

# The Importance of Exports To U.S. Agricultural Producers

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*Global Trade and Biofuels Analysis  
Office of Global Analysis  
Foreign Agricultural Service/USDA*



# Importance of Trade

With agricultural exports at 33% of U.S. cash receipts and 95% of the world's population outside the U.S., the economic health of American producers is greatly impacted by foreign supply-demand factors

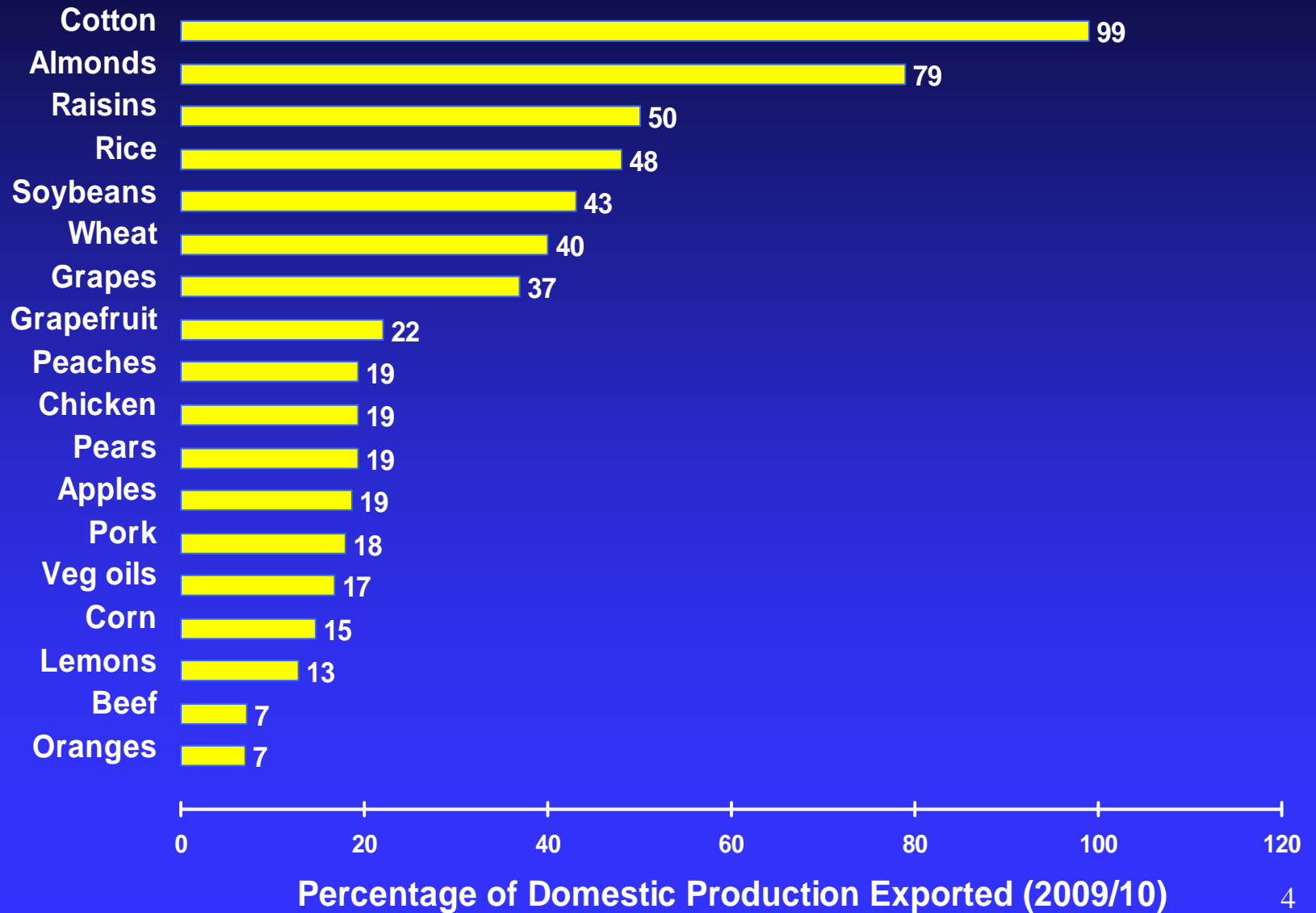
# Is Trade Still Important To U.S. Agriculture?

*Yes, but trade continues to share the stage with biofuels production as the main sources of growth for the U.S. ag sector*

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- Historically, expanding foreign demand has made exports the major growth driver for American agriculture. For some products, exports are greater than domestic sales.
- However, exports are now sharing that stage with booming domestic biofuels production, which is expected to continue.
- Market volatility has risen sharply over past 3 years, effecting exports. In 2007 through mid-2008, exports and prices were booming, driven by the “perfect storm” of global supply and demand factors. Since mid-2008, these same forces went into reverse, which along with a global recession, sharply reduced exports and prices.
- The health of U.S. agriculture remains relatively strong. Despite the worst global economic slowdown in decades, U.S. farmers’ income statement and balance sheets held up well.

