



# REGIONAL RESOURCE

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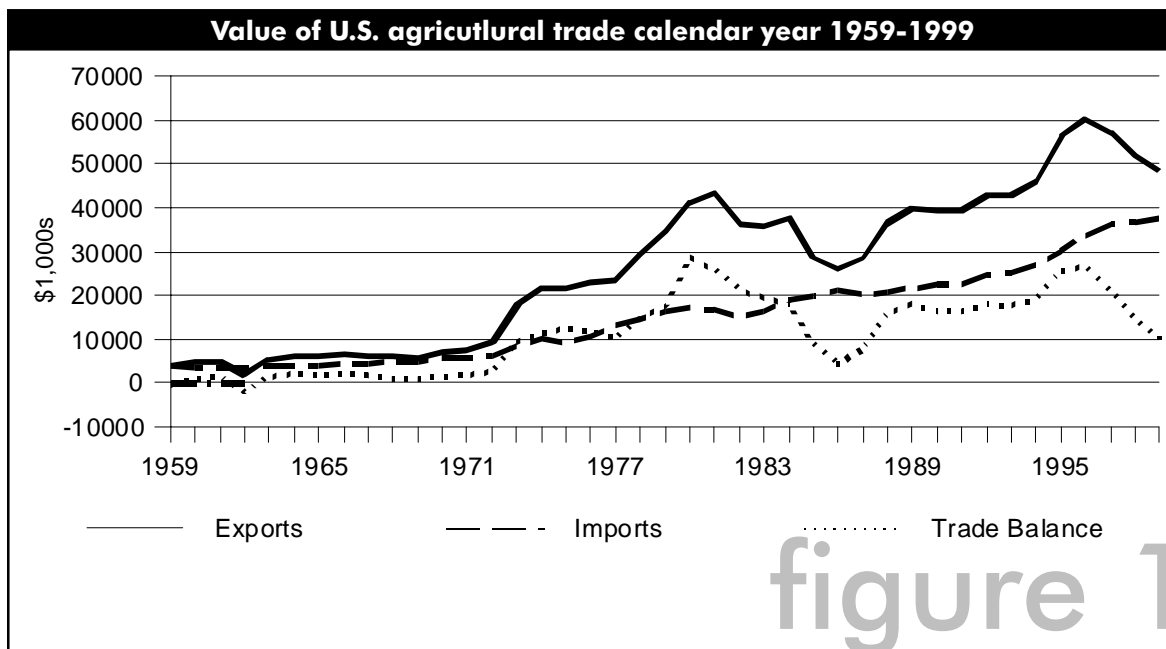
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## International Trade and Agriculture

by Jonathan Watts Hull

### Background

From its earliest days, United States' agriculture has been focused on an export market. Colonial trade in tobacco, cotton, indigo and rice established the foundations for the rural economy across the South in particular. Since then the United States has remained a major exporter of food and fiber, generating surpluses in many commodity groups and selling them to markets as close as Canada and Mexico, and as far away as Vanuatu and Lesotho. American agricultural exports totaled more than \$48 billion in 1999, down from a record \$60 billion in 1996, largely due to depressed markets overseas and the continuing strength of the U.S. dollar. The American agricultural sector is so strong that the United States has only had an agricultural trade deficit twice in the past 40 years, and not once since 1962. Recently, however, the trade balance has declined to levels experienced during the mid-1980s. Figure 1 shows the value of agricultural trade by calendar year for the past 40 years.



Source: USDA, Economic Research Service, 2000

Southern Legislative Conference

Alabama ■ Arkansas ■ Georgia ■ Kentucky ■ Louisiana ■ Maryland ■ Mississippi ■ Missouri  
North Carolina ■ Oklahoma ■ South Carolina ■ Tennessee ■ Texas ■ Virginia ■ West Virginia

As illustrated in Figure 1, U.S. agricultural trade has exploded in the recent past, with a relatively steady climb in imports and a more volatile, but still increasing, trend in exports. In recent years, agricultural exports have been shrinking—down nearly 20 percent since 1996—reflecting the sensitivity of the agricultural sector to changes in foreign exchange rates, unpredictable seasonal harvests, and domestic market demands, even as the strong domestic economy has spurred an increase in imports. The U.S. trade balance for agriculture in 1999 was a healthy \$10 billion, down from the massive highs of the early 1980s and mid 1990s, when the trade balance exceeded \$25 billion on strong commodity prices. Table 1 provides some detail on the recent history of agriculture and non-agricultural exports.

Table 1 also highlights the steady decline of the proportion of agricultural trade as a percentage of total trade over the past 10 years, even in years when U.S. agricultural exports hit record highs. The decline in agricultural products as a proportion of all exports—from 11 percent in 1990 to 8 percent

in 1999—is largely the result of the more rapid expansion of non-agricultural trade. Declines in the value of agricultural exports during the past few years can be attributed to drops in bulk commodity exports, which have been hurt by a strong dollar, global bumper harvests and economic crises in Asia, Russia and Latin America. In addition to these factors, trade in general (both imports and exports) can be affected by trade barriers, domestic subsidy and price support programs, economic development and market and product promotion activities. Because most agricultural products are perishable, and some highly so, international trade in this sector can be both volatile and risky. For many other sectors of the economy, product can be withheld from the market during periods of depressed prices with little or no loss of value. Many agricultural products may need to reach consumers within months, weeks, or even days, giving producers little recourse in times of low prices.

The United States remains a major exporter of grains for human and animal foods, animals and livestock, and a number

| <b>Value of U.S. Foreign Trade and Trade Balance 1990-1999</b> |                                          |                                                |                                              |                                   |                                         |                                                           |
|----------------------------------------------------------------|------------------------------------------|------------------------------------------------|----------------------------------------------|-----------------------------------|-----------------------------------------|-----------------------------------------------------------|
| <b>Year</b>                                                    | <b>agricultural exports (million \$)</b> | <b>agricultural trade balance (million \$)</b> | <b>non-agricultural exports (million \$)</b> | <b>total exports (million \$)</b> | <b>total trade balance (million \$)</b> | <b>agricultural proportion of total exports (percent)</b> |
| <b>1990</b>                                                    | 39,517                                   | 16,607                                         | 335,676                                      | 375,193                           | (115,389)                               | 11                                                        |
| <b>1991</b>                                                    | 39,365                                   | 16,501                                         | 361,421                                      | 400,786                           | (82,242)                                | 10                                                        |
| <b>1992</b>                                                    | 43,132                                   | 18,343                                         | 389,137                                      | 432,269                           | (92,991)                                | 10                                                        |
| <b>1993</b>                                                    | 42,911                                   | 17,746                                         | 396,329                                      | 439,240                           | (135,623)                               | 10                                                        |
| <b>1994</b>                                                    | 46,244                                   | 19,170                                         | 436,402                                      | 482,646                           | (174,640)                               | 10                                                        |
| <b>1995</b>                                                    | 56,348                                   | 26,011                                         | 491,813                                      | 548,161                           | (191,431)                               | 10                                                        |
| <b>1996</b>                                                    | 60,445                                   | 26,790                                         | 524,207                                      | 574,652                           | (210,637)                               | 10                                                        |
| <b>1997</b>                                                    | 57,245                                   | 20,945                                         | 587,784                                      | 645,029                           | (217,397)                               | 9                                                         |
| <b>1998</b>                                                    | 51,829                                   | 14,756                                         | 584,626                                      | 636,455                           | (269,255)                               | 8                                                         |
| <b>1999</b>                                                    | 48,299                                   | 10,432                                         | 593,890                                      | 642,189                           | (375,247)                               | 8                                                         |

