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U.S. Agricultural Trade Update

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Record Set as U.S. Agricultural Exports Top \$61 Billion in Calendar Year 2004; Imports Near \$55 Billion

Special article

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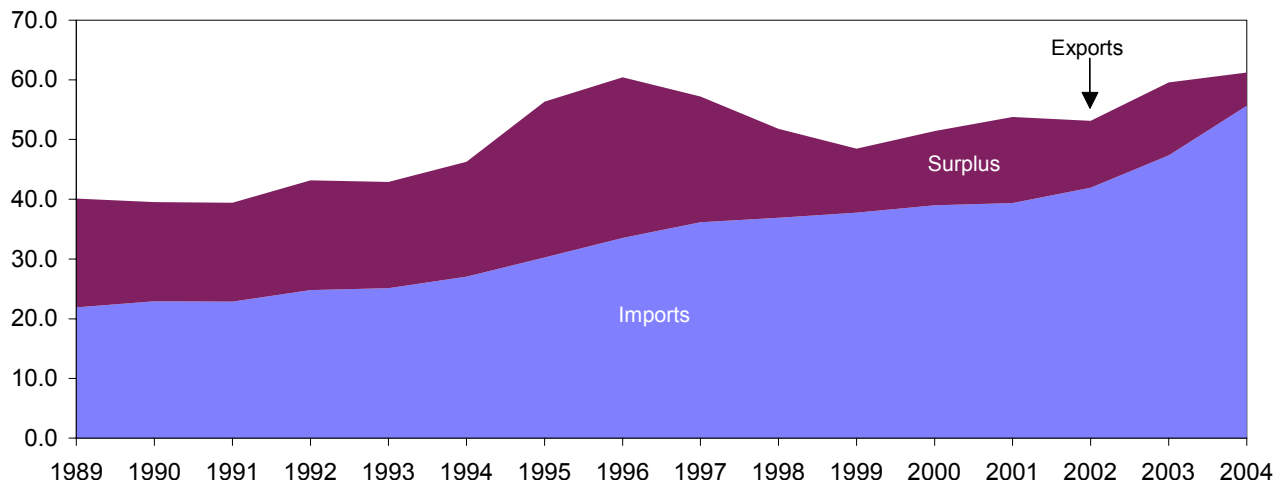
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Board.

The value of U.S. agricultural exports equaled \$61.3 billion for 2004, about \$1.7 billion over calendar year 2003 and the largest in U.S. history. The previous high of \$60 billion was set in 1996. Imports were up about \$6.6 billion over 2003, at \$54.1 billion--their 13th consecutive record. These record levels leave an agricultural trade balance of \$7.3 billion for calendar year 2004, compared with \$12.2 billion last year.

Gains in export values for wheat, corn, and cotton basically offset losses in red meats and soybeans. Import values of almost all major commodity groups increased over last year, though there were modest declines in live animals, sugar, and tobacco. Red meats and product imports rose more than \$1 billion over last year, while juice, nuts, vegetables and vegetable oils each rose more than \$700 million--accounting for a third of the increase.

Figure 1
Annual U.S. agricultural trade, calendar years 1989-2004
Billion dollars



Sources: Economic Research Service, USDA and Census Bureau, U.S. Dept. of Commerce.

