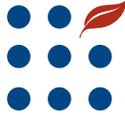




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Outlook for U.S. Agricultural Trade

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Strong Prices Push Forecast Fiscal 2004 U.S. Agricultural Exports Near Record High

Near-record fiscal 2004 U.S. agricultural exports of \$59.5 billion are forecast 6 percent above exports in 2003. Much of the growth in exports is due to higher prices. Sharply higher soybean prices raise soybean export value significantly, despite pulling soybean export volume down sharply, compared with both 2003 and August forecasts. Soybean price gains reflect a smaller U.S. crop and continued strong crush demand from China. Higher prices and volume also boost the cotton and beef exports. Available supplies in the United States and a reduced crop in China raise cotton exports, while tightening global supplies boost cotton and beef prices. Prospects for horticultural products also have improved. Bulk commodity export volume of 111.6 million tons, is 1 million tons less than in August. Volume of wheat, corn, and cotton in 2004 increases both quarter-to-quarter and year-to-year, partially offsetting the decline in soybean volume.

The U.S. agricultural import forecast is increased 6 percent to \$48.5 billion. But, the rate of import growth in 2004 is expected to be only about half that of 2003. Meats, fruits and nuts, vegetables, and wine, boost imports. Greater gains in exports than in imports lift the expected export surplus above both 2003 and the August forecast.

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

Item	1999	2000	2001	2002	2003	Forecast	
						Fiscal 2004	
						Aug.	Nov.
Billion dollars							
Exports	49.1	50.7	52.7	53.3	56.2	57.0	59.5
Imports	37.3	38.9	39.0	41.0	45.7	47.5	48.5
Balance	11.8	11.9	13.7	12.3	10.5	9.5	11.0

Reflects forecasts in the Nov. 12, 2003, *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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The next release is
Feb. 19, 2003

Approved by the
World Agricultural
Outlook Board, the
Economic Research
Service, and the
Foreign Agricultural
Service, U.S.
Department of
Agriculture.

The United States and world economies are beyond the slow growth experienced in the last 2 years. Gross domestic product (GDP) growth in 2004 in the United States will be almost 4 percent, and the world economy will grow almost 3.5 percent.

In the third quarter of 2003, U.S. GDP grew at an annualized rate of 7.2 percent and growth for the year as a whole is now anticipated to be around 3 percent. This is a significant revision upward from the 2 percent forecast just 3 months ago. With the United States such a large share of global GDP, world growth in 2003 is expected to equal approximately 2.3 percent, up from just 1.6 percent in 2002.

Developed Economies

Growth in the United States in 2004 likely will be above trend. Consumer spending continues strong. And, although unemployment has been stubbornly high, it is likely to decline some late in 2003 and in 2004. Interest rates and inflation remain at historically low rates.

GDP growth in the European Union (EU) is likely to be below 1 percent in 2003 and remain below 2 percent in 2004. The euro has strongly appreciated against the dollar and has returned to its 1999 issue rate. Rigidities in the EU labor markets will constrain growth for the foreseeable future. The German economy continues a bit sluggish. The combination of the long and expensive rebuilding of the East and tying the mark to the euro at an overvalued rate, has taken a toll on German growth; nevertheless, somewhat increasing growth is forecast in 2004.

In 2003, Japan continues to experience lackluster growth of around 1 percent. The year 2004 is likely to be better, but still only around 2 percent growth. Some means other than exports alone must be found to stimulate the economy. Slow growth in Japan, along with historically high rates of savings, have resulted in nominal interest rates of zero and deflation.

Developing Economies

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

Asian countries continue to be the most dynamic. Overall growth in the Asian developing countries is forecast to reach 6 percent in 2004, after exceeding 5 percent in 2003. China and India will continue to grow at high rates in 2003 and 2004. China is likely to have growth in excess of 8 percent in 2003 and near 8 percent in 2004. India continues rapid growth of around 6 percent. The rest of Asia is expected to see increasing growth, also around 6 percent, in the final quarter of 2003 and in 2004.