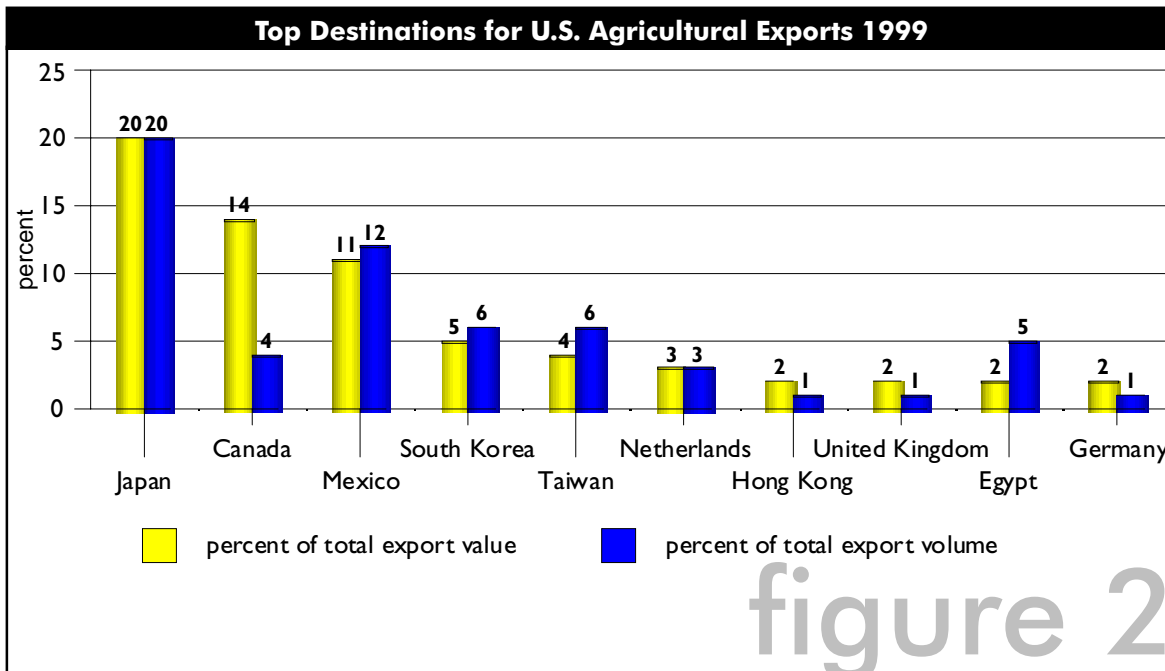
Source: USDA Foreign Agriculture Service

of fruit and vegetable crops. The largest market for U.S. crops and agricultural products is Japan, which accounted for nearly 20 percent of the volume and value of U.S. agricultural exports in 1999. The United States' partners in the North American Free Trade Agreement (NAFTA), Canada and Mexico, individually accounted for 14 percent and 11 percent of agricultural export value, and 4 percent and 12 percent of agricultural export volume, respectively, in 1999. Other major markets for U.S. agricultural exports are South Korea (5 percent of value, 6 percent of volume); Taiwan (4 percent of value, 6 percent of volume); the Netherlands (3 percent of value, 3 percent of volume); Hong Kong (2 percent of value, 1 percent of volume); the United Kingdom (2 percent of value, 1 percent of volume); Egypt (2 percent of value, 5 percent of volume); and Germany (2 percent of value, 1 percent of volume). Figure 2 describes these as well. Conspicuously absent from this list is the Russian Federation, which has been a major destination for U.S. agricultural products in the past, accounting for \$1.3 billion, or just under 2 percent of total trade by value as recently as 1997, which placed the country among the top 10 export destinations for U.S. agriculture.

### Impact of International Trade

For some producers, including cotton, rice, wheat and soybean farmers, the international market provides crucial portions of their sales, making a strong U.S. presence in the market essential. As the price crisis precipitated by the slump in the Asian and Latin American markets indicated, the penetration of foreign markets by U.S. goods can have a decidedly negative side-effect. This is particularly the case in commodity groups in which domestic consumption has been flat over the past few years even as production costs have increased and producer prices have declined or stagnated. As has been noted, exports have become increasingly important to U.S. farmers over the past decade.

Table 2 illustrates the growth in export share of agricultural production for selected products and illustrates two important points. The first is the importance of the international market for producers of a number of key crops, including cotton, wheat, rice, corn grown for oil and soybeans. The second is that for some products the export share is either holding steady or declining. This is worth noting against the backdrop of generally increasing



Source: USDA Economic Research Service

| <b>Export Share of U.S. Agriculture Production by Percent</b> |                              |                              |             |             |             |             |
|---------------------------------------------------------------|------------------------------|------------------------------|-------------|-------------|-------------|-------------|
| <b>product</b>                                                | <b>average<br/>1980-1989</b> | <b>average<br/>1990-1994</b> | <b>1995</b> | <b>1996</b> | <b>1997</b> | <b>1998</b> |
| <b>Beef</b>                                                   | 1.3                          | 4.0                          | 5.0         | 5.3         | 5.6         | 6.0         |
| <b>Pork</b>                                                   | 0.9                          | 1.6                          | 3.2         | 3.8         | 3.8         | 4.6         |
| <b>Lamb</b>                                                   | 0.6                          | 2.6                          | 2.1         | 1.9         | 2.3         | 2.1         |
| <b>Poultry<br/>Meat</b>                                       | 4.0                          | 7.2                          | 13.9        | 16.2        | 17.1        | 17.6        |
| <b>Oranges<br/>(fresh)</b>                                    | 22.1                         | 26.0                         | 30.2        | 26.9        | 27.0        | 27.7        |
| <b>Grapefruit<br/>(fresh)</b>                                 | 28.8                         | 39.2                         | 40.4        | 41.6        | 39.5        | 34.4        |
| <b>Noncitrus<br/>fruits (fresh)</b>                           | 12.7                         | 21.6                         | 25.9        | 25.7        | 26.7        | 23.9        |
| <b>Orange juice</b>                                           | 6.8                          | 11.1                         | 8.8         | 10.1        | 11.1        | 9.8         |
| <b>Tomatoes<br/>(fresh)</b>                                   | 5.9                          | 8.8                          | 9.0         | 8.6         | 10.3        | 9.4         |
| <b>Dried beans</b>                                            | 34.2                         | 30.1                         | 26.9        | 27.0        | 25.9        | 32.3        |
| <b>Peanuts</b>                                                | 12.1                         | 13.5                         | 15.0        | 13.1        | 13.9        | 12.5        |
| <b>Corn oil</b>                                               | 21.5                         | 30.7                         | 38.3        | 43.6        | 41.8        | 47.4        |
| <b>Soybeans<br/>and products</b>                              | 50.7                         | 40.6                         | 46.8        | 40.8        | 42.3        | 46.0        |
| <b>Wheat</b>                                                  | 54.7                         | 48.1                         | 51.0        | 56.0        | 40.9        | 40.8        |
| <b>Rice</b>                                                   | 54.1                         | 45.0                         | 64.1        | 52.3        | 44.5        | 54.3        |
| <b>Corn</b>                                                   | 25.5                         | 21.4                         | 27.1        | 23.6        | 20.9        | 16.0        |
| <b>Sorghum</b>                                                | 33.3                         | 37.8                         | 43.5        | 24.4        | 32.4        | 40.4        |
| <b>Cotton</b>                                                 | 49.2                         | 40.3                         | 50.7        | 42.9        | 38.1        | 51.4        |
| <b>Tobacco<br/>unmanufactured</b>                             | 31.5                         | 31.1                         | 37.1        | 26.7        | 36.9        | 29.6        |

Source: USDA Economic Research Service, 1999

trade, particularly as the percentage of bulk commodities being grown for export declines, as is the case with corn, wheat, and, to a limited extent, soybeans. High-value products, including manufactured and processed foods and horticultural products, are increasingly important in the export picture for the United States, as can be seen in the growth of the percentage of corn oil and orange juice produced for export.

The South has a number of agricultural products that are very reliant on overseas markets, including cotton, tobacco, poultry, rice, and citrus. The domestic market for

many of these products offers little room for growth in consumption. Overall, according to the USDA, about one-third of U.S. cropland produces goods for export, and nearly one-third of all farm income is from export sales. As the global economy recovers and economic health returns to emerging economies, it is hoped that U.S. products will be more marketable overseas. It is also considered imperative that trade-distorting export subsidies and barriers to trade be eliminated for U.S. products to compete on a level playing field with foreign products.

Agricultural exports have significant impacts in agricultural communities. The USDA estimates that for every dollar received from such exports in 1998, an additional \$1.30 of economic activity was generated, including farmers' purchases of inputs for these exports, such as feed, seed, fertilizer and pesticides. Thus, for the \$51.8 billion in agricultural exports in 1998, an additional \$67.9 billion in total economic output was generated. In that year, agricultural exports supported 808,000 full-time workers, down slightly from 871,000 jobs in 1997. Of the 808,000 full-time jobs associated with export agriculture, 320,000, about 10 percent of the total farm workforce, were farm workers. The remaining nearly half million jobs were in the nonfarm sector, including food processing, transportation, trade, and manufacturing.

### **The Import Side**

While much of the attention in the discussion on U.S. agricultural trade focuses on exports, imports also play a significant role in the total agricultural trade picture. Agricultural imports to the United States can be said to fall into two general categories: non-competitive exports, that is, foods that are not grown in the United States (e.g., spices, coffee, and rubber) or are only seasonally available (e.g., berries, melons, and tomatoes), and competitive exports, those products for which domestic production is either insufficient or uneconomical to meet demand. Imports in this latter group affords U.S. consumers with greater variety of products at lower costs. They also sit at the nexus of the debate over agricultural trade and imports.

