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

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U.S. EXPORTS FORECAST TO REACH RECORD $45 BILLION IN 1995

Fiscal 1995 U.S. agricultural exports are forecast at a record $45 billion, $1.5 billion above the year earlier, and surpassing the previous record of $43.8 billion set in 1981. The volume of wheat and coarse grain exports is expected to rise 13 percent, but sharply lower corn prices will limit the value of grain export gains to 8 percent. Wheat prices will remain strong due to tight world supplies, but corn prices will be down sharply, reflecting record U.S. corn production in 1994. Soybean export volume will rise 28 percent, but lower prices will limit value gains.

Export gains are forecast for most high-value products (HVP), especially fruit, vegetables, red meats, and poultry. HVP exports are expected to rise $700 million compared with 1994, continuing strong U.S. HVP sales. Gains are supported by the weaker dollar, improved world economic growth, and government-supported export promotion programs.

Fiscal 1995 U.S. agricultural imports are forecast at $28 billion, an increase of $1.6 billion above 1994. Gains in coffee, fruit, vegetables, and meat will boost U.S. imports to a record high. The projected 1995 agricultural trade surplus is $17 billion.

Table 1--U.S. agricultural trade, fiscal years, 1990-1995

	-- Year beginning October 1 --						
Item	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	Forecast FY 1995 Aug.	Forecast FY 1995 Nov.
	-- Billion dollars --						
Exports	40.1	37.5	42.3	42.5	43.5	43.0	45.0
Imports	22.5	22.6	24.3	24.5	26.4	27.5	28.0
Trade balance	17.6	14.9	18.0	18.0	17.1	15.5	17.0
	-- Million tons --						
Export volume	148.7	129.4	143.6	146.4	127.4	134.7	144.1

This outlook reflects commodity forecasts in the November 9, 1994, World Agricultural Supply and Demand Estimates.

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Commodity Highlights

The forecast for fiscal 1995 exports of U.S. wheat and flour is increased 500,000 tons and $300 million from USDA's August forecast to 33 million tons valued at $4.6 billion. The Australian drought's impact on the country's wheat crop and exports and relatively low exporter stocks has led to prospects for increased U.S. exports and bolstered U.S. export prices. Increased imports by China is also expected to raise U.S. export volume.

The forecast for U.S. coarse grain shipments in fiscal 1995 is increased 5.6 million tons and $500 million from the August forecast to 48.4 million tons valued at $4.9 billion. This was due to an upward revision of 5 million tons and $400 million for corn exports which are now forecast at 41.5 million tons valued at $4.2 billion. Although forecast 1994 U.S. corn production is up sharply from August and prices slightly weaker, higher expected export volume will boost total export value. Foreign demand for U.S. corn is now expected higher mainly due to a downward revision in forecast corn exports by China and the European Union, and relatively higher prices for other competing grains in world markets, especially wheat for feeding.

The fiscal 1995 forecast for U.S. rice exports remains unchanged at 2.7 million tons valued at $800 million. The expectation that Japan's rice production will return to normal remains unchanged. Despite slightly higher U.S. production and lower prices, major world competitors are also expected to increase exports leaving the total value and volume of U.S. rice exports unchanged.

The forecast for fiscal 1995 exports of U.S. oilseeds and products is increased 3.7 million tons and $800 million from the August forecast to 29.9 million tons valued at $7.2 billion. This is mainly due to an upward revision of 2.9 million tons and $600 million for soybean exports, which are now forecast at 21 million tons valued at $4.4 billion. With lower soybean prices, this upward revision is due to higher export volume. The forecast for soybean meal exports is raised 600,000 tons to 5.4 million tons, but the export value remains unchanged at $900 million due to lower prices. An upward revision in U.S. soybean production, increased foreign demand for soybeans and meal, lower South American soybean production, and lower world production of competing oilseed products combines to strengthen the export outlook for U.S. soybeans and meal. The forecast for soybean oil exports is raised 200,000 tons and $200 million to 800,000 tons valued at $500 million. China's demand for soybean oil is now expected higher, boosting U.S. prices and foreign demand for the U.S. product.

The fiscal 1995 forecast for U.S. cotton exports remains unchanged from the August forecast at 1.6 million tons valued at $2.5 billion. These figures reflect the continued expectation that U.S. cotton prices will strengthen from the previous year. U.S. cotton exports should continue to benefit from lower world stocks and stronger world demand as the economies of Japan and Western Europe strengthen. Pakistan's continued absence from export markets and reduced export supplies in Australia and Central Asia will keep the U.S. share of world trade high for the second consecutive year.

The fiscal 1995 forecast for U.S. exports of unmanufactured tobacco remains unchanged from the August forecast at $1.3 billion. No change in demand is expected from the European Union and Asia, the traditional export markets for

Table 2--U.S. agricultural exports: Value by commodity, 1992-95

Commodity	Fiscal 1992	Fiscal 1993	Fiscal 1994	Fiscal 1995 **Forecast**
	--Billion dollars--			
Grains and feeds 1/	14.095	14.332	13.285	13.6
Wheat & flour	4.482	4.954	4.228	4.6
Rice	.758	.768	.891	.8
Coarse grains 2/	5.659	5.094	4.569	4.9
Corn	4.593	4.251	3.817	4.2
Feeds and fodders	2.077	2.196	2.150	2.0
Oilseeds and products	7.338	7.371	6.976	7.2
Soybeans	4.311	4.606	4.161	4.4
Soybean meal	1.334	1.146	1.013	.9
Soybean oil	.356	.327	.433	.5
Livestock products	5.973	5.886	6.343	6.5
Beef, pork & variety meats	2.935	3.052	3.206	3.4
Hides & skins (incl. furs)	1.317	1.271	1.380	1.5
Poultry & products	1.195	1.315	1.718	1.8
Dairy products	.733	.891	.810	.8
Tobacco, unmanufactured	1.568	1.443	1.260	1.3
Cotton & linters	2.195	1.538	2.306	2.5
Seeds	.667	.664	.618	.6
Horticultural products	6.922	7.299	8.098	8.6
Fruits & preparations	2.822	2.746	3.047	3.3
Vegetables & preparations	1.858	2.102	2.169	2.3
Nuts & preparations	.945	.920	1.124	1.0
Sugar, tropical, and other	1.630	1.716	2.060	2.1
Total 3/	42.316	42.454	43.474	45.0

Table 3--U.S. agricultural exports: Volume by commodity, 1992-95

Commodity	Fiscal 1992	Fiscal 1993	Fiscal 1994	Fiscal 1995 **Forecast**
	--Million metric tons--			
Wheat	34.289	36.081	31.132	32.0
Wheat flour	.808	1.067	1.037	1.0
Coarse grains 2/	50.195	50.100	39.845	48.4
Corn	40.597	41.766	33.057	41.5
Feeds & fodders	11.711	11.885	12.046	12.2
Rice	2.281	2.713	2.438	2.7
Oilseeds and products	28.881	29.408	24.210	29.9
Soybeans	19.247	20.400	16.364	21.0
Soybean meal	6.301	5.653	4.325	5.4
Soybean oil	.747	.644	.694	.8
Beef, pork & variety meats	.870	.903	1.025	1.1
Poultry meat	.787	.974	1.377	1.5
Animal fats	1.392	1.362	1.341	1.3
Cotton & linters	1.527	1.163	1.640	1.6
Horticultural products	5.854	6.189	6.826	7.4
Other	4.944	4.588	4.497	5.0
Total agriculture	143.569	146.433	127.414	144.1
Major bulk products 4/	107.539	110.457	91.419	105.7

1/ Includes pulses and corn products. 2/ Includes corn, barley, sorghum, oats, and rye. 3/ Totals might not add due to rounding. 4/ Includes wheat, rice, coarse grains, soybeans, and cotton.

U.S. tobacco. The carryover stocks of several competitors are now generally lower than they were one year ago.