In Latin America, after a 4-year recession, Argentina should return to near-normal growth of 3 percent in 2004, after experiencing growth of around 6 percent in 2003. Argentina has experienced an almost 75-percent depreciation of its currency against the dollar since January 2002. Although there has been some recent appreciation, it is anticipated that most of the depreciation will persist long term. The impact of that depreciation on Argentine exports is beginning to be felt and will make Argentina a strong agricultural competitor through 2004. Brazil, which has been experiencing slow growth over the past several years, is expected to have GDP growth of around 3 percent in 2004. Mexico's economy is strongly tied to the United States and is expected to grow at over 3 percent in 2004, compared with 2 percent in 2003. Stronger GDP growth also is forecast for Central America.

GDP growth exceeding 4 percent in 2003 is likely to continue in 2004 in the transition economies. Russia's growth is forecast at 4.8 percent in 2004.

Although Africa's growth has improved substantially to an average GDP growth rate of more than 3 percent, the longer term impact of AIDS is already being felt in some countries as declining populations lead to diminished ability of some to feed themselves. Political instability, particularly in Zimbabwe, where GDP is contracting more than 10 percent, also is constraining overall growth there.

Exchange Rates

The movement of world exchange rates is potentially beneficial for U.S. agricultural exports. The 9-percent depreciation of the total agricultural trade-weighted dollar (www.ers.usda/data/exchangerates/) in 2003 is forecast to continue in 2004. As a result, U.S. agricultural exports are expected to be more competitive in world markets as the full effects of this depreciation are felt in 2004.

Export Products

The projection for fiscal 2004 wheat and flour exports is increased 500,000 tons from the August estimate to 28.5 million tons, but a lower export unit value for wheat reduces export value by \$200 million to \$4.2 billion. Poor wheat crops in Russia and the Ukraine due to late-season frosts last spring have translated into sharply reduced exports in 2003/04. This coupled with ample U.S. supplies creates a window of opportunity for increased U.S. shipments. The average export unit value for wheat is now anticipated to fall below the average figure for 2003 due to increased export competition from Europe and the Black Sea region in the summer and fall of 2004.

The projection for U.S. coarse grain exports is raised 1.1 million tons from the August estimate to 53 million tons due to an improved outlook for corn shipments. Corn exports are revised up 1.5 million tons due to an expected record U.S. corn crop of 10.3 billion bushels in 2003/04 and reduced competition from Argentina. The expectation for reduced competition from China in corn markets remains unchanged. However, the larger-than-expected U.S. crop lowers average unit values slightly, leaving the total export value for corn unchanged at \$4.9 billion. The projection for sorghum exports is lowered 500,000 tons to 4.8 million tons because a smaller U.S. harvest is anticipated. Total coarse grain export value remains unchanged at \$5.5 billion.

Fiscal 2004 U.S. rice exports are increased 200,000 tons from August to 3.3 million tons, but remain significantly lower than last year's record of 4.5 million tons. Export value increases to \$900 million, up from \$800 million in August. The upward revision in the export volume estimate is largely due to sustained strong demand for rough rice in Central America, Mexico, and Brazil. Given last year's record exports, strong current sales, and the expectation for a small reduction in the U.S. crop size, exportable supplies are relatively tight. As a consequence, export unit value is up sharply compared with 2003.

The export projection for oilseeds and products is lowered 4.5 million tons to 31.7 million tons, with across-the-board drops in soybean, soybean meal, and oil shipments. However, expected higher unit prices boost soybean export value 25 percent (\$1.4 billion) above the August estimate to a record \$7.1 billion. Projected soybean export volume for fiscal 2004 is about 4.5 million tons below the previous year due to

the smaller 2003/04 U.S. crop. Drought conditions have pushed yields to their lowest in 10 years. As for foreign competition and sales opportunities, South American soybean production and exports continue to rise and larger increases are projected, so stiff competition will continue. But, demand also is high and rising. China's imports from all sources are projected at a record 22 million tons in 2003/04, just slightly higher than the previous year's record high.

