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U.S. Agricultural Trade Update

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U.S. Agriculture Maintains Trade Surplus of \$3.5 Billion for First 11 Months of 2005

Special article

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The next release is
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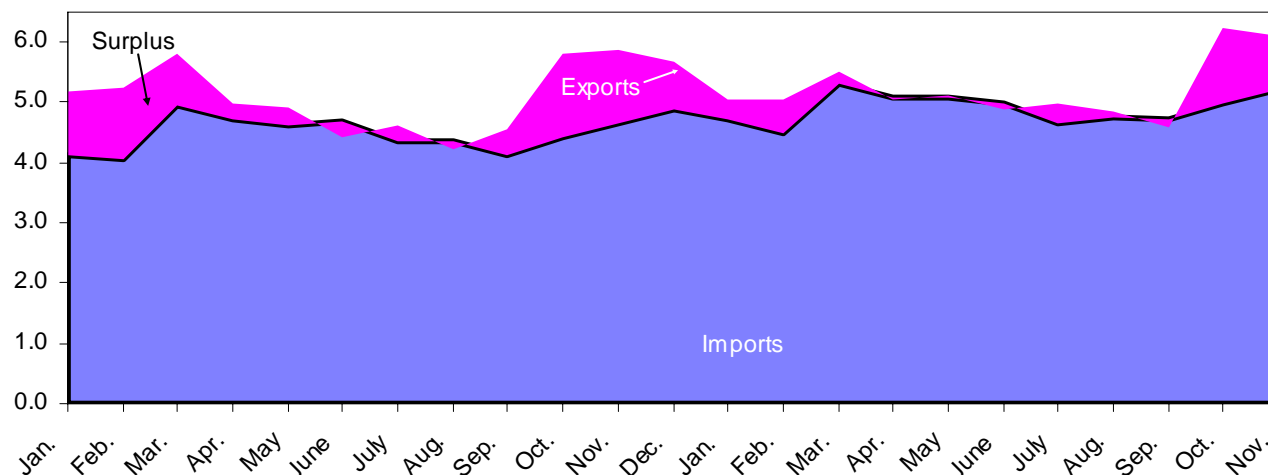
U.S. agricultural exports fell by about 2 percent from October to November, while imports rose by about 5 percent. Year-to-date exports, at \$57.4 billion, are \$1.7 billion higher than the same period in 2004. Imports are \$4.8 billion higher at \$53.9 billion. While still maintaining a trade surplus, that surplus has shrunk from \$6.6 billion for the first 11 months of calendar year 2004 to \$3.5 billion for the same period in 2005.

Most of the year-to-date rise in export value is related to livestock. Red meat and poultry meat values are up 33 and 23 percent, respectively over 2004. Shipments of cotton and soybeans typically increase in November as more of the crop is harvested. Cotton export volume was substantially higher in November than in October; China took the largest share. On the import side, most of the year-to-date increase can be attributed to beverages, notably coffee, malt beverages, juices, and wine.