Table 1--U.S. agricultural trade, year-to-date and current months

Item	Nov.	Dec.	Change	Jan.-Dec.		Change
	2004	2004	Dec.>Nov.	2003	2004	'04>'03
	--Million dollars--		Percent	--Million dollars--		Percent
Agricultural exports	5,870	5,681	-3	59,561	61,309	3
Imports (c.i.f.)	5,009	5,261	5	50,979	57,919	15
Imports (customs value)	4,659	4,882	5	47,376	54,019	14
Trade balance						
Exports minus c.i.f. imports	861	420	-51	8,582	3,390	-53
Exports minus customs-valued imports	1,211	799	-34	12,185	7,290	-40
Exports by major commodity group						
Live animals	108	75	-31	736	465	-37
Red meats & products	367	318	-13	5,741	3,239	-44
Poultry meats & products	239	220	-8	2,184	2,493	14
Dairy products	139	185	34	1,048	1,503	43
Hides & skins	135	119	-12	1,782	1,749	-2
Animal fats & other products	67	63	-6	865	915	6
Wheat	355	366	3	3,914	5,095	30
Rice	98	80	-19	1,024	1,166	14
Corn	460	466	1	4,719	5,741	22
Other feed grains	39	45	16	639	572	-11
Other grain products	200	202	1	2,169	2,402	11
Animal feeds & oil meal	368	371	1	3,892	3,793	-3
Soybeans	1,082	947	-12	7,960	6,672	-16
Other oilseeds	81	91	12	771	945	23
Vegetable oils	170	172	1	1,691	1,678	-1
Fruits, nuts, & products	554	465	-16	4,730	5,359	13
Vegetables & products	466	472	1	4,813	5,282	10
Juice, wine, & beverages	171	189	10	2,100	2,158	3
Cotton & linters	211	337	60	3,376	4,248	26
Tobacco, unmanufactured	109	84	-23	1,038	1,044	1
Sugar & tropical products	184	162	-12	1,793	1,925	7
Other	267	253	-5	2,574	2,862	11
Total exports	5,870	5,681	-3	59,561	61,309	3
Imports (customs value) by major commodity group						
Live animals	155	150	-3	1,545	1,349	-13
Red meats & products	478	497	4	4,332	5,671	31
Poultry meats & products	26	26	0	275	368	34
Dairy products	221	238	8	1,978	2,424	23
Other animal products	71	82	15	757	831	10
Grains, feeds, & oil meal	439	367	-16	4,111	4,633	13
Fruits, juices, & nuts	591	679	15	6,275	6,990	11
Vegetables & preparations	648	771	19	6,394	7,163	12
Oilseeds	27	36	32	233	356	53
Vegetable oils	169	173	3	1,638	2,344	43
Wine	364	302	-17	3,268	3,418	5
Malt beverages	221	216	-2	2,681	2,768	3
Coffee	187	205	9	1,958	2,263	16
Cocoa	193	198	2	2,439	2,491	2
Rubber, natural	93	126	35	1,047	1,466	40
Sugar, cane & beet	52	35	-33	573	556	-3
Sugar products	133	130	-2	1,557	1,551	0
Tobacco, unmanufactured	36	84	136	757	702	-7
Other	556	568	2	5,559	6,673	20
Total imports	4,659	4,882	5	47,376	54,019	14

Preliminary data. November data have been revised to include U.S. exports to Canada that were erroneously omitted.

Sources: Economic Research Service, USDA and Census Bureau, U.S. Department of Commerce.

Table 2--Top 10 U.S. export markets for wheat, corn, soybeans, and cotton,
January-December 2003 and 2004 and Dec. 2004

Commodity	Jan.-Dec. 2003	Jan.-Dec. 2004	Dec. 2004
	Metric tons		
Wheat			
Japan	2,974,867	3,093,202	182,060
China (Mainland)	235,542	2,939,670	213,251
Mexico	2,599,836	2,811,104	355,526
Egypt	2,777,135	2,731,017	115,500
Nigeria	1,770,869	2,359,905	174,923
South Korea	1,303,602	1,430,094	107,464
Philippines	1,296,355	1,348,006	86,756
China (Taiwan)	830,440	1,081,982	145,450
European Union-25	1,506,291	1,071,328	91,272
Peru	672,478	937,016	32,300
World	25,109,448	31,040,434	2,213,675
Corn			
Japan	14,312,138	15,303,682	1,378,614
Mexico	5,562,754	5,472,655	1,077,935
China (Taiwan)	4,409,406	4,516,303	476,807
South Korea	370,674	4,333,044	55,576
Egypt	3,349,358	3,106,356	204,977
Canada	3,486,012	1,997,347	223,807
Colombia	1,605,920	1,755,259	192,186
Algeria	976,388	1,168,601	170,646
Israel	736,120	878,292	119,924
Syria	629,048	793,694	88,800
World	42,905,757	47,556,461	4,562,341
Soybeans			
China (Mainland)	11,112,116	9,402,546	1,724,416
European Union-25	4,346,492	3,676,785	1,052,055
Japan	3,503,756	3,107,959	310,068
Mexico	4,030,880	2,687,757	181,717
China (Taiwan)	1,575,223	1,059,073	160,067
Indonesia	1,274,377	884,381	143,666
South Korea	1,070,332	863,863	84,657
Canada	658,358	497,686	25,506
Thailand	719,762	358,002	64,909
Turkey	380,680	302,091	115,780
World	30,977,776	24,975,683	4,219,001
Cotton			
China (Mainland)	567,045	904,518	61,697
Mexico	354,098	353,473	31,034
Turkey	373,247	328,462	29,094
Indonesia	195,142	196,088	22,058
Thailand	127,659	132,586	23,650
Pakistan	122,856	126,805	13,244
South Korea	111,572	107,987	18,472
China (Taiwan)	103,736	106,316	17,786
Canada	68,661	70,821	4,219
European Union-25	54,949	62,486	5,291
World	2,674,221	2,882,046	269,908