The forecast for fiscal 1995 exports of U.S. livestock, dairy, and poultry products is increased $200 million from the August forecast to a record $9.1 billion. A $300 million upward revision in livestock and poultry product exports is partially offset by a $100 million decline in dairy product exports. U.S. pork exports are forecast to increase more than previously expected, particularly to Japan and Mexico, due to lower U.S. prices resulting from increased production and lower feeding costs. U.S. exports of hides and skins are revised upward by $200 million to $1.5 billion, largely because of stronger-than-expected demand from China, Taiwan, and Thailand. U.S. poultry and product exports are revised upward by $100 million to $1.8 billion, due to stronger expected poultry meat exports to major U.S. markets, particularly Hong Kong, Japan, Mexico, and Russia.

The forecast for fiscal 1995 exports of U.S. horticultural products is increased $300 million from the August forecast to a record $8.6 billion. Stronger-than-anticipated exports during the past few months indicate that import demand for U.S. horticultural exports will be strong in 1995. Fruits and a variety of highly-processed foods are expected to account for much of the sales expansion this year. Market liberalization, rising incomes, a favorable exchange rate, a growing demand for healthful foods, and on-going market promotion activities in major foreign markets, such as Canada, Japan, other Asian markets, and Mexico continue to drive U.S. exports higher.

Economic Outlook

Real world gross domestic product (GDP) growth is expected to pick up in 1995 to 3.2 percent compared with 2.8 percent in 1994. Economic recovery is expected to advance in the European Union (EU) and Japan. Because of the end of recession in the EU and Japan, combined with expected GDP growth of 3 percent in the United States, the world's developed economies are likely to experience the strongest economic growth (2.8 percent) since 1989.

Economic growth continues to be strong, although slower, among important U.S. trading partners in the Asia-Pacific region (excluding Japan). Overall GDP growth in the region is expected to slow to 8 percent from 8.6 percent in 1994. China's economy is expected to grow at 10 percent, down slightly from an estimated 11 percent in 1994. Economic growth is expected to pick up in Taiwan, Thailand, and the Philippines. GDP growth is expected to slow in other countries, but still remain in the 5-7 percent range.

Mexico is expected to experience economic growth in 1995 of nearly 5 percent, compared with 2.6 percent in 1994. Overall, Latin American growth is expected to rise from 3.2 percent in 1994 to 3.8 percent in 1995 because of Mexico's strong performance. Growth is expected in North Africa and the Middle East at 2.7 percent and 3.9 percent, respectively. Prospects for the former Soviet Union remain dim, as the FSU economies are expected to decline 4 percent, but this is still better than the estimated 18 percent decline in 1994. Central and Eastern European GDP growth is expected to increase in 1995 to nearly 3 percent.

Regional Highlights

Japan

The total value of U.S. agricultural exports to Japan is expected to be $9.2 billion in fiscal 1995, unchanged from 1994. The two main factors constraining exports are reduced Japanese rice imports and lower U.S. prices for coarse grains and oilseeds. Prospects for increased shipments of vegetables, fruits, meats, and wheat will bolster exports.

Japan's economy is widely expected to grow over 2 percent in 1995, marking the end of Japan's worst recession in several decades. U.S. agricultural exports fared well during the recession, partly because of the removal of trade barriers, and partly because Japanese consumers and retailers bought U.S. products to lower their food costs. The move to imported foods has developed momentum and popular acceptance, and will expand in the coming years. The high value of the yen continues to make imports a bargain.

Beef exports are expected to rise. The tariff on beef will drop from 50 percent to 47.9 percent in April 1995. Vast beef supplies in the United States and Australia will keep international prices low and make imports attractive for Japanese buyers. Japan dropped its gate price on pork a year early, so there will not be a further drop in 1995, but U.S. chilled pork is expected to continue to compete well against Danish frozen pork and domestic Japanese pork, leading to greater exports. Frozen broiler-part exports are also projected to rise in volume, but the competitive position of the United States is less certain in this market. Variety meat exports are projected to rise, but not as fast as in the past, and their value will decline because of lower prices. Variety meats benefited from recession-induced trimming of food costs in Japan.

Coarse grain exports are expected to gain, but the large U.S. price decline will cause the value of exports to fall. Soybean imports are expected to expand due to lower prices, especially relative to rapeseed. However, the sharp drop in prices will reduce the value of soybean and soybean meal exports. U.S. exports of semi-prepared feeds and fodders are expected to continue to grow.

U.S. wheat export volume will expand because of reduced production in Japan and short supplies in Australia due to drought. Higher prices will also increase the value of U.S. wheat exports. Japanese rice imports are mandated at 379,000 tons in Japan's fiscal 1995 (April 1, 1995-March 31, 1996). Japanese perceptions of the relative quality of U.S. rice rose in 1994, as emergency imports gave consumers the chance to taste a variety of imported rices. However, because the volume and price of japonica rice imports in 1994 were extraordinarily high, the volume and value of exports to Japan will be sharply lower in fiscal 1995.

The fastest-growing U.S. exports have been fresh vegetables, which rose 50 percent in fiscal 1994 because of poor weather in Japan. Growth is expected to be strong in 1995. Frozen and canned vegetables, and fresh, frozen, and canned fruits are expected to increase, as large supermarket chains import greater quantities and varieties of produce.

Table 4--U.S. agricultural exports: value by region, 1992-95 1/

Region	Fiscal 1992	Fiscal 1993	Fiscal 1994	Fiscal 1995 **Forecast**
	--Billion dollars--			
Western Europe	7.721	7.474	7.071	7.3
European Union	7.176	6.999	6.552	6.8
Other Western Europe	.545	.475	.519	.5
Central and Eastern Europe	.221	.467	.312	.4
Former Soviet Union	2.685	1.556	1.484	1.5
Russia	.838	.961	1.103	1.1
Asia	15.974	15.860	17.677	18.4
Japan	8.362	8.435	9.200	9.2
China	.689	.321	.877	1.1
Other East Asia	4.922	4.919	5.258	5.6
Taiwan	1.911	1.993	2.101	2.2
South Korea	2.195	2.034	2.053	2.2
Hong Kong	.815	.877	1.102	1.2
Other Asia	2.001	2.185	2.343	2.5
Pakistan	.225	.235	.212	.2
Philippines	.442	.511	.553	.6
Middle East	1.765	1.916	1.697	1.7
Israel	.346	.381	.361	.4
Saudi Arabia	.547	.462	.500	.5
Africa	2.298	2.662	2.235	2.2
North Africa	1.408	1.654	1.469	1.5
Egypt	.707	.753	.612	.8
Algeria	.477	.457	.608	.6
Sub-Saharan Africa	.890	1.009	.765	.7
Latin America	6.422	6.861	7.246	7.6
Mexico	3.667	3.648	4.130	4.4
Other Latin America	2.755	3.213	3.116	3.2
Brazil	.143	.230	.228	.4
Venezuela	.394	.501	.410	.4
Canada	4.800	5.203	5.257	5.4
Oceania	.427	.455	.497	.5
Total	42.316	42.454	43.474	45.0
Developed countries	21.660	21.947	22.385	22.8
Developing countries	17.061	18.163	18.417	19.2
Other countries	3.595	2.344	2.672	3.0

1/ Country totals are adjusted for transshipments through Canada.

European Union

The value of U.S. agricultural exports to the European Union (EU) is projected to rise to $6.8 billion in fiscal 1995, up 5 percent from 1994. EU member states will continue to pull out of recession in 1995, with growth projected at 3 percent in France, Italy, the United Kingdom, and Germany. Consumer spending, although accelerating, will be unspectacular as the real wage rate remains low, taxes rise, and high unemployment continues.

U.S. exports of grains and feeds in fiscal 1995 will show a slight decrease from $1.4 billion in 1994. Within the grains and feeds category, exports of rice are expected to increase, and sales of feed grains, particularly corn, and corn gluten feed should remain stable. U.S. feed grain exports to the EU increased 22 percent in volume terms (37 percent value) in 1994, reflecting both the timing of corn and sorghum sales to Spain under the Accession agreement, and the opening of a new 500,000-ton import quota for corn into Portugal. Corn export volume should remain about the same in 1995.