Figure 1

Monthly U.S. agricultural trade, calendar years 2004 and 2005

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	Oct.	Nov.	Change	Jan.-Nov.		Change
	2005	2005	Nov.>Oct.	2004	2005	'05>'04
	--Million dollars--		Percent	--Million dollars--		Percent
Agricultural exports	6,246	6,110	-2	55,686	57,391	3
Imports (c.i.f.)	5,302	5,576	5	52,657	57,767	10
Imports (customs value)	4,970	5,214	5	49,119	53,920	10
Trade balance						
Exports minus c.i.f. imports	944	534	-43	3,028	-375	1
Exports minus customs-valued imports	1,276	896	-30	6,566	3,471	-47
Exports by major commodity group						
Live animals	185	55	-70	389	519	34
Red meats & products	364	420	15	2,920	3,884	33
Poultry meats & products	327	286	-13	2,278	2,797	23
Dairy products	130	133	2	1,318	1,545	17
Hides & skins	141	147	4	1,626	1,640	1
Animal fats & other products	76	72	-4	853	764	-10
Wheat	450	336	-25	4,728	3,928	-17
Rice	101	103	2	1,076	1,185	10
Corn	497	421	-15	5,405	4,310	-20
Other feed grains	63	28	-56	526	532	1
Other grain products	233	253	9	2,212	2,472	12
Animal feeds & oil meal	352	361	3	3,447	3,671	6
Soybeans	911	902	-1	5,720	5,761	1
Other oilseeds	124	102	-18	849	973	15
Vegetable oils	141	158	12	1,505	1,491	-1
Fruits, nuts, & products	746	745	0	4,914	5,756	17
Vegetables & products	501	535	7	4,837	5,232	8
Juice, wine, & beverages	177	173	-2	1,975	1,949	-1
Cotton & linters	177	293	66	3,910	3,634	-7
Tobacco, unmanufactured	94	125	32	960	885	-8
Sugar & tropical products	213	205	-4	1,765	1,984	12
Other	243	256	5	2,473	2,480	0
Total exports	6,246	6,110	-2	55,686	57,391	3
Imports (customs value) by major commodity group						
Live animals	265	270	2	1,198	1,693	41
Red meats & products	427	418	-2	5,175	5,111	-1
Poultry meats & products	26	34	29	342	322	-6
Dairy products	235	244	4	2,187	2,430	11
Other animal products	70	72	3	749	777	4
Grains, feeds, & oil meal	468	450	-4	4,260	4,328	2
Fruits, juices, & nuts	549	625	14	6,298	7,247	15
Vegetables & preparations	605	677	12	6,394	6,850	7
Oilseeds	23	27	19	320	328	2
Vegetable oils	205	217	6	2,162	2,270	5
Wine	386	402	4	3,116	3,457	11
Malt beverages	262	264	1	2,551	2,878	13
Coffee	228	230	1	2,059	2,728	32
Cocoa	211	238	12	2,287	2,488	9
Rubber, natural	134	127	-5	1,339	1,390	4
Sugar, cane & beet	111	92	-17	522	783	50
Sugar products	145	140	-3	1,420	1,483	4
Tobacco, unmanufactured	36	74	104	630	591	-6
Other	583	614	5	6,109	6,765	11
Total imports	4,970	5,214	5	49,119	53,920	10

Preliminary data.

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-November 2004 and 2005 and November 2005

Commodity	Jan.-Nov. 2004	Jan.-Nov. 2005	Nov. 2005
	Metric tons		
Wheat			
Nigeria	2,184,982	3,028,755	165,822
Japan	2,865,342	2,737,999	221,556
Mexico	2,462,094	2,441,553	149,485
Philippines	1,261,250	1,558,863	103,449
Egypt	2,675,226	1,183,334	57,744
European Union-25	954,097	1,158,666	61,777
Iraq	294,417	1,098,771	217,709
South Korea	1,322,630	1,064,162	106,288
China (Taiwan)	936,532	921,504	110,247
Venezuela	555,358	832,466	34,209
World	28,830,151	24,395,689	2,046,116
Corn			
Japan	13,927,494	13,850,688	1,284,664
Mexico	4,540,513	4,859,455	604,529
China (Taiwan)	4,081,923	4,163,711	413,437
Egypt	2,933,265	3,491,046	189,805
South Korea	4,273,249	2,066,250	256,802
Colombia	1,651,335	1,920,570	171,179
Canada	1,793,177	1,912,476	216,169
Syria	777,295	1,082,640	0
Algeria	997,955	919,492	117,506
Dominican Republic	698,330	908,625	86,887
World	44,037,263	40,941,458	4,041,496
Soybeans			
China (Mainland)	7,678,130	8,446,705	1,641,334
Mexico	2,689,139	3,219,527	242,524
Japan	2,796,952	2,631,007	308,385
European Union-25	2,602,730	2,276,424	309,267
China (Taiwan)	901,246	1,565,654	269,434
Indonesia	739,744	1,070,873	137,318
South Korea	779,206	619,767	139,732
Turkey	186,311	470,793	157,507
Egypt	148,498	376,226	115,990
Thailand	293,093	346,404	128,417
World	20,918,889	23,342,046	3,818,773
Cotton			
China (Mainland)	842,363	1,134,434	109,517
Turkey	298,816	447,824	22,578
Mexico	322,566	313,556	18,285
Indonesia	173,878	216,283	11,726
Thailand	109,785	151,337	5,111
China (Taiwan)	88,553	146,281	3,311
South Korea	89,527	117,194	6,296
Pakistan	113,589	114,642	5,549
Hong Kong	40,648	58,051	2,088
Japan	49,606	54,608	4,498
World	2,611,553	3,165,155	220,354

1/ 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

Final data for fiscal year 2005 show U.S. agricultural exports exceeded the record set in fiscal 2004. Agricultural imports also continued to grow at a record pace throughout the year. We expect this pace to also result in record trade for calendar year 2005. Final data for calendar year 2005 will be available in February 2006. What follows is a discussion of the impacts of agricultural trade on the U.S. economy in calendar year 2004—the latest data available at this time¹.