The fiscal 2004 projection for U.S. cotton exports is 2.9 million tons valued at \$4.3 billion. This is a substantial upward revision in quantity and value from August's estimate, and a significant gain over the previous year's performance. Weather developments have improved the outlook for U.S. production in 2003/04, while the crop outlook in some key producing countries has deteriorated. More importantly, adverse weather developments in China have lowered the projected size of its crop, leading to an increase in its import projection which will benefit U.S. cotton exports. China is projected to import a record 7 million 480-lb bales in 2003/04. Recovery in the global economy also supports global demand for cotton.

Fiscal 2004 livestock, poultry, and dairy product exports are projected at a record \$12.7 billion, up \$400 million from the August estimate and \$500 million above the previous year's performance. Beef, pork and variety meat exports are raised to \$5.5 billion largely due to higher beef prices and export quantity. Higher beef prices reflect tighter supplies, the result of lower fed cattle inventories and the ban on Canadian cattle imports due to the BSE case. With exports to key North American and Asian markets expected to remain strong, U.S. beef shipments are projected at a record 892,000 tons in fiscal 2004, up 6 percent from August's estimate. Japan's safeguard tariff for chilled beef was raised to 50 percent in August, but so far the safeguard for frozen beef has been avoided. The projection for pork exports remains unchanged, as sales to Japan remain relatively strong while shipments to Mexico appear to have leveled off. The projection for U.S. broiler meat remains unchanged at 2.3 million tons valued at \$1.6 billion, despite a slight upward revision in export unit value. The year-over-year increase in broiler meat shipments is driven by demand in 'nontraditional' markets, in particular the Caribbean, Eastern Europe, Africa, and Central America. The estimate for hides and skins remains at a record \$1.8 billion, and the

value for animal fats was increased slightly with higher prices for vegetable oils expected.

The projection for U.S. horticultural products is raised \$300 million from August to a record \$12.3 billion, up \$400 million from the previous year. A somewhat weaker U.S. dollar against several currencies and prospects for improvement in the global economy support this outlook. The projection for vegetables and preparations remains flat at \$3.1 billion, and has changed little in recent years. A recovery in potato exports, down 26 percent last year, is not expected in 2004; but gains for other fresh and dried vegetables should provide an offset. In contrast, further increases are expected for fruits and preparations and tree nuts. Fruit exports are projected at a record \$3.7

billion supported by increased sales of fresh berries, table grapes, and several other fruit products. No significant change is expected for the overall export value of citrus fruits and juices. A new export record for tree nuts is projected with continued strong foreign demand, an adequate almond supply, and a record walnut crop expected. In other categories, solid sales growth is expected for wine and essential oils. Canada and Mexico led the way in overall sales growth for all horticultural exports in 2003, and the same situation is expected in 2004. As with last year, sales to Asia are expected to remain fairly flat with the exception of China and India where sales are rapidly expanding. Europe has seen some growth which should continue given the stronger euro.

