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Outlook for U.S. Agricultural Trade

Carol Whitton, ERS coordinator
Ernest Carter, FAS coordinator

U.S. Agricultural Exports Forecast at a Record \$61.5 Billion In Fiscal Year 2004

U.S. agricultural exports for fiscal year 2004 are forecast at a record \$61.5 billion, exceeding the fiscal 1996 record of \$59.8 billion. Forecast exports are increased \$2.5 billion from February and are \$5.3 billion over fiscal 2003. Since February, horticultural product exports are boosted by \$700 million; corn is up \$400 million and wheat \$300 million. Upward revisions to beef, pork, and cattle by-products raise livestock product exports \$1 billion. Volume of bulk exports, at 119.7 million tons, exceeds February by 3.0 million tons, and is the largest since 1995.

Export growth in fiscal 2004 reflects higher volumes and higher unit values for feed grains, rice, cotton, beef, and many horticultural products. The improved outlook is due to favorable exchange rates, strong global economic growth, reduced competition for wheat, corn, and cotton markets, and China's robust demand for oilseeds and cotton. On the other hand, a smaller U.S. soybean crop and BSE-related bans on U.S. beef exports are factors restraining export expansion.

U.S. agricultural imports are forecast at a record \$51.5 billion, a gain of \$5.8 billion over last year. Horticultural products account for nearly half of the growth. The agricultural trade surplus is forecast at \$10 billion.

Table 1--U.S. agricultural trade, fiscal years 1999-2004, year ending September 30

Item	1999	2000	2001	2002	2003	Forecast	
						Fiscal year 2004	
						Feb.	May
Billion dollars							
Exports	49.1	50.7	52.7	53.3	56.2	59.0	61.5
Imports	37.3	38.9	39.0	41.0	45.7	49.5	51.5
Balance	11.8	11.9	13.7	12.3	10.5	9.5	10.0

Reflects forecasts in the May 12, 2004, *World Agricultural Supply and Demand Estimates* report.

Sources: U.S. Department of Agriculture and Bureau of Census, U.S. Department of Commerce.

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Gross domestic product (GDP) in both the United States and the world is likely to grow in excess of 4 percent in 2004. This will make 2004 the fastest growth year of the past decade. For the first time since the recovery began in late 2001, employment growth in the United States is substantial. The major risk is that GDP growth both in the United States and around the world is now exceeding sustainable rates. U.S. Long term interest rates have already risen and are likely to rise further. Nevertheless, the short term outlook for U.S. agricultural exports is excellent.

Developed Economies

Japan's GDP growth is likely to be around 4 percent in 2004. That is a very good performance for an economy that has shown lackluster growth for the past decade. Growth is led by the export sector. Most of Japan's growth is driven by large gains in exports to the United States. However, a solution to the huge non-performing loans in the banking system must be found eventually.

The European Union (EU) continues to have sluggish growth of less than 2 percent a year, with Germany featuring prominently in this poor performance. The rapid appreciation of the euro has undermined the competitiveness of European exports at a time of robust growth in the United States. The euro has strongly appreciated against the dollar and has returned to its original issue rate. Rigidities in EU labor markets will constrain growth for the foreseeable future. For Germany, the combination of the long and expensive rebuilding of the East and having the mark tied to the euro at an overvalued rate has taken a toll on growth.

Developing Economies

Renewed growth in the United States is particularly important for developing countries dependent on export markets. Economic growth in developing countries is projected to exceed 5 percent in 2004.

Asian countries continue to be the most dynamic region of the world. Overall growth in the developing Asian countries, much of which is dependent on trade with China, exceeded 6 percent in 2003 and is

projected to be even stronger in 2004. China's economy is showing signs of overheating and the government is enacting policies to slow growth. China's GDP growth is forecast at around 8 percent in 2004. India is continuing rapid GDP growth in excess of 6 percent in 2004. The only question is the future of Indian growth as a result of the recent change in political leadership with the Congress Party taking over and focusing less on overall GDP growth. The rest of Asia is expected to see increasing growth.

Latin America is benefiting from booming growth in the United States. The four major economies, Argentina, Brazil, Venezuela, and Chile are all experiencing strong growth. The region as a whole is likely to grow around 4 percent in 2004. Brazil, which had been experiencing slow growth over the past several years, is expected to grow in the high 3-percent range in 2004. Argentina is projected to have growth of around 6 percent in 2004. The Argentine peso recently has begun to appreciate against the dollar. The impact of earlier depreciation on Argentine exports will keep Argentina a strong agricultural export competitor through 2004. Mexico's economy is strongly tied to the United States. And so, Mexico's GDP is likely to grow at a rate of almost 4 percent in 2004. Chile continues to have high growth projected to exceed 5 percent in 2004.

GDP growth rates continue to be substantial in the Republics of the former Soviet Union and in Eastern Europe. Although Africa's GDP growth has improved substantially to an average exceeding 4 percent in 2004, performance varies considerably from country to country. Political instability, particularly in Zimbabwe, where GDP continues to contract, is constraining overall growth.