U.S. agricultural exports generate employment, income, and purchasing power in both the farm and nonfarm sectors. In calendar year 2004, each farm export dollar stimulated another \$1.48 in business activity. The \$61.4 billion of agricultural exports in calendar year 2004 produced an additional \$90.8 billion in economic activity. Agricultural exports also generated 825,000 full-time civilian jobs, which include 437,000 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 2004. The United States exported 49 percent of its food grain production, almost 16 percent of its feed grains, and more than 35 percent of its oilseeds. While lower percentages of food and feed grain production were exported in 2004 than in 2003, oilseed exports remained steady.

Export-related employment peaked in 1981 when bulk and processed agricultural exports provided jobs for 1.2 million workers. In 2004, exports generated \$152.2 billion in business activity—\$61.4 billion from exports and \$90.8 billion from supporting activities. Net agricultural exports in 2004 contributed \$8.8 billion to the overall U.S. trade balance—a decrease of \$3.5 billion from 2003.²

Exports Generate New Business, Add Jobs

Of the \$61.4 billion in U.S. agricultural exports in 2004, the value of exported raw products was \$23.9 billion, \$24.3 billion of processed commodities, and \$13.1 billion for transport and trade services. The \$90.8 billion in 2004 supporting activities (economic activity required to move a commodity from farm or manufacturer to port) included \$15.9 billion from the farm sector, \$5.5 billion from the food processing sector, \$20.8 billion from other manufacturing sectors, \$12.7 billion from trade and transportation, and \$36.1 billion from other services. Nonfarm sectors of the economy received about 83 percent of the additional economic activity.

Employment required to produce, transport, and service 2004's agricultural exports decreased from 2003. Of the 825,000 full-time civilian jobs related to agricultural exports in 2004, more than 388,000 were U.S. farm workers, a decrease of 63,000 jobs from 2003. Each year labor productivity increases. If the level of exports stayed the same from year to year the amount of employment generated by trade would decline steadily over time. Exports rose very little, \$59.6 billion versus \$61.4 billion, about 3 percent, between 2003 and 2004. Productivity in the farm sector was 5.2 percent higher in 2004 than in 2003. Because nonbulk exports remained the

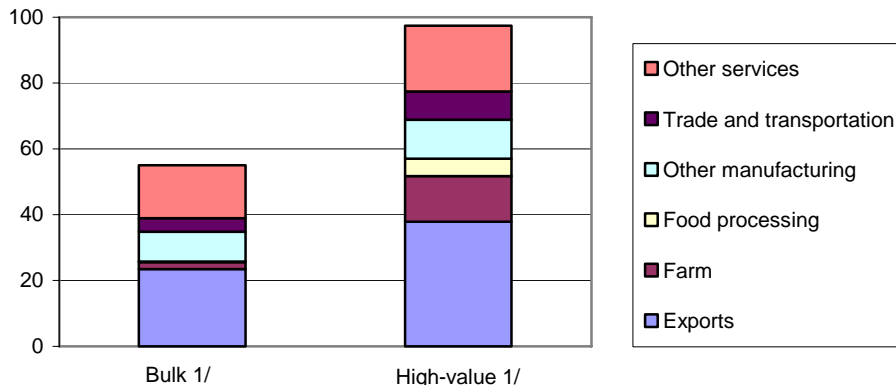
¹ The Economic Research Service uses agricultural trade multipliers to provide estimates of employment and output and to reflect the amount of economic activity generated by agricultural exports. Additional detail is forthcoming at: <http://www.ers.usda.gov/data/trademultiplier/>.

² The Economic Research Service stopped distinguishing between competitive and noncompetitive imports in 2004.

Figure 2

High-value ag. exports generate more business activity than bulk in 2004

Billion dollars



1/ For commodities in these groups, see the list of predefined groups in the forthcoming ERS Agricultural Trade Multipliers data product to be available at <http://www.ers.usda.gov/data/ATM/frmERSpredefinedgroups.aspx>.

same and bulk exports rose (but not at a level that outpaced productivity gains), overall farm employment declined. Farm employment in 2004 was impacted by the jump in farm productivity and farm commodity price changes relative to 2003.

Bulk exports have a smaller proportional effect on the nonfarm economy than processed, or high-value, exports. Bulk exports generated an additional \$31.6 billion of business activity while non-bulk exports generated \$59.2 billion—\$1.35 additional output per dollar of bulk exports, \$1.56 for non-bulk exports, and \$1.48 for all agricultural exports.³ Of the 825,000 jobs related to U.S. agricultural exports, 454,000 (55 percent) supported non-bulk exports.

