on imported beef. During the first half of the year, weak consumer confidence in the economy affected sales of higher quality beef, with medium grade cuts gaining at their expense. At the same time, a vigorous campaign by some Japanese supermarket chains to discount imported food products has resulted in price reductions of selected cuts of imported beef by 20 to 50 percent. Also, U.S. pork sales continue to run at higher levels than last year. However, U.S. poultry meat continues to fall behind 1992.

Canada

The forecast for U.S. agricultural exports to Canada was raised $200 million this quarter as Canada's economic recovery boosts sales prospects. At $5 billion, exports to Canada are now expected to increase $200 million in 1993 with higher corn, fresh vegetables, prepared fruit, and processed foods exports.

U.S. agricultural exports to Canada have continued to grow in FY 1993 despite unfavorable changes in exchange rates. In nominal terms, the Canadian dollar has weakened to levels last seen in the mid-1980's. The decline accelerated in the fall of 1992, a result of the Bank of Canada's (BOC's) success in reducing Canada's inflation to the lowest among the OECD countries. As a result, the BOC eased interest rates, the Canadian dollar weakened, and investor uncertainty drove it still lower.

However, in inflation adjusted terms, the Canadian dollar's weakening has been more modest. Canada's inflation is lower than in the United States, and in real, inflation-adjusted terms the Canadian dollar has only fallen about 3 percent in the last year relative to the U.S. dollar.

U.S. corn exports to Canada during the first 3 months of FY 1993 totaled 810,000 tons, compared with 69,000 a year earlier. Canada's increased imports are a result of Ontario's corn crop being devastated by a cool, wet growing season and adverse harvesting conditions. Ontario is the primary corn producing province in Canada. Similarly, vegetable oil exports were expected to rise following a reduction in the quality of Canada's canola caused by freeze during harvest.

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

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

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

Former Soviet Union

There was no change this quarter in the FY 1993 forecast of U.S. agricultural exports to the former Soviet Union (FSU). At $1.9 billion, exports are expected down nearly 30 percent from 1992. While the Russian Federation, the largest importer of the FSU, remains suspended from the GSM-102 credit guarantee program, programmed food aid in the form of concessional sales and donations have continued the export of U.S. agricultural goods to the region, albeit at lower levels than FY 1992.

In April, the Paris Club of government creditors rescheduled $15 billion of Russia's 1993 debt obligation. Russia will be required to pay $2 billion during the remainder of 1993, which includes $1.1 billion to the U.S. (mostly for repayment on GSM-102 credits). While Russia remains suspended from the GSM-102 program with over $650 million in arrears, the Paris Club agreement could assist Russia in becoming current on its GSM-102 debt, and eventually lead to its reinstatement in the program. If Russia is reinstated, further involvement in the GSM-102 program will most likely require a re-evaluation of Russia's creditworthiness.

In addition to the multilateral rescheduling effort, President Clinton announced a $1.6 billion aid package for Russia at the Vancouver Summit in April, including about $900 million in food assistance. In addition to direct food aid donations, $700 million of

assistance in the form of Food for Progress (FFP) concessional credits was announced. High shipping costs initially held up implementation of the FFP package. On May 3, Secretary Espy announced that an agreement had been reached between the U.S. and Russia concerning financing and commodity mix of the FFP package. Of the $700 million allocated, $500 million will be available for commodity purchases, the rest will be used for transportation. The commodity breakdown is as follows: $227.5 million for corn, $105 million for soybean meal, $66.5 million for butter (of which $54.5 million consists of donations), $56.0 million for wheat (of which $12 million consists of donations), $5.0 million for sugar, and $40 million for other products (to include vegetable oil, peanuts, poultry, and rice).

The $200 million to be used for transportation costs will be shared between the United States and Russia as follows: Russia will pay up front the foreign-flag equivalent freight rate for all commodities except the donated butter. The U.S. will pay all remaining costs, including the differential for using U.S. vessels to ship the required 75 percent of commodities, and all of the freight costs for the donated butter.

Export data for October-March 1992/93 show U.S. agricultural exports to the FSU down over 50 percent in value from the corresponding period in 1991/92. During October-March 1992/93, grain exports fell by 50 percent in volume, while that of oilseeds and products exports fell by 84 percent. U.S. exports of dairy products, wheat flour, rice, feeds and fodders, fruits, nuts, and sugar and related products increased significantly during this period.

Central and Eastern Europe

The forecast for farm product exports to Central and Eastern Europe (or CEE countries) was raised substantially this quarter as assistance agreements between the United States and the CEE countries took shape. At $500 million, exports are now expected to surpass FY 1992 by $300 million rather than the $100 million forecast in February.

Demand for imports in the CEE countries has been boosted by drought-reduced grain crops there in 1992. In contrast, 1991's bumper crops probably reduced the need for imports in FY 1992, helping drive U.S. exports to the region down from $305 million to $221 million in FY 1992. FY 1993 exports have also been boosted by economic gains by some northern CEE countries. For example, Poland is expected to achieve 4.8 percent GDP growth in 1993, and merchandise imports have outpaced exports in recent months due to increased consumer purchasing power.