Exchange Rates

The total agricultural trade-weighted dollar has depreciated 13 percent since its peak in February 2002 (http://www.ers.usda.gov/data/exchange_rates/), and is forecast to continue declining through 2004. This depreciation is becoming more broadly based. As a result, U.S. agricultural exports are expected to be more price competitive in world markets in 2004.

Export Products

Forecast at \$18 billion, fiscal 2004 U.S. grain and feed exports are raised \$900 million from February's estimate and exceed last year's sales by \$3.1 billion. The improved outlook since February is due to upward revisions in wheat, corn, and rice export volumes, and higher unit prices for corn. Current strong U.S. wheat sales, now forecast at 30.5 million tons for the fiscal year and expected to exceed last year's level by 6 million tons, and higher year-over-year prices are the result of higher imports from China and reduced competition due to poor harvests in the EU, Russia, and Ukraine.

Since February, the fiscal 2004 forecast for U.S. corn exports are increased 1 million tons and \$400 million to 52 million tons valued at \$6.3 billion. Strong domestic demand and export sales result in higher export unit price. China's near-term withdrawal from new corn sales has directly benefited U.S. corn exports in Korea and surrounding markets. The forecast for fiscal 2004 sorghum exports represents a sizeable volume gain over last year, but remains unchanged from the February estimate as EU import demand has largely been filled.

Fiscal 2004 U.S. rice exports are increased 500,000 tons from the February estimate to 3.7 million tons in part due to stronger sales to Central America and the Caribbean, especially Costa Rica, Cuba, and the Dominican Republic. Food aid, especially to Africa, is also a contributing factor. Most rice exporters currently have very tight supplies, which keeps world prices higher and supports U.S. competitiveness. Furthermore, Latin America's demand for rough rice remains strong and the United States is the main supplier.

The export forecast for oilseeds and products is unchanged from February at \$10.9 billion. Slight adjustments were made in average annual export unit values for soybeans, meal, and oil. Export volumes were unchanged. The substantial year-over-year declines in U.S. soybean and product shipments are largely due to an estimated 12-percent drop in the domestic 2003/04 crop, the result of drought conditions which pushed yields to their lowest in 9 years. Although export competition from South America continues to rise, China is forecast to import a near record 20.25 million tons of soybeans in marketing year 2003/04, much of which has been supplied by the United States. Very tight domestic oilseed supplies and strong demand from China boost

estimated U.S. soybean unit value 30 percent over last year to \$295/ton.

The forecast for U.S. cotton exports in fiscal 2004 is raised 100,000 tons and \$100 million to 3 million tons valued at \$4.2 billion. Concerns earlier in the year that demand, especially from China, might slacken have proven unfounded. Worldwide cotton use has remained strong, however supply is also expected to rise due to larger crops from Brazil, India, and West Africa which are harvested later in the year.

The forecast for fiscal 2004 livestock, poultry, and dairy product exports is raised \$1 billion from the February estimate to \$10.6 billion. This improved outlook is due to upward revisions for beef cuts, variety meats, and several cattle by-products. Average unit prices for beef are now expected higher, and the estimate for U.S. beef exports is raised 75,000 tons because shipments of selected beef products to Mexico resumed in March. However, at this time, the forecast assumes no further breakthroughs in BSE-related bans on U.S. beef for the remainder of this fiscal year. Earlier expectations that some countries would impose BSE-related bans on cattle by-products, especially hides, tallow, and genetic products, did not materialize. With trade in these items continuing uninterrupted, the downward revision in February is reversed, which restores about \$500 million to the livestock products estimate. The forecast for pork cuts calls for a large volume increase to a record 670,000 tons. A weaker U.S. dollar and demand for pork to replace beef are helping support U.S. pork sales this year. The forecast for broiler meat exports is lowered 285,000 tons to 2.1 million tons with lower sales to Russia expected, increased U.S. domestic demand, and remaining avian influenza bans imposed by key markets.

The forecast for U.S. horticultural products is increased \$600 million to a record \$13.4 billion in fiscal 2004, a 13-percent gain over last year. Fruits (fresh, canned, frozen, and preserved) are showing solid export growth this year, and even vegetables are showing some gains. But nearly two-thirds of the impressive year-over-year gain for the entire category, and the reason for the large upward revision in the current-year estimate, is due to the rising value of tree nuts and a broad array of highly-processed 'miscellaneous' horticultural products. Higher prices for certain products boost value, but volume gains are evident as well. Large almond and walnut crops,

strong foreign demand, and higher prices raise tree nut exports to \$1.9 billion. More difficult to assess, due to product diversity and generalized product descriptions in the coding system, the highly-processed 'miscellaneous' group is forecast to reach \$4.6 billion, a 19-percent gain over last year's figure. Within this group, exports of wine, essential oils, soups, and nursery products continue to rise. A larger citrus crop in Florida boosts increasing essential oil

sales, and the large domestic supply of wine support increases for that product. A weaker U.S. dollar against the currencies of key trading partners and a general improvement in the global economy underlie increased sales for the entire horticultural product category. Exports to both NAFTA partners (especially Canada) remain strong, sales to Europe of selected products are brisk, and exports to several Asian countries (except Japan) are rising sharply.