Sales of nongrain feeds are expected to show a slight drop in quantity in fiscal 1995, as they did in 1994. The EU's CAP reform program, which reduced internal grain prices significantly, has resulted in increased grain feeding in EU rations. Lower EU grain prices reduce the price competitiveness of nongrain feeds such as corn gluten feed, the single largest component of U.S. grain and feed exports. However, U.S. corn gluten feed exports should remain stable. Shipments of other feeds and fodders, especially citrus and beet pulp, will probably again register slight declines.

The end of the recession in the EU could increase demand for rice. In addition, the EU's area payment to domestic producers of Indica rice, which competes with U.S. rice, has been eliminated for the current marketing year. Although Indica rice receives greater intervention support than Japonica, it seems unlikely that EU Indica area will continue to expand without the area payment. Therefore, U.S. rice could benefit from any growth in EU domestic consumption. Lower prices will also make U.S. rice more attractive in 1995, although the lower price will mean no increase in value terms.

U.S. exports of oilseeds and products will increase in fiscal 1995. U.S. soybean exports are expected to rise moderately from the drought-reduced 1994 level. A record 1994 soybean crop will enable the United States to take advantage of export opportunities in Europe. EU soybean imports will rise in response to strong crush margins in the EU resulting from higher soybean oil prices and lower soybean prices. Soybean imports will rise despite higher 1994 EU oilseed production due to increased EU demand for oilseed meal. The weak dollar is expected to strengthen only slightly in 1995, which will continue to favor EU imports and use of soybeans and products.

EU imports of soybean meal from the United States will rise slightly in volume and value from last year's drought-affected levels. EU use of soybean and other oilseed meals is expected to increase in response to low soybean meal prices and higher-than-expected feed grain prices. The EU will likely obtain meal from domestic crushing of imported soybeans and from imports of meal from lower-cost South American sources.

The value of U.S. exports of poultry meat products to the EU is forecast to rise slightly in fiscal 1995 as recovery from the recession begins to take hold. Slow economic growth across the EU has limited the demand for broilers and held consumption and production increases down. Compared with pork production, the drop in feed costs induced by CAP reform has had less effect on reducing the production costs of poultry meat.

U.S. exports of pet food for dogs and cats to the EU have been climbing rapidly in recent years, and are expected to set a record in 1995 because of the marketing expertise of large U.S. pet food companies. While most pet food exports are bulk dry product, the U.S. is also highly competitive in canned wet, diet, and vitamin pet foods.

The value of almond exports to the EU rose in fiscal 1994 in response to substantially higher unit prices and a slight volume gain. For 1995, the cyclical nature of almond production should increase available supplies for export, while continued income growth in the EU should support export growth.

Canada

The value of U.S. agricultural exports to Canada rose slightly to nearly $5.3 billion in fiscal 1994. U.S. exports are expected to rise to $5.4 billion in 1995.

Horticultural products, which comprised 42 percent of U.S. exports to Canada at a value of about $2.2 billion in fiscal 1994, are expected to experience another record setting year. The value of exports of fresh vegetables and vegetable products will exceed their 1993 all-time high if, as expected, 1995 prices recover towards normal levels. The three most significant vegetable product exports--tomatoes, lettuce, and potatoes--are expected to register healthy increases in 1995. The outlook for fruits and fruit preparations exports is likewise very strong.

U.S. exports of grains, oilseeds, livestock, and livestock products are expected to increase slightly as trade volume continues to rise. U.S. corn exports are expected to increase but lower corn prices will reduce gain in export value. Corn will be in greater demand because of tight Canadian feed barley and feed wheat supplies due to the high quality of the Canadian crop.

Mexico

The value of U.S. agricultural exports to Mexico is expected to increase in fiscal 1995 to a record $4.4 billion, 7 percent higher than 1994. Expanding trade opportunities and increased sales are supported by the North American Free Trade Agreement (NAFTA) tariff reductions, rising incomes, and stronger Mexican demand for food and feed products from the United States.

During 1994, the Mexican economy has been recovering from 2 years of recession. Real GDP, which had averaged about 4 percent annual growth from 1989 to 1991, grew just 2.8 percent in 1992 and slowed further to 0.4 percent in 1993. Growth is expected to be 2.6 percent in 1994. In 1995, the first year of Mexico's new administration under President-elect Ernesto Zedillo, the economy is forecast to expand nearly 5 percent. Projections for Mexico's economic growth are based on increased fiscal expenditures, changes in farm policy, the NAFTA-related foreign investment and tariff reductions, and on

Mexico's national economic development plan, *Pact for Economic Welfare, Stability, and Growth (Pacto para el Bienestar, la Estabilidad y el Crecimiento Economico, PBECE)*. This plan, renewed in late September 1994, and negotiated by the Mexican government with labor unions, agricultural organizations, and industry representatives, provides for a continuation of current monetary and fiscal policies, as well as existing exchange rate policy to promote growth and contain inflation.

Mexico is continuing to implement its agricultural policy reform program--PROCAMPO--which began in October 1993. This program will accelerate the general move toward free market prices in all commodities. PROCAMPO is expected to generate lower producer and consumer prices in Mexico. These price changes (in real terms) will, in turn, lead to a decrease in area planted, lower production levels, raise consumption, and increase imports from the United States.

The implementation of NAFTA on January 1, 1994, has resulted in a sharp increase in U.S. agricultural sales to Mexico. In the first 9 months under NAFTA, U.S. agricultural sales totaled $3.3 billion, up 19 percent from a year earlier. Commodities showing the largest gain since January include fresh and processed fruits, sugar and related products, oilseed products, coarse grains, live animals, and meats.

As part of NAFTA, Mexico established tariff rate quotas for imports from the United States for corn, barley/malt, dry beans, milk powder, poultry meat, fresh potatoes, fresh and fertilized eggs, and animal fats and oils. Under these tariff rate quotas, Mexico can import up to a certain quantity of these products at a zero tariff. Beyond that, higher tariffs are applied. Previously, Mexico had limited imports of these commodities by a combination of tariffs and licenses.

Mexico has adopted measures to allocate in-quota imports under the NAFTA tariff rate quotas. To allocate the in-quota imports to registered importers, Mexico is using two alternative methods: auctions and direct allocation. SECOFI (Mexico's Department of Commerce and Industrial Development) is allocating the rights for in-quota imports to industry groups, the border zone, or CONASUPO (the government's agricultural marketing agency). Auctions have been held for dried beans and table eggs.

NAFTA contains an agricultural safeguard provision, which can be triggered by a member country when imports of a particular commodity reach a certain volume. When this occurs, tariffs are increased from the NAFTA preferential rate to the most-favored-nation rate. In March, Mexico's agricultural safeguard of 55,000 tons was triggered for U.S. apple exports to Mexico. In July, Mexico triggered the NAFTA special safeguards for certain hams and pork cuts, fresh frozen potatoes; and extracts, essences, or concentrates of coffee.

Mexico continues to be one of the fastest growing export markets for animals and animal products from the United States. Reacting to sharply lower tariff rates and improving economic conditions, U.S. exports increased in both value and volume during fiscal 1994. U.S. exports of beef increased as a result of the elimination of the 20-percent import duty on fresh beef and 25-percent import duty on frozen beef, introduced in November 1992. Exports of pork and poultry have shown growth in quantity and value. Prospects for increasing per capita consumption in Mexico suggest there will be continued growth for animals and animal products exports in 1995.

The value U.S. exports of grain and feed during the first 9 months of NAFTA were up 21 percent from a year earlier. While U.S. corn exports were up 637 percent from a year earlier, 1993 exports were particularly low because Mexico's corn crop was large and it was drawing down large corn stocks in anticipation of the NAFTA. In fiscal 1995, U.S. corn exports are expected to rise, as the quantity imported with no tariff increases by 3 percent in calendar 1995 from the 2.5 million tons in 1994. Lower domestic prices for corn and competing feed products would also benefit Mexican livestock and poultry producers, stimulating more feed demand.