Drought in the summer of 1992 reduced CEE grain harvests by 26 percent, increasing the need for imports. Part of this shortfall has been made up through credit guarantees and U.S. food assistance, totaling about $150 million to date. Under P.L. 480 Title I, Romania received $21 million for 67,000 tons of wheat, 7,000 tons of butter, 500 tons of nonfat dried milk, and 250 tons of butteroil; Bulgaria received a $10 million allocation to be used for 100,000 tons of feed grains. Under the Food for Progress (FFP) Title I program, Albania received a $17 million package which included 40,000 tons of wheat, and 17,000 tons of rice. Poland received a $19 million package which included 200,000 of corn.

Under the GSM-102 credit guarantee program, the Czech Republic received a $25 million package which included $8 million for cotton, $6 million for poultry meat, $1 million for protein meals, $1 million for pulses and $5 million for rice. For Hungary $5 million in credit guarantees for cotton have been announced. Romania received a $51 million credit allocation, including $1 million for poultry breeder stock, $15 million for cotton, and $35 million for wheat. For Slovenia $10 million in guarantees was announced, $4 million in feed grains, and $6 million in wheat/wheat flour.

Shipments to the CEE's during the last quarter of FY 1993 will depend in part on weather conditions, which currently appear to be more favorable than last year. Since last spring, considerable progress has been made in land reform and privatization in Romania and Bulgaria, and spring planting appears to be on track.

China

U.S. agricultural exports to China in FY 1993 are forecast to decline dramatically to $400 million, about 40 percent below 1992 exports of $691 million. This is unchanged from the February estimate. Most of the fall is due to substantial declines in the exports of the two principal bulk commodities, wheat and cotton. Some of the decline in sales is expected to be offset by rising U.S. exports of poultry meats, live baby chicks, and oilseeds and products.

China's real 1992 GNP growth was 12.8 percent. The government hopes to hold GNP growth to 8-10 percent in 1993, though data from the first quarter suggests that it is likely to exceed that target. First quarter gross value of industrial output rose more than 22 percent over the same period in 1992, while in Guangdong, one of the more developed coastal provinces, gross output rose nearly 32 percent. Demand for U.S. agricultural goods is expected to rise in 1993 as rapid economic growth stimulates demand, though it will be tempered from earlier expectations by the recent devaluation of the yuan.

Demand for wheat products continues to increase in urban China, particularly in higher income, but non-wheat producing, regions. However, the end of rationing and price controls in half of China's provinces is tempering consumption growth, and U.S. FY 1993 wheat sales are forecast to fall significantly. Several years of bountiful grain harvests has reduced demand for imported wheat.

China's State-controlled grain marketing, distribution, and trade systems have undergone rapid reform over the last several years. To date, China's grain imports and exports remain subject to central government control. Inter-provincial trade, however, has been liberalized. As the new system of inter-provincial wheat distribution gradually expands and rationalizes regional allocation, wheat import demand will remain uncertain.

The value of U.S. cotton exports in FY 1993 are forecast down sharply from $241 million in 1992. Despite China's smaller-than-expected harvest in 1992/93, burdensome levels of stocks will significantly reduce demand for imported cotton in FY 1993. High domestic prices will prevent China from exporting a significant portion of domestic output. Therefore, the drawdown of current high stocks, and the consequent reduction in import levels, may even extend over more than one year. In the long term, China's cotton imports will increase to meet rising demand from the textile industry resulting from higher domestic consumption and textile exports.

China's FY 1993 animal and animal product imports from the U.S. are expected to rise from $29 million in FY 1992. The largest contributors to the increase are China's purchases of live baby chicks and poultry meats. Although the export value of these two commodities accounts for only about 5 percent of total U.S. agricultural exports, they both are showing unusually rapid rates of growth. China's poultry industry is shifting to non-native breeds, fueling the high level of demand for baby chick sales. Poultry meat imports are being driven by increased consumer income, changing consumer preferences, and reprocessing by joint ventures to sell to restaurants in Japan. However, poultry meat imports are eventually expected to level off as the domestic industry develops and is able to meet demand for non-native poultry meats. But in the short term, U.S. poultry meat exports will continue to increase at a rapid rate.

The value of oilseed product sales in FY 1993 are forecast to rise, with vegetable oils expected to lead the sales increase. The increase will be due higher quality, more

expensive oils, rather than volume. Soybean sales are also expected to climb because of lower domestic production in 1992/93 and steadily increasing demand for feed.

Taiwan

U.S. farm sales to Taiwan in FY 1993 are forecast at $1.9 billion, unchanged from the February forecast and also from FY 1992. Compared with 1992, increased sales volume offset by lower prices are forecast for most of Taiwan's major bulk purchases from the United States. In addition, cotton and tobacco imports are expected to drop, with both volume and prices expected lower in 1993. Demand for many high-value products, such as beef, dairy products, fruits and preparations, and nuts and preparations, are forecast to remain strong.

Taiwan's economic planners, encouraged by last year's stable economy in Taiwan despite the global recession, have forecast a solid 6.6 percent economic growth for the island in 1993. Although this economic expansion is much less than the 1970's and 1980's, the growth is still relatively high by international standards. The Asia-wide economic boom is helping fuel Taiwan's sustained export growth; Taiwan is increasingly exporting to newly developed markets in Southeast Asia and the Chinese mainland. This, as well as planned heavy public investment, higher domestic private investment, and higher consumer spending should provide sufficient demand to keep Taiwan's economy growing relatively strongly.