Table 2--U.S. agricultural exports: Value and volume by commodity, 2003-2004

Commodity	October-March		Fiscal year 2003	Forecast Fiscal year 2004	
	2003	2004		Feb.	May
	Billion dollars				
VALUE					
Grains and feeds 1/	7.474	9.007	14.906	17.1	18.0
Wheat and flour	1.977	2.484	4.042	4.7	5.0
Rice	0.500	0.681	0.930	1.0	1.2
Coarse grains 2/	2.615	3.291	5.180	6.6	7.0
Corn	2.307	2.920	4.563	5.9	6.3
Feeds and fodders	1.354	1.365	2.596	2.4	2.4
Oilseeds and products	6.932	8.268	10.201	10.9	10.9
Soybeans	4.938	6.209	6.533	7.4	7.2
Soybean meal	0.665	0.708	1.125	1.0	1.1
Soybean oil	0.329	0.178	0.559	0.3	0.3
Livestock products	4.250	3.796	9.074	6.0	7.0
Beef, pork, and variety meats	2.370	1.913	5.178	2.9	3.2
Hides and skins, incl. furs	0.863	0.874	1.790	1.5	1.8
Poultry and products	0.994	1.238	2.105	2.6	2.5
Broiler meat 3/	0.653	0.840	1.370	1.8	1.7
Dairy products	0.471	0.555	0.983	1.0	1.1
Tobacco, unmanufactured	0.611	0.669	0.999	1.1	1.1
Cotton and linters	1.229	2.488	2.727	4.1	4.2
Seeds	0.494	0.635	0.823	0.8	0.8
Horticultural products	5.808	6.694	11.903	12.8	13.4
Fruits and preparations	1.673	1.878	3.550	3.9	3.9
Vegetables and preparations	1.498	1.618	3.017	3.1	3.2
Tree nuts and preparations	0.830	1.089	1.490	1.7	1.9
Sugar and tropical products	1.195	1.207	2.467	2.6	2.6
Major bulk product value 4/	9.893	13.338	20.294	24.8	25.6
Total value 5/	29.458	34.559	56.187	59.0	61.5
Million metric tons					
VOLUME					
Wheat	10.938	15.094	24.434	29.0	30.5
Wheat flour	0.286	0.161	0.447	0.5	0.5
Rice	2.521	2.171	4.480	3.2	3.7
Coarse grains 2/	22.972	27.748	46.345	56.9	57.8
Corn	20.418	24.769	41.037	51.0	52.0
Feeds and fodders	6.274	6.075	11.861	11.6	11.3
Oilseeds and products	27.472	26.006	37.907	31.6	31.5
Soybeans	21.955	21.130	28.596	24.5	24.5
Soybean meal	3.319	2.672	5.455	3.9	3.9
Soybean oil	0.631	0.275	1.026	0.4	0.4
Beef, pork, and variety meats	0.956	0.766	1.993	1.1	1.4
Broiler meat 3/	1.097	1.092	2.162	2.4	2.1
Animal fats	0.676	0.514	1.353	0.8	1.0
Tobacco, unmanufactured	0.093	0.102	0.150	0.2	0.2
Cotton and linters	1.123	1.610	2.420	2.9	3.0
Horticultural products	4.044	4.223	7.963	8.5	8.4
Sugar and tropical products	0.605	0.594	1.272	1.4	1.3
Total major bulk product volume 4/	59.602	67.855	106.425	116.7	119.7

Total may not add due to rounding.

1/ Includes pulses and processed grain products. 2/ Includes corn, barley, sorghum, oats, and rye. 3/ Includes only Federally inspected product. 4/ Includes wheat, rice, coarse grains, soybeans, cotton and linters, and tobacco. 5/ Includes a small amount of miscellaneous product not elsewhere specified.

Regional Exports

U.S. agricultural exports to both Asia and the Western Hemisphere are increased significantly compared with February. In the first half of the year, substantial soybean exports to China and wheat exports to North Africa boosted U.S. exports. In the second half of the year, Asia and the Americas are purchasing more U.S. horticultural products, corn, wheat, and cotton.

Canada will continue to be the largest U.S. agricultural export market, with \$9.8 billion in U.S. agricultural imports this year. Mexico and Japan are now expected to tie for second-largest market, with exports to each forecast at \$8.7 billion. Despite year-to-year growth in exports to Canada and Mexico, exports to Asia are expected to rebound just enough to slightly exceed exports to the Western Hemisphere in 2004.

One factor promoting export growth is less export competition in Asian corn markets from China and in African and Middle Eastern wheat markets from Europe and the Black Sea region. The depreciation in the dollar against key currencies also contributes to greater U.S. exports, as does the rebound in global economic growth.

Expected exports to Mexico show the largest gain since February's forecasts, up \$1 billion. Since February, prices are higher for corn and larger wheat and grain product shipments are expected. Forecast cotton and soybean exports to Mexico also are revised up. In addition, U.S. exports of vegetables, soybean meal, and poultry meat in the year-to-date are above 2003.