# Many Products Depend on Overseas Markets

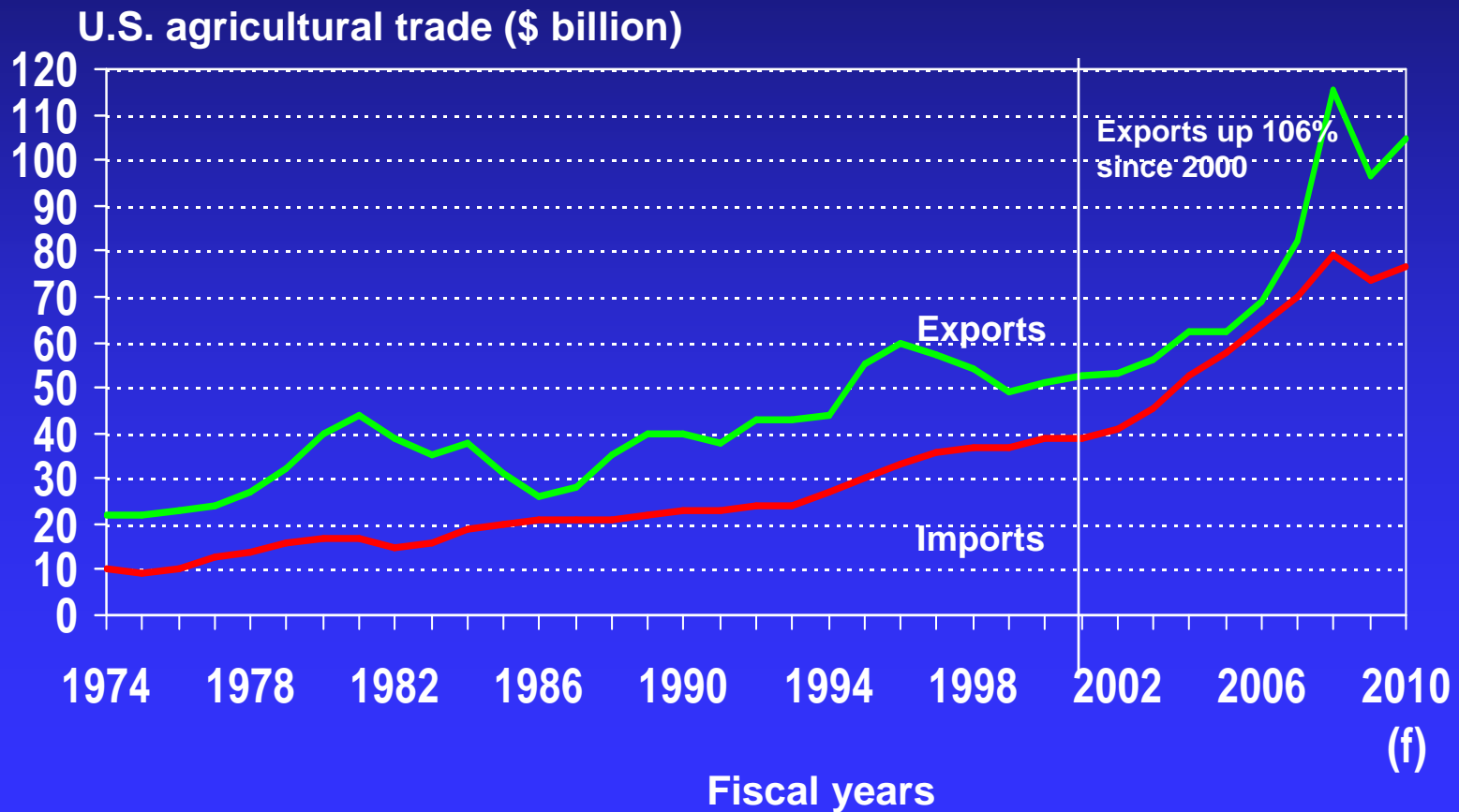


# Current Trade Situation

# Booming Agricultural Exports Have Been A Major Growth Factor For Producers Since 2000

*Rising foreign demand, falling dollar, higher prices fuelled expansion.*

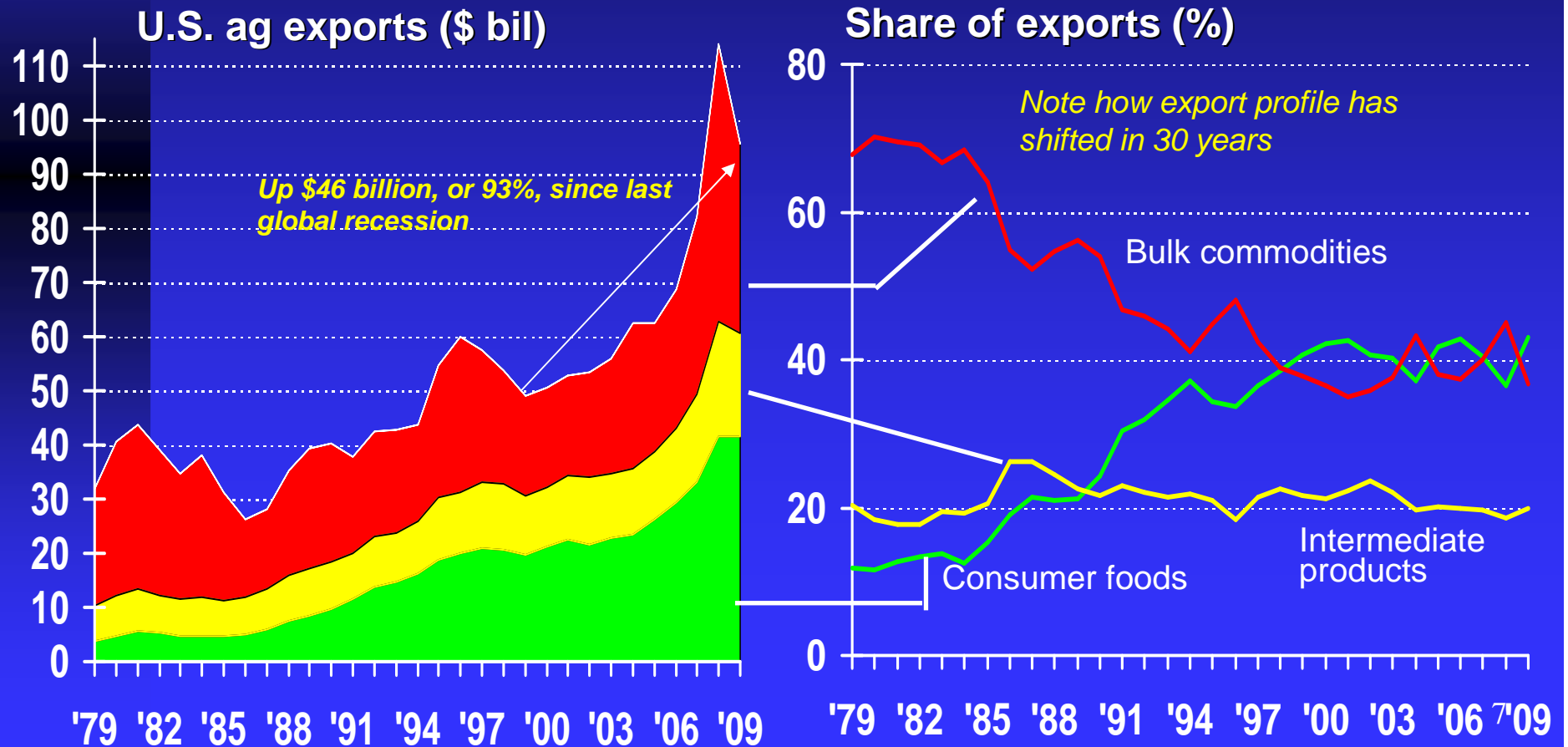
*Trade surplus to rebound from \$23 billion in 2009 to \$28 billion in 2010*