Total wheat imports are still expected to increase steadily in FY 1993, but U.S. wheat will face increasing challenges from Canadian and Australian wheat. In particular, more competition for Taiwan's wheat market is expected after June 1, 1993, when the Government allows nonmembers of the Taiwan Flour Millers Association (TFMA) to import wheat. The present system authorizes the TFMA as the sole import purchasing entity and thus limits imports to members of the TFMA. This has helped the United States to maintain a strong market share (86 percent in CY 1992).

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

After rising 14 percent in FY 1992, Taiwan's cotton imports in FY 1993 are expected to follow the long-term decline in Taiwan's textile industry. A strong currency and rising labor costs have substantially affected the competitiveness of Taiwan's export-oriented textile industry since the mid-1980's, and cotton imports have largely stagnated for the past several years. Increased cotton yarn imports and substitution of non-cotton yarn for cotton are expected in FY 1993. Although the high quality and reliable delivery of U.S. cotton will help the United States to keep its market share (about 27 percent in CY 1992) in Taiwan in FY 1993, U.S. cotton exports to Taiwan in 1993 are forecast to decline.

South Korea

Since February, the outlook for U.S. beef, cattle hide, and corn sales to Korea has dimmed, and brought the forecast down $200 million to $2.1 billion, the same as FY 1992.

The Korean currency depreciated to 781 won per dollar in 1992 from 734 won in 1991. The depreciation has continued--reaching 797 won to the dollar in February 1993. This trend should stimulate Korean exports to the United States, but hinder U.S. exports to Korea.

Korean demand for U.S. high quality beef has weakened somewhat from earlier forecasts in part because of low pork prices. Korean beef import policy consists of a quota system

designed to control inflation in the face of rapidly increasing beef and pork prices. During the last quarter of 1992, the Korean Government sharply reduced the amount of imported beef released into the wholesale markets in response to falling domestic cattle and swine prices. By November, beef stocks increased to the point where the government trading monopoly asked suppliers to delay beef shipments that had already been contracted. While wholesale prices for domestic beef remained relatively stable between January and December 1992, prices for imported beef increased by over 50 percent, indicating that demand for imported beef continues to grow while supply remains restricted.

The most significant recent change in the Korean corn sector has been the displacement of U.S. corn from the processing sector caused by a large price gap between U.S. and Chinese origin corn. Although Korean processors prefer U.S. corn, the price difference has reached $15-20 per ton. Reportedly, processors have made no purchases of U.S. corn since December. China is already Korea's primary source of corn imports for feed. U.S. sales to Korean feed millers are now limited almost solely to purchases covered by the GSM program. Prospects for U.S. corn are also constrained by competition from low-priced feed wheat from Canada and Australia.

U.S. soybean exports to Korea are expected to fall in FY 1993 after reaching a record 1.3 million tons last year. The U.S. market share, however, should remain high. Demand is expected to level off due to high soybean oil stocks. This is encouraging imports of soybean meal rather than whole beans.

U.S. cotton exports to Korea are expected to remain weak in FY 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 (ELS cotton) of which the U.S. is the primary supplier.

Hong Kong

The value of U.S. agricultural exports to Hong Kong in FY 1993 is forecast at $900 million, unchanged from February, and up from the record $817 million in FY 1992. Exports of poultry meat, cattle hides, vegetable oils, fruits, nuts, and vegetables are projected to increase, while cotton shipments decline.

Hong Kong's economy is expected to grow 5.5 percent (in real terms) this year, slightly ahead of 5 percent GDP growth in 1992, and moderately higher than the average annual rate of 3 percent during 1989-91.

U.S. exports of poultry meat to Hong Kong in FY 1993 are forecast to increase substantially from last year's record 145,000 tons. Shipments during October 1992 to March 1993 were up almost 40 percent from the same period a year earlier. U.S. poultry meat sales to Hong Kong will continue to benefit from a decline in the colony's poultry-raising industry, greater consumer acceptance of frozen poultry meat, growth in the fast-food restaurant business, and increased poultry meat re-exports to China. Although the United States is expected to remain the largest supplier of frozen poultry meat to Hong Kong, competition from other suppliers, such as the EC and Brazil, is keen.

U.S. sales of horticultural products to Hong Kong in FY 1993 are estimated to be up considerably from last year, and are expected to contribute a major share--over one-third--of the total value of U.S. farm exports to the territory. The value of shipments during the first 6 months of the FY compared with the year before was up 16 percent for fruits and preparations (excluding juice), 48 percent for nuts, and 33 percent for vegetables and preparations. Exports of citrus fruit, almonds, pistachios, broccoli, cauliflower, lettuce, and frozen vegetables were particularly strong during the first 6 months of FY 1993. U.S. suppliers may be benefiting from quality and availability problems with produce from China, which is the largest supplier of fresh vegetables to Hong Kong.

U.S. cotton shipments to Hong Kong in FY 1993 are forecast to decline substantially from FY 1992. During the first half of the FY, exports were down 80 percent from the same period a year earlier. U.S. cotton exports to Hong Kong could fall to the lowest volume since FY 1987. The decline in U.S. sales may be due to contraction of the local textile industry and cheaper supplies from China and Pakistan.

U.S. tobacco exports to Hong Kong in FY 1993 are forecast to decline slightly from the year before. Activity in Hong Kong's tobacco industry generally slackened further in 1992. Total consumption of unmanufactured tobacco is estimated to increase slightly in 1993 to 24,000 tons. The share of U.S. leaf is expected to improve slightly to 44 percent. China is expected to be the second largest leaf supplier to Hong Kong after the United States.