U.S. wheat exports to Mexico achieved little growth in 1994 largely due to larger production in Mexico and the lack of EEP allocations. U.S. rice exports to Mexico through September 1994 were up about 8 percent from a year earlier. In fiscal 1995, the volume of rice imports from the United States is estimated to rise to meet expanding demand. Rice demand growth is driven by rising incomes and declining consumer prices.

The value of U.S. exports of oilseeds and products during the first 9 months of NAFTA was up 29 percent from a year earlier. U.S. soybean exports in fiscal 1995 will continue to increase as a result of lower U.S. prices. U.S. soybean meal sales are also expected to rise, reflecting increasing protein feed requirements and the expanding Mexican poultry sector.

Taiwan

U.S. agricultural exports to Taiwan in fiscal 1995 are forecast to reach a record $2.2 billion. It is, however, only about 3 percent higher than 1994 because increased volume sales for bulk commodities will be offset by lower prices. Bulk commodities account for 60-70 percent of U.S. agricultural exports to Taiwan, which depends almost totally on imports of inputs for its livestock, flour-milling, cotton textile, and leather goods industries. As Taiwan's economy grows and matures, demand for farm product imports, including bulk commodities, is expected to rise. In particular, the growth of demand for many high-value products such as beef, wine, fruits, and vegetables will be strong.

Total volume of coarse grain and soybean imports is expected to remain at least as high as in fiscal 1994 because of strong demand from the hog and poultry sectors--Taiwan's two dominant livestock sectors. For more than two decades, the United States has dominated Taiwan's import markets for corn and soybeans. Strong gains in U.S. 1994 production of corn and soybeans will likely further enhance the U.S. position in Taiwan's import markets for these products. The United States, however, has been facing more competition since Taiwan liberalized its coarse grain and soybean imports in July 1988. For example, Argentine corn and soybeans, of which Taiwan has not been a big buyer in the past, have made some inroads since 1991. In addition, the Taiwan Feed Industry Association recently signed a corn purchase agreement for 300,000 tons with the Maize Board of the Republic of South Africa for delivery in early 1995.

U.S. cotton exports in fiscal 1995 are expected to remain unchanged from the previous year, although strong local currency and rising labor costs will continue to affect the competitiveness of Taiwan's export-oriented textile industry. A rise in local living standards has increased demand for higher quality cotton yarn produced from better quality cotton. Textiles of natural fibers are mainly for the domestic market, while most of Taiwan's textile exports are man-made or blended fibers. Because the United States is a reliable, consistent, and quality supplier of cotton, it commands a competitive edge in Taiwan's import market for high quality cotton.

U.S. tobacco exports to Taiwan in fiscal 1995 are not expected to improve from the lows of the previous year. Ever since cigarette imports were relaxed in 1987, Taiwan has regularly introduced new domestic cigarette brands with increased foreign leaf content. However, sales of these locally produced new cigarette brands have not been successful, and as a result, U.S. tobacco exports have been hurt. The cigarette market opened further after September 1, 1994, when importers were allowed to import cigarettes from 123 countries or regions, instead of a dozen or so countries or regions.

In addition to bulk commodities, high-value food products, particularly consumer food items, are growing fast. Although imports of these commodities are relatively small in value terms, they have grown substantially since 1980, as trade restrictions have been relaxed, Taiwan's consumers have become more affluent, and women's participation in the job market has increased. The Taiwanese diet has changed drastically because of these social and economic changes; it is increasingly Westernized and convenience-oriented, with greater consumption of animal protein and fresh fruits and vegetables substituting for starch, mainly rice. U.S. exports of high-value food products enjoy both widespread consumer recognition and a head start in marketing, and the United States is in a good position to increase its high-value product exports.

South Korea

The value of U.S. agricultural exports to South Korea is projected to rise to $2.2 billion in fiscal 1995, a 5 percent increase from 1994. The South Korean economy returned to robust health in 1994 after 2 years of the slowest growth in more than a decade. The country's export-driven economy was boosted by a cheaper dollar to which the domestic currency is closely tied. The expanding economy is expected to stimulate the domestic demand for food, especially high-value food items.

U.S. exports may be reduced by the South Korean government's decision to phase out its participation in GSM-102 credit guarantee programs by the end of fiscal 1996. Cotton and wheat exports could decline, in addition, other commodities such as feed grains and oilseeds may be adversely affected in 1995. The 1996 phase-out would conclude a process of shortening financing periods and reducing overall program coverage which the South Korean Government began in 1989.

U.S. beef exports to South Korea increased 19 percent to $199 million in fiscal 1994. South Korea's beef imports are expected to rise because of a strong economy and near double-digit growth in beef consumption.

The long-term decline in U.S. exports of cattle hides to South Korea is expected to stabilize in fiscal 1995 at about the 1994 level of $500 million. Because of the technical complexities of the tanning industry, South Korea continues to import and tan raw cattle hides. The leather is then exported to low-wage Asian countries for final production of consumer-ready products.

U.S. wheat exports increased marginally to $231 million in fiscal 1994. Another modest increase is expected in 1995 due to rapidly increasing domestic demand for bakery products and smaller supplies available from Australia.

U.S. corn exports to South Korea declined by 45 percent to $58 million in fiscal 1994. The small U.S. corn crop and higher prices, and large imports of wheat for feeding were the major reasons for the drop. However, sales picked up in the last quarter of fiscal 1994 as U.S. corn prices dropped, and China's rose. With feed wheat imports down, and less corn supplies available from China, U.S. corn exports will be up sharply.

U.S. cotton exports in fiscal 1995 are expected to remain close to 1994's $296 million. While the gradual reduction of the GSM-102 program will tend to reduce U.S. cotton exports, South Korea is rapidly moving into production of higher quality yarn and fabrics utilizing ELS cotton, of which the United States is one of the primary suppliers.

U.S. soybean exports to South Korea in fiscal 1994 declined 13 percent to $228 million. The decline reflected excess capacity in the South Korean soybean crushing industry, caused by South Korea's higher-than-normal oil stocks and the availability of cheap meal imports from India. The forecast for 1995 is for some decline in the value of U.S. exports. The forecast, however, is clouded by lower soybean prices and changes in the GSM-102 program.

U.S. exports of high-value consumer products to South Korea in fiscal 1994 totaled $475 million, a 17 percent increase over 1993. A similar increase in U.S. sales is expected in 1995. With strong economic growth, South Korean consumers are expected to boost purchases of consumer food products such as red meats, processed fruit and vegetables, fruit and vegetable juices, tree nuts, and snack foods. These and other consumer foods comprise almost 40 percent of U.S. high-value exports to South Korea.

Hong Kong

The value of U.S. agricultural exports to Hong Kong in fiscal 1995 is forecast to reach a record $1.2 billion, up from the previous high of $1.1 billion for 1994. Moderately high economic growth (4 to 5 percent) projected for the territory until 1997, when Hong Kong will be turned over to Chinese control, will encourage growth in U.S. sales. In addition, rising living standards, the trend toward Westernization in eating habits, growth in the number of supermarkets and fast-food restaurants, and the popularity of dining out bode well for increased sales of U.S. food products to Hong Kong.

Out of total U.S. agricultural exports to Hong Kong in fiscal 1994, over 85 percent were high-value products (HVP). In 1994 the territory was the fifth largest U.S. market for consumer-oriented food products in the world. Hong Kong will become an increasingly important market for U.S. HVP exports in the years ahead, particularly as its role as a re-exporter of high-value and processed farm products to neighboring Macao and southern China expands.