# Agricultural Exports Forecast at \$104.5 Billion in 2010, Up \$8 Billion From 2009

Exports up \$36 billion since 2006 and up \$55 billion since 1999

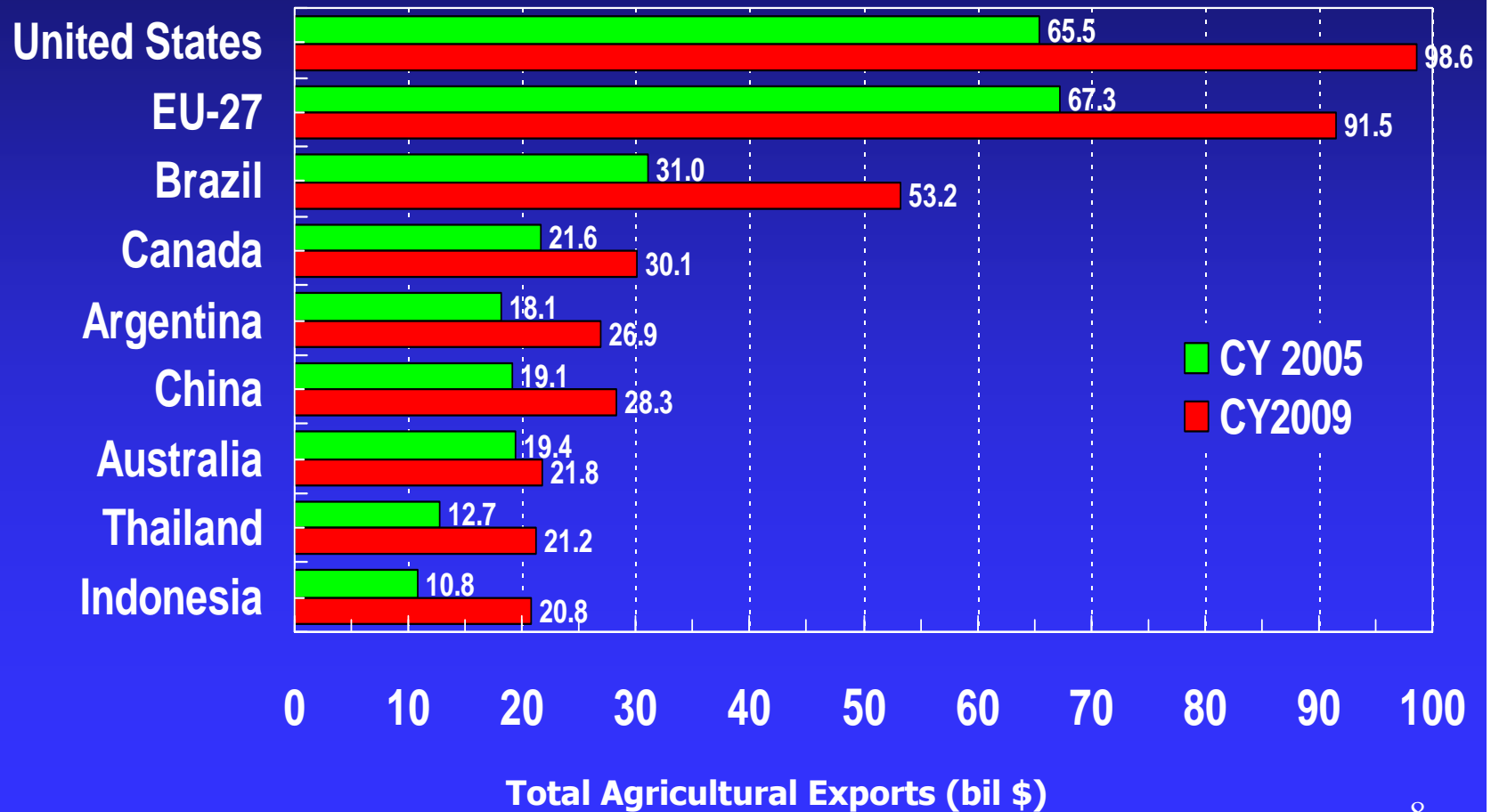
2010 exports of grains and oilseeds up;  
consumer-oriented HVPs expected to continue upward trend