U.S. exports to Canada are unchanged from the February estimate, but remain almost \$600 million above exports in 2003. Fruits, nuts, and vegetables lead growth in 2004 U.S. exports to Canada. Latin America's purchases of U.S. agricultural products are increased \$200 million. Rice, corn, soybeans, cotton, wheat, and vegetables show strong gains in the first 6 months of 2004. The increasingly favorable U.S. exchange rate, coupled with improved economic growth, is supporting exports to this region.

Anticipated exports to Japan and to China also are boosted substantially compared with February's forecast. Despite Japan's ban on imports of U.S. beef this year, U.S. exports to Japan are projected \$900 million greater than forecast in February and roughly equal to 2003 exports. Improvement in GDP growth in Japan is partly responsible for larger-than-earlier-expected exports to this market. But, purchases of U.S. corn, which were expected to decline, and of soybeans, already are above last year, likely reflecting greater

demand for feeds for use in domestic meat production to partially replace imported meats. Solid increases also are expected for fresh fruit, tree nut, and rice exports.

Exports to China are forecast \$500 million above February. China's exceptionally strong economic growth, rising incomes, and entrance into the World Trade Organization all are boosting demand. The United States is shipping large quantities of wheat, cotton, and soybeans to China this year. U.S. sales of wheat and cotton to China continue, while U.S. soybean shipments for this marketing year were completed in the first half of the fiscal year. Since then, export competition from record South American soybean crops has taken this market. In addition, China limited its own corn exports this year, creating opportunities for the United States.

South Korea has expanded imports of U.S. corn since February. Expected agricultural exports are increased by \$500 million compared with the last estimate. In recent years, China was the main supplier of corn to South Korea. Wheat, and to a lesser extent soybeans and cotton, also are up compared with February. But, U.S. poultry meat exports to Hong Kong lag last year's pace, reducing prospective U.S. exports.

Forecast U.S. agricultural exports to the European Union are reduced slightly from February's estimate. Soybeans, the EU's largest import from the United States so far this year, are virtually all shipped. Reductions reflect the lack of additional U.S. soybean supplies and competition from South America.

Exports to Africa are increased by \$100 million over February due to expanding exports of U.S. corn to several countries. Last year, Africa took corn and wheat from the Black Sea region; but this year export competition from that region has not been as strong. Improved economic growth prospects also are a factor in larger exports to Africa.

Saudi Arabia has taken more corn, barley, rice, and seeds from the United States so far this year. Consequently, expected exports to this market are increased, raising prospective U.S. exports to the Middle East \$100 million over February's estimate.

Expected exports to Russia are reduced by \$100 million. Poultry sales to Russia have not grown as rapidly as earlier anticipated because of higher U.S. broiler prices.

Table 3--U.S. agricultural exports: Value by region, 2003-2004

Country and region 1/	October-March		Fiscal year 2003	Share of total	Forecast	
	2003	2004			Fiscal year 2004	
	Billion dollars			Percent		
Asia (excl. Middle East)	11.920	14.248	21.630	38.5	22.1	23.8
Japan	4.575	4.697	8.840	15.7	7.8	8.7
China	2.376	4.257	3.473	6.2	5.4	5.9
Hong Kong	0.540	0.545	1.060	1.9	1.1	1.0
Taiwan	1.072	1.198	1.956	3.5	2.0	2.1
South Korea	1.385	1.517	2.732	4.9	2.1	2.6
Southeast Asia	1.670	1.710	2.929	5.2	3.0	2.9
Indonesia	0.520	0.580	0.909	1.6	1.0	1.0
Philippines	0.405	0.368	0.654	1.2	0.6	0.6
Malaysia	0.171	0.206	0.378	0.7	0.4	0.4
Thailand	0.391	0.385	0.622	1.1	0.6	0.6
South Asia	0.295	0.313	0.625	1.1	0.7	0.6
Western Hemisphere	10.527	11.683	21.537	38.3	22.6	23.6
Canada	4.367	4.665	9.115	16.2	9.9	9.8
Mexico	3.770	4.253	7.655	13.6	7.7	8.7
Caribbean	0.794	0.941	1.524	2.7	1.6	1.6
Central America	0.691	0.742	1.347	2.4	1.4	1.4
South America	0.904	1.080	1.895	3.4	2.0	2.1
Brazil	0.161	0.214	0.361	0.6	0.4	0.4
Colombia	0.285	0.328	0.523	0.9	0.5	0.6
Venezuela	0.163	0.185	0.388	0.7	0.4	0.4
Western Europe	3.896	4.243	6.469	11.5	7.0	6.7
European Union 2/	3.679	4.103	6.117	10.9	6.7	6.5
Central and Eastern Europe	0.108	0.188	0.202	0.4	0.2	0.2
New Independent States 3/	0.366	0.503	0.717	1.3	0.8	0.7
Russia	0.249	0.340	0.501	0.9	0.6	0.5
Middle East	1.178	1.541	2.381	4.2	2.6	2.7
Turkey	0.375	0.472	0.857	1.5	1.0	1.0
Saudi Arabia	0.159	0.189	0.320	0.6	0.3	0.4
Africa	1.049	1.713	2.285	4.1	2.8	2.9
North Africa	0.559	1.058	1.224	2.2	1.7	1.7
Egypt	0.366	0.649	0.857	1.5	1.2	1.2
Sub-Saharan Africa	0.491	0.656	1.061	1.9	1.1	1.2
Oceania	0.281	0.302	0.785	1.4	0.7	0.7
Transshipments 4/	0.133	0.137	0.181	0.3	0.2	0.2
Total 4/	29.458	34.559	56.187	100.0	59.0	61.5

Total may not add due to rounding.