The leading U.S. farm exports to Hong Kong are poultry meat, oranges, fresh fruit (non-citrus), ginseng, fresh vegetables, tree nuts, mink skins, cotton, and tobacco. U.S. exports of frozen poultry meat to Hong Kong have risen dramatically since the late 1980's, reaching nearly 300,000 tons ($224 million) in fiscal 1994. Growth in this market has been fueled chiefly by re-exports (mainly of wings and feet) to China, which are expected to continue to increase in the next few years, at least until China's own production capacity expands.

China

U.S. agricultural exports to China climbed to $877 million in fiscal 1994, up from a 6-year-low of $322 million in 1993. Imports of most agricultural commodities grew, particularly during the second half of the year, as China's 11 percent economic growth spurred consumer demand. U.S. agricultural exports are expected to increase almost 36 percent to $1.1 billion in 1995. Continued double-digit growth in 1995 is expected to stimulate increased consumer demand for wheat, apparel (cotton), soybeans, soybean oil, poultry meat, baby chicks, leather goods (whole cattle hides), feeds and fodders, and vegetables. Although rapidly rising consumer food prices are expected to dampen consumer demand somewhat, significantly higher domestic agricultural commodity prices are making imported U.S. products increasingly competitive.

The two most important changes from fiscal 1994 for China's 1995 imports are increased wheat imports and a higher international wheat price. The value of U.S. exports to China will increase as wheat import value climbs due to higher wheat prices. However, Chinese trade officials have indicated that significantly higher wheat import prices could cause the government to moderate its State wheat purchase plan for 1995.

Last year, problems with less area planted to cotton, poor weather, and a lingering pest infestation kept domestic production low and stimulated an increase in U.S. cotton sales from $158,000 in fiscal 1993 to nearly $497 million in 1994. Cotton imports are expected to remain at or slightly above 1994. China's cotton production is forecast higher in marketing year 1994/95, but imports will still be necessary.

Whole cattle hide sales also surged, rising from $8 million in fiscal 1993 to $31 million in 1994 as production of leather goods, shoes, and apparel rose in response to increased domestic and export demand. China's domestic leather processing industry is still not able to supply high-quality hides essential for leather goods destined for export markets (and to some extent even the increasingly quality-conscious domestic consumer). Soybean oil imports rose dramatically from $270,000 in 1993 to nearly $47 million in 1994 in response to income-driven demand for soybean oil and much higher domestic oil prices.

U.S. exports of whole cattle hides, soybean oil, poultry meat, and live baby chicks are forecast to increase in fiscal 1995, but at a slower pace than in 1994. China's central government is expected to increase intervention in agricultural marketing, pricing, and trade in its drive to stabilize and rectify retail food markets and prices. This will likely limit the average gain across all other commodities (excluding wheat and cotton) to a healthy 25 percent--but significantly lower than last year's 91 percent.

Former Soviet Union

The value of U.S. agricultural exports to the former Soviet Union (FSU) in fiscal 1995 is forecast at $1.5 billion, unchanged from 1994, but 40 percent lower than annual averages in 1988-92. Fiscal 1995 U.S. exports to Russia, the region's primary agricultural importer, are projected at $1.1 billion. While the trend in increased imports of intermediate and HVP's are expected to continue, hard currency constraints, less export financing, further projected contraction of the livestock sector, and continued negative economic growth will likely dampen any significant increase in FSU import demand. Despite a 15-percent reduction in the 1994/95 FSU grain harvest, lower utilization of grain for feed and less waste are expected to keep imports equal to last year.

Economic and political reforms, especially the rate at which the transition to a market economy progresses, will continue to have a significant effect on FSU imports of U.S. agricultural goods in the near term. The assumption made here is that while reforms will continue, they will be slow and sometimes contradictory. Moreover, the rate of implementation will vary from country to country in the region. The outlook for Russia's 1995 economic situation is relatively stable purchasing power and import demand, given continued reduction of inflation and appreciation of the real ruble/dollar exchange rate. However, if inflation is not controlled and other macroeconomic indicators do not correspond to IMF requirements, the situation could worsen and dampen import demand. Lastly, while several FSU countries (most notably Russia) have implemented import tariffs on many agricultural products, the effectiveness of these tariffs will vary as importers (and the urban areas that receive most imports) try to evade payment. However, the recent nomination of a conservative agrarian politician to the post of Agriculture Minister in Russia could result in increased protectionist policies.

U.S. exports of grains and oilseeds, the primary bulk commodities exported to the FSU, are unlikely to increase from fiscal 1994's $570 million. The share of these commodities in the value of total 1994 U.S. exports fell below 50 percent for the first time in over 20 years. Lower 1994/95 grain production is expected to be largely offset by lower utilization and stock drawdowns.

Fiscal 1995 FSU imports of U.S. livestock and livestock products should remain close to 1994's $480 million. While FSU imports of dairy products are expected to decline slightly, FSU demand for U.S. meat and meat products should remain stable. FSU meat import demand is currently driven not by production shortages (most FSU countries have sizable surpluses) but from competitive prices for generally better quality meat that is preferred by consumers. Comparable 1995 poultry export prices to the FSU should help maintain U.S. poultry sales. U.S. pork exports to the non-Muslim FSU countries will be facilitated by a recently announced 20,000-ton EEP allocation.

The trend in growing U.S. exports of other HVP's to the FSU, which began in fiscal 1993, is expected to continue in 1995. Growing inequality of income distribution and the creation of a class of higher-income consumers, particularly in Russia, has led to demand for higher quality, better packaged, and increased variety of food products. This trend is expected to continue and possibly increase in 1995. In addition, Russian (and other FSU) consumers are developing demand for pre-packaged foods that are simple or less time-consuming to prepare. U.S. exports of many consumer-oriented products (such as snack foods, fruits and vegetables, and chocolate) are expected to continue to increase in 1995, and possibly further boost the share of HVP exports. However, European exporters will likely remain strong competitors for the FSU HVP market.

Central and Eastern Europe

U.S. agricultural exports to Central and Eastern Europe (CEE) are projected to reach $400 million in fiscal 1995, up 29 percent from 1994's $312 million, but below 1993. Higher exports of grains and oilseeds account for most of the increase over last year.

The largest customer for U.S. grain exports will be Poland. Hot, dry weather over the summer led to a 6-percent decline in the total grain harvest from last year. In addition, a recovery in swine numbers will increase feed demand. Poland's total 1994/95 marketing year grain imports are projected to be nearly double last year's. The other important customers for U.S. grains are Slovenia and the Former Yugoslav Republic of Macedonia.

The bulk of U.S. wheat shipments will likely be under the Export Enhancement Program (EEP). USDA has announced the availability of EEP bonuses for a total of 550,000 tons of wheat for Poland, Romania, Slovenia, and the Czech and Slovak Republics. Only Poland and Slovenia are likely to take advantage of the opportunity, however: Romania is expected to be exporting wheat in marketing year 1994/95, and both the Czech and Slovak Republics should be self-sufficient. Other EEP initiatives include 125,000 tons of barley for Poland and Slovenia, 40,000 tons of wheat flour for Slovenia, and 30,000 tons of rice to various countries of the CEE.

U.S. wheat exports will also be bolstered by P.L. 480 Title I shipments of wheat and flour to the Former Yugoslav Republic of Macedonia. Exports of oilseeds and meal could nearly double, the result of expanding livestock inventories in some countries.

Poultry has emerged as a promising market for the United States. Poultry exports to CEE reached nearly $85 million in fiscal 1994, up from $57 million in 1993. There is growing demand in all CEE countries for inexpensive dark meat. Demand could rise still further. However, several CEE governments have become concerned about their domestic poultry industries and have placed tariffs on poultry imports. Poland, in particular, passed legislation in June 1993 authorizing the use of variable levies and has aggressively used that instrument against poultry imports from the United States. Romania has also placed prohibitive tariffs on poultry imports.

North Africa and the Middle East

U.S. agricultural exports to North Africa and the Middle East (NAME) should remain near $3.2 billion in fiscal 1995. The recent decline stemmed from lower coarse grain and soybean product exports to the region because of high prices in 1994. Export volume is likely to increase in 1995, but lower prices will limit value gains.