Table 2--U.S. agricultural exports: Value and volume by commodity, 1999-2004

Commodity	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Forecast FY 2004	
						Aug.	Nov.
Billion dollars							
VALUE							
Grains and feeds 1/	14.400	13.889	13.892	14.150	14.906	15.5	15.3
Wheat and flour	3.823	3.515	3.353	3.612	4.018	4.4	4.2
Rice	1.015	0.909	0.758	0.737	0.930	0.8	0.9
Coarse grains 2/	5.607	5.283	5.239	5.292	5.180	5.5	5.5
Corn	5.044	4.601	4.514	4.599	4.563	4.9	4.9
Feeds and fodders	2.240	2.470	2.747	2.529	2.596	2.7	2.6
Oilseeds and products	8.735	8.551	8.781	9.750	10.201	9.1	10.6
Soybeans	4.757	5.072	5.089	5.474	6.533	5.7	7.1
Soybean meal	1.066	1.226	1.387	1.295	1.125	1.1	1.0
Soybean oil	0.607	0.278	0.240	0.454	0.559	0.2	0.2
Livestock products	7.136	8.471	8.786	8.657	9.074	9.0	9.3
Beef, pork, and variety meats	4.152	5.063	4.833	4.749	5.178	5.1	5.5
Hides and skins, incl. furs	1.113	1.428	1.933	1.777	1.790	1.8	1.8
Poultry and products	2.064	2.235	2.519	2.280	2.105	2.3	2.4
Broiler meat 3/	1.283	1.483	1.711	1.546	1.370	1.6	1.6
Dairy products	0.878	0.960	1.076	0.988	0.983	1.0	1.0
Tobacco, unmanufactured	1.376	1.227	1.181	1.148	0.999	1.1	1.1
Cotton and linters	1.323	1.829	2.093	2.052	2.727	3.5	4.3
Seeds	0.807	0.783	0.738	0.843	0.823	0.9	0.8
Horticultural products	10.299	10.538	11.062	11.113	11.903	12.0	12.3
Fruits and preparations	3.284	3.370	3.512	3.449	3.550	3.6	3.7
Vegetables and preparations	2.828	2.995	3.041	3.011	3.017	3.1	3.1
Tree nuts and preparations	1.080	0.981	1.133	1.233	1.490	1.5	1.6
Sugar and tropical products	2.090	2.259	2.569	2.309	2.467	2.6	2.6
Major bulk product value 4/	17.739	17.711	17.608	18.201	20.294	20.9	23.0
Total value 5/	49.108	50.744	52.698	53.291	56.187	57.0	59.5
Million metric tons							
VOLUME							
Wheat	28.908	27.909	25.275	25.411	24.434	27.5	28.0
Wheat flour	0.849	0.753	0.486	0.452	0.325	0.5	0.5
Rice	3.086	3.315	3.066	3.543	4.480	3.1	3.3
Coarse grains 2/	57.720	56.557	55.164	53.625	46.345	51.9	53.0
Corn	51.949	49.378	48.192	47.058	41.037	46.0	47.5
Feeds and fodders	11.751	12.902	12.647	12.629	11.861	12.5	11.9
Oilseeds and products	33.698	36.171	37.068	40.229	37.907	36.2	31.7
Soybeans	23.029	26.045	26.569	28.925	28.596	27.2	24.2
Soybean meal	6.461	6.652	6.988	6.811	5.455	5.5	4.1
Soybean oil	1.076	0.624	0.635	1.143	1.026	0.5	0.4
Beef, pork, and variety meats	1.629	1.879	1.917	1.950	1.993	2.0	2.0
Broiler meat 3/	1.888	2.249	2.482	2.263	2.162	2.3	2.3
Animal fats	1.386	1.207	1.049	1.272	1.353	1.3	1.4
Tobacco, unmanufactured	0.205	0.180	0.177	0.163	0.150	0.2	0.2
Cotton and linters	0.908	1.532	1.686	2.206	2.420	2.6	2.9
Horticultural products	7.337	7.748	8.112	7.939	7.963	8.2	8.2
Sugar and tropical products	1.277	1.272	1.358	1.228	1.272	1.4	1.4
Total major bulk product volume 4/	113.856	115.540	111.937	113.872	106.425	112.5	111.6

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.

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

Regional Exports

The large increase in total exports forecast for 2004 is mainly due to increased value rather than greater quantity. Tighter supplies of some commodities are likely to contribute by driving prices higher. Besides higher prices, another important factor will be greater economic growth resulting in stronger demand. Cotton, soybean, and meat price increases account for the majority of the increase.

U.S. agricultural exports to Asia are expected to show the greatest growth, as China takes more U.S. cotton and China's demand for soybeans remains record high. Exports to Asia are forecast \$2.6 billion more than in 2003. Because China is such a large market for soybeans and cotton, Asia is expected to account for three-fourths of the expected total export growth.