# U.S. Is Not Only Major Exporter Seeing Gains

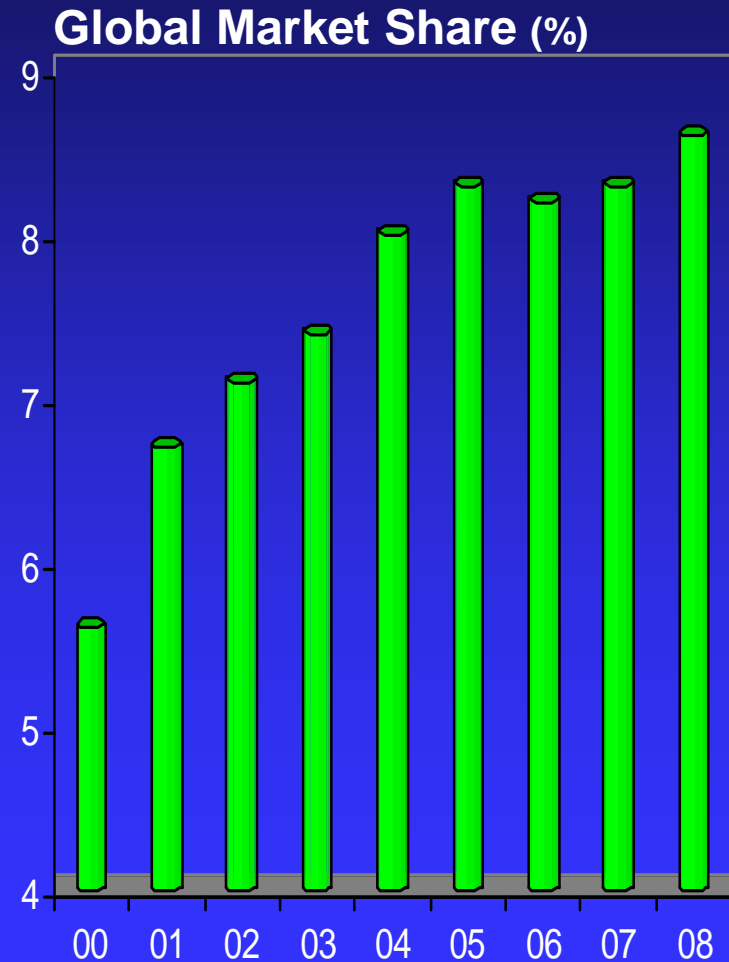
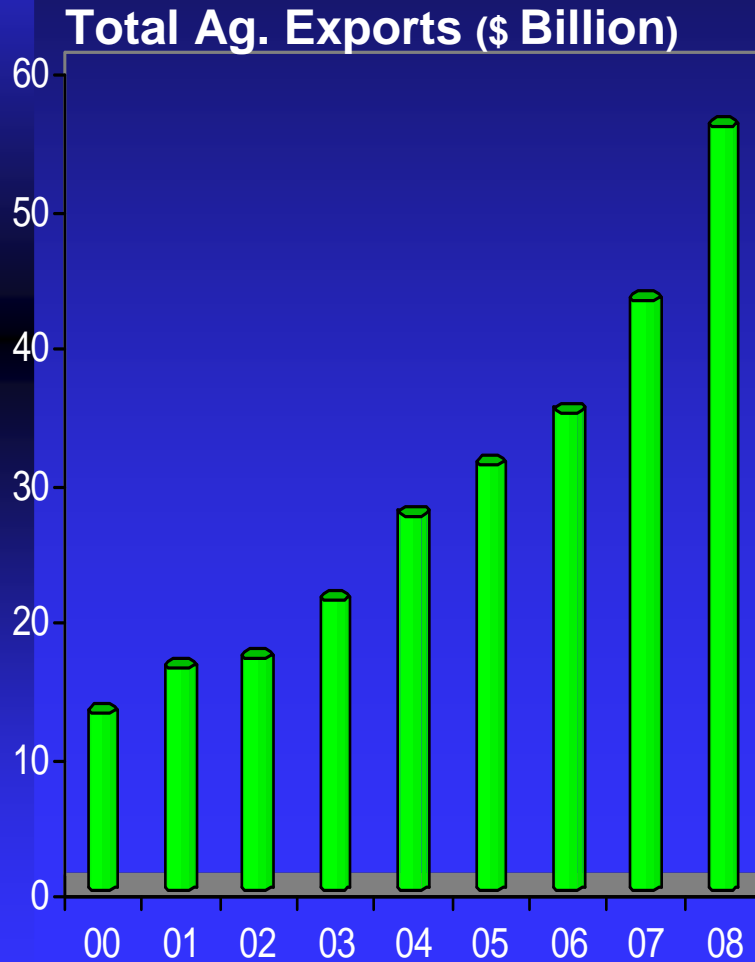
*S. America and S.E. Asia increased the most (%) -- EU and Australia saw slowest growth*

*After relinquishing top spot to EU in 2005 and 2006, the U.S. regained the No. 1 position since 2007*