U.S. exports of corn to about half the countries in NAME are likely to rise in fiscal 1995 in response to lower prices and the need for more imported feed as dairy and broiler operations expand. U.S. corn exports to Iran, Lebanon, Turkey, Syria, Israel, and Jordan should rebound in 1995, following significant 1994 declines. Egypt and Algeria maintained strong purchases of U.S. corn in the recent year and are likely to increase purchases from the new crop supplies.

The value for U.S. agricultural exports to Egypt is expected to rise to $800 million in fiscal 1995. Volume gains are expected for wheat, corn, and oilseed products. Egypt is expected to resume purchases of U.S. cotton in 1995, compared with no purchases in 1994, following its large 1993 harvest. With a considerably smaller 1994 cotton harvest, Egypt will need increased imports to meet rising domestic and export demand for textiles and clothing.

Algeria is expected to buy more U.S. corn and rice in fiscal 1995. Efforts to increase poultry meat output should cause Algerian imports of corn and soybean meal to rise, and U.S. suppliers should share in the rise. Algeria is a large market for U.S. sunflower and soybean oil, and purchases may show further gains in 1995.

Brazil

Brazil's agricultural imports from the United States are expected to rise to $400 million in fiscal 1995, up from $230 million in 1994. Buoying trade prospects is the economic stabilization program currently underway in Brazil, which, since July, has quelled the country's infamously high inflation rates. This new economic plan, the Plano Real, was drawn up by the past finance minister, and now President-elect Fernando Henrique Cordoso. Cordoso's strong showing in the October presidential election was clearly the result of the success of his Plano to date, and his win is seen as a mandate for further economic reforms. Cordoso campaigned heavily on a platform to continue and deepen reforms, and Brazilian citizens apparently support this plan. Thus, economic growth in the 3-5 percent range is expected in the medium term as a result of further economic reforms.

Also buoying imports is the strength of the new Brazilian currency, the Real has gained vis-a-vis the U.S. dollar under the Plano Real; and several waves of broad tariff reductions that have been implemented in the past few months to dampen inflation by forcing price competition for domestic products.

Brazil imports soybeans for crushing (which are re-exported as meal and oil) when domestic supplies run short, and in some years imports from the United States can be substantial. Soybean supplies are plentiful with the large 1994 Brazilian harvest, but several crushers are expected to purchase U.S. soybeans during the first few months of fiscal 1995. It is too early to predict Brazil's 1995 soybean output, and how it will affect trade prospects in the latter part of 1995.

Brazil has become one of the world's largest wheat importers in recent years with the dismantling of government controls of the subsector in 1991.

However, most wheat and other grain imports come from MERCOSUR partners (Argentina, Paraguay, Uruguay) because of the preferential duties granted under the treaty terms. Argentina is therefore Brazil's primary wheat supplier; imports from Canada, the EU, and the United States are used only to fill remaining wheat needs not met by Argentina. Argentina's wheat crop this year is good, and they expect to export 4.5 million tons of wheat to Brazil.

The United States is expected to export substantial quantities of rice to Brazil because Vietnam has reduced its exports. Brazil is purchasing rough rice, so the value gain will not be as great as if milled rice were exported.

Brazil produces a large cotton crop, but has had to import cotton in recent years as strong demand has outstripped supply. Paraguay is the traditional supplier, but the United States has also become an important cotton exporter to Brazil. U.S. cotton exports to Brazil reached a record 70,000 tons in fiscal 1994. The high 1994 imports were a result of poor domestic cotton prices which led to a small 1993/94 crop. Cotton prices have improved this season, and a larger 1994/95 crop is predicted, thus reducing the need for imports. In 1995, the volume of U.S. cotton exports is likely to be unchanged, but higher export value is expected.

U.S. Agricultural Export Programs

CCC Export Credit Guarantee Programs

A program of $5.7 billion has been established for the CCC export credit guarantee programs for fiscal 1995. This includes $5 billion to be made available under the GSM-102 program which provides guarantees on export credit with short-term repayment terms (up to 3 years), and $500 million to be made available under the GSM-103 program, which provides intermediate-term credit guarantees (3 to 10 year repayment terms). These are unchanged from 1994 and are consistent with the minimum annual levels established by the Food, Agriculture, Conservation, and Trade (FACT) Act of 1990.

An additional $200 million of credit guarantees are expected to be made available by CCC during fiscal 1995 to promote the export of U.S. agricultural products to emerging democracies. As provided in the FACT Act, these may be made available as GSM-102 or GSM-103 export credit guarantees or as guarantees for financing the establishment of or improvements in handling, marketing, processing, storage, or distribution facilities for imported agricultural commodities. The FACT Act requires that a total $1 billion of CCC credit be made available for export to emerging democracies during the 1991 to 1995 period.

As of November 10, 1994, USDA had announced GSM-102/103 allocations totaling $2.7 billion, a decrease of more than 13 percent compared with the same time last year. The GSM-102 program constituted almost 95 percent of the total. Exporter applications, an indication of sales activity under the program, for credit guarantees under both programs amounted to about $248 million, compared with $393 million at the same time a year ago.

The top market under the GSM-102 program is Mexico with $730 million, slightly less than last year's initial allocation. Importers in Egypt, however, have made quicker use of their allocations. By November 10, they had used 39 percent of their initial allocations while Mexican importers had used only 18 percent. Other important markets under GSM-102 are South Korea and Pakistan. As of November 10, however, they had used very little of their initial allocations.

Several countries receiving credit guarantee allocations in fiscal 1995 (as of October 28, 1994) had not received them in 1994. These include Brazil, Costa Rica, Indonesia, Jamaica, Jordan, Papua New Guinea, the Philippines, Slovakia, and Turkey. Countries which have not yet received allocations in 1995 but did receive them in 1994 include Algeria, Bolivia, Chile, Cote d'Ivoire, Ecuador, Ghana, Malaysia, Namibia, Turkmenistan, Ukraine, and Venezuela. In 1994, Algeria, a prominent GSM-102 and GSM-103 participant, used more than 90 percent of its $510 million allocation.

The top market under the GSM-103 program is Morocco, receiving more than three-fourths of the program total, followed by Mexico, the Philippines, and Turkey.

U.S. Food Aid Programs

Food aid under the P.L. 480 program for fiscal 1995 is budgeted at about $1.3 billion. This represents a decrease of over $300 million in program funding from 1994. Current estimates are that the Title I program will be funded at $320 million, the Title II program at $821 million and the Title III program at $157 million. The 1995 program proposed for P.L. 480 is expected to provide for commodity shipments of about 4.2 million tons. Actual tonnage, however, will depend on commodity and shipping costs during 1995.

On November 1, 1994, USDA announced which agricultural commodities the United States will make available for allocation under the Food for Peace program in fiscal 1995. These commodities are: wheat and wheat products, rice and rice products, feed grains and products, dry edible beans, peas, lentils, soybean meal, soybean oil, cottonseed oil and sunflowerseed oil, soyfood products, soybeans, peanuts, potatoes and potato products, pork, Atlantic mackerel, Coastal herring, edible and inedible tallow and lard, cotton, and solid wood products.

Under the Title I program, U.S. agricultural commodities are donated or sold on long-term, low-interest credit terms to foreign governments to meet humanitarian needs, assist in economic development, and promote the development of foreign U.S. agricultural markets.

Under Title I, initial country and commodity allocations for fiscal 1995 show that $249 million has been tentatively allocated among 24 countries, with a reserve also held. Among recipients, 11 countries are allocated approximately 635,000 tons of wheat and/or wheat flour, more than half of the volume of commodity assistance under Title I. This is down more than 700,000 tons from the same time in fiscal 1994. Almost 355,000 tons of feed grain amounts to 17 percent of commodity allocations, with Pakistan and the Philippines being the chief recipients. Oilseeds and meal allocations follow, with 12 percent, of which the Ukraine receives more than half. Rice allocations follow distantly with 6 percent; Cote d'Ivoire and Jamaica are the largest recipients. Lesser volumes of vegetable oil, tallow, and cotton are also allocated.

