



International Agricultural Trade Report

April 22, 1998

Fiscal 1998 Monthly Export Update

Pace of U.S. Agricultural Exports Slows Slightly Due to Reduced Soybean and Corn Shipments and Weaker Prices for Cotton and Selected Horticultural and Meat Products

Summary

Major Highlights of the February Trade Statistics Released on April 17:

- ▶ The value of U.S. *agricultural exports* was \$25.8 billion during the first 5 months (10/97 to 2/98) of fiscal 1998. This represents a 2-percent decline in the pace of sales thus far. From November 1997 through January 1998 sales were running only 1 percent behind the previous year's pace. In February, reduced soybean and corn shipments more than offset gains in wheat, rice and soybean meal. From a country perspective, slower sales to Asian Pac-Rim nations were partly offset by gains to Latin America, Canada, and Africa.
- ▶ *Fishery and forest product exports* totaled \$3.5 billion during the first 5 months, down 17 percent from last year's pace. Reduced sales are mainly due to continued weakness in Japan's economy, and increased competition in its fish and wood product markets.

Special Note on the Asian Financial Crisis:

- ▶ With 5 months of fiscal 1998 complete, U.S. agricultural exports to Korea were down \$742 million (44 percent lower) compared to the same period last year. U.S. sales to the ASEAN region were down \$448 million, or 28 percent lower. Within ASEAN, U.S. exports to Malaysia has suffered the largest declines, down 51 percent. Although corn is suffering the single largest loss, declines across many agricultural products are evident. Sales declines for forest products are even more severe.

Commodity Highlights

Bulk commodity exports totaled \$11.3 billion during the first 5 months of fiscal 1998, down 9 percent (\$1.1 billion) from the same period last year. A sharp drop in corn exports and smaller declines for tobacco and cotton have swamped gains for soybeans, wheat and rice. *Intermediate agricultural product* exports reached \$5.7 billion so far this year, up 7 percent (\$368 million) from the same period last year. Most of this strength is due to rising soybean meal, vegetable oil, and live animal

exports. *Consumer food* exports totaled \$8.7 billion so far this year, up 2 percent (\$186 million) from the same period last year. Eleven of the 15 product groups registered year-over-year increases. The export value of red meats is up \$145 million thus far but poultry meat is down \$103 million. Like poultry meat, the value of fresh fruit and tree nut exports is also down due to lower prices.

Fishery product exports totaled \$897 million during the first 5 months of fiscal 1998, down 16 percent (\$166 million) from the same period last year. Weak Japanese demand and competition from other suppliers is resulting in declining U.S. export values across most product groups. At \$2.6 billion during the first 5 months of fiscal 1998, *forest product* exports were down 17 percent (\$536 million) from the same period last year. In Japan, the weak economy, reduced housing starts, and large inventories are sharply reducing U.S. log and softwood lumber exports.

Market Highlights

Asia: With 5 months of fiscal 1998 complete, U.S. sales losses are occurring in almost every group with especially large declines in major exports like corn, hides and skins, soybeans, cotton, animal feeds, soybean meal, meats, fruits and vegetables, and hardwood lumber. Perhaps the clearest sign of a direct impact on U.S. trade is the decline in U.S. consumer food exports to the region. This category is now suffering its first decline in a decade. So far this year, U.S. consumer food exports to Korea and ASEAN are down 33 percent and 19 percent, respectively.

Other Markets: U.S. agricultural exports to Japan are off 8 percent during the first 5 months of fiscal 1998. Sales declines are broad-based with especially large losses recorded for corn, tobacco, hides and skins, and fresh fruit. The situation is even worse for U.S. fishery and forest products, sales of which are down 29 percent and 48 percent, respectively. On the positive side, sales have risen for soybean meal, wine and beer, and red meats.

In other news, U.S. agricultural exports to Canada, Mexico, and other Latin American countries are up 9 percent, 17 percent, and 19 percent, respectively. Rising consumer food exports account for much of the increase to our NAFTA partners. Exports to North Africa are also running 56 percent ahead of last year's levels, largely due to increased wheat shipments.

Attachments

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