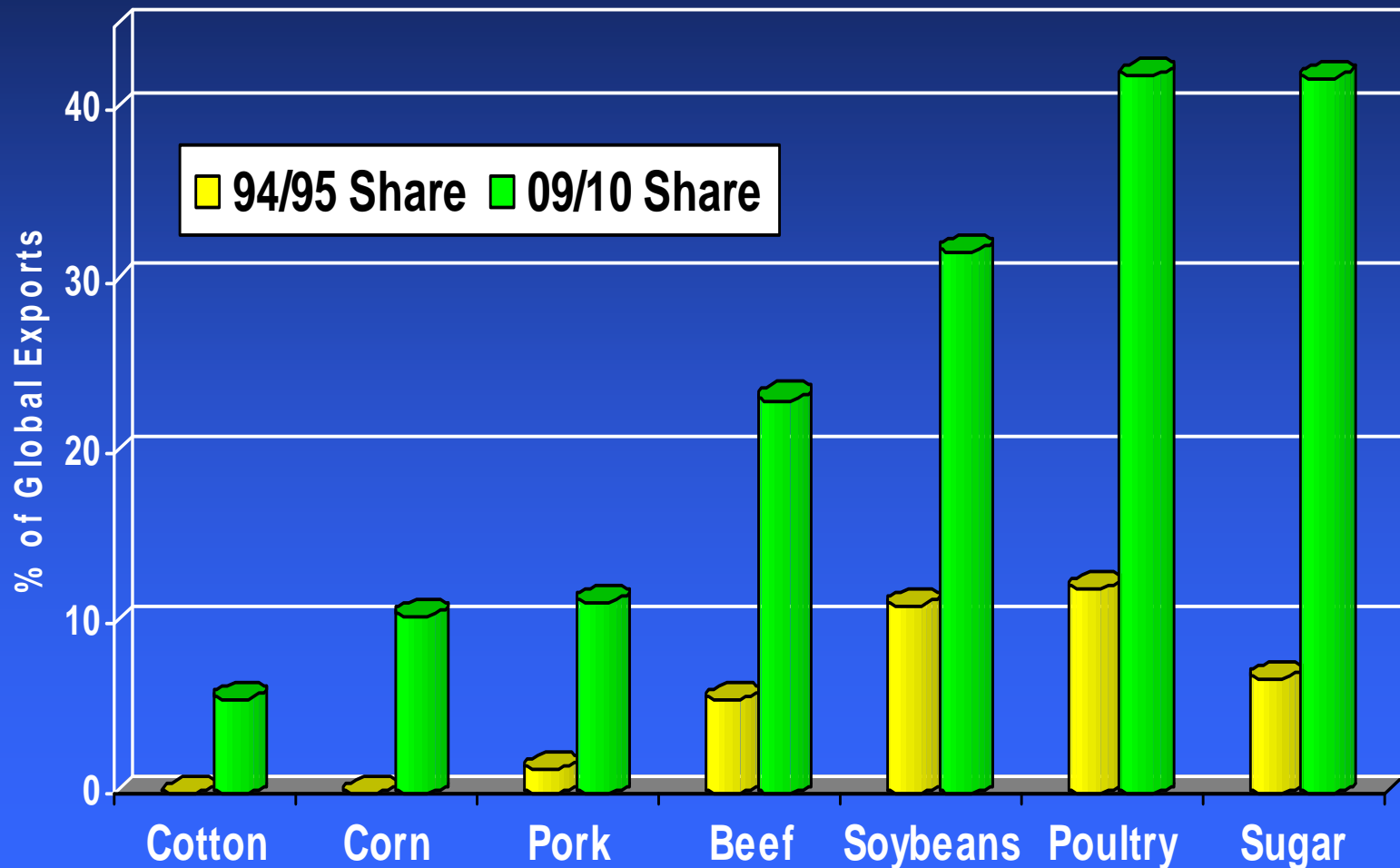




# Brazilian Agricultural Exports and Share of Global Exports Have Grown Substantially



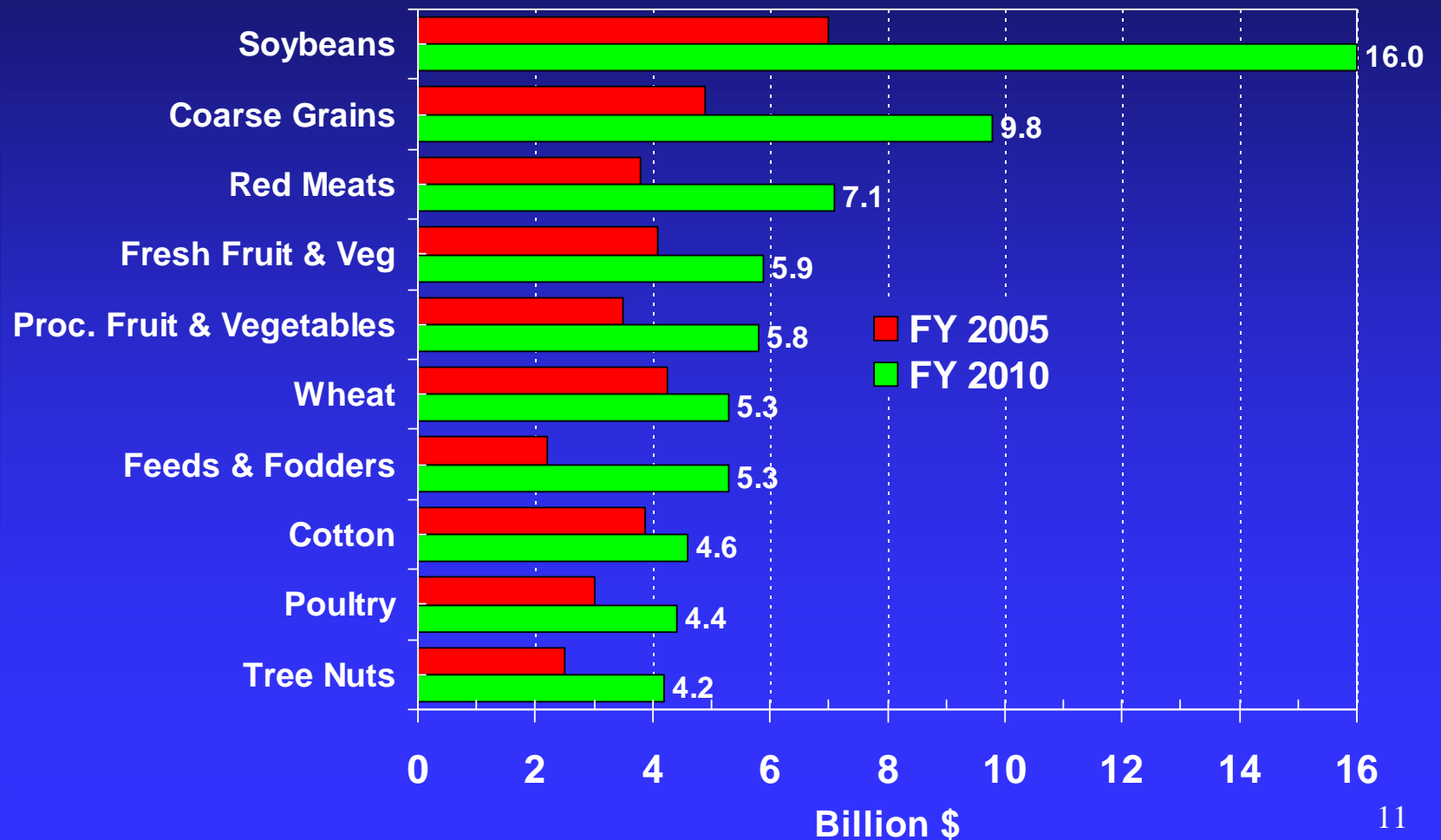
## Brazil's Share of Global Agricultural Commodity Exports Surge Broadly Over Past 15 Years