While Taiwan is the leading market for Hong Kong's cigarette exports and re-exports, a significant portion is smuggled from Taiwan into Mainland China, which is moving to tighten restrictions on production and sale of tobacco and products. In addition, some portion of the cigarettes declared for export (duty-exempt) continue to find their way back to Hong Kong to evade payment of duties.

Philippines

U.S exports to the Philippines are expected to be $500 million in 1993, up slightly from 1992, largely due to increased exports of wheat. The Philippine flour milling industry continues to expand. Capacity is being added to existing mills and some new mills are being constructed. Attributable to population growth and the continuing substitution of wheat for other traditional staples, consumption of noodles, bread, and fast food has continued to grow 10 percent annually. Wheat imports from the United States are estimated to be up from 1992's 1.3 million metric tons.

Mideast and North Africa

Food import demand in the Mideast and North Africa will rise in FY 1993 because of less favorable weather in some important countries, rising population, and an improved foreign exchange situation for some markets like Egypt. The greatest gain in U.S. agricultural exports to the region may be the sharp rise to Morocco. Morocco's severe drought in 1992 was followed by dry weather this season. Morocco's wheat imports in 1992/93 will double, rising to 3.2 million tons, with about half the amount coming from the United States.

Gains in exports to Morocco will account for about half the gains in U.S. agricultural exports to the region which should surpass $3.5 billion, up from $3.2 billion in FY 1992. Virtually no U.S. food is going directly to Iraq, which accounted for about a fifth of the peak of $4.1 billion exported to the region in FY 1989.

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

In FY 1992, gains in the largest markets, Egypt, Saudi Arabia, and Algeria, were less than 2 percent, while spectacular hikes occurred in other markets. Turkey, Israel, Morocco, Yemen, and Iran were rapid growth markets and are likely to register major growth this year. Shipments of grain to Turkey are expected to rise because the 1992 harvest was down and imports of wheat are needed for quality and blending purposes.

To improve the quality of wheat flour Turkey has been importing wheat for blending, at the same time that it has sharply reduced wheat stocks through unusually large exports to the former Soviet Union. Turkey has imported over 1 million tons of wheat in FY 1993, but the

EC and Argentina have been the major suppliers, with only small shipments from the United States.

Algeria is expected to buy more U.S. wheat, corn, and rice in FY 1993. Despite austere fiscal policies and a ban on imports of many food items, U.S. agricultural exports to Algeria should increase to about $500 million in FY 1993. This will be in the range of some earlier peaks when petroleum revenues were greater. U.S. exports of wheat to Algeria should rise to above the 1.4 million tons shipped in FY 1992. A very large harvest in 1991 was followed by another good crop in 1992, but rising population and prospects of a drought-reduced crop in 1993 have caused Algeria's wheat import needs to remain near 3.9 million tons. U.S. grain prices and programs are very attractive and Algeria needs to satisfy its rising demand for bread because austere trade policies have sharply curtailed the availability of many other food items.

Depending on political events, U.S. agricultural exports to Iran may quadruple in FY 1993, and move to the $100 million range. This would be a modest gain, compared with last year. Most of the increase came from the reopening of U.S. corn exports to Iran.

Brazil

Earlier estimates of U.S. exports to Brazil were revised up due to changes in import tariffs, and underestimated import demand for products such as soybeans; cotton; wheat; and high-valued vegetable, fruit, and nut products. Brazil's FY 1993 imports of U.S. agricultural commodities already exceed FY 1992's total, and the forecast was doubled to $200 million.

The 1992/93 Brazilian harvest is still continuing, with exceptional yields for most commodities. In the wake of ample corn, rice, and soybean crops, there is little chance for expanding corn, rice, or soybean imports further this year. However, due to a prolonged, severe drought in the Northeast, there may be some regional import demand for rice and feed grains. Despite ample supplies of these commodities in Brazil's Center-South, the United States may have some freight advantage in supplying the Northeast.

Soybean imports under duty-drawback during January and February were higher than earlier anticipated; but no further imports are expected this fiscal year following the Brazilian harvest. The outlook for cotton imports was revised up due to a recovery in Brazil's domestic textile demand, reduced cotton production in Brazil (due to the drought), and lower availability of Paraguayan cotton. In a temporary move to fight inflation, Brazil reduced import tariffs for a range of agricultural products. This is contributing to larger imports of wheat and processed fruits, nuts, and vegetables.

Brazil's economic situation continues to remain uncertain, however the government did release a new economic plan in late April. The plan focuses on restoring growth, fighting hunger, and gradually reducing inflation. It is possible that job creation could result in income growth and expanded food demand before the end of this fiscal year.

Mexico

While prospects for U.S. sales of livestock products and sorghum have weakened since February, agricultural exports are expected to continue growing in FY 1993, reaching $4 billion. In FY 1992, Mexican's purchases from the United States reached a record $3.7 billion, compared with $2.9 billion in FY 1991. Higher export volumes are forecast in 1993 for wheat, vegetable oils, soybeans, live animals, meat, and a variety of U.S. horticultural products including fresh and frozen vegetables and deciduous fruit.

Mexico's total wheat imports have increased sharply in recent years. In past years, Mexico has procured most of its imported wheat from the United States. More recently, the U.S. share of Mexico's wheat market has fallen sharply in response to strong competition

from Canada. In FY 1993, the volume of wheat imports is expected to rise because of harvest-time rains which reduced the size and quality of Mexico's wheat crop.