As of November 14, the Agency for International Development, which administers the Title II and Title III programs, had not announced country and commodity allocations for fiscal 1995.

Table 5--P.L. 480 Title I and Food for Progress country allocations, first quarter FY 1995, by country and commodity

		Wheat	Rice	Feed Grains	Veg. Oil	Oilseeds/ meal	Cotton
	Million $	----------------% of commodity allocation--------------					
Africa		6.7	56.5	0.0	0.0	0.0	0.0
Angola	7.0						
Congo	3.0						
Cote D'Ivoire	10.0						
Asia		9.6	0.0	58.8	0.0	0.0	0.0
Pakistan	10.0						
Philippines	10.0						
Sri Lanka	10.0						
Baltic States		0.0	0.0	0.0	0.0	29.0	0.0
Lithuania	10.0						
Eastern Europe		4.8	0.0	0.0	45.9	0.0	100.0
Albania	5.0						
Croatia	5.0						
FYROM	7.0						
Latin America		14.4	43.5	0.0	0.0	13.3	0.0
El Salvador	10.0						
Guatemala	10.0						
Jamaica	10.0						
Suriname	5.0						
Near East		14.4	0.0	0.0	54.1	0.0	0.0
Jordan	10.0						
Morocco	5.0						
Yemen	5.0						
FSU Republics		50.1	0.0	41.2	0.0	57.7	0.0
Armenia	30.0						
Belarus	10.0						
Georgia	25.0						
Kyrgystan	15.0						
Moldova	10.0						
Tajikistan	7.0						
Ukraine	20.0						
Total	249.0	100.0	100.0	100.0	100.0	100.0	100.0

The Export Enhancement Program and Other Price Subsidy Programs

Congress appropriated $800 million for the Export Enhancement Program (EEP) in fiscal 1995. For 1994, the EEP was not capped by Congress, and bonuses totaled $1.15 billion. Congressional appropriations for the 1995 Cottonseed and Sunflowerseed Oil Assistance Programs (COAP and SOAP) are $26.5 million. COAP and SOAP bonuses totaled $24 million in fiscal 1994. Dairy Export Incentive Program (DEIP) funds are authorized as part of the dairy program budget. DEIP bonuses for fiscal 1994 were $117 million.

As of November 10, 1994, the EEP includes initiatives for wheat, barley, barley malt, flour, frozen pork, frozen poultry, rice, and vegetable oil. The largest amount of wheat is targeted to the countries of North Africa, particularly Egypt. Since July, Egypt has purchased 3.5 million tons of wheat under the EEP, and was offered an additional allocation of 1.3 million tons on November 18. Importers in Bangladesh, Pakistan, the Philippines, and Sri

Table 6--EEP initiatives for 1994 and 1995, by commodity and region

Region		Wheat 1/	Barley 2/	Rice 3/	Wheat flour 1/	Barley malt 1/	Vegetable oil 2/	Frozen poultry 4/	Table eggs 4/
		1,000 mt							1,000 dz.
North Africa	1994 initiative	9,300	500	35	750	0	400	15	0
	1995 initiative	7,300	700	20	605	0	340		
	1995 sales	4,148	0	0	40	0	0	1	0
Middle East	1994 initiative	2,155	2,050	365	450	0	100	20	25,000
	1995 initiative	2,355	1,600	240	50	0	60		
	1995 sales	951	1	58	0	0	0	16	24,984
China	1994 initiative	5,530	100	0	0	3	80	0	
	1995 initiative	3,000	75	0	0	3	160		
	1995 sales	265	0	0	0	0	0	0	
Other Asia	1994 initiative	4,280	0	0	0	53	20	3	30,000
	1995 initiative	5,250	50	0	0	43	15		
	1995 sales	1,893	0	0	0	25	0	1	30,000
Sub-Saharan Africa	1994 initiative	3,300	0	0	400	20	20	0	
	1995 initiative	2,700	0	0	380	10	15		
	1995 sales	599	0	0	0	10	0	0	
South America	1994 initiative	1,400	50	0	0	40	40	0	
	1995 initiative	0	25	0	0	40	30		
	1995 sales	0	0	0	0	15	0	0	
Central America	1994 initiative	130	0	0	0	15	0	0	
	1995 initiative	120	0	0	0	15	0		
	1995 sales	71	0	0	0	7	0	0	
Caribbean	1994 initiative	125	0	0	5	35	30	0	
	1995 initiative	150	0	0	5	30	20		
	1995 sales	60	0	0	0	30	0	0	
Western Europe	1994 initiative	360	25	0	0	0	25	0	
	1995 initiative	90	0	0	0	0	0		
	1995 sales	22	0	0	0	0	0	0	
Former Soviet Union 5/	1994 initiative	4,000	150	150	100	5	100	0	
	1995 initiative	3,000	25	10	100	5	40		
	1995 sales	211	0	0	0	0	0	0	
Other Eastern Europe	1994 initiative	2,750	500	0	40	5	20	0	
	1995 initiative	625	125	30	40	0	0		
	1995 sales	0	0	29	0	0	0	0	
Total	1994 initiative	33,330	3,375	550	1,745	176	835	38	55,000
	1995 initiative	24,590	2,600	300	1,179	151	680		
	1995 sales	8,220	1	87	40	87	0	18	54,984

1/ Wheat, wheat flour, and barley malt initiatives are for July to June.
2/ Barley and vegetable oil initiatives are for October through September.
3/ Rice initiatives are for August 1994 through December 1994.
4/ Frozen poultry and table egg initiatives and sales are for January through December 1994.
5/ A frozen pork initiative for 1994 of 20,000 tons for the FSU was completed in October 1994. A new initiative of 20,000 tons was announced on November 2 which will be available for sales through June 30, 1995.

Source: Compiled from USDA, Foreign Agricultural Service, press releases. Sales as of November 10, 1994.

Lanka have purchased 1.9 million tons of wheat under EEP since July while China, traditionally a major importer, has purchased only 265,000 tons.

EEP sales of some processed products--barley malt, frozen pork, and table eggs are brisk. Barley malt sales since July of 87,000 tons are more than one-half their 1994/95 initiative. Chief EEP markets for barley malt this year are Brazil, the Dominican Republic, the Philippines, and Sub-Saharan African countries. The EEP initiative for 20,000 tons of frozen pork sales to the former Soviet Union was completed in October. An additional 20,000 tons of frozen pork was announced for the former Soviet Union November 2. EEP initiatives of 55 million dozen eggs for sales to the countries of the Persian Gulf (Bahrain, Oman, Qatar, United Arab Emirates) and Hong Kong were completed last month.

Import Commodities

Agricultural imports are projected at a record $28 billion for fiscal 1995, up $500 million from the August forecast. Strong imports in the last quarter of 1994 indicate that import demand is strong and will likely carry into 1995. Competitive imports for 1995 are forecast at $19.8 billion, up $600 million from the August forecast and noncompetitive imports are forecast at $8.2 billion, down $100 million. The forecasts for coffee, live animals, grains, oilseeds, and seeds were reduced while those for beef, vegetables, nuts, tobacco, wines and malt beverages were adjusted upward.

Coffee value is forecast at $3.7 billion, $300 million below the August forecast, because the rise in coffee prices has been slower-than-anticipated. Coffee import unit value in 1995 is expected to be substantially higher than the $2,080 per ton unit value in 1994, as low production in Brazil will sustain current world prices through 1995. U.S. stocks are currently very low, and based on U.S. roasters need to maintain stocks, imports are forecast at 1.2 million tons.

Live animal imports are forecast at $1.2 billion, $100 million below the August forecast. Cattle imports from Canada are expected to increase but unit values will fall from fiscal 1994 because of high U.S. cattle numbers.