For consumers and the economy as a whole, competitive imports represent a net savings. The USDA estimates that for every dollar spent on imported foods in 1998, an additional \$1.37 would have been required to produce that product domestically. Thus, to produce the total \$28.1 billion in competitive imports domestically, it would have cost a total of \$66.7 billion (\$28.1 billion in product value plus \$38.6 billion in associated costs). For farmers, however those competitive imports represent some lost sales.

Long-term trends point to increasing reliance on imported foods in the U.S. market, both in value and total volume. This increase reflects a number of changes over the past two decades, including improved transportation and storage systems, shifting consumer demand, particularly for more fresh fruits and vegetables, as well as the growing diversity and economic strength of the U.S. population. Trade policy has shifted toward more openness during this period as well, spurring increased imports of competitive products. Table 3 provides a long-term view of the share of key competitive imports as a portion of U.S. consumption.

As this table indicates, imported products in a few areas are seeing the greatest growth, primarily fish and shellfish, fruits and fruit juices, vegetables, nuts, wheat, and rice. Red meat, corn, and poultry all are products where U.S. producers have long enjoyed global dominance, and it is not surprising that foreign products have made few inroads in these areas. The increase in the import share of red meat represents increases in beef and lamb imports, with nearly one-quarter of all lamb sold in the United States now imported. Domestic sugar historically has been a highly protected industry, and sugar imports still are restricted to ensure that domestic production is not swamped by cheaper, foreign sugar. Thus, the growth in market share for domestic sugar is more a reflection of supply control policy than actual trade competitiveness. The gains foreign wheat has made in the past several years reflect both the growth in domestic wheat flour consumption and the strong dollar, with much of the import growth in wheat coming from Canada.

The leading imports to the United States in 1999, excluding fishery and forestry products, included fruits and vegetables and preparations (combined \$9.21 billion), wine and malt beverages (\$3.995 billion), and red meats (\$3.088 billion), among others. The largest category of agricultural import is horticultural products, which accounted for more than one-third of all food and imports into the United States. Table 4 lists U.S. agricultural imports for fiscal year 1999.

| <b>Import Shares of U.S. Food Consumption (percent) for Selected Products</b> |             |             |             |             |             |             |             |
|-------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Product</b>                                                                | <b>1975</b> | <b>1980</b> | <b>1985</b> | <b>1990</b> | <b>1995</b> | <b>1996</b> | <b>1997</b> |
| <b>Red meat</b>                                                               | 5.7         | 6.5         | 7.7         | 8.1         | 6.5         | 6.4         | 7.1         |
| <b>Poultry</b>                                                                | 0.0         | 0.0         | 0.1         | 0.1         | 0.1         | 0.1         | 0.1         |
| <b>Fish and shellfish</b>                                                     | 45.6        | 45.3        | 53.8        | 56.3        | 55.3        | 58.5        | 62.1        |
| <b>Dairy products</b>                                                         | 1.4         | 1.7         | 2.0         | 1.9         | 1.9         | 1.9         | 1.9         |
| <b>Fruits (fresh)</b>                                                         | 23.5        | 24.2        | 28.0        | 30.6        | 33.5        | 34.1        | 34.0        |
| <b>Fruit juices</b>                                                           | 5.7         | 14.2        | 47.8        | 47.6        | 25.0        | 30.5        | 27.7        |
| <b>Fresh vegetables</b>                                                       | 5.3         | 5.4         | 7.1         | 7.5         | 9.5         | 11.0        | 10.3        |
| <b>Vegetables for canning</b>                                                 | —           | 2.6         | 7.5         | 7.0         | 4.9         | 5.1         | 5.6         |
| <b>Vegetables for freezing</b>                                                | —           | 1.0         | 2.6         | 6.0         | 8.1         | 8.8         | 11.3        |
| <b>Nuts</b>                                                                   | 17.3        | 16.8        | 17.2        | 16.9        | 20.6        | 21.1        | 21.8        |
| <b>Wheat</b>                                                                  | 0.4         | 0.4         | 2.4         | 4.6         | 7.7         | 10.4        | 10.4        |
| <b>Rice</b>                                                                   | 0.4         | 0.3         | 5.1         | 7.9         | 10.2        | 10.6        | 13.5        |
| <b>Corn</b>                                                                   | 0.4         | 0.2         | 1.6         | 0.5         | 1.9         | 1.4         | 1.0         |
| <b>Cane and beet sugar</b>                                                    | 36.5        | 39.1        | 29.6        | 24.9        | 19.1        | 30.9        | 27.9        |

Source: USDA, *U.S. Agricultural Trade Update*, August 24, 1999

Recent concerns over imports, including tobacco, cattle and beef, and horticultural products, have focused on both the effect cheaper foreign products have on prices for domestic producers as well as on the overall safety of the U.S. food supply as products from countries with different phytosanitary conditions enter the domestic food system.

While imported food and forest products flow into the United States from around the globe, more than one-quarter of all imports are from the United States' NAFTA partners. Agricultural imports from Canada amounted to nearly \$8 billion in 1999. Mexico, a key source of winter fruits and vegetables as well as livestock and numerous other competitive crops, exported nearly \$5 billion to the United States in that year. The United States also imports a considerable amount from Western Europe (\$8 billion) and Southeast Asia (\$3 billion in 1999). Table 5 provides more detail on U.S. agricultural imports by region for fiscal year 1999.

### **The 1996 Farm Bill and International Trade**

Since the 1930s, farm policy has endeavored to insulate farmers from the depressed prices surpluses can cause by buying excess production and paying farmers to limit plantings. While this method has proven to serve its intended purpose, it largely runs counter to prevailing market-economy assumptions. With the passage of the 1996 Farm Bill, U.S. farm policy shifted away from price and supply controls—central pillars of domestic farm policy for more than 60 years—to a more market-oriented economy. When the Federal Agriculture Improvement and Reform (FAIR) Act of 1996 removed the supply and price controls, it also made U.S. farmers more dependent on the health of foreign markets for their prosperity. Major growth in domestic markets was unlikely, but the vast global market was perceived as having the potential to give U.S. producers opportunities and profits.

| <b>U.S. Agricultural Imports FY 1999</b> |                               |
|------------------------------------------|-------------------------------|
| <b>Product</b>                           | <b>Value<br/>(Billion \$)</b> |
| <b>Animals and products</b>              | 7.504                         |
| Live animals, except poultry             | 1.439                         |
| Red meats and products                   | 3.088                         |
| Dairy products                           | 1.572                         |
| <b>Grains and feeds</b>                  | 2.943                         |
| Grains                                   | 0.727                         |
| Feeds and products                       | 2.216                         |
| <b>Horticultural products</b>            | 15.321                        |
| Fruits and preparations, incl. juices    | 4.683                         |
| <i>Bananas</i>                           | 1.212                         |
| Nuts and preparations                    | 0.708                         |
| Vegetables and preparations              | 4.527                         |
| Wine and malt beverages                  | 3.995                         |
| Nursery and cut flowers                  | 1.706                         |
| Sugar and related products               | 1.578                         |
| Tobacco, unmanufactured                  | 0.742                         |
| Oilseeds and products                    | 2.022                         |
| Coffee and products                      | 2.967                         |
| Cocoa and products                       | 1.531                         |
| Rubber and allied gums                   | 0.739                         |
| Other products                           | 2.552                         |
| <b>Total agricultural imports</b>        | <b>37.449</b>                 |

Source: USDA, *Outlook for U.S. Agricultural Trade*, June 2, 2000

Following the passage of the FAIR Act, commodity program farmers could enter into 7-year market transition contracts and receive a set payment that declines every year. At the same time, any commodity could be grown on contract acreage except fruits and vegetables. American farmers, for the first time since the Great Depression, could choose what and how much to plant. The assumption was that farmers would bear the risk these planting decisions would entail, and that they would, in turn, reap greater rewards as they made production decisions based on what will derive the best returns for their investments.