Soybeans are Mexico's primary oilseed crop. Demand for soybean products has outpaced domestic production during the last decade. Mexico has traditionally imported more oilseeds than finished products. In FY 1993, prospects are for sustained growth in soybean demand. Mexican imports of soybeans from the U.S. are expected to increase in, reflecting increasing protein feed requirements, and excess processing capacity.

Since 1980, dairy, livestock and poultry products have been the fastest growing U.S. agricultural exports to Mexico reaching over $1 billion in FY 1992. In FY 1993, pork imports from the U.S. are expected to be only slightly higher than in 1992, because increased demand in Mexico will be met by increased domestic production, currently at the peak of the production cycle. Mexican poultry meat imports from the United States are expected to grow significantly, driven primarily by lower prices than the domestic product, rising incomes, and population growth. Growth in U.S. cattle and beef sales to Mexico in FY 1993 will be constrained by the current tariffs on cattle and beef imports.

The United States is the largest foreign supplier of deciduous fruit to Mexican markets. For the past two years, Mexico's imports of deciduous fruit from the United States have been increasing, due to the removal of import licensing requirements for apples and peaches. Imports have also been driven by lower domestic production, a result of changes in financing policies, and, in the past growing season, heavy rains throughout the fruit and vegetable producing regions.

Sorghum is Mexico's major feed grain, ranking second in production (after corn). Mexico has procured virtually all sorghum imports from the United States. In FY 1992 sorghum imports from the United States rose to a record 4.9 million tons, encouraged by rising Mexican demand for livestock feed, high storage costs, and declining Mexican producer prices of sorghum relative to corn. In FY 1993, sorghum imports from the United States are now expected to decline compared to the 1992's record, as a drawdown of corn stocks cuts sorghum consumption in Mexico.

Agricultural Export Programs

The Export Enhancement Program

The EEP continues to meet subsidized price competition in selected export markets in FY 1993. As of May 6, EEP bonuses of $611 million assisted sales of commodities valued at $2.5 billion.

EEP wheat sales of 13.5 million tons as of May 6 are up 9 percent from last year's sales for the same period. Average EEP bonuses of $34.70 are down by 30 percent. Sales to some North and Sub-Saharan African countries are higher this year, while sales to the FSU are down.

EEP wheat sales to the FSU are progressing slowly, reaching 2.3 million tons as of May 6, compared with 5.9 million tons for the same period last year. EEP sales to China remain at about 2 million tons, compared with 1.7 million tons for all of FY 1992.

A continuing drought in North Africa has more than doubled FY 1992 EEP wheat sales to Morocco and boosted FY 1993 sales to Tunisia above those of the previous year. Wheat sales to Algeria of 749,050 tons are down by 12 percent from year-ago sales. EEP wheat sales to Sub-Saharan Africa as of May 6 are more than five times FY 1992 sales. The major cause of higher sales to Sub-Saharan Africa is the continuing suspension of the Nigerian wheat import ban. The drought in South Africa also has encouraged 560,813 metric tons of EEP wheat sales to that country as of May 6.

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

Region	Country	1991 sales	1992 sales	1993 sales (as of 5/6)	Remaining balance	Most recent initiative
			metric tons			
Wheat:		17,814,561	19,766,413	13,501,708	12,956,105	
North Africa:	Algeria	1,757,500	1,132,950	749,050	791,150	September 92
	Egypt	1,732,575	4,235,580	919,600	781,600	September 92
	Morocco	438,770	479,850	1,158,725	261,425	December 92
	Tunisia	299,000	118,000	250,125	231,900	March 93
Asia:	China	5,709,510	1,699,400	1,998,075	5,001,925	September 92
	Philippines	1,611,836	1,010,000	878,600	208,400	December 92
	Sri Lanka	199,300	349,200	449,250	750	September 92
	Bangladesh	30,000	431,130	25,000	388,025	September 92
	India	0	0	982,750	517,250	September 92
	Pakistan	0	647,560	152,000	550,440	September 92
West/Central Africa:		420,102	205,988	1,015,690	867,438	March 93
Former Soviet Union:		3,173,145	8,417,745	2,266,920	1,888,005	September 92
Other regions:		2,442,823	1,039,010	2,655,923	1,467,797	
Feed grains (mainly barley):		1,788,000	1,541,720	910,950	2,214,050	
	Algeria	0	100,000	100,000	75,000	April 93
	Cyprus	25,000	75,000	100,000	115,000	April 93
	FSU	0	299,500	120,000	230,000	October 92
	Israel	261,400	218,020	349,750	250	October 92
	Jordan	100,000	249,200	149,200	50,800	April 93
	Saudi Arabia	1,401,600	600,000	0	1,000,000	April 93
	Other countries	0	0	92,000	743,000	October 92
Flour:		510,500	252,665	653,636	1,255,364	
	Algeria	0	0	0	120,000	November 92
	Egypt	12,500	108,500	427,000	173,000	November 92
	SubSaharan Africa	126,000	69,165	1,636	472,364	November 92
	Yemen	325,000	75,000	225,000	0	November 92
	Other countries	47,000	0	0	490,000	November 92
Barley malt:		37,875	32,300	52,900	132,100	
Central American countries		3,250	2,300	6,000	34,000	October 92
Caribbean countries		0	15,000	26,000	9,000	February 93
FSU		0	0	0	25,000	October 92
Philippines		20,000	0	10,000	25,000	October 92
South America		14,625	15,000	10,900	39,100	October 92
Vegetable oils:		165,500	453,998	271,962	598,038	
	Algeria	36,000	66,000	84,000	16,000	October 92
	Dominican Rep.	7,000	23,000	0	30,000	October 92
	FSU	0	86,310	0	150,000	October 92
	Mexico	11,000	20,128	37,962	2,038	October 92
	Morocco	33,000	78,000	12,000	138,000	October 92
	Tunisia	48,500	77,000	87,000	33,000	October 92
	Turkey	30,000	82,360	44,500	55,500	October 92
	Other countries	0	21,200	6,500	173,500	October 92