By far the largest increase anticipated in U.S. agricultural exports to Asia will be to China. Exports to China in 2004 are forecast at \$5.4 billion, a gain of nearly \$2 billion over 2003. The majority of the \$1.6 billion increase forecast in U.S. cotton exports in 2004 is expected to go to China, the result of a reduced harvest in China and adequate supplies in the United States. Cotton exports to China are expected to increase substantially in both volume and value in 2004. Soybean exports to China also will continue strong. Due to the expected higher soybean prices, the value of soybean exports to China also will rise sharply.

Japan is forecast to again be the second ranking U.S. agricultural market, taking \$9.1 billion in agricultural products, up about 3 percent from 2003. Soybean and meat imports from the United States are expected to increase in both volume and value.

South Korea is likely to boost imports of U.S. corn in 2004, as U.S. exports to this market replace exports from China and Eastern Europe. The marginal gain expected in exports to Taiwan reflects higher cotton and soybean prices. Improved economic growth and higher prices of rice and soybeans also are expected to raise U.S. exports to the Philippines and Malaysia.

Canada will continue to be the United States' largest agricultural market. Exports there are forecast at \$9.4 billion in 2004. This is only a modest 3-percent growth over the \$9.1 billion shipped to Canada in 2003. Fewer exports of bulk commodities are anticipated for 2004, as Canada rebounds from a drought year. But, Canada's imports from the United States are largely high-value agricultural products, and gains in exports of these products are expected to continue.

Mexico will continue to be the third-ranked U.S. agricultural export market and is forecast to take \$8.2 billion in U.S. agricultural products in 2004, up \$545 million from 2003. Mexico has become an important importer of U.S. high-value agricultural products, but also still is a heavy importer of grains and oilseeds from the United States. Soybean exports to Mexico increase because of higher crush demand. U.S. corn volume is expected to be up due to continued growth in feed demand. And beef, pork, and poultry imports from the United States also are likely to continue to trend up.

Countries in Central America also are likely to increase imports from the United States in 2004, primarily due to improved economic growth prospects and cheaper U.S. exports as a result of dollar depreciation. However, competition for the United States from Argentina and Brazil will continue strong in this region.

U.S. exports to the EU are forecast to remain about unchanged from 2003. A stronger euro and a growing per capita GDP is expected to allow for significant gains in U.S. exports of high-value agricultural products, which account for almost two-thirds of U.S. exports to the EU. But, higher prices and increased competition from Argentina and Brazil will reduce EU demand for U.S. soybeans. And, the volume of oilseed and grain imports from the United States is likely to decrease. Part of the drop will reflect greater export competition from countries in Eastern Europe, particularly countries preparing to join the EU in 2005.

About two-thirds of all U.S. agricultural exports to Russia in 2003 were poultry meats. However, 2003 U.S. shipments to Russia were limited after Russia imposed a quota on poultry imports for calendar year 2003. About one-quarter of the U.S. quota was to be filled with mechanically-deboned poultry meat (MDM), a requirement the United States is unlikely to fill due to lack of supplies. In 2004, the United States is again expected to receive a significant share of the annual 1.05-million-ton quota and the MDM requirement likely will be removed, adding slightly to exports to Russia.

U.S. agricultural exports to Africa, the Middle East, and Oceania also are expected to be about the same in 2004 as in 2003. In Egypt and North Africa, the United States will continue to face stiff competition from corn exports by Argentina and Brazil, offsetting some of the potential gain from higher prices. And, Sub-Saharan Africa will be rebounding from dry conditions in 2003 and may require fewer imports.