³The multipliers shown in the table include the \$1 in direct exports plus the additional supporting activity.

Impacts of Agricultural Imports on U.S. Output

The domestic equivalent output effect of the \$52.6 billion of imports was \$127.3 billion in 2004. Each dollar spent on 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 \$39.8 billion of output associated with agricultural exports more than offset the \$24.9 billion of farm output implicitly lost because of agricultural imports. The nonfarm sectors, including food processing, gained \$10 billion in total output, about 51,000 jobs and \$5.3 billion in income. The U.S. economy gained a net \$24.9 billion in output after considering the theoretical loss to agricultural imports. Outside of farming and food processing, the United States theoretically lost a net \$0.8 billion from direct agricultural trade but gained \$14.6 billion in total output.

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Table 3--U.S. economic activity triggered by agricultural trade, 2002-2004

Item	All exports			Bulk 1/	High-value 1/
	2002	2003	2004	2004	2004
	Billion dollars				
Economic activity generated by ag. exports	138.5	151.6	152.2	55.1	97.1
Farm			39.8	20.4	19.4
Food processing			29.8	0.2	29.6
Other manufacturing			23	9.0	14.0
Trade and transportation			23.4	9.3	14.1
Other services			36.2	16.1	20.1
Direct exports	53.1	59.6	61.4	23.5	37.9
Agricultural imports	41.9	47.3	52.6	12.4	40.2
Agricultural trade balance	11.2	12.3	8.8	11.1	-2.3
Supporting activities	85.4	92	90.8	31.6	59.2
Farm	15.4	16.8	15.9	2.1	13.8
Food processing	5	5.4	5.5	0.2	5.3
Other manufacturing	19.4	20	20.8	9.0	11.8
Trade and transportation	13	14	12.7	4.1	8.6
Other services	32.6	35.6	36.1	16.1	20
	Percent				
Nonfarm share of supporting economic activity	82	82	83	93	77
Export multiplier (activity generated by \$1 of exports) 2/	2.61	2.54	2.48	2.35	2.56
	1,000 jobs				
Employment generated by agricultural exports	841	912	825	371	454
Farm	416	451	388	208	180
Nonfarm	425	461	437	163	274
Food processing	56	65	58	0	58
Other manufacturing	50	58	54	19	35
Trade and transportation	125	130	129	50	79
Other services	194	209	196	93	103
Employment per billion dollars of ag. exports 2/	15.8	15.3	13.4	15.8	12.0
	Percent				
Share of farm workforce supported by ag. exports	12	20	17	9	8
	Billion dollars				
Domestic equivalent of economic activity generated by agricultural imports 3/	88.1	90.4	127.3	27.9	99.4
Farm			24.9	1.1	23.8
Food processing			33.5	0	33.5
Other manufacturing			19.9	0.5	19.4
Trade and transportation			19.7	0.4	19.3
Other services			29.2	0.8	28.4
Net domestic equivalent of total output gain or loss due to agricultural imports	43.4	51.3	24.9	27.2	-2.3
Farm			14.9	19.3	-4.4
Food processing			-3.7	0.2	-3.9
Other manufacturing			3.1	8.5	-5.4
Trade and transportation			3.7	8.9	-5.2
Other services			7	15.3	-8.3
Nonfarm, nonfood processing sectors					
Net direct benefit from exports	3.7	4.3	-0.8	5	-5.8
Net increased output from exports	25.4	31.3	14.6	27.8	-13.2
	Percent				
Share of total income from exports					
Farm	22	25	26	42	15
Trade and transportation	23	22	21	17	23

1/ For commodities in these groups, see the list of ERS predefined groups in the forthcoming Agricultural Trade Multipliers (ATM) data product, <http://www.ers.usda.gov/data/ATM/frmERSpredefinedgroups.aspx>. 2/ Open model, port-value multipliers. Data will be available in the ATM calculator by selecting all agricultural exports, and bulk and high-value commodities.

3/ 2002 and 2003 values are for competitive imports only. 2004 is for all imports.

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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 web site <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>.

The Foreign Agriculture Service of USDA provides additional information on U.S. agricultural trade policy (<http://www.fas.usda.gov/ustrade.asp>), import programs (<http://www.fas.usda.gov/importprograms.asp>), and exporter services (http://www.fas.usda.gov/agx/exporter_assistance.asp).

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.

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