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

As of May 6, 13 million tons of wheat were available to eligible importers for additional EEP sales. However, importers must purchase the wheat by June 30, the end of the international wheat marketing year. The bulk of EEP wheat sales to date are for delivery prior to July 1.

EEP sales of flour as of May 6 are more than double FY 1992 sales. Chief buyers are Egypt and Yemen. Barley malt sales are over 60 percent higher than total FY 1992 sales. Higher purchases by importers in Caribbean countries and the Philippines boosted barley malt sales. EEP vegetable oils of 271,962 are 9 percent lower than sales for the same period last year. Importers in Algeria and Tunisia purchased over 80,000 tons each of soy oil as of May 6. Importers in the FSU, Hong Kong, and China have not yet used their EEP vegetable oil allocations.

Sales activity is lively for the other price competition programs. Sales under the Sunflowerseed Oil Assistance Program (SOAP) and the Cottonseed Oil Assistance Program (COAP) of 162,850 and 35,127 tons, respectively, are keeping pace with sales for the same period last year. Sales under the Dairy Export Incentive Program (DEIP) are already 65 percent higher than total FY 1992. The fastest-selling dairy product under the DEIP is nonfat dry milk.

Export Credit Guarantee Programs

As of May 7, credit guarantee allocations totaled about $4.5 billion under the GSM-102 and GSM-103 programs. Applications received from exporters totaled approximately $2.7 billion, down about 37 percent from the same time in FY 1992. The decline is due chiefly to fewer purchases by former Soviet importers.

As of May 17, creditors had notified the Commodity Credit Corporation that approximately $853 million was past due under the GSM-102 program for the FSU. A participating country is suspended from the program when it is not current in its payments. On April 2, 1993, the G-7 countries signed an agreement with the Russian Federation to reschedule a portion of FSU debt to Western countries. However, the U.S. Government and the Russian Federation still need to reach a bilateral debt rescheduling agreement. Rescheduled FSU debt is contingent upon a signed agreement between the Russian Federation and Ukraine regarding the division of the former Soviet Union's assets and debt, the details of which have yet to be decided.

While rescheduling itself does not preclude additional GSM-102 programming, the resulting debt servicing situation, as well as arrears not covered by rescheduling, may well preclude the allocation of GSM-102/103 credit the FSU.

Food Aid Programs

The FY 1993 P.L. 480 Title I appropriation level is $555.3 million compared to $534.4 million in 1992. To date, $375.5 and $72.8 million have been allocated among 28 countries under Title I or the Food for Progress programs, respectively. In addition, $61.7 million is being held in reserve for unforeseen needs. However, the actual amount may be less because of revised funding procedures specified in the Omnibus Budget Reconciliation Act of 1990.

Since the second-quarter, agreements amounting to $194 million have been signed with Belarus, Cote d'Ivoire, Egypt, El Salvador, Jordan, Lithuania, Morocco, Sri Lanka, Suriname, and Turkmenistan. The Dominican Republic and Estonia were dropped from the list of recipient countries after they did not request Title I assistance.

Of the approximately 2.5 million metric tons of commodity assistance available under Title I allocations, European countries were allocated 37 percent, followed by countries in the Near East and Latin America with 25 percent and 22 percent, respectively. Recipients in

Asia followed with 10 percent and those in Africa received 6 percent. Wheat and flour allocations amounted to 1.4 million metric tons, or almost 60 percent of the total. However, this was about 400,000 tons less than the year-earlier because of Egypt's decision to receive less wheat under Title I. Corn was a distant second with 22 percent of the total allocations, followed by rice and soybean meal with 7 percent each, soybean oil 5 percent, and tallow 2 percent.

The Title II appropriation level for FY 1993 is $810 million, almost $44 million higher than in FY 1992. Approximately 2.2 million tons in commodity shipments are expected to be provided. At the end of April, 1.7 million tons of commodities had been allocated, including 742,000 tons of wheat and wheat products, 562,000 tons of feed grains, 181,000 tons of rice, 149,000 tons of vegetable oil, in addition to beans, lentils, peas, and non-fat dry milk. African countries had been allocated 44 percent of this total followed by Asia with 30 percent, Latin America 20 percent, Europe 5 percent, and the Near East 1 percent.

The FY 1993 Title III appropriation level is $333.6 million, up $10 million compared to FY 1992. Agreements have been signed with Bolivia, Ethiopia, Guyana, Mozambique, Nicaragua, Peru, Senegal, Sri Lanka, and Uganda totalling almost $195.3 million. Bolivia, Guyana, Nicaragua, Peru, and Sri Lanka have been allocated about 504,000 tons of wheat, Mozambique 206,000 tons of corn, Nicaragua and Uganda 5,000 and 12,000 tons of tallow, respectively, and Senegal 23,000 and 35,000 tons of rice and sorghum, respectively. Other agreements are in negotiation.