# Top U.S. Export Items Surge in Past 5 Years

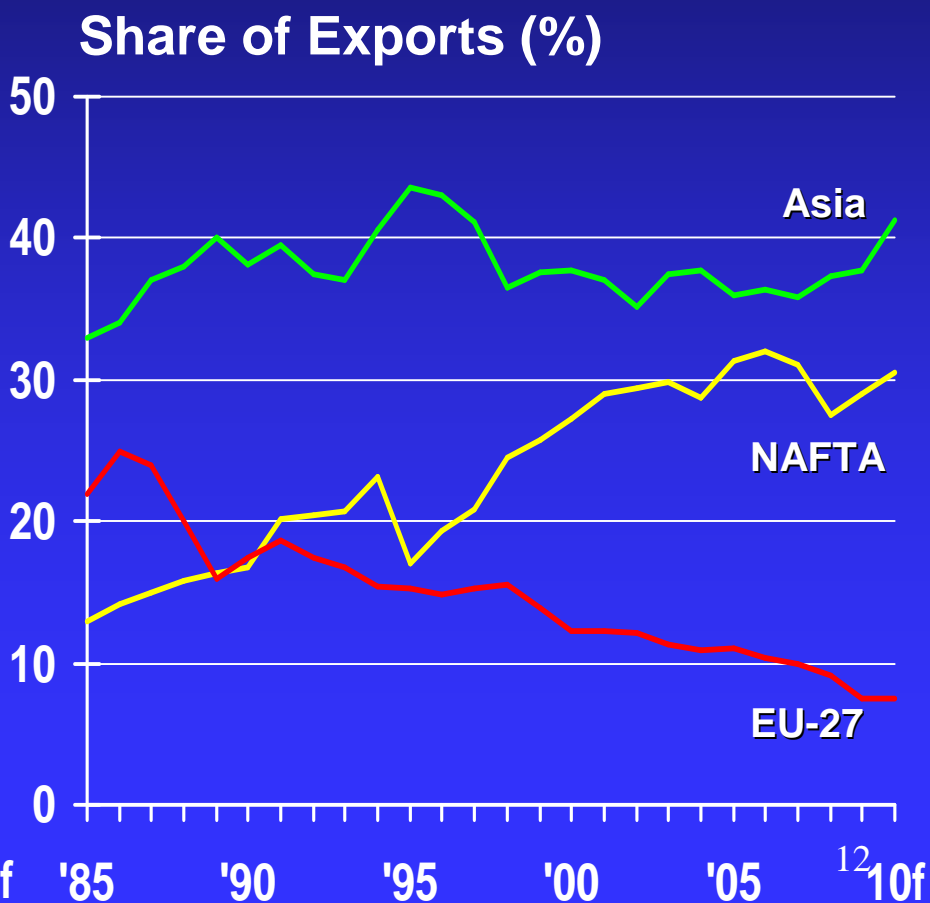
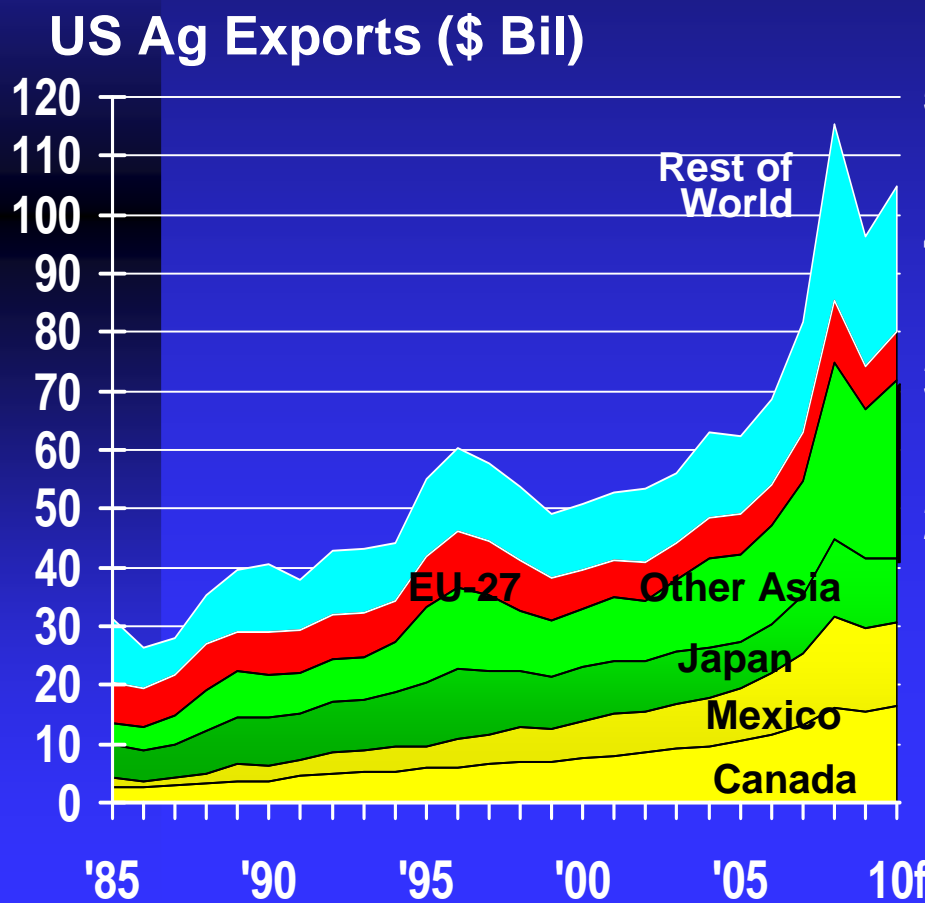
Among the "Top 10" export sectors, 8 see significant growth over the past five years -- despite the worst global recession in decades

Total increase for the top 10 export items since 2005 is 75%, or \$29 billion



# Recent Export Gains Have Been Strongest to NAFTA and Non-Japan Asia

Exports to Canada, Mexico, China, and SE Asia have responded to rapid economic growth and/or trade liberalization. In 2010, biggest gains are to Asia and NAFTA



# Top Markets' Export Performance

*Exports in \$ billions, FY basis*

	2000	2010f	% Δ
▪ <b>Canada</b>	\$7.5	\$16.4	118
▪ <b>Mexico</b>	\$6.3	\$14.1	123
▪ <b>CHINA</b>	\$1.5	\$14.0	833
▪ <b>Japan</b>	\$9.3	\$11.2	20
▪ <b>EU-27</b>	\$6.2	\$8.3	33
▪ <b>South Korea</b>	\$2.5	\$4.4	76
▪ <b>Taiwan</b>	\$2.0	\$3.2	60
▪ <b>Indonesia</b>	\$0.7	\$1.9	171
▪ <b>Egypt</b>	\$1.0	\$1.5	50
▪ <b>Russia</b>	\$0.7	\$1.4	100
▪ <b>Colombia</b>	\$0.4	\$0.9	125