1/ Projections, other than to the 10 largest destination countries, are based primarily on trend or recent average growth analysis.

2/ The European Union is defined as EU-15 until May 2004 trade data are released in July.

3/ New Independent States (NIS) are the former Soviet Union, including the Baltic Republics.

4/ Transshipments through Canada have not been allocated to final destinations for 1999 through 2003, but are included in the total.

Import Products

A surge of high-value food and agriculture imports from October 2003 to March 2004 raised the projected total U.S. agricultural imports for fiscal 2004 to \$51.5 billion. This value is \$2 billion more than February 2004's forecast of \$49.5 billion, and is \$5.8 billion, or 13 percent, higher than in fiscal 2003. Such growth is even stronger than the 12-percent gain in 2003 over 2002.

Key factors in the long-term growth of imports are population growth, demand for competitively-priced off-season fruits and vegetables, and increased preference for high-quality luxury products. Keeping with trends over the past three decades, horticultural products account for half the value of increased imports.

Significant gains are reported in most major import products--red meat, wine and beer, vegetables, oilseed products (mainly vegetable oils), and tropical products (coffee, cocoa, and rubber)--each expected up by an average \$700 million from 2003. Together they are \$1 billion above the February forecast. These purchases combined amount to 64 percent of the overall \$5.8 billion year-to-year projected U.S. agricultural import gain in 2004. Three-quarters of this gain, or \$4.4 billion, is accounted for by processed food imports. Processed foods now comprise 64 percent of total U.S. agricultural imports, compared with only 55 percent in 1995.

Increased imports of coffee, cocoa, and rubber are largely due to higher unit values, which together rose from the previous forecasts by \$400 million. Cocoa imports are up because volume is 22 percent higher year-over-year. An additional \$200 million of chocolate and cocoa products will be imported in 2004 compared with February's forecast. Although cocoa bean prices are lower than in 2002-2003, demand is catching up with supply. Import unit values for rubber and gums are 35 percent more than in the first half of 2003. Also, coffee's unit prices are 13 percent higher than last year. Recovering world demand for these commodities will at least keep prices stable, or raise them in the case of coffee.

U.S. imports of horticulture crops and products are estimated to rise by \$600 million to \$23 billion from the \$22.4-billion forecast in February and by \$2.8 billion from 2003, accounting for nearly half of the overall import gain. The increase is broad-based,

including fruits, vegetables, and tree nuts from many countries. Although banana prices have begun to recover, U.S. volume demand has been flat in recent years. Among fruits, demand is largest for grapes, melons, avocados, and pineapples. A \$400-million increase in fruit imports is projected over last year. A similar situation is expected for vegetables, with both import volume and unit values higher. This is especially true for potatoes, peppers, cucumbers, onions, and olives. Off-season fresh crops are driving the long-term growth in imported fruits and vegetables. Unit prices for fresh or frozen fruits and vegetables are also on an upward trend since 2002, in part because of improved quality and higher value of greenhouse-grown crops from Mexico and Canada.

The other horticulture imports--wine, beer, cut flowers and nursery stock, and essential oils--are forecast to jump by \$1.6 billion from 2003 and by \$400 million over the last forecast. Essential oils are projected up by \$700 million due to an unprecedented surge in imports from Ireland. Imported wines and beers are pushed up by both volume and unit values. Strong orders in the second quarter for malt beverages, particularly European and Mexican beers, are responsible for the \$300-million forecast update. Higher import demand for tobacco, confectionary products, spices, and nonalcoholic drinks raise the import forecast by another \$600 million from last fiscal year.

Import gains of about \$300 million in 2004 over 2003 are anticipated for grain products, largely biscuits and wafers from Canada and the EU. Similarly, larger cheese and casein imports from these countries are behind the expected \$300-million forecast year-to-year gain for dairy products. The ban on cattle imports from Canada and higher beef prices underlie part of the \$400-million annual increase in beef imports, especially from Australia and Uruguay. Also, pork and swine imports, largely from Canada, contribute to the \$800-million estimated jump in total imported red meats and products, and \$300 million above the previous estimate. Other red meats that are fast growing include mutton, lamb, and goat, ethnic preferences. Americans' continued strong demand for livestock products, including dairy, is evident in their higher import value, which is up \$600 million from February and \$400 million from 2003.