| <b>U.S. Agricultural Imports Value by Region<br/>FY1999</b> |                   |
|-------------------------------------------------------------|-------------------|
| <b>Region</b>                                               | <b>Billion \$</b> |
| <b>Western Hemisphere</b>                                   | 20.182            |
| Canada                                                      | 7.898             |
| Mexico                                                      | 4.828             |
| Brazil                                                      | 1.438             |
| Colombia                                                    | 1.189             |
| Chile                                                       | 0.926             |
| Other South America                                         | 1.667             |
| Central America                                             | 1.887             |
| <i>Costa Rica</i>                                           | 0.843             |
| Caribbean                                                   | 0.349             |
| <b>Western Europe</b>                                       | 8.013             |
| European Union                                              | 7.841             |
| <b>Eastern Europe</b>                                       | 0.227             |
| <b>Former Soviet Union, including Baltics</b>               | 0.067             |
| <b>Asia, excluding the Middle East</b>                      | 5.373             |
| China                                                       | 0.761             |
| Southeast Asia                                              | 3.063             |
| <i>Indonesia</i>                                            | 1.185             |
| <i>Thailand</i>                                             | 0.689             |
| South Asia                                                  | 0.871             |
| <i>India</i>                                                | 0.800             |
| <b>Oceania</b>                                              | 2.164             |
| Australia                                                   | 1.134             |
| New Zealand                                                 | 0.949             |
| <b>Africa</b>                                               | 0.863             |
| Ivory Coast                                                 | 0.295             |
| <b>Middle East</b>                                          | 0.564             |
| Turkey                                                      | 0.382             |
| <b>Total</b>                                                | <b>37.449</b>     |

Source: USDA, *Outlook for U.S. Agricultural Trade*, June 2, 2000

In the short-run, specifically 1996 and 1997, that was the case. American harvests and exports were strong, and the FAIR Act seemed to be working. American agricultural exports reached an all-time record high of \$69.7 billion in 1996. In 1997 the foundation of strong international trade in all areas

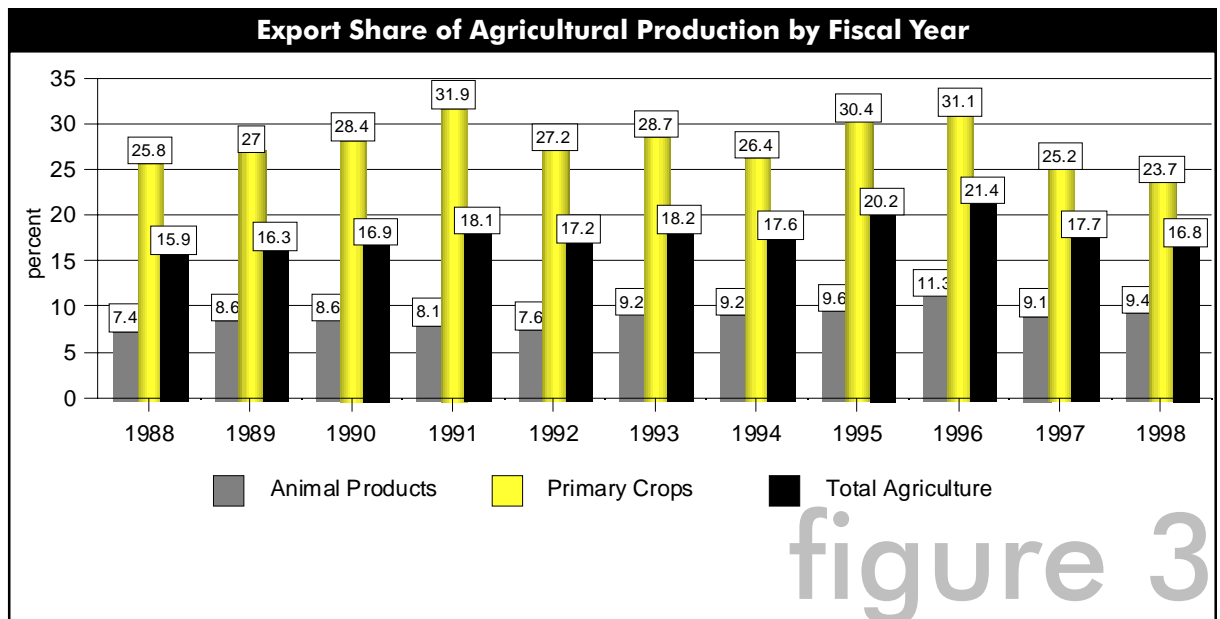
sustained a number of blows that drastically reduced the amount of U.S. exports. Global surpluses in the commodity markets had already driven prices down by 1997, although not drastically, when in July East Asian markets began to crumble, sending the rates of exchange for currencies throughout the region into a tailspin. As the dollar gained in strength, and as formerly thriving economies went on life support, U.S. exports to East Asia declined dramatically. Similar economic problems in the spring and summer of 1998 struck Latin America and Russia, further curtailing U.S. exports and dimming the prospects for American producers. Compounding this situation were bumper harvests of a number of commodities around the world glutting markets.

These problems, unrelated to the agricultural productivity or business decisions of American farmers, were leading to a farm crisis similar to that which struck the United States in the 1980s. In 1999, the U.S. Congress approved a record \$22.7 billion in payments to farmers, including scheduled transition payments and emergency relief payments. Many analysts complain that the 1996 Farm Bill lacked an adequate safety net for producers and obligated Congress to either

devise an expensive fix after the fact or allow thousands of farmers to be forced out of business through no fault of their own. Supporters of the FAIR Act contend that if a full range of reforms had been implemented, including changes in crop insurance and trade promotion programs, the pinch American farmers felt would have been far less and Congress would have averted the need for massive emergency spending.

Regardless of this debate, the FAIR Act and recent global economic crises have both reinforced how dependent the U.S. agricultural economy is on exports. In the decade between 1988 and 1998, the export share of production for all agriculture rose from just under 16 percent in 1988 to a high of 21.4 percent in 1996. In the years following, economic problems in overseas markets and a continued strong dollar depressed exports to East Asia, Russia, and Latin America. This trend can be seen for all of agriculture and for selected product groups in Figure 3.

Trade promotion has long been a key component of the mission of the United States Department of Agriculture, mostly through the Foreign Agriculture Service. The authors of the FAIR Act envisioned a vigorous trade



Source: USDA Economic Research Service



promotion component taking place concurrent with the removal of supply controls, something that critics of the implementation of the Act contend has not happened. The 1996 Farm Bill invested in increased trade promotion through a number of avenues, mostly through a renewed Market Access Program (formerly the Market Promotion Program) and the Export Enhancement Program. The Farm Bill also made credit more readily available for foreign importers of U.S. agricultural products. All of this notwithstanding, critics and supporters of the 1996 Farm Bill alike have complained that export promotion and market development have not lived up to the potential or need that the FAIR Act created.

### **International Trade Outlook**

Predicting the future of international trade in any sector is perilous at best. Market forces, unforeseen economic catastrophes and windfalls, policy shifts, and technological changes all contribute to a very hazy crystal ball. With agriculture, the addition of weather, crop productivity, and changing consumer preferences make forecasting even more difficult. Nonetheless, trends in agricultural trade point to generally increased activity for the United States in the decade ahead, both in exports and imports.

As of early summer 2000, the U.S. economy began to show signs of slowing down. After the fall of technology-related stocks on the NASDAQ and New York Stock Exchange in spring 2000, growth in other sectors rose at a slower rate than had been posted in previous quarters. In response, the Federal Reserve Bank declined to further tighten the money supply and U.S. bond rates rose. These are indicators not just of a cooling economy, but of a dollar that is potentially losing some of its value against foreign currencies. For U.S. farmers looking for an export market, the prospect of a dollar that is slightly weaker is a positive sign, indicating that key markets are beginning to rebound.

The emerging economies in Asia and the former Soviet Union are critical to U.S. agricultural export growth because income

levels in these regions are reaching levels where consumers are likely to diversify their diets and increase their use of imported foods and feeds. Negative fluctuations in income tend to have a contracting affect on the consumption of imported products, and a general recovery of the economies and individual incomes are likely to reverse this trend. This recovery seems well underway in parts of Asia, but is slower in becoming established in the former Soviet Union.

Every year, the USDA produces a baseline projection of long-term agricultural trade. These projections attempt to lay out the most likely outcome through making some important assumptions. Among these are an unchanged political landscape in which as many variables are eliminated as possible, such as expansions of trading blocks like the European Union or the parties to NAFTA, and constant rates of trade liberalization. The USDA's current 10-year outlook for agricultural exports is for overall growth, with an initial period of sluggish performance. With economic recovery underway in most of the world, global demand and trade are improving as a result. This in turn should fuel growth in commodity prices as consumption increases, and lead to overall improved U.S. agricultural export values. Recovery and growth will be uneven, however, with the states of the former Soviet Union, much of sub-Saharan Africa, and parts of Asia still in inadequate positions to import much food from the United States. Growth is anticipated to be particularly strong in China and some other parts of Asia, Latin America and the Middle East.