European Union-25 includes the former EU-15 plus 10 new countries which acceded in May 2004.

Sources: Economic Research Service, USDA and Census Bureau, U.S. Department of Commerce.

U.S. Agricultural Trade Boosts Overall Economy

U.S. agricultural exports generate employment, income, and purchasing power in both the farm and nonfarm sectors. Every farm export dollar earned stimulated another \$1.54 in business activity in calendar year 2003. The \$59.6 billion of agricultural exports in 2003 produced an additional \$92.0 billion in economic activity. Agricultural exports also generated 912,000 full-time civilian jobs, which include 461,000 jobs in the nonfarm sector. Farmers' purchases of fuel, fertilizer, and other inputs to produce commodities for export spurred economic activity in the manufacturing, trade, and transportation sectors.

Production from almost a third of U.S. cropland moved into export channels in 2003. Of raw crops, the United States exported 50 percent of food grain production, almost 20 percent of feed grains, and more than 35 percent of oilseeds. Export-related employment peaked in 1981 when bulk and processed agricultural exports provided jobs for 1.2 million workers. In 2003, exports generated \$151.6 billion in business activity--\$59.6 billion from exports and \$92 billion from supporting activities. Net agricultural exports in 2003 contributed \$12.3 billion to the overall U.S. trade balance, up from \$11.2 billion in 2002.

Exports Generate New Business, Add Jobs

Of the \$59.6 billion in U.S. agricultural exports in 2003, the value of exported raw products was \$22.7 billion, \$24.6 billion for processed commodities, and \$12.3 billion for transportation and trade services. The \$92.0 billion in 2003 supporting activity included \$16.8 billion from the farm sector, \$5.4 billion from the food processing sector, \$20.0 billion from other manufacturing sectors, \$14.0 billion from trade and transportation, and \$35.6 billion from other services. Nonfarm sectors of the economy received about 82 percent of the additional economic activity.

Employment required to produce, transport, and service 2003's agricultural exports increased from 2002. Factors such as export commodity mix, price changes, and the volume of goods exported contributed to the rise. Of the 912,000 full-time civilian jobs related to agricultural exports in 2003, more than 451,000 were U.S. farm workers, an increase of 35,000 jobs in 2003 from 2002. In addition, 461,000 jobs in the nonfarm sector were involved in assembling, processing, distributing and servicing agricultural products for export. About 65,000 of those were in food processing, 130,000 in trade and transportation, 58,000 in other manufacturing sectors, and 209,000 in other services.

Bulk exports have a proportionately smaller effect on the nonfarm economy than processed, or high-value, exports. Bulk exports generated an additional \$20.1 billion of business activity while non-bulk exports generated \$61.9 billion--i.e., \$1.39 additional output per dollar of bulk exports, \$1.63 for non-bulk exports, and \$1.54 for all agricultural exports. The additional business activity attributed to bulk exports was distributed across economic sectors as follows: 6 percent in farming, 28 percent in manufacturing, 51 percent in other services, and 15 percent in wholesale and retail trade and transportation. In contrast, the additional business activity for

non-bulk exports was 24 percent in farming, 28 percent in manufacturing, 33 percent in other services, and 15 percent in transportation and wholesale and retail trade. Of the 912,000 jobs related to U.S. agricultural exports, 524,000 (57 percent) supported non-bulk exports.

Impacts of Agricultural Imports on U.S. Output

The domestic output effect of the \$37.4 billion of imports that compete with U.S. products (agricultural products which are not produced in the United States such as coffee, bananas, and tea are not included in this analysis), in 2003 was \$90.4 billion. Each dollar spent on competitive imports would have required another \$1.42 in supporting goods and services if those imported items had been produced domestically, indicating an output multiplier of 2.42.