Table 3--U.S. agricultural exports: Value by region, 1999-2004

Country and Region 1/	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Forecast
	1999	2000	2001	2002	2003	FY 2004 Nov.
Billion dollars						
Asia (excl. Middle East)	18.375	19.553	20.081	19.461	21.630	24.1
Japan	8.905	9.301	8.942	8.307	8.840	9.1
China	1.003	1.465	1.875	1.770	3.473	5.4
Hong Kong	1.265	1.249	1.252	1.145	1.060	1.1
Taiwan	2.037	2.002	1.986	1.921	1.956	2.0
South Korea	2.478	2.531	2.541	2.668	2.732	2.9
Southeast Asia	2.189	2.580	2.907	2.880	2.929	3.0
Indonesia	0.486	0.675	0.877	0.784	0.909	0.9
Philippines	0.729	0.866	0.836	0.763	0.654	0.7
Malaysia	0.329	0.283	0.362	0.365	0.378	0.4
Thailand	0.406	0.476	0.532	0.624	0.622	0.6
South Asia	0.488	0.415	0.570	0.751	0.625	0.6
Western Hemisphere	17.431	18.126	19.554	20.098	21.537	22.4
Canada	6.940	7.512	7.994	8.588	9.115	9.4
Mexico	5.676	6.307	7.277	7.058	7.655	8.2
Caribbean	1.451	1.463	1.398	1.489	1.524	1.5
Central America	1.209	1.132	1.191	1.219	1.347	1.4
South America	2.154	1.712	1.695	1.743	1.895	1.9
Brazil	0.366	0.253	0.219	0.318	0.361	0.4
Colombia	0.468	0.427	0.442	0.485	0.523	0.5
Venezuela	0.457	0.405	0.416	0.329	0.388	0.4
Western Europe	7.481	6.532	6.761	7.034	6.469	6.5
European Union	6.923	6.193	6.249	6.276	6.117	6.1
Central and Eastern Europe	0.189	0.168	0.201	0.224	0.202	0.2
New Independent States 2/	0.867	0.921	1.029	0.896	0.717	0.8
Russia	0.526	0.659	0.823	0.711	0.501	0.6
Middle East	1.974	2.364	2.190	2.456	2.381	2.4
Turkey	0.448	0.701	0.564	0.725	0.857	0.9
Saudi Arabia	0.468	0.481	0.470	0.354	0.320	0.3
Africa	2.086	2.236	2.126	2.406	2.285	2.2
North Africa	1.398	1.522	1.464	1.560	1.224	1.3
Egypt	0.944	1.056	1.004	1.020	0.857	0.9
Sub-Saharan Africa	0.688	0.715	0.662	0.845	1.061	0.9
Oceania	0.503	0.487	0.472	0.501	0.785	0.7
Transshipments 3/	0.137	0.357	0.285	0.215	0.181	0.2
Total 3/	49.108	50.744	52.698	53.291	56.187	59.5

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

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

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

Import Products

A \$2.8-billion rise in fiscal year 2004 U.S. agricultural imports is forecast over 2003. This follows the \$4.7-billion jump in 2003 over 2002. The 2004 projection also is \$1 billion larger than the August forecast to reflect the surprisingly strong import demand in 2003. The largest projected gains in U.S. agricultural imports in 2004 are in beef and veal, fruits and nuts, vegetables, wine, and grain products.

World prices for many commodities are rising. The recovering U.S. economy and population, income, and employment gains will continue to push imports higher, even as the dollar has weakened against the euro, the yen, and the Canadian dollar, effectively raising import prices on products from these countries. However, since close to half of U.S. agricultural imports come from developing countries and the dollar still commands a relatively high exchange rate against these currencies, imports from developing countries are expected to remain strong.

Larger import values and volumes lead to higher U.S. per capita consumption of vegetables and wine. Import projections for vegetables and wine in 2004 are \$6.7 and \$3.5 billion, respectively, up from \$6.2 and \$3.2 billion in 2003. Continued strong import growth is anticipated for tomatoes, potatoes, asparagus, broccoli, cucumbers, and peppers. The portion of horticulture foods in total U.S. import value is now more than 42 percent as vegetables and wine continue to rise. For 2003, the value of vegetable imports leaped by \$760 million from 2002, while imported wine rose by \$660 million. These two commodities represent nearly a quarter of the total U.S. import jump in 2003.

The estimated value of horticulture imports as a whole for 2004 is raised from the August forecast by \$300 million to \$21.8 billion. This represents a \$1.6-billion gain from 2003's \$20.2 billion total. Besides vegetables and wine, all other horticultural product imports are projected up. Together, the import value of these other commodities rises by \$800 million from 2003 to 2004, or half of the total gain for horticulture. These products' share of total U.S. imports is 22 percent, unchanged from a decade ago.

