

\$21 Billion Farm Exports Seen For '74-5

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In fiscal 1975, U.S. exports of agricultural products are projected to reach a near-record value of just under \$21 billion—down perhaps \$500 million from last year—but still second highest in the Nation's history.

Export volume will probably decline significantly, however, because of smaller shipments of wheat and feedgrains, which could plunge as much as 23 or 24 million metric tons below last year's levels. Higher prices for those grains, together with both larger shipments and higher prices for soybeans, should offset much of the loss in volume. A more detailed analysis of U.S. export prospects will be released by USDA on October 8, 1974.

In fiscal 1975, U.S. exports of wheat and wheat flour will probably drop 15 to 20 percent below the 31 million metric tons shipped in fiscal 1974. However, an increase in unit prices will probably offset some of the reduced tonnage, so that the total value of wheat and wheat flour exports is expected to decline by only about 10 percent.

World wheat production this year is expected to be some 17 million tons below last year's level. A smaller Soviet crop will probably be offset by record or near-record harvests in many areas, including the European Community, Australia, Argentina, the Middle East, and Africa.

U.S. exports of feedgrains will probably drop sharply from last year's 44 million

metric tons. The reduction may be as high as 40 to 45 percent. However, as is the case with wheat, prices are expected to increase sharply, and the value of feedgrain exports is likely to drop by about 20 percent from the level of fiscal 1974.

At just over 14 million metric tons, the volume of U.S. soybean exports is expected to be slightly higher than during fiscal 1974. With that and an anticipated increase in price, the total value of soybean exports should be up sharply to slightly more than \$4 billion.

Slightly higher volume and lower prices for soybean meal should mean a marginal decline in total value, while a sharp increase in soybean oil prices should more than offset a small decline in volume, resulting in a total value increase of perhaps \$100 million.

World output of oilseeds and meal is expected to decline in 1974. Increased U.S. soybean stocks, plus the 1974 U.S. crop—still expected to be the second largest on record—should cushion the effects of the reduced supply elsewhere.

A decline in U.S. cotton exports from about 5.7 million running bales last year to about 4.7 million in fiscal 1975 is expected to be offset by higher unit prices, resulting in a total value for this year of about \$1.2 billion. While the U.S. supply is relatively low because of reduced beginning stocks and a smaller crop than earlier anticipated, prospective requirements here and abroad may be down even more than production, since world textile markets are relatively stagnant at the

present time.

As in the case of cotton, a small decline in the volume of U.S. exports of unmanufactured tobacco should be offset by an increase in unit prices, with the total value of shipments this year remaining around \$800 million. Strong demand for high quality U.S. leaf should continue. Some decline in exports to European markets is expected to be offset by increases to markets in the Far East.

A different situation is in view for rice, with the volume of shipments likely to increase, but a fall in prices seen during fiscal 1975. This should result in the total value of rice exports remaining around \$760 million.

World rice production is expected to be several million tons below last year's record crop, with excellent prospects in most of the world being offset by poor conditions in India, northeast Thailand, Bangladesh, and the People's Republic of China. A bumper U.S. rice crop should mean increased cash sales to the Middle East and somewhat higher shipments to aid-recipient countries.

The value of U.S. exports of livestock and livestock products is likely to dip in fiscal 1975, since cattle and poultry numbers are high in all major world exporting countries. Trade in beef and poultry products is being hampered by severe restrictions on imports into Canada and the EC, and, in the case of beef, Japan.

U.S. exports of fruits and vegetables, as well as other miscellaneous products, are likely to remain around last year's levels in total value.

Three major economic factors are expected to influence the level of U.S. agricultural exports during fiscal 1975: Reduced world availability of feedgrains, the livestock situation, and the worldwide problems of financial liquidity and inflation. In many ways, these three factors are closely related.

Mainly because of smaller-than-anticipated production in the United States resulting from the Midwestern drought, world production of feedgrains in 1974-75 now appears to be down about 20.7 million metric tons, approximately 3.5 percent below the levels of last year. Since beginning stocks were lower on July 1, 1974, than a year earlier, the reduction in feedgrain supply is slightly greater.

However, there are some bright spots. The European Community will have about 10 million tons of surplus soft wheat from its 1974 harvest that can be used as livestock feed.

Although the Soviet Union's harvest is running a bit behind last year's record production, another large grain crop is expected in that country. Following two successive large harvests, the USSR should re-emerge as a net exporter of grain this year.

Japan, along with Western Europe, is a major buyer of U.S. feedgrains. Fortunately, the Japanese will be able to buy more corn this coming year from Argentina and South Africa—both of which have much better crops this year than last.

The EC and Japan have indicated to the United States that necessary adjustments are taking place to bring feed-grain supply and demand into balance. EDC Commissioner for Agriculture Petris Lardinois has indicated that poultry and hog numbers in the EC will drop by perhaps as much as 10 and 6 percent, respectively, in the coming year. He also reported that the EC is feeding about 5000,000 metric tons of wheat monthly above the level when feed use of wheat was being highly subsidized.

Cattle numbers are also

likely to come down in the EC, but this is not as important a factor in feedgrain consumption as it would be in the United States, since most beef and dairy cattle are grass fed.

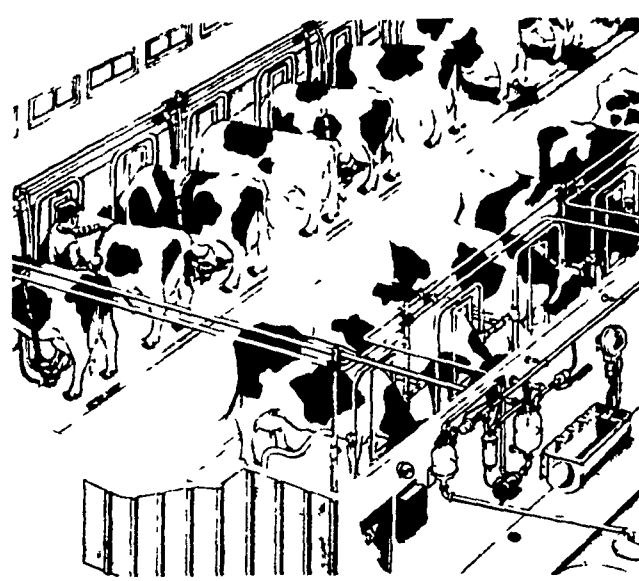
The Japanese have already purchased the feedgrains needed to cover their consumption requirements well into 1975, and they are unlikely to disturb the current market

situation with additional major purchases.

The world livestock situation is a difficult one, particularly with respect to cattle. Cattle numbers have been building up over a long period of time and are today at a relatively high level. At the same time, producers are faced with both sharp increases in feed costs and falling demand because of

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