Export competition, particularly in grains, is projected to increase as the European Union, Argentina, Brazil, and China all continue to increase their roles in the global market. Even given this competition, U.S. agricultural exports are predicted to rise to almost \$76 billion by 2009. Increased trade should also reduce surplus supplies which currently are depressing global prices, a situation that should trigger a resulting rise in commodity prices. There are, to be sure, a

| <b>U.S. Agricultural Trade Values, Baseline Projections FY 1998-2009</b> |              |              |              |              |              |              |              |              |              |              |              |              |                    |
|--------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------|
| <b>Year</b>                                                              | <b>1998</b>  | <b>1999</b>  | <b>2000*</b> | <b>2001</b>  | <b>2002</b>  | <b>2003</b>  | <b>2004</b>  | <b>2005</b>  | <b>2006</b>  | <b>2007</b>  | <b>2008</b>  | <b>2009</b>  | <b>growth rate</b> |
| <b>Agricultural exports</b>                                              |              |              |              |              |              |              |              |              |              |              |              |              | <b>percent</b>     |
| <b>Billion Dollars</b>                                                   |              |              |              |              |              |              |              |              |              |              |              |              |                    |
| Animals and products                                                     | 11.2         | 10.1         | 10.8         | 9.8          | 10.5         | 10.8         | 11.2         | 11.7         | 12.0         | 12.5         | 12.8         | 13.3         | 2.8                |
| Grains, feeds, and products                                              | 14.1         | 14.4         | 13.4         | 14.4         | 15.1         | 16.7         | 18.1         | 19.4         | 20.5         | 23.3         | 23.6         | 25.0         | 5.7                |
| Oilseeds and products                                                    | 11.1         | 8.7          | 8.6          | 8.6          | 8.8          | 9.3          | 10.0         | 10.7         | 11.4         | 12.1         | 12.6         | 12.5         | 3.7                |
| Horticultural products                                                   | 10.3         | 10.3         | 10.5         | 11.8         | 12.4         | 12.9         | 13.5         | 14.1         | 14.7         | 15.3         | 15.9         | 16.5         | 4.9                |
| Tobacco, unmanufactured                                                  | 1.4          | 1.4          | 1.3          | 1.2          | 1.2          | 1.2          | 1.2          | 1.2          | 1.2          | 1.2          | 1.2          | 1.2          | -1.6               |
| Cotton and linters                                                       | 2.5          | 1.3          | 1.5          | 2.2          | 2.6          | 2.8          | 2.6          | 2.6          | 2.7          | 2.9          | 3.0          | 3.1          | 8.9                |
| Other exports                                                            | 2.9          | 2.8          | 2.9          | 3.2          | 3.3          | 3.4          | 3.6          | 3.7          | 3.9          | 4.0          | 4.2          | 4.3          | 4.3                |
| <b>Total agricultural exports</b>                                        | <b>53.6</b>  | <b>49.0</b>  | <b>49.0</b>  | <b>51.2</b>  | <b>53.9</b>  | <b>57.2</b>  | <b>60.3</b>  | <b>63.5</b>  | <b>66.4</b>  | <b>71.2</b>  | <b>73.3</b>  | <b>75.9</b>  | <b>4.5</b>         |
| <b>Bulk commodities exports</b>                                          | <b>20.1</b>  | <b>17.8</b>  | <b>16.8</b>  | <b>18.1</b>  | <b>19.0</b>  | <b>21.0</b>  | <b>22.5</b>  | <b>24.2</b>  | <b>25.7</b>  | <b>28.9</b>  | <b>29.6</b>  | <b>30.8</b>  | <b>5.6</b>         |
| <b>High-value product exports</b>                                        | <b>33.6</b>  | <b>31.2</b>  | <b>32.2</b>  | <b>33.1</b>  | <b>34.9</b>  | <b>36.3</b>  | <b>37.8</b>  | <b>39.3</b>  | <b>40.7</b>  | <b>42.3</b>  | <b>43.7</b>  | <b>45.1</b>  | <b>5.6</b>         |
| <b>High-value product share</b>                                          | <b>62.6%</b> | <b>63.7%</b> | <b>65.7%</b> | <b>64.7%</b> | <b>64.7%</b> | <b>63.4%</b> | <b>62.8%</b> | <b>61.9%</b> | <b>61.3%</b> | <b>59.4%</b> | <b>59.7%</b> | <b>59.5%</b> | <b>NA</b>          |
| <b>Agricultural imports</b>                                              |              |              |              |              |              |              |              |              |              |              |              |              |                    |
| Animals and products                                                     | 6.8          | 7.1          | 7.2          | 7.5          | 7.5          | 7.6          | 7.8          | 7.9          | 8.1          | 8.2          | 8.3          | 8.5          | 1.9                |
| Grains, feeds, and products                                              | 2.9          | 2.9          | 2.8          | 2.9          | 3.0          | 3.1          | 3.3          | 3.4          | 3.6          | 3.7          | 3.8          | 4.0          | 3.0                |
| Oilseeds and products                                                    | 2.2          | 2.0          | 1.9          | 1.8          | 1.7          | 1.6          | 1.6          | 1.8          | 2.0          | 2.3          | 2.6          | 2.9          | 3.7                |
| Horticultural products                                                   | 13.9         | 15.3         | 15.7         | 16.4         | 17.1         | 17.9         | 18.7         | 19.5         | 20.3         | 21.1         | 21.9         | 22.8         | 4.1                |
| Tobacco, unmanufactured                                                  | 0.8          | 0.7          | 0.7          | 0.7          | 0.7          | 0.8          | 0.9          | 0.9          | 1.0          | 1.1          | 1.1          | 1.2          | 4.5                |
| Sugar and related products                                               | 1.7          | 1.6          | 1.6          | 1.8          | 1.8          | 1.9          | 2.1          | 2.1          | 2.0          | 1.9          | 1.9          | 1.9          | 2.1                |
| Coffee, cocoa, and rubber                                                | 6.3          | 5.2          | 5.4          | 5.5          | 5.5          | 5.6          | 5.6          | 5.7          | 5.7          | 5.8          | 5.8          | 5.9          | 1.2                |
| Other imports                                                            | 2.4          | 2.6          | 2.6          | 2.7          | 2.8          | 2.9          | 3.0          | 3.1          | 3.2          | 3.3          | 3.4          | 3.5          | 3.3                |
| <b>Total agricultural imports</b>                                        | <b>37.0</b>  | <b>37.4</b>  | <b>38.0</b>  | <b>39.3</b>  | <b>40.2</b>  | <b>41.4</b>  | <b>43.0</b>  | <b>44.4</b>  | <b>45.8</b>  | <b>47.4</b>  | <b>49.0</b>  | <b>50.7</b>  | <b>3.1</b>         |
| <b>Net agricultural trade balance</b>                                    | <b>16.6</b>  | <b>11.6</b>  | <b>11.0</b>  | <b>11.9</b>  | <b>13.7</b>  | <b>15.9</b>  | <b>17.3</b>  | <b>19.1</b>  | <b>20.6</b>  | <b>23.9</b>  | <b>24.3</b>  | <b>25.2</b>  | <b>8.1</b>         |

Source: USDA Baseline Projections, February 2000

Notes: \*The projections were completed in November 1999 based on policy decisions and other information known at that time. Other exports consist of seeds, sugar and tropical products, and beverages and preparations. Essential oils are included in horticultural products. Bulk commodities include wheat, rice, feed grains, soybeans, cotton, and tobacco. High-value products (HVPs) is calculated as total exports less the bulk commodities. HVPs include semi-processed and processed grains and oilseeds, animals and products, horticultural products, and sugar and tropical products. Other imports includes seeds, beverages except beer and wine, and miscellaneous commodities.

number of uncertainties in making these predictions, including the specter of another economic collapse in Asia, a repeat of global bumper harvests depressing the prices for bulk commodities, and the entry of China into the World Trade Organization. Nonetheless, long-term trends seemingly indicate that agricultural exports will increase, both in value and volume. Importantly, the growth in imports is predicted to slow from 6 percent to 4 percent, which should provide some relief from the expanding share imports have had in the domestic market. Table 6 outlines USDA's projections for agricultural trade from 1999 to 2009 for key trade areas.

As Table 6 indicates, the net agricultural trade balance should grow by about 8 percent over the 10-year period covered by the projections, with the balance at its lowest point in the 2000/2001 cycle, growing steadily to near 1996 levels by 2009. Total agricultural export value is projected to surpass the record mark set in 1996 in four years as exports climb throughout the second half of the 10-year period. The only produce area predicted to shrink over the baseline period is tobacco, which faces fierce competition overseas and increased pressure from competitive imports as well as declining domestic consumption. Strong export growth is expected in both bulk and high-value commodities, and very strong growth is projected for cotton.

