

Growth, Competition Ahead For U.S. Wheat Exports

USDA FARMLINE News Service

The United States is expected to remain the world's leading exporter of wheat, despite a sharp drop in sales the last few years.

But tougher competition, mainly from the European Community, makes it unlikely that the U.S. share of wheat exports will return any time soon to the high levels obtained in the 1970s, says Mathew Shane, an economist with USDA's Economic Research Service.

Shane has projected possible changes in the wheat export market to the year 2000. His projections, contained in a recent issue of the Agriculture Department's *FARMLINE* magazine, include a U.S. market share of about 35 percent in 2000. Historically above 40 percent, the U.S. share fell to 29 percent in 1985/86.

Shane expects that at the turn of the century, world wheat exports will total about 160 million metric tons annually, nearly double the 1985/86 level. He says that Canada is likely to have about 20 percent of the market, France 16 percent, Australia 9 percent, and Argentina 8 percent. These shares would represent gains for France and Argentina, a loss for Australia, and the same proportion for Canada.

The market-share projections

are based on past patterns and current trends, Shane says. "Of course, a lot of things could happen to change the picture. "Shane's recent study is part of a comprehensive Economic Research Service project on competitiveness in wheat exports.

Markets Could Be Regained

Shane says he is optimistic that the United States can regain a substantial portion of the lost wheat sales. "It depends on what policies are implemented by the United States and other countries. We might be able to discourage our competitors from continuing at current levels of production. I think the EC will cut back its high wheat subsidies," Shane says.

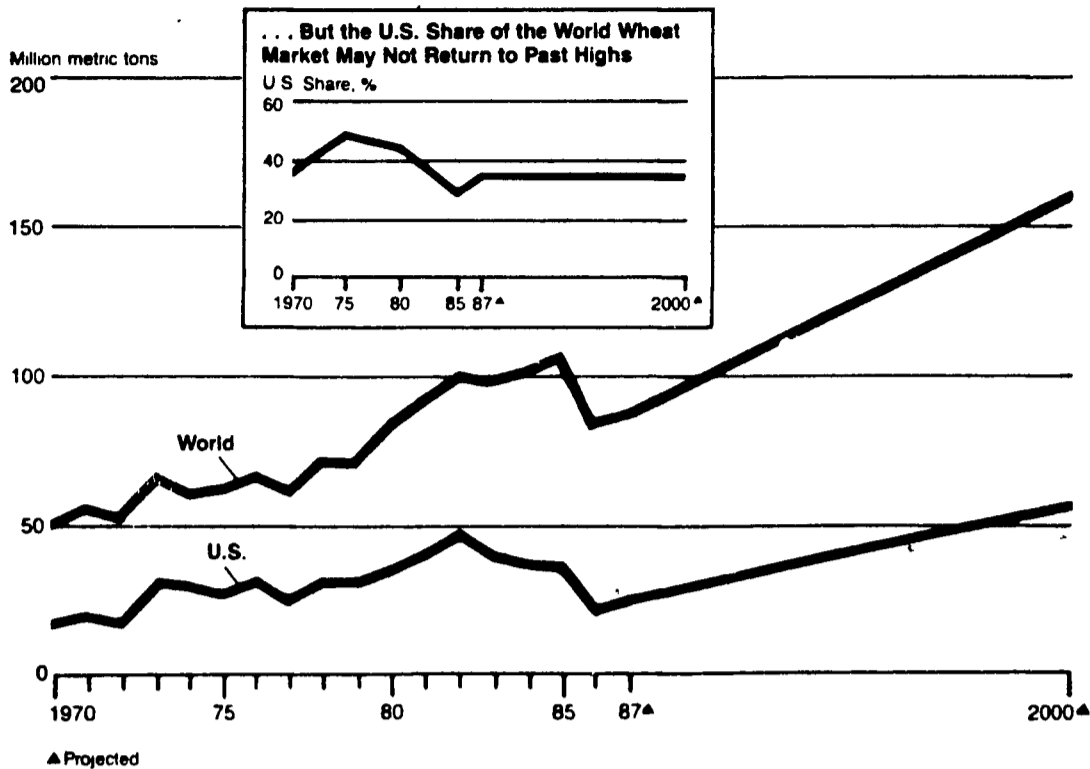
This could occur, the economist believes, because of two types of pressure on the EC--budgetary and political. "The EC is spending a lot of money on agricultural subsidies. The amount has increased because the 1985 U.S. farm bill lowered the loan rate 25 to 30 percent, and the dollar has depreciated, making U.S. wheat cheaper. There is pressure from within the EC to reduce the amount being spent to provide high returns to wheat growers," Shane says. "In addition, there is increasing political pressure, from the United States and developing countries,

against EC policies that restrict competition." U.S. policies also have been part

of the problem for this country's wheat growers and exporters, Shane says. "We made it profitable

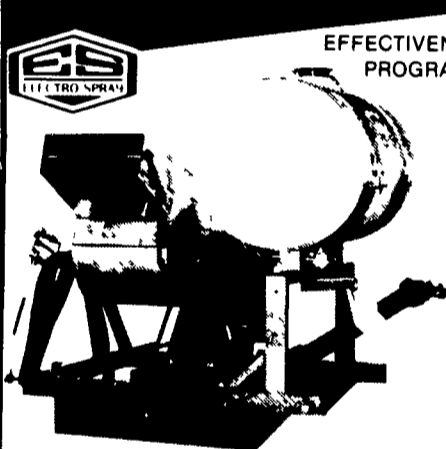
for other countries to expand their wheat production," he adds, citing (Turn to Page D4)

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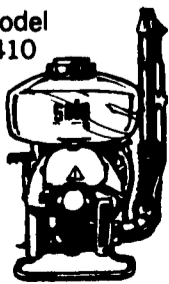
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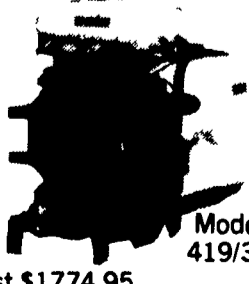


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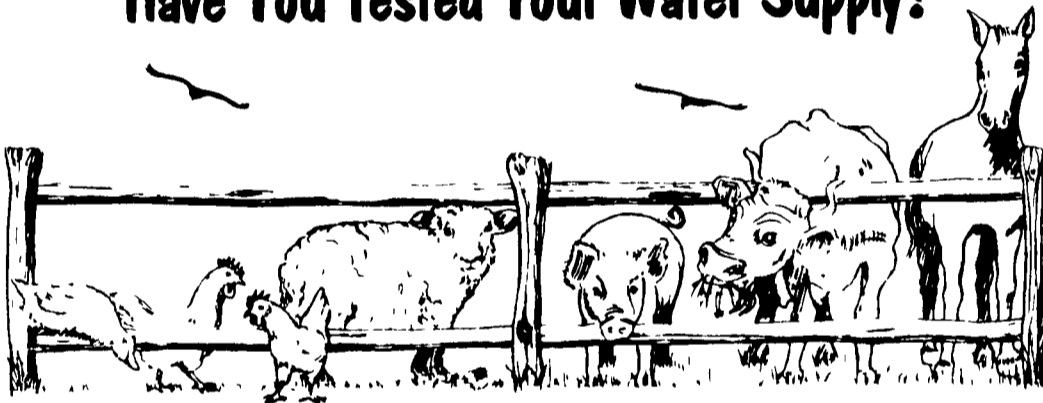
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