The beef forecast was increased $100 million from August's $1.9 billion. Volume is set at 800,000 tons, slightly higher than fiscal 1994. Greater production in Australia, Canada, and New Zealand will increase global beef supplies. U.S. imports in 1994 were valued at $1.8 billion and 780,000 tons.

The forecast for horticultural products has been revised upward to $7.6 billion, an increase of $300 million from the August forecast. Higher vegetable imports are expected because of weather damage to crops in Florida. Imports are expected to reach 2.4 million tons. Fruit import value is unchanged from the previous forecast. Volume is forecast at 2.3 million tons, 2 percent higher than fiscal 1994. Value is up $100 million from last year.

Nut imports have been revised upward to $500 million due to higher price estimates. Volume is expected to be unchanged at 190,000 tons. The forecast for wines and malt beverages has been increased to $2.1 billion. The $100 million advance is due to strong fourth-quarter 1994 imports, which are expected to continue. Volume for fiscal 1995 is forecast at 16.5 million hectoliters.

Grain, feed, and grain product imports have been revised down $300 million from the August forecast to $1.7 billion. Upward revisions in U.S. grain production estimates are expected to further reduce imports for grains, feeds, and products, which are forecast at 6.5 million tons. Grain imports are forecast at $500 million on volume of 4.5 million tons, compared with fiscal 1994 imports of $800 million and 7.5 million tons. Feed and grain products are forecast at $1.2 billion with volume at 1.5 million tons.

Oilseed and product imports are projected to be $1.5 billion, $200 million greater than the August forecast. Olive, rapeseed, and coconut oil import values are expected higher than previously expected. Volume is forecast at 3.3 million tons for 1995, 100 million tons greater than in 1994. Higher rapeseed and rapeseed meal and oil import volumes are due to high rapeseed production in Canada and strong demand for canola oil in the United States.

Tobacco leaf imports are expected to rise $100 million over the August forecast for a total of $1 billion, due to lower Oriental-type leaf stocks. Volume is forecast near 400,000 tons, up from 319,000 tons in 1994.

The seed import forecast is revised downward $100 million to $300 million from the August forecast. Lower import unit value in fiscal 1994 is expected to continue in 1995. Volume is expected to remain near 1994, at 300,000 tons.

Table 7--U.S. agricultural imports: Value by commodity, 1992-95

Commodity	Fiscal 1992	Fiscal 1993	Fiscal 1994	Fiscal 1995 Forecast
	--Billion dollars--			
Competitive products	18.549	18.929	20.178	19.8
Animals and products	5.555	5.917	5.791	5.5
Live animals	1.275	1.569	1.360	1.2
Beef and veal	1.933	1.919	1.822	2.0
Pork	.625	.663	.744	.7
Dairy products	.816	.860	.955	.9
Horticultural products	6.760	6.863	7.325	7.6
Fruits (incl juices)	2.275	2.037	2.149	2.2
Vegetables and preps	2.125	2.440	2.642	2.8
Nuts and preparations	.432	.508	.477	.5
Wines and malt beverages	1.928	1.878	2.057	2.1
Grains, feeds, and products	1.548	1.639	2.328	1.7
Grains	.453	.415	.836	.5
Feeds and grain product	1.095	1.223	1.492	1.2
Sugar and related products	1.114	1.060	1.126	1.1
Oilseeds and products	1.124	1.204	1.479	1.5
Tobacco, unmanufactured	1.299	1.101	.912	1.0
Seeds	.214	.214	.255	.3
Other competitive products	.935	.932	.963	1.1
Noncompetitive products	5.774	5.525	6.187	8.2
Bananas and plantains	1.083	1.083	1.057	1.1
Coffee, incl. processed	1.798	1.502	2.019	3.7
Cocoa, incl. processed	1.122	1.028	1.077	1.1
Rubber and allied gums	.756	.839	.885	1.0
Spices	.267	.259	.308	.3
Tea	.173	.187	.186	.2
Other noncompetitive products	.574	.628	.655	.8
Total	24.323	24.454	26.365	28.0

Table 8-U.S. agricultural imports: Volume by commodity, 1992-95

Commodity	Fiscal 1992	Fiscal 1993	Fiscal 1994	Fiscal 1995 Forecast
	--Million metric tons--			
Competitive products	15.106	15.338	21.436	18.7
Beef and veal	.813	.793	.776	.8
Pork	.263	.276	.318	.3
Cheese and casein	.223	.221	.252	.2
Horticultural products	3.870	4.478	4.616	4.9
Fruits and preparations	2.093	2.159	2.230	2.3
Vegetables-fresh and frozen	1.612	2.126	2.192	2.4
Nuts and preparations	.164	.193	.193	.2
Wines and malt beverages 1/	12.258	12.804	14.927	16.5
Fruit juices 1/	26.049	27.053	32.001	35.0
Grains and feeds	5.446	4.942	10.009	6.5
Grains	3.558	3.653	7.476	4.5
Feeds and grain products	1.888	1.289	2.533	1.5
Sugar, cane or beet 2/	1.623	1.569	1.619	2.0
Oilseeds and products	2.330	2.484	3.219	3.3
Tobacco, unmanufactured	.364	.386	.319	.4
Seeds	.174	.189	.309	.3
Noncompetitive products	6.911	6.937	6.827	7.2
Bananas and plantains	3.626	3.737	3.836	4.0
Coffee, incl. processed	1.330	1.185	.969	1.2
Cocoa, incl. processed	.773	.770	.748	.8
Rubber and allied gums	.920	.981	1.001	1.0
Spices	.127	.124	.136	.1
Tea	.135	.140	.137	.1

1/ Million hectoliters. Not included in horticultural totals.
2/ Imports for consumption, product weight.

Table 9--U.S. agricultural imports: Value by region, 1992-95

Regions	Fiscal 1992	Fiscal 1993	Fiscal 1994	Fiscal 1995 Forecast
	--Billion dollars--			
Western Europe	5.098	5.080	5.425	5.4
European Union	4.733	4.735	5.039	5.1
Other Western Europe	.366	.345	.385	.3
Central and Eastern Europe	.350	.281	.241	.2
Former Soviet Union	.020	.029	.036	7/
Asia	3.588	3.746	3.973	4.2
Japan	.256	.258	.272	.3
China	.369	.424	.453	.5
Other East Asia 1/	.315	.297	.296	.3
Other Asia 2/	2.648	2.767	2.952	3.1
Middle East 3/	.760	.426	.382	.4
Africa	.675	.623	.698	.6
North Africa 4/	.066	.054	.045	7/
Sub-Saharan Africa	.608	.569	.653	.6
Latin America	7.899	7.969	8.627	10.5
Mexico	2.286	2.708	2.801	2.9
Other Latin America	5.613	5.261	5.826	7.6
Brazil	1.358	1.199	1.396	2.6
Canada	3.930	4.422	5.210	4.9
Oceania	2.003	1.879	1.774	1.8
Total	24.323	24.454	26.365	28.0
Developed countries 5/	11.287	11.639	12.770	12.4
Developing countries	12.297	12.081	13.076	14.9
Other countries 6/	.739	.734	.518	.7

1/ Korea, Hong Kong, and Taiwan.
2/ Afghanistan, India, Pakistan, Nepal, Bangladesh, Sri Lanka, Burma, Thailand, Vietnam, Laos, Cambodia, Malaysia, Singapore, Indonesia, Brunei, the Philippines, and Macao.
3/ Turkey, Cyprus, Syria, Lebanon, Iraq, Iran, Israel, Jordan, Kuwait, Saudi Arabia, Qatar, United Arab Emirates, Yemen, Oman, and Bahrain.
4/ Morocco, Algeria, Tunisia, Libya, and Egypt.
5/ Western Europe, Japan, Canada, Israel, South Africa, and Oceania.
6/ Includes the former Centrally Planned Economies.
7/ Less than $50 million.

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