A noteworthy development since last quarter was President Clinton's announcement of U.S. assistance worth $1.6 billion for Russia at the Vancouver summit held on April 3-4, 1993. Of interest to the agricultural sector was the $700 million in assistance under the Food for Progress (FFP) Program, distinct from P.L. 480. The commodity portion of the package totals $500 million. It is estimated that ocean transportation costs will total about $200 million, with Russia paying $100 million up front for the foreign-flag equivalent freight rate and the United States paying all remaining freight costs, which includes the ocean freight differential. The $500 million commodity portion includes $433.5 million in USDA credits and $66.5 in donations.

Sales under the credits will carry a term of 15 years, with a 7-year grace period during which interest will be paid at 3 percent. This will be followed by an 8-year payment schedule at 4 percent. Shipments are expected to begin in June. An additional $194 million will be used for direct food aid donations. Grant food assistance will be provided under Section 416(b) and the FFP programs.

The 1994 budget proposes a program level of $1.6 billion for P.L. 480 assistance, a slight decrease from the 1993 level of $1.7 billion. The proposal includes about $500 million for Title I, approximately $830 million for Title II, and nearly $285 million for Title III. This funding would provide for shipments of about 6.3 million metric tons. Although lower than the current estimate for FY 1993, this is consistent with the average P.L. 480 assistance of the past 5 years. Actual shipments will depend on commodity and shipping costs. As proposed, the Title I program would be reduced nearly 10 percent, while the Title II program would rise less than 5 percent. Funding for Title III would fall by 15 percent as part of President Clinton's deficit reduction initiatives.

Import Commodities

Agricultural imports are projected to reach $25 billion in FY 1993, an increase of about 3 percent over 1992. For October 1992-March 1993, total agricultural imports were 5 percent higher than in the previous year. Competitive imports rose 9 percent, but noncompetitive imports declined 6 percent. The strong growth in competitive imports boosted the current import forecast $500 million higher than forecast in February.

Live animal imports are expected to total $1.6 billion as cattle from both Canada and Mexico remained strong through March 1993. Imports of swine from Canada strengthened during January-March, raising U.S. swine imports for the first 6 months to that of the previous year.

Beef imports are projected to decline from last year although beef import volume for October-March was 7 percent ahead a year earlier. January-March imports surged because nearly 72,000 tons of Australian beef valued at $144 million was imported in January. Australian beef shipments that surpassed 1992's voluntary restraint agreement (VRA) level was stored in bonded warehouses, and released for consumption at the beginning of the year. However, the 1993 VRA with Australia and New Zealand was lowered, and imports are expected to drop about 4 percent. Beef import value will be about $1.9 billion. Pork imports from Canada and the EC were also stronger in the second quarter of FY 1993. Pork import volume will likely rise about 3 percent above 1992, and approach $700 million.

Horticultural imports are projected to reach $7 billion in FY 1993, about 4 percent higher than in FY 1992. Fresh vegetable imports from Mexico were up 50 percent from a year earlier, rebounding from the rain damaged harvest of 1992. Tree nut imports rose 27 percent over a year earlier on increased imports of cashews from India and pecans from Mexico. However, the gain in tree nut and vegetable imports was offset by lower fruit imports.

Fruit and fruit juice imports are projected at $2.1 billion, a decline of nearly $200 million from the previous year. Plentiful orange juice supplies dampened prices and reduced orange juice imports by 11 percent through March 1993. The low prices pushed the import value of orange juice down by nearly 50 percent. Fruit imports from Chile were 5 percent higher than last year. Grape imports were up 9 percent by volume and 14 percent by value, but declines in peach and berry shipments slowed overall Chilean imports through March 1993. Canned pineapple imports declined 11 percent as shipments from Thailand dropped sharply.

Imports of grains and feeds are expected to reach $1.6 billion, but volume is expected to decline to 4.9 million tons due to sharp falls in corn, oats, and barley imports compared to FY 1992. Wheat imports were 74 percent larger than last year, reaching over 750,000 tons through March. Rice imports also moved up, particularly for high grade basmati rice from India. Shipments of feeds and fodders fell, but higher unit values raised value by 3 percent.

Imports of oilseed products are projected to total $1.2 billion. Vegetable oil imports continued up, rising 34 percent by volume and 30 percent by value compared to the previous year. Coconut oil was the leading vegetable oil import, and cottonseed oil imports have surged in FY 1993, rising from 98 tons to over 3,600 tons for the first 6 months of FY 1993.

Sugar imports are expected to total $1.1 billion, about the same as a year ago. Through March 1993, the value of cane and beet imports was 15 percent ahead of 1992, and confectionery products were 6 percent higher. But lower imports of molasses and other sugar products will offset the gains, keeping sugar and sugar products about the same as 1992.

The value of unmanufactured tobacco imports was 47 percent higher during the first 6 months of 1993, and volume increased over 70 percent. This trend is expected to continue through the year, and will boost tobacco imports to $1.1 billion. The composition of tobacco imports shifted from higher valued to lowered valued leaf tobacco. Imports from Brazil were 220 percent higher through March 1993, while imports of high-value tobacco from Turkey fell by 23 percent, as the tobacco industry increased its usage of lower-grade imported tobacco in cigarette production.