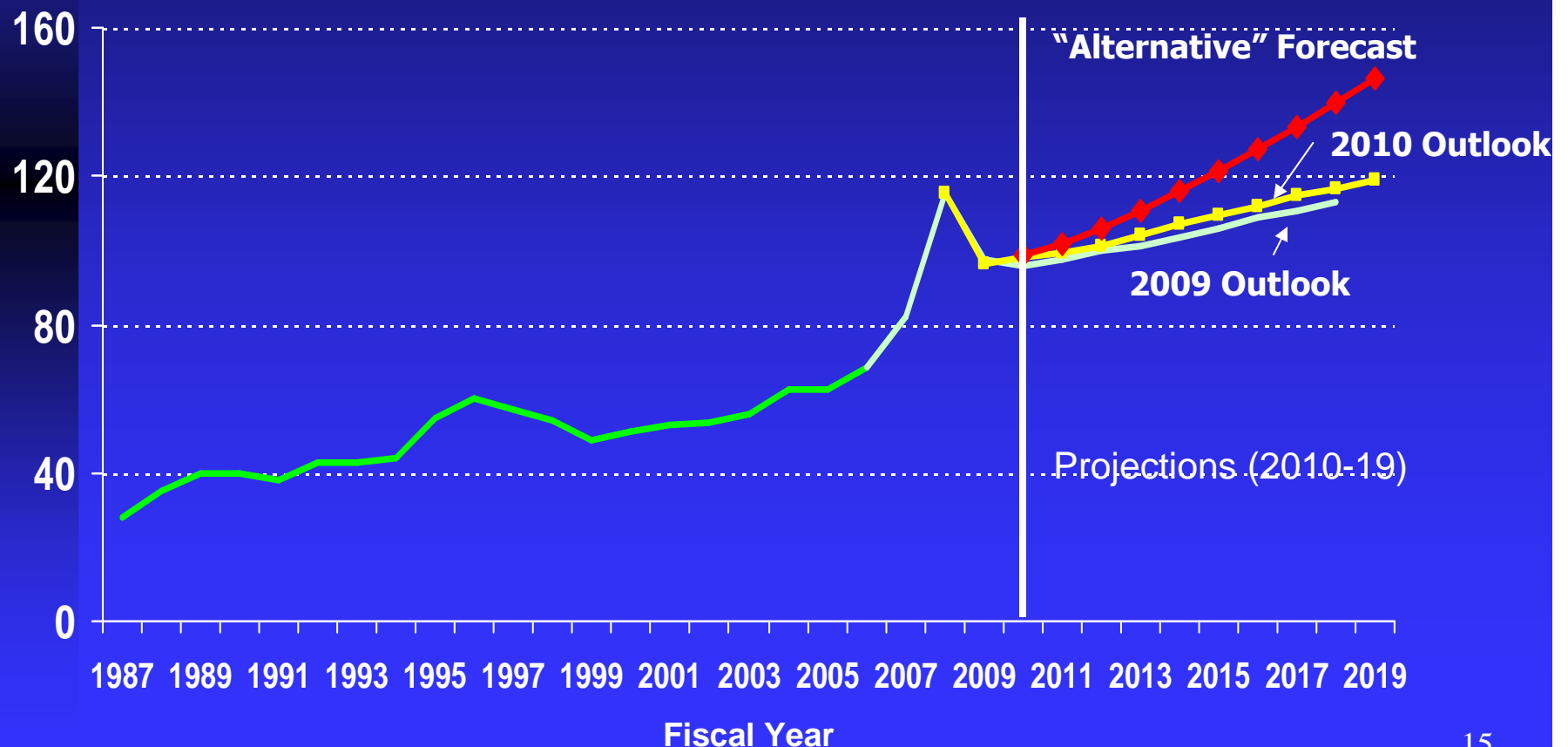
# Longer Term Global Trade Outlook

Strong global economic growth, rising incomes and populations, especially in emerging markets, will lead to rapid growth in middle class households, boosting foreign ag demand. This, plus strong yield increases in the U.S., bodes well for long term U.S. ag exports

# What Is The Long Term Outlook For U.S. Agricultural Exports?

USDA *conservatively* projects exports will reach \$119 billion by 2019, up \$22.3 billion from 2009 levels

U.S. agricultural exports (\$ billion)



Source: USDA Agricultural Projections to 2019, February 2010

# Factors Influencing U.S. Ag Trade Over the Next Decade

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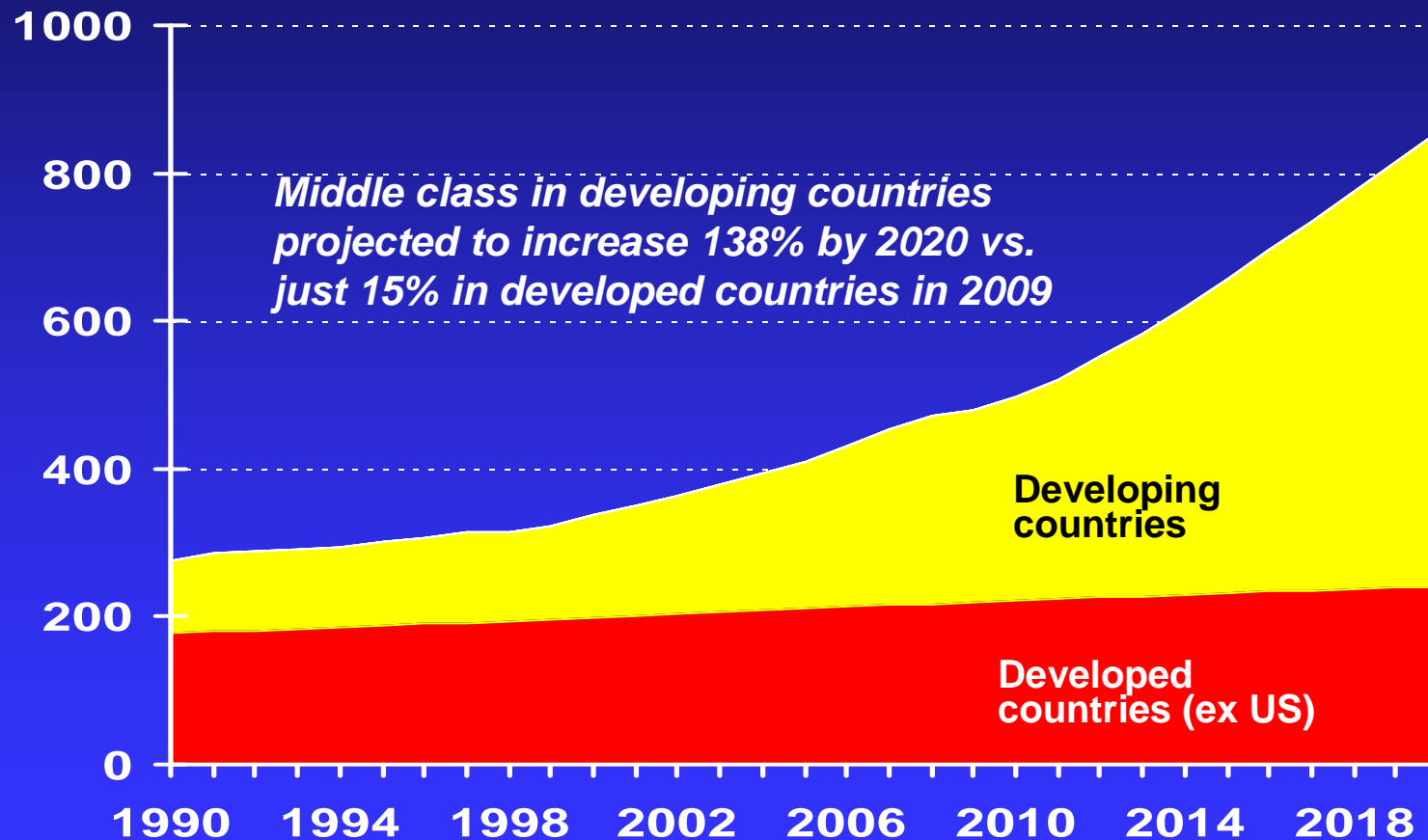
- Global economic growth
- Value of the U.S. dollar
- Energy prices
- Biofuel production
- Additional trade agreements?
- Biotech developments
- Additional crop land – (Brazil & FSU)
- Water shortages