Table 4--U.S. agricultural imports: Value and volume by commodity, 2003-2004

Commodity	October-March		Fiscal year	Forecast	
	2003	2004	2003	Feb.	Fiscal year 2004 May
Billion dollars					
VALUE					
Animals and products	4.612	4.991	8.591	8.4	9.0
Live animals, except poultry	1.101	0.737	1.672	0.9	0.9
Red meats and products	2.073	2.631	4.021	4.5	4.8
Beef and veal	1.292	1.649	2.392	2.8	2.8
Pork	0.546	0.630	1.150	1.2	1.3
Dairy products	0.904	1.065	1.865	1.9	2.2
Grains and feeds	1.960	2.074	3.911	4.3	4.1
Grains	0.344	0.319	0.666	0.7	0.6
Grain products	1.327	1.473	2.706	3.0	3.0
Horticulture products 1/	9.885	11.537	20.195	22.4	23.0
Bananas	0.574	0.548	1.164	1.2	1.1
Fruits, fresh and frozen	1.364	1.544	2.523	2.7	2.7
Fruits, prep. or pres., juices	0.794	0.851	1.686	1.9	1.9
Nuts and preparations	0.366	0.449	0.724	0.8	0.9
Vegetables, fresh and frozen	2.095	2.356	3.701	4.0	4.1
Vegetables, prepared or preserved	1.233	1.368	2.500	2.7	2.8
Wine	1.515	1.619	3.184	3.5	3.5
Malt beverages	1.146	1.266	2.591	2.7	3.0
Cut flowers and nursery stock	0.607	0.694	1.216	1.3	1.4
Essential oils	0.191	0.840	0.906	1.6	1.6
Tobacco, unmanufactured	0.291	0.395	0.670	0.6	0.9
Oilseeds and products	0.957	1.239	2.002	2.7	2.6
Sugar and related products	0.960	1.031	2.112	2.3	2.3
Coffee and products	0.929	0.969	1.949	2.1	2.1
Cocoa and products	1.154	1.373	2.266	2.4	2.6
Rubber and gums	0.490	0.602	1.032	1.1	1.3
Tea, spices, natural drugs	0.659	0.803	1.455	1.6	1.8
Nonalcoholic beverages, seeds, etc.	0.669	0.773	1.494	1.6	1.7
Total agricultural imports	22.565	25.787	45.679	49.5	51.5
Million metric tons					
VOLUME					
Wine 2/	3.046	3.047	6.187	6.8	6.2
Malt beverages 2/	11.980	12.713	26.988	27.2	28.6
Cattle and calves 3/	1.475	0.879	2.027	1.3	1.3
Red meats	0.791	0.850	1.526	1.7	1.7
Cheese and casein	0.161	0.167	0.320	0.4	0.3
Grains	2.040	1.748	3.969	4.0	3.7
Feeds and fodders	0.710	0.543	1.260	1.3	1.0
Fruits, fresh or frozen	1.935	1.937	3.596	3.8	3.6
Bananas	2.078	2.012	4.219	4.3	4.1
Vegetables, fresh or frozen	2.735	2.770	4.732	5.0	4.8
Vegetable oils	0.913	0.984	1.839	2.0	2.0
Sugar and related products	1.052	1.202	2.310	---	2.6
Coffee and products	0.684	0.633	1.332	1.5	1.2
Cocoa and products	0.508	0.618	0.975	1.1	1.1

Totals may not add due to rounding.

1/ Includes essential oils. 2/ Liquid imports are measured in hectoliters. 3/ Million heads.

Regional Imports

The biggest sources of year-to-year import growth in 2004 are the EU (\$2.6 billion), Mexico (\$700 million), Australia, China, and Indonesia (\$400 million, each). The forecasts for the EU are boosted \$1.6 billion from February and \$300 million each for Australia and Indonesia. About 52 percent of farm imports from Mexico and 53 percent from South America arrive between October and March, explained in part by off-season shipments of produce. About \$230 million more fresh vegetables and fruits are expected from Mexico in 2004, as well as an

additional \$100 million more for cattle and calves since February, the result of import diversion from Canada. In addition, shipments of Mexican beer and nonalcoholic beverages will rise by \$90 million. The largest purchase increases from the EU are essential oils (more than \$600 million), plus \$280 million more of cheese, wine, beer, and olive oil. An additional \$124 million of beef from Australia were imported in the first half of the fiscal year. From Indonesia, rubber, gums, and coffee so far dominate shipments to the United States.