Noncompetitive imports are expected to total $5.7 billion, slightly below the FY 1992 level. Coffee prices remained weak as supplies remained high, and the International Coffee Organization negotiations failed to reach an agreement in March. The value of imports is expected to fall to $1.6 billion, and volume to fall below last year's. Cocoa prices also remained weaker than the previous year, and imports are projected to drop to $1 billion. Volume is expected to be lower at about 740,000 tons. Banana imports are expected to rise to $1.1 billion, slightly ahead of last year. Tea and rubber were both 14 percent higher than the year earlier, and are expected to increase over the previous year.

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

Commodity	October - March 1991/92	October - March 1992/93	Fiscal 1992	Fiscal 1993 Forecast
	--Billion dollars--			
Competitive Products	8.814	9.611	18.549	19.3
Animals and products	2.726	2.983	5.555	6.0
Live animals	.674	.833	1.275	1.6
Beef and veal	.915	.926	1.933	1.9
Pork	.313	.338	.625	.7
Dairy products	.369	.420	.816	.9
Horticultural products	3.449	3.597	6.760	7.0
Fruits (incl juices)	1.211	1.053	2.275	2.1
Vegetables and preps	1.145	1.369	2.125	2.4
Nuts and preparations	.222	.283	.432	.6
Wines and malt beverages	.871	.892	1.928	1.9
Grains and feeds	.728	.782	1.548	1.6
Sugar and related products	.461	.493	1.114	1.1
Oilseeds and products	.519	.641	1.124	1.2
Tobacco, unmanufactured	.359	.529	1.299	1.1
Seeds	.105	.115	.214	.2
Noncompetitive products	3.071	2.879	5.774	5.7
Bananas and plantains	.527	.533	1.083	1.1
Coffee, incl. processed	1.027	.826	1.798	1.6
Cocoa, incl. processed	.640	.548	1.122	1.0
Rubber and allied gums	.372	.420	.756	.9
Spices	.143	.138	.267	.3
Tea	.080	.092	.173	.2
Total	11.885	12.490	24.323	25.0

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

Commodity	October - March 1991/92	October - March 1992/93	Fiscal 1992	Fiscal 1993 Forecast
	--Thousand metric tons--			
Competitive Products	7,400	7,785	15,105	15,240
Beef and veal	373	401	813	780
Pork	133	136	263	270
Cheese & casein	105	107	223	230
Horticultural products	2,234	2,596	3,869	4,300
Fruits and preparations	1,156	1,151	2,093	2,100
Vegetables-fresh & frozen	997	1,341	1,612	2,000
Nuts and preparations	81	104	164	200
Wines and malt beverages 1/	5,397	5,764	12,258	13,000
Fruit juices 1/	13,859	12,536	26,049	24,000
Grains and feeds	2,619	2,271	5,446	4,900
Sugar, cane or beet 2/	595	714	1,623	1,700
Oilseeds and products	1,136	1,267	2,330	2,500
Tobacco, unmanufactured	109	186	364	370
Seeds	96	107	174	200
Noncompetitive products	3,500	3,562	6,911	7,010
Bananas and plantains	1,780	1,856	3,626	3,800
Coffee, incl. processed	704	658	1,350	1,200
Cocoa, incl. processed	430	402	773	740
Rubber and allied gums	461	502	920	1,000
Spices	68	71	127	130
Tea	57	73	135	140

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

Table 8--U.S. agricultural imports: Value by region, 1991-93

Region	October - March 1991/92	October - March 1992/93	Fiscal 1992	Fiscal 1993 Forecast
	--Billion dollars--			
Western Europe	2.480	2.540	5.098	5.2
European Community 1/	2.294	2.381	4.733	4.9
Other Western Europe	.186	.159	.366	.3
Central and Eastern Europe	.163	.131	.350	.2
Former Soviet Union	.009	.016	.020	8/
Asia	1.739	1.929	3.588	4.0
Japan	.129	.130	.256	.3
China	.191	.197	.369	.4
Other East Asia 2/	.150	.144	.315	.3
Other Asia 3/	1.269	1.458	2.649	3.0
Middle East 4/	.233	.202	.760	.4
Africa	.365	.312	.675	.6
North Africa 5/	.038	.031	.067	.1
Sub-Saharan Africa	.327	.281	.608	.5
Latin America	4.117	4.300	7.899	8.4
Mexico	1.234	1.526	2.286	2.9
Other Latin America	2.883	2.774	5.613	5.5
Brazil	.721	.311	1.358	1.2
Canada	1.888	2.161	3.930	4.3
Oceania	.890	.899	2.003	1.9
Total	11.885	12.490	24.323	25.0
Developed Countries 6/	5.415	5.757	11.373	11.7
Developing Countries	6.107	6.387	12.210	12.7
Other Countries 7/	.363	.346	.740	.6

1/ Including East Germany beginning in fiscal 1991.
2/ Korea, Hong Kong, and Taiwan.
3/ Afghanistan, India, Pakistan, Nepal, Bangladesh, Sri Lanka, Burma, Thailand, Vietnam, Laos, Cambodia, Malaysia, Singapore, Indonesia, Brunei, 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 formerly Centrally Planned Economies.
8/ Less than $50 million.

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