# “Middle Class” Outside the U.S. Expected to Double By 2020 – Approaching 1 Billion Households

*Worldwide food consumption will be impacted*

Foreign households w/real PPP incomes greater than \$20,000 a year  
(in millions of households)

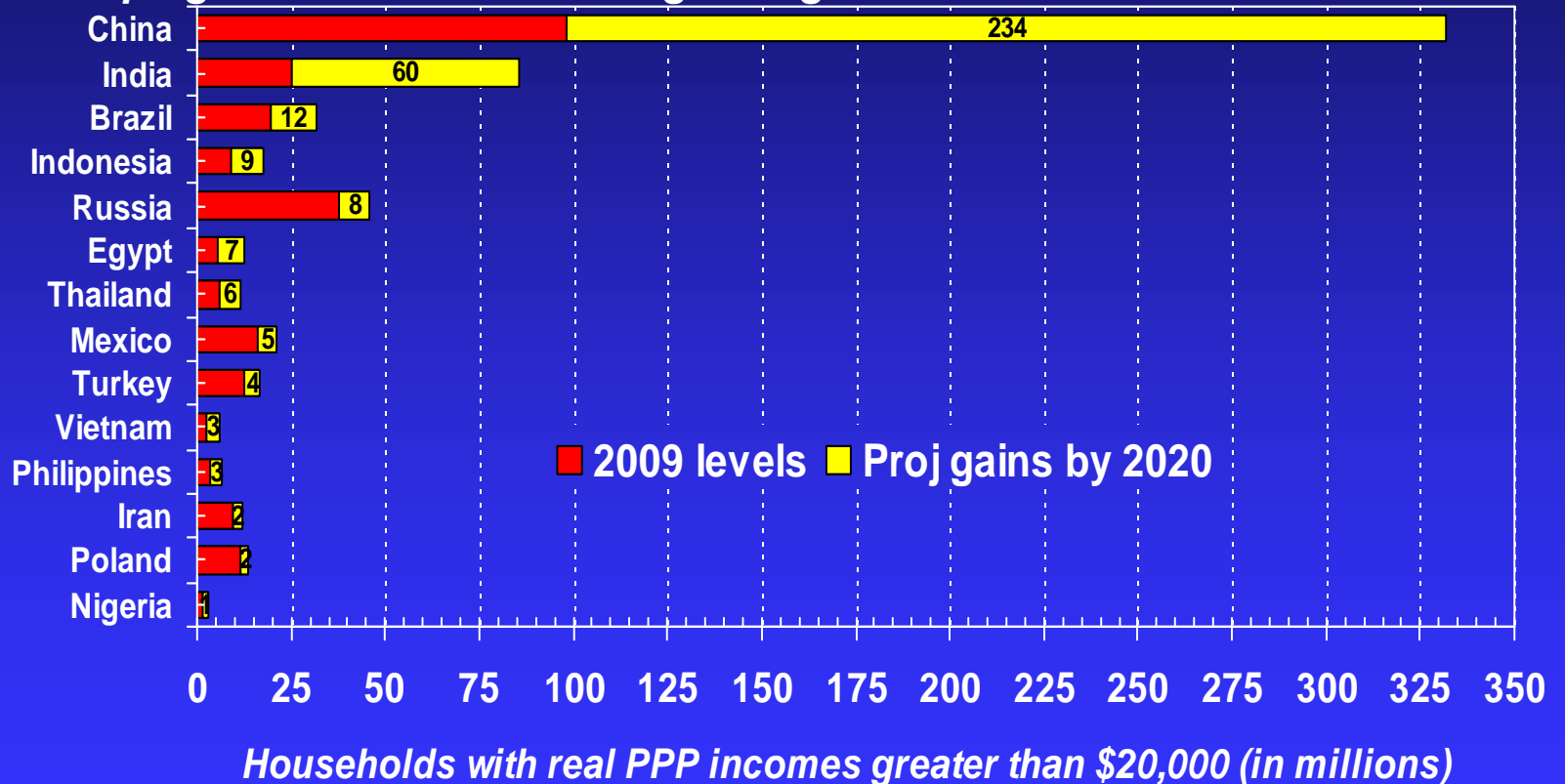


Source: Global Insight's Global Consumer Markets data as analyzed by OGA

## “Middle Class” in Developing Countries Could Reach 616 Million Households By 2020, Up 138% From 2009 Levels

25% of households in these countries are middle class. By 2020, this could increase to 49% and the impact on food consumption will be large

Developing countries with fastest growing “middle class”



**The End**