U.S. agricultural trade positively affects most sectors of the economy. The farm sector's \$39.5 billion of output associated with agricultural exports more than offset the \$18.1 billion of farm output implicitly lost because of competitive agricultural imports. All manufacturing, including the food processing sectors, gained \$13.9 billion in total output, about 29,100 jobs and \$2 billion in income. The U.S. economy gained a net \$39 billion in output after considering the impact of competitive agricultural imports. Outside of farming and food processing, the United States accrued a net \$4.3 billion from agricultural trade.

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Table 3--U.S. economic activity triggered by agricultural trade, 2003

Item	2001	2002	2003	2003	2003
	Total	Total	Total	Bulk	Other
Billion dollars					
Economic activity generated by agricultural exports	133.0	138.5	151.6	51.7	99.9
Exports	53.7	53.1	59.6	21.6	38.0
Agricultural imports	39.4	41.9	47.3	11.0	36.3
Complementary	6.7	7.0	9.9	0.0	9.9
Competitive	32.7	34.9	37.4	11.0	26.4
Agricultural trade balance	14.3	11.2	12.3	10.6	1.7
Supporting activities	79.3	85.4	92.0	30.1	61.9
Farm	15.0	15.4	16.8	1.9	14.9
Food processing	5.8	5.0	5.4	0.2	5.2
Other manufacturing	17.2	19.4	20.0	8.3	11.7
Trade and transportation	13.5	13.0	14.0	4.4	9.6
Other services	27.7	32.6	35.6	15.3	20.3
Percent					
Nonfarm share of supporting economic activity	81	82	82	94	76
Export multiplier (additional business activity generated by \$1 of exports)	1.48	1.61	1.54	1.39	1.63
1,000 jobs					
Employment generated by agricultural exports	801	841	912	388	524
Farm	344	416	451	226	225
Employment per billion dollars of agricultural exports	14.9	15.8	15.3	18.0	13.8
Percent					
Share of farm workforce supported by agricultural exports	11	12	20	10	10
1,000 jobs					
Nonfarm	457	425	461	162	299
Food processing	73	56	65	0	64
Other manufacturing	62	50	58	20	38
Trade and transportation	137	125	130	47	83
Other services	185	194	209	94	115
Billion dollars					
Domestic equivalent of economic activity generated by competitive imports	76.5	88.1	90.4	24.7	65.7
Net business surplus of agricultural trade	49.8	43.4	51.3	27.0	24.3
Nonfarm, nonfood processing sectors:					
Net direct benefit from exports	2.2	3.7	4.3	4.3	0
Net increased output from exports	26.2	25.4	31.3	26.7	4.6
Percent					
Farm share of total income from exports	24	22	25	44	12
Trade and transportation share of total income from exports	24	23	22	15	26

Sources: Economic Research Service, USDA and Bureau of Economic Analysis, U.S. Dept. of Commerce.

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Data

Monthly and year-to-date U.S. agricultural trade (FATUS and HTS) data are on USDA's Foreign Agricultural Service website <http://www.fas.usda.gov/ustrade/>. Click on FATUS imports or FATUS exports.

Summary FATUS data tables and frequently asked questions and answers are at <http://www.ers.usda.gov/data/fatus>.

Related Websites

Articles and general information about U.S. agricultural trade are at <http://www.ers.usda.gov/briefing/agtrade>.

Information on specific agricultural commodities, exchange rates, macroeconomics, WTO, and trade-related topics is in other ERS briefing rooms at <http://www.ers.usda.gov/briefing/>.

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U.S. International Trade Commission, <http://dataweb.usitc.gov/>, is the source for U.S. HTS trade data by Customs District and month. USITC also provides information on U.S. tariffs and the U.S. HTS import classifications.

Census Bureau, U.S. Department of Commerce, <http://www.census.gov/ftp/pub/foreign-trade/www/>, provides a description of and guide to total U.S. trade, as well as the U.S. HTS export classifications (Schedule B), and much other information about U.S. trade data.

Office of the U.S. Trade Representative, <http://www.ustr.gov/>, provides information on U.S. trade negotiations and enforcement issues.

Food and Agriculture Organization of the United Nations, <http://www.fao.org/>, provides global agricultural trade by country.

World Trade Organization, <http://www.wto.org/>, provides information on international trade and regulations.

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