Table 5--U.S. agricultural imports: Value by region, 2003-2004

Country and region	October-March		Fiscal year 2003	Share of total 2003	Forecast Fiscal year 2004	
	2003	2004			Feb.	May
	---Billion dollars---			Percent	Dollars	Dollars
Western Hemisphere	12.364	13.338	23.996	52.5	25.7	25.2
Canada	5.270	5.415	10.269	22.5	10.6	10.4
Mexico	3.138	3.687	5.995	13.1	6.6	6.7
South America	2.790	3.042	5.248	11.5	5.8	5.6
Brazil	0.714	0.757	1.466	3.2	1.7	1.6
Colombia	0.534	0.571	1.031	2.3	1.1	1.1
Chile	0.758	0.834	1.200	2.6	1.3	1.3
Other South America	0.784	0.880	1.550	3.4	1.7	1.7
Central America	1.020	1.037	2.107	4.6	2.3	2.1
Costa Rica	0.390	0.415	0.845	1.9	0.9	0.9
Caribbean	0.145	0.156	0.377	0.8	0.4	0.4
Western Europe	4.699	5.913	10.226	22.4	11.2	12.9
European Union 1/	4.590	5.781	9.993	21.9	11.0	12.6
Eastern Europe	0.192	0.189	0.343	0.8	0.4	0.3
New Independent States 2/	0.043	0.044	0.080	0.2	0.1	0.1
Asia (excluding Middle East)	2.806	3.397	5.980	13.1	6.7	7.2
China	0.552	0.734	1.184	2.6	1.4	1.6
Other East Asia	0.396	0.429	0.768	1.7	0.8	0.8
Southeast Asia	1.489	1.835	3.263	7.1	3.7	4.0
Indonesia	0.514	0.669	1.158	2.5	1.2	1.5
Thailand	0.400	0.466	0.887	1.9	1.0	1.0
South Asia	0.370	0.399	0.764	1.7	0.8	0.8
India	0.336	0.363	0.692	1.5	0.7	0.7
Oceania	1.501	1.868	3.319	7.3	3.4	4.0
Australia	0.919	1.132	1.976	4.3	2.1	2.4
New Zealand	0.553	0.695	1.287	2.8	1.3	1.6
Africa	0.671	0.702	1.196	2.6	1.4	1.3
Ivory Coast	0.333	0.280	0.440	1.0	0.5	0.4
Middle East	0.291	0.336	0.539	1.2	0.6	0.6
Turkey	0.157	0.192	0.313	0.7	0.3	0.4
World total	22.565	25.787	45.679	100.0	49.5	51.5

Totals may not add due to rounding.

1/ The European Union is defined as EU-15 until May 2004 trade data are released in July.

2/ New Independent States are the former Soviet Union, including the Baltic Republics.

Sources: U.S. Department of Agriculture and Census Bureau, U.S. Department of Commerce.

Reliability Tables

Table 6--Reliability of United States May export projections, by country, fiscal years 1977/78-2002/03

Country/Region	Differences between May projections and final data						
	Average	Average	Max below	Max above	Below	Equal	Above
	Percent	-----Billion dollars-----			Number of years		
Asia, excl. Mid East	6.4	1.1	-3.6	4.7	14	1	11
Japan	3.9	0.3	-1.0	0.4	15	3	8
China	17.4	0.2	-0.5	0.7	10	3	13
Hong Kong 1/	5.9	0.1	-0.2	0.1	4	9	3
Taiwan 1/	8.5	0.2	-0.8	0.3	8	5	3
South Korea 1/	6.3	0.2	-0.5	0.3	6	5	5
Southeast Asia 6/	6.8	0.2	-0.2	0.4	5	1	5
Indonesia 2/	6.7	0.0	-0.1	0.0	2	4	0
Philippines 1/	10.4	0.1	-0.1	0.2	5	7	4
Malaysia 2/	9.8	0.0	-0.1	0.0	2	4	0
Thailand 2/	6.3	0.0	0.0	0.1	0	5	1
South Asia	17.2	0.1	-0.2	0.3	3	5	10
Canada	4.3	0.1	-0.6	0.2	14	9	3
Mexico 3/	10.3	0.3	-0.7	0.5	13	1	9
Caribbean 4/	2.7	0.1	0.0	0.1	0	1	1
Central America 4/	5.3	0.1	0.1	0.1	0	0	2
South America 7/	5.6	0.1	-0.2	0.2	1	2	6
Brazil 1/	20.4	0.1	-0.2	0.1	4	9	3
Colombia 4/	3.7	0.0	0.0	0.0	0	2	0
Venezuela 1/	11.3	0.0	-0.1	0.1	4	10	2
Western Europe 5/	3.8	0.3	-0.7	0.7	4	1	4
European Union 5/	3.5	0.2	-0.3	0.6	1	3	5
Central and E. Europe	22.5	0.1	-0.1	0.8	1	10	15
FSU/New Ind. States	14.0	0.2	-0.7	0.6	10	4	12
Russia 5/	23.2	0.2	-0.2	0.6	4	2	3
Middle East	11.7	0.2	-0.5	0.6	8	3	15
Turkey 2/	13.0	0.1	-0.2	0.2	2	2	2
Saudi Arabia 1/	8.5	0.0	-0.1	0.1	3	10	3
Africa	7.8	0.2	-0.5	0.5	11	4	11
North Africa	8.2	0.1	-0.4	0.5	5	12	9
Egypt 1/	9.1	0.1	-0.3	0.1	7	4	5
Sub-Sahara	11.6	0.1	-0.2	0.2	12	7	7
Oceania	12.8	0.0	-0.2	0.1	6	17	3
World	2.8	1.1	-3.1	2.9	14	3	9

1/ 1987/88-2002/03. 2/ 1998/99-2002/03. 3/ 1980/81-2002/03. 4/ 2001/02-2002/03 only.