### **China and the WTO: What It Means for Agriculture**

On March 9, 2000, President Clinton formally asked Congress to grant permanent normal trading relations (PNTR) with China. Currently, China's trade status must be reviewed annually by Congress. These reviews often are characterized by rancorous debate over China's human rights record, potential as a threat to regional and U.S. security, treatment of workers and the environment. Notwithstanding these objections, Congress has approved normal trading relations (formerly called "Most Favored Nation Status") with China for years. As of the publication of this report, the U.S. House of Representatives had approved

PNTR for China and the Senate is likely to do so, although the timing and even the certainty of that are unclear.

This issue has taken on particular relevance and importance this year because of the trade agreement reached with China late in 1999. Without the granting of PNTR, the historic agreement that took 13 years to hammer out will be essentially dead in the water. Congress' annual review, and the threat that normal trading status could be revoked, undermines the permanence of the trade agreement, although it does not block China's entry into the World Trade Organization (WTO), the global body that establishes rules for international commerce and provides a forum for trade conflict resolution.

Approval and implementation of the U.S. trade agreement is key to China's entry to the WTO because of the importance of the size of the American economy. Once the U.S. establishes its trading relationship with China, other trade agreements with the European Union, Canada and other major trading nations should swiftly follow. Recent comments from Beijing have indicated that China intends to pursue WTO membership regardless of the outcome in Congress, and may try to use WTO rules to exclude American goods and companies from its market if the United States does not make normal trading relations permanent.

To become a member of the WTO, China must commit to establishing a "tariff-only" import regime, removing any non-tariff barriers to trade as well as reducing many existing trade tariffs. Considering the size of the China market—one-fifth of the world's population and one of the world's fastest growing economies—access to Chinese consumers without trade restrictions or tariffs has been a top priority for many American business and government leaders for the past decade. As China's economy and the purchasing power of its vast population have grown, industrialized countries have worked hard to establish footholds in this market and to remove restrictions on foreign goods.

While much of the discussion has been on access for the American financial, telecommunications and manufacturing sectors, the Chinese market poses enormous potential for U.S. agriculture. With a population of more than one billion, trade with China represents to many in the farm sector a shining ray of hope for buoying sagging farm sales and prices. This has been spurred on by China's recent concession that it may not be able to remain entirely self-sufficient in food and may be willing to import as much as 5 percent of its food needs. While this may not seem like much on the surface, according to the USDA, 5 percent of China's grain needs amounts to 20 million tons a year, an import volume exceeded only by Japan.

How much of the vast Chinese market the United States will capture is very difficult to predict. The United States' whopping \$56 billion trade deficit with China is not matched in proportion by any other country or trading block, so in theory the United States has the most to gain by open trade with China. And while freer access to China and the analogous Chinese access to the U.S. market may harm some traditional U.S. industries, including manufacturing, computers and electronics, because of lower labor costs in China, American agriculture could gain considerably should U.S. producers, who are the most productive in the world, be allowed to sell their goods freely in China. This is far from certain, however.

### **The Peril of the Open Chinese Market**

China is more than the world's most populous nation and its largest potential market. China is a giant agricultural producer. While China suffers from tremendously inadequate infrastructure and processing facilities to adequately distribute its agricultural bounty, there is strong potential to match China's vast reserves of arable land and agricultural labor with contemporary agricultural practices. The WTO accession agreement would allow greater foreign investment and ownership of some of the very parts of the infrastructure that are now most lacking—distribution and marketing.

This should allow for greater penetration of American goods into China. It also provides American companies, with their vast distribution networks and access to the necessary capital and expertise, the opportunity to improve China's agricultural export position. China's potential to raise crops for the export market should not be underestimated. China has struggled vigorously in the past several decades to feed its swelling population, and has for the most part succeeded in doing so. With the application of new technologies, genetically transgenic crops, advanced farming techniques, and improved infrastructure, China could emerge as an agricultural "superpower." The impact on American producers, should this come to pass, would be less than salubrious, if not devastating.

### **The Downside for China**

Entry into the WTO is not universally sought in China, however, and even as China wraps up trade agreements with numerous WTO member nations, some state-run industries and government ministries are openly resistant to further opening China's economy. Possibly no sector of the Chinese economy will feel more pain than agriculture, where WTO-mandated changes will eliminate the livelihoods of as many as 10 million or more of the nation's 800 million peasant farmers. China's recent economic boom already has created a rush of unskilled workers leaving rural areas for opportunities in urban centers. With a diminished farm sector, the prospect of mass relocations from villages to cities has some economists anxious about the near-term stability of the Chinese economy.


China also acknowledges that the agreement may practically change very little in the short-run. The problems of the Chinese agricultural economy are, in the words of the U.S. agricultural attache in Beijing, "chronic overproduction and inefficient distribution." Little about WTO membership would change this situation or cause a sudden surge in demand for imported goods among the majority of Chinese consumers.

### Three Scenarios

There are numerous projected outcomes for U.S. agriculture should China join the WTO with U.S. approval. In general they can be broken into three categories: Good, Indifferent and Bad. The “Good Outcome” presumes that the opening of the vast Chinese market to U.S. agricultural products and industries will have a general boosting affect on the U.S. agricultural sector. Farmers will benefit through increased export sales in two ways. First, China, due to a more open market, should import more U.S. farm products. Second, because China will have to reduce its subsidies on food it exports to third countries where it competes with U.S. products, Chinese agricultural goods would lose much of the price advantage they currently hold. The promise of the 1996 FAIR Act will be met, with U.S. producers selling their products on a more level playing field. U.S. farmers will see a gradual rise in the prices they receive as more American agricultural products enter China and as a stronger Chinese economy creates a vast middle-class hungry for a more sophisticated, import-heavy diet.

The “Indifferent Outcome” sees some of the same positive outcomes for U.S. agriculture but tempers it with the potential for increased uncertainty in the overall Chinese market as the nation’s outmoded infrastructure encounters a global market that is unforgiving. Experts point to Russia’s turbulent transition to a market economy and

the unpredictability of U.S. agricultural exports to that country as a possible object lesson. WTO entry could cause significant disruption in the Chinese economy, removing many of the barriers that protected it from the Asian financial crisis of the late 1990s and exposing the country to possible predations on its currency that would limit Chinese buying power. Furthermore, even though the United States is the world’s major agricultural power, there are numerous other nations, including Canada, Brazil and Australia that also are looking to improve their farmers’ economic conditions by increasing sales in the Chinese market.

The “Bad Outcome” takes a very pessimistic view of the entry of China into the WTO. According to this view, through the WTO agreement China gains what it currently lacks. Chief among the needs China has is capital for the development of an efficient marketing and distribution system. China has vast tracts of agricultural land which currently are cultivated using fairly simple technology. Should U.S. agricultural interests be allowed to freely invest in China, expertise and capital will flow into the country, and, in a short period, exports to China will be followed by a steadily increasing flow of Chinese food products into the United States and other countries, displacing U.S. produce in key export markets and further squeezing prices for American farmers. 

## SLC State Agricultural Trade

State estimates for export agriculture are inexact at best. Because a product may be shipped to several states before being exported, it is impossible to measure the impact exports have on any given state's agricultural economy. It is possible, however, to estimate export values using a state's percentage of total production and the national total exported value. Following is an encapsulation of some of this information for the SLC states. Information has been drawn from the USDA's *State Fact Sheets for 2000* and *2000 Agricultural Year Book*.



**Alabama**—Alabama's total agricultural exports grew from \$269 million in 1991 to \$460 million in 1998 (down from a high of \$495 million in 1996). The state's total farm output in 1998 was \$3.3 billion, with forestry shipments valued at \$3.5 billion in 1996. Alabama is the 27<sup>th</sup> ranked agricultural exporting state, with key agricultural products including poultry and poultry products, cotton, soybeans and soy products, peanuts and peanut products and live animals and meat.

Alabama's top crops (1998):

| <b>Total receipts</b> | <b>\$3,283,129,000</b> | <b>Export earnings</b>      | <b>\$459,700,000</b> |
|-----------------------|------------------------|-----------------------------|----------------------|
| Broilers              | \$1,806,720,000        | Poultry & poultry products  | \$270,100,000        |
| Cattle & calves       | \$375,931,000          | Cotton & linters            | \$74,700,000         |
| Chicken eggs          | \$216,128,000          | Soybeans & soybean products | \$28,500,000         |
| Greenhouse/nursery    | \$210,343,000          | Peanuts & peanut products   | \$25,200,000         |
| Cotton                | \$199,808,000          | Live animals & meat         | \$23,600,000         |



**Arkansas**—Arkansas' total agricultural exports grew from \$1 billion in 1991 to \$1.6 billion in 1998 (remaining unchanged following the Asian financial crisis in 1996). The state's total farm output in 1998 was \$5.4 billion, with wood products valued at \$2.5 billion in 1996. Aquaculture also is a major contributor to Arkansas agriculture, with state catfish sales bringing in \$86 million in 1998. Arkansas is the 9<sup>th</sup> ranked agricultural exporting state in the country, with key agricultural products including rice, poultry, soybeans and cotton.

Arkansas' top crops (1998):

| <b>Total receipts</b> | <b>\$5,421,870,000</b> | <b>Export earnings</b>       | <b>\$1,623,200,000</b> |
|-----------------------|------------------------|------------------------------|------------------------|
| Broilers              | \$2,135,182,000        | Rice \$492,700,000           |                        |
| Rice                  | \$792,902,000          | Poultry & poultry products   | \$374,300,000          |
| Soybeans              | \$527,681,000          | Soybeans & soybeans products | \$368,400,000          |
| Cotton                | \$515,045,000          | Cotton & linters             | \$228,600,000          |
| Cattle & calves       | \$324,159,000          | Wheat & wheat products       | \$93,900,000           |



**Florida**—Florida's agricultural exports grew from \$900 million in 1991 to \$1.1 billion in 1998 (slightly down from 1996). The state's total farm output in 1998 was \$6.7 billion, with wood products valued at \$2.1 billion in 1996. Commercial fishing is also a major contributor to the Florida economy, with state commercial fish landings accounting for \$189 million in 1998. Florida is the 17<sup>th</sup> ranked agricultural exporting state in the country, with key agricultural products including fruits, vegetables, poultry and wood products.

Florida's top crops (1998):

| <b>Total receipts</b> | <b>\$6,761,965,000</b> | <b>Export earnings</b>    | <b>\$1,623,200,000</b> |
|-----------------------|------------------------|---------------------------|------------------------|
| Oranges               | \$1,357,566,000        | Fruits & preparations     | \$558,500,000          |
| Greenhouse/nursery    | \$1,278,700,000        | Other                     | \$208,500,000          |
| Tomatoes              | \$506,607,000          | Vegetables & preparations | \$111,900,000          |
| Cane for sugar        | \$472,303,000          | Poultry & products        | \$47,100,000           |
| Dairy products        | \$423,878,000          | Feeds & fodders           | \$39,600,000           |

**Georgia**—Georgia’s agricultural exports grew from \$600 million in 1991 to \$1.1 billion in 1998 (slightly down from 1996). The state’s total farm output in 1998 was \$5.5 billion, with wood products valued at \$3.7 billion in 1996. Georgia is the 15<sup>th</sup> ranked agricultural exporting state in the country, with key agricultural products including poultry, cotton, peanuts and tobacco.



Georgia’s top crops (1998):

|                       |                        |                        |                        |
|-----------------------|------------------------|------------------------|------------------------|
| <b>Total receipts</b> | <b>\$5,454,249,000</b> | <b>Export earnings</b> | <b>\$1,133,300,000</b> |
| Broilers              | \$2,046,648,000        | Poultry & products     | \$375,000,000          |
| Cotton                | \$593,690,000          | Cotton & linters       | \$260,600,000          |
| Peanuts               | \$408,607,000          | Other                  | \$128,400,000          |
| Chicken eggs          | \$375,907,000          | Peanuts & products     | \$90,200,000           |
| Dairy products        | \$261,725,000          | Tobacco                | \$70,800,000           |

**Kentucky**—Kentucky’s agricultural exports grew slightly from \$838 million in 1991 to \$936 million in 1998 (down from \$1 billion in 1996). The state’s total farm output in 1998 was \$3.9 billion. Kentucky is the 19<sup>th</sup> ranked agricultural exporting state in the country, with key agricultural products including tobacco, live animals and meat, soybeans and feed grains.



Kentucky’s top crops (1998):

|                       |                        |                        |                      |
|-----------------------|------------------------|------------------------|----------------------|
| <b>Total receipts</b> | <b>\$3,920,208,000</b> | <b>Export earnings</b> | <b>\$936,200,000</b> |
| Tobacco               | \$1,050,784,000        | Tobacco                | \$343,800,000        |
| Horses & mules        | \$790,000,000          | Live animals & meat    | \$204,300,000        |
| Cattle & calves       | \$605,451,000          | Soybeans & products    | \$141,200,000        |
| Broilers              | \$332,906,000          | Other                  | \$82,500,000         |
| Dairy products        | \$258,695,000          | Feed grains & products | \$76,100,000         |

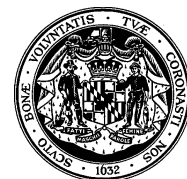
**Louisiana**—Louisiana’s total agricultural exports grew from \$580 million in 1991 to \$667 million in 1998 (slightly down from 1996). Louisiana’s total farm output in 1998 was \$1.9 billion, with forestry shipments valued at \$1.8 billion in 1996. Aquaculture and commercial fish landings generated an additional \$344 million in 1998. Louisiana is the 25<sup>th</sup> ranked agricultural exporting state in the country, with key agricultural products including rice, cotton and linters, soybeans and soybean products and wheat and wheat products.



Louisiana’s top crops (1998):

|                       |                        |                        |                      |
|-----------------------|------------------------|------------------------|----------------------|
| <b>Total receipts</b> | <b>\$3,920,208,000</b> | <b>Export earnings</b> | <b>\$936,200,000</b> |
| Cane for sugar        | \$1,050,784,000        | Other                  | \$343,800,000        |
| Rice                  | \$790,000,000          | Rice                   | \$204,300,000        |
| Cotton                | \$605,451,000          | Cotton & linters       | \$141,200,000        |
| Cattle & calves       | \$332,906,000          | Soybeans & products    | \$82,500,000         |
| Soybeans              | \$258,695,000          | Wheat & products       | \$76,100,000         |

**Maryland**—Maryland’s total agricultural exports grew from \$155 million in 1991 to \$214 million in 1998 (slightly down from 1996). Maryland’s total farm output in 1998 was \$1.5 billion. Maryland is the 35<sup>th</sup> ranked agricultural exporting state in the country, with key agricultural products including poultry, soybeans, feed grains and vegetables.



Maryland’s top crops (1998):

|                       |                        |                           |                      |
|-----------------------|------------------------|---------------------------|----------------------|
| <b>Total receipts</b> | <b>\$1,520,218,000</b> | <b>Export earnings</b>    | <b>\$213,700,000</b> |
| Broilers              | \$533,208,000          | Poultry                   | \$83,000,000         |
| Greenhouse/nursery    | \$261,036,000          | Soybeans & products       | \$52,300,000         |
| Dairy products        | \$208,967,000          | Feed grains & products    | \$25,900,000         |
| Soybeans              | \$78,304,000           | Other                     | \$15,500,000         |
| Cattle & calves       | \$60,825,000           | Vegetables & preparations | \$15,300,000         |



**Mississippi**—Mississippi’s total agricultural exports grew from \$590 million in 1991 to \$825 million in 1998 (essentially unchanged from 1996). Mississippi is the 22<sup>nd</sup> ranked agricultural exporting state in the country, with key agricultural products including cotton, soybeans, poultry, rice and live animals and meat.

Mississippi’s top crops (1998):

| <b>Total receipts</b> | <b>\$3,454,358,000</b> | <b>Export earnings</b> | <b>\$824,700,000</b> |
|-----------------------|------------------------|------------------------|----------------------|
| Broilers              | \$1,369,663,000        | Cotton                 | \$247,300,000        |
| Cotton                | \$585,435,000          | Soybeans & products    | \$215,300,000        |
| Soybeans              | \$327,579,000          | Poultry & products     | \$203,400,000        |
| Aquaculture           | \$312,764,000          | Rice                   | \$87,000,000         |
| Cattle & calves       | \$173,653,000          | Live animals & meat    | \$28,100,000         |



**Missouri**—Missouri’s total agricultural exports grew from \$800 million in 1991 to \$1.4 billion in 1998 (essentially unchanged from 1996). Missouri’s total farm output in 1998 was \$4.7 billion. Missouri is the 13<sup>th</sup> ranked agricultural exporting state in the country, with key agricultural products including soybeans, feed grains, wheat and wheat products, poultry and cotton.