5/ 1994/95-2002/03. The EU-15, formed in 1995, is defined as EU-15 until May 2004 trade data are released in July. 6/ Intermittent.

Table 7--Reliability of United States May import projections, by country, fiscal years 1989/90-2002/03

Country/Region	Differences between May projections and final data						
	Average	Average	Max below	Max above	Below	Equal	Above
	Percent	-----Billion dollars-----			Number of years		
Canada	4.6	0.3	-0.7	0.4	11	1	2
Mexico	2.8	0.1	-0.2	0.4	4	5	5
South America 1/	2.8	0.1	-0.1	-0.1	2	0	0
Brazil	14.8	0.2	-0.5	1.2	7	2	5
Colombia 2/	3.6	0.0	0.0	0.1	0	5	1
Chile 3/	8.9	0.1	-0.1	0.1	1	1	3
Central America 2/	4.5	0.1	-0.1	0.1	3	1	2
Costa Rica 2/	3.3	0.0	-0.1	0.0	1	4	0
Caribbean 4/	10.3	0.0	0.0	0.1	0	3	1
Western Europe	4.2	0.3	-0.5	0.6	8	2	4
European Union 5/	5.1	0.3	-0.6	0.3	9	3	2
Eastern Europe	14.1	0.0	-0.1	0.1	2	9	2
FSU/New Ind. States	70.2	0.0	-0.2	0.0	2	11	0
Asia, excl. Mid East	4.3	0.2	-0.6	0.7	5	4	5
China	6.8	0.0	-0.1	0.1	3	10	1
Southeast Asia 3/	4.1	0.1	-0.4	0.2	1	3	4
Indonesia 2/	7.0	0.1	-0.1	0.1	2	2	1
Thailand 2/	9.1	0.1	-0.1	0.1	2	2	2
South Asia 3/	11.4	0.1	-0.1	0.2	3	3	1
Oceania	4.4	0.1	-0.3	0.1	5	7	2
Australia 2/	2.7	0.0	-0.1	0.1	1	3	1
New Zealand 2/	6.2	0.1	-0.1	0.1	1	2	2
Africa	7.8	0.1	-0.1	0.1	6	6	2
Ivory Coast 2/	23.1	0.1	0.0	0.2	0	4	2
Middle East	16.9	0.1	-0.4	0.3	3	7	3
Turkey 2/	7.7	0.0	0.0	0.1	0	4	1
World	2.6	0.8	-1.9	1.2	10	1	3

1/ 2001/02-2002/03 only. 2/ 1998/99-2002/03. 3/ 1995/96-2002/03. 4/ 2000/01-2002/03.

5/ The European Union is defined as EU-15 until May 2004 trade data are released in July.

Contacts and Links

Coordinators

Carol Whitton (CWhitton@ers.usda.gov) 694-5293

Ernest Carter (ECarter@fas.usda.gov) 720-2922

Editorial support

Martha Evans,
Information Services Division, ERS.

Commodity information—ERS

Beef Dale Leuck (DJLEUCK) 694-5186

Cotton Steve MacDonald (STEPHENM) 694-5305

Food Aid Stacey Rosen (SLROSEN) 694-5164

Horticulture Gary Lucier (GLUCIER) 694-5253

Imports Andy Jerardo (AJERARDO) 694-5266

Macroeconomics Matt Shane (MSHANE) 694-5282

Oilseeds Mark Ash (MASH) 694-5289

Pork Mildred Haley (MHALEY) 694-5176

Poultry Dave Harvey (DJHARVEY) 694-5177

Rice Nathan Childs (NCHILDS) 694-5292

Wheat/Feed Grains Ed Allen (EWALLEN) 694-5288

Regional information

Canada John Wainio (JWAINIO) 694-5211

Mexico Steven Zahniser (ZAHNISER) 694-5230

South America

Constanza Valdes (CVALDES) 694-5225

China, Hong Kong, and Taiwan

Francis Tuan (FTUAN) 694-5238

Japan and Other Asia

John Dyck (JDYCK) 694-5221

European Union

Dave Kelch (DKELCH) 694-5151

Russian Federation

Bill Liefert (WLIEFERT) 694-5156

East Europe

Nancy Cochrane (COCHRANE) 694-5143

All telephones are area code 202.

E-mail addresses are in capital letters in parentheses.

All ERS Emails are @ers.usda.gov.

All FAS Emails are @fas.usda.gov.

Commodity information—FAS

Cotton James Johnson (JOHNSONJ) 690-1546

Dairy, Livestock, & Poultry

Wendell Dennis (DENNISW) 720-1319

Export Programs

Martha Keplinger (MARTHA.KEPLINGER) 720-3277

Food Aid Programs

Robin Tilsworth (TILSWORTH) 720-4221

Grains and Feeds

Richard O'Meara (OMEARAR) 720-4933

Horticultural & Tropical Products

Nancy Hirschhorn (HIRSCHHORN) 720-2974

Oilseeds Bill George (GEORGE) 720-0143

Seeds Anne Player (PLAYER) 720-7037

Tobacco Pete Burr (BURR) 720-9493

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