Missouri’s top crops (1998):

| <b>Total receipts</b> | <b>\$4,681,843,000</b> | <b>Export earnings</b> | <b>\$1,356,100,000</b> |
|-----------------------|------------------------|------------------------|------------------------|
| Soybeans              | \$1,012,607,200        | Soybeans & products    | \$585,800,000          |
| Cattle & calves       | \$758,893,000          | Feed grains & products | \$224,700,000          |
| Corn                  | \$564,816,000          | Wheat & products       | \$142,900,000          |
| Hogs                  | \$491,470,000          | Poultry & products     | \$101,100,000          |
| Broilers              | \$416,670,000          | Cotton & linters       | \$76,700,000           |



**North Carolina**—North Carolina’s total agricultural exports grew from \$1 billion in 1991 to \$1.5 billion in 1998 (slightly up from 1996). North Carolina’s total farm output in 1998 was \$7.1 billion. North Carolina is the 11<sup>th</sup> ranked agricultural exporting state in the country, with key agricultural products including tobacco, poultry, live animals and meat, soybeans and cotton.

North Carolina’s top crops (1998):

| <b>Total receipts</b> | <b>\$7,163,967,000</b> | <b>Export earnings</b> | <b>\$1,461,100,000</b> |
|-----------------------|------------------------|------------------------|------------------------|
| Broilers              | \$1,418,643,000        | Tobacco                | \$572,800,000          |
| Hogs                  | \$1,323,010,000        | Poultry & products     | \$303,100,000          |
| Tobacco               | \$997,644,000          | Live animals & meat    | \$148,700,000          |
| Greenhouse/nursery    | \$957,552,000          | Soybeans & products    | \$129,400,000          |
| Turkeys               | \$469,900,000          | Cotton & linters       | \$126,300,000          |



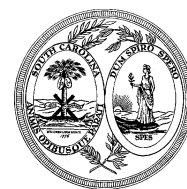
**Oklahoma**—Oklahoma’s total agricultural exports grew from \$316 million in 1991 to \$427 million in 1998 (down slightly from 1996). Oklahoma’s total farm output in 1998 was \$3.9 billion. Oklahoma is the 30<sup>th</sup> ranked agricultural exporting state in the country, with key agricultural products including wheat and wheat products, poultry, feed grains and products, soybeans and cotton.

Oklahoma’s top crops (1998):

| <b>Total receipts</b> | <b>\$3,900,273,000</b> | <b>Export earnings</b> | <b>\$426,900,000</b> |
|-----------------------|------------------------|------------------------|----------------------|
| Cattle & calves       | \$1,835,897,000        | Wheat & products       | \$212,100,000        |
| Wheat                 | \$486,980,000          | Poultry & products     | \$50,900,000         |
| Broilers              | \$377,568,000          | Feed grains & products | \$36,500,000         |
| Hogs                  | \$311,085,000          | Soybeans & products    | \$33,200,000         |
| Dairy products        | \$190,320,000          | Cotton & linters       | \$24,900,000         |



**South Carolina**—South Carolina’s total agricultural exports grew from \$213 million in 1991 to \$319 million in 1998 (down slightly from 1996). South Carolina’s total farm output in 1998 was \$1.5 billion, with 1996 forestry shipments valued at \$1.8 billion. South Carolina is the 34<sup>th</sup> ranked agricultural exporting state in the country, with key agricultural products including tobacco, cotton, poultry, soybeans and wheat.



South Carolina’s top crops (1998):

| <b>Total receipts</b> | <b>\$1,511,115,000</b> | <b>Export earnings</b> | <b>\$318,900,000</b> |
|-----------------------|------------------------|------------------------|----------------------|
| Broilers              | \$335,118,000          | Tobacco                | \$99,200,000         |
| Greenhouse/nursery    | \$183,101,000          | Cotton & linters       | \$55,700,000         |
| Tobacco               | \$175,466,000          | Poultry & products     | \$52,700,000         |
| Turkeys               | \$135,341,000          | Soybeans & products    | \$43,000,000         |
| Cotton                | \$125,463,000          | Wheat & products       | \$36,100,000         |

**Tennessee**—Tennessee’s total agricultural exports grew from \$353 million in 1991 to \$454 million in 1998 (down slightly from 1996). Tennessee’s total farm output in 1998 was \$2.2 billion, with 1996 forestry shipments valued at \$1.1 billion. Tennessee is the 28<sup>th</sup> ranked agricultural exporting state in the country, with key agricultural products including soybeans, cotton, tobacco and poultry.



Tennessee’s top crops (1998):

| <b>Total receipts</b> | <b>\$2,215,587,000</b> | <b>Export earnings</b> | <b>\$453,800,000</b> |
|-----------------------|------------------------|------------------------|----------------------|
| Cattle & calves       | \$376,012,000          | Soybeans & products    | \$136,900,000        |
| Broilers              | \$282,978,000          | Cotton & linters       | \$89,900,000         |
| Dairy products        | \$236,910,000          | Poultry                | \$85,800,000         |
| Tobacco               | \$225,000,000          | Other                  | \$37,500,000         |
| Soybeans              | \$216,562,000          | Poultry & products     | \$36,500,000         |

**Texas**—Texas’ total agricultural exports grew from \$2.5 billion in 1991 to \$3 billion in 1998 (down from \$3.4 billion from 1996). Texas’ total farm output in 1998 was \$13.2 billion, with 1996 forestry shipments valued at \$3.2 billion and 1998 commercial fish landings valued at \$183 million. Texas is the 4<sup>th</sup> ranked agricultural exporting state in the country, with key agricultural products including cotton, live animals and meat, feed grains and feed grain products, feeds and fodders, and hides and skins.



Texas’ top crops (1998):

| <b>Total receipts</b> | <b>\$13,206,203,000</b> | <b>Export earnings</b> | <b>\$3,034,400,000</b> |
|-----------------------|-------------------------|------------------------|------------------------|
| Cattle & calves       | \$5,844,844,000         | Cotton & linters       | \$707,800,000          |
| Cotton                | \$1,600,329,000         | Live animals & meat    | \$692,700,000          |
| Greenhouse/nursery    | \$1,119,660,000         | Feed grains & products | \$328,800,000          |
| Dairy products        | \$876,531,000           | Feeds & fodders        | \$206,800,000          |
| Broilers              | \$842,400,000           | Hides & skins          | \$198,400,000          |



**Virginia**—Virginia’s total agricultural exports grew from \$307 million in 1991 to \$453 million in 1998 (down slightly from 1996). Virginia’s total farm output in 1998 was \$2.4 billion, with 1996 forestry shipments valued at \$2.4 billion and 1998 commercial fish landings valued at \$113 million. Virginia is the 29<sup>th</sup> ranked agricultural exporting state in the country, with key agricultural products including poultry, tobacco, live animals and meat, wheat and wheat products and soybeans and soybean products.

Virginia’s top crops (1998):

| <b>Total receipts</b> | <b>\$2,328,428,000</b> | <b>Export earnings</b> | <b>\$453,200,000</b> |
|-----------------------|------------------------|------------------------|----------------------|
| Broilers              | \$486,563,000          | Poultry & products     | \$100,800,000        |
| Dairy products        | \$296,136,000          | Tobacco                | \$92,100,000         |
| Cattle & calves       | \$294,222,000          | Live animals & meat    | \$86,800,000         |
| Turkeys               | \$207,870,000          | Wheat & products       | \$42,800,000         |
| Tobacco               | \$178,315,000          | Soybeans & products    | \$37,800,000         |



**West Virginia**—West Virginia’s total agricultural exports grew from \$7 million in 1991 to \$27 million in 1998 (down slightly from 1996). West Virginia’s total farm output in 1998 was \$405 million, with 1996 forestry shipments valued at \$652 million. West Virginia is the 45<sup>th</sup> ranked agricultural exporting state in the country, with key agricultural products including poultry, tobacco, fruits and preparations and wheat and wheat products.

West Virginia’s top crops (1998):

| <b>Total receipts</b> | <b>\$404,745,000</b> | <b>Export earnings</b> | <b>\$27,300,000</b> |
|-----------------------|----------------------|------------------------|---------------------|
| Broilers              | \$143,360,000        | Poultry & products     | \$22,300,000        |
| Cattle & calves       | \$71,493,000         | Tobacco                | \$2,100,000         |
| Dairy products        | \$42,350,000         | Fruits & preparations  | \$1,400,000         |
| Turkeys               | \$34,379,000         | Wheat & products       | \$1,200,000         |
| Chicken eggs          | \$25,104,000         | Other                  | \$300,000           |

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