The increased import forecast for meats in 2004 is mostly from beef and veal. These gains offset some of the decline in the animal products sector due to a ban on cattle imports from Canada as a result of an incidence of mad cow disease earlier in 2003. Beef and veal imports, largely from Australia, New Zealand, and Canada, are estimated to be worth \$2.9 billion in 2004, up from \$2.4 billion in 2003. Although U.S. pork production is expected to be largely unchanged in 2004, imports are forecast up 10 percent. Cattle imports, now almost exclusively from Mexico, are expected to number 1.3 million in 2004.

U.S. grain imports are forecast to rise by 6 percent this fiscal year, despite lower import value in 2003, and higher estimated domestic production in 2004. Most of the gain will occur in grain product imports, however. The forecast for imports of grain products—biscuits, pasta, flour, and dough mixes—is \$3 billion, unchanged from the previous forecast, but \$300 million more than last year. The share of grain products in total U.S. imports is now 6 percent, up from 3 percent in 1990. Higher volume of barley, oats, and rice more than offset expected declines in corn and wheat imports. Prices for barley and especially rice are projected up.

Sugar products, vegetable oils, coffee and cocoa products, rubber, and other tropical goods also are expected to rise in 2004. Higher cocoa prices push the value of cocoa imports up. Similarly, increases in tropical oils, rubber, spices, oilseeds, and sugar result in part from their recovering prices. Strong U.S. import demand for sweeteners and confectionery products and coffee and cocoa products boosted their collective share of total U.S. imports to 14 percent in 2003. Interestingly, since the mid-1970s, the share of tropical products in total U.S. import value has fallen from more than 50 percent to 19 percent today, due in part to lower prices as supplies from Latin America, Asia, and Africa multiplied. More significantly, non-tropical imports swelled from 50 percent to 81 percent of total imports during the past 30 years. When fish and shellfish are excluded from non-tropical imports, processed foods account for 77 percent of all non-tropical imports.

Table 4--U.S. agricultural imports: Value and volume by commodity, 1999-2004

Commodity	Fiscal 1999	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Forecast Fiscal 2004	
						Aug.	Nov.
VALUE							
Billion dollars							
Animals and products	7.029	8.150	9.030	9.066	8.591	8.1	8.5
Live animals, except poultry	1.414	1.735	2.198	1.995	1.672	0.9	0.9
Red meats and products	3.108	3.723	4.091	4.187	4.021	4.2	4.7
Beef and veal	2.048	2.405	2.645	2.749	2.392	---	2.9
Pork	0.721	0.958	1.039	0.992	1.150	---	1.3
Dairy products	1.573	1.653	1.728	1.841	1.865	2.0	1.9
Grains and feeds	2.946	3.038	3.189	3.599	3.911	4.4	4.3
Grains	0.731	0.634	0.687	0.754	0.666	0.7	0.7
Grain products	1.750	1.927	2.014	2.342	2.706	3.0	3.0
Horticulture products 1/	15.323	15.820	16.427	17.545	20.195	21.5	21.8
Fruits, fresh and frozen	1.999	1.953	2.132	2.300	2.523	2.5	2.7
Bananas	1.212	1.128	1.156	1.188	1.164	1.2	1.2
Fruits, prep. or pres., and juices	1.472	1.456	1.316	1.443	1.686	1.9	1.9
Nuts and preparations	0.709	0.791	0.656	0.648	0.724	0.8	0.8
Vegetables, fresh and frozen	2.578	2.701	3.100	3.120	3.701	3.9	4.0
Vegetables, prepared or preserved	1.950	1.959	2.083	2.324	2.500	2.7	2.7
Wine	2.132	2.218	2.225	2.522	3.184	3.5	3.5
Malt beverages	1.865	2.126	2.296	2.526	2.591	2.7	2.7
Cut flowers and nursery stock	1.076	1.165	1.156	1.135	1.216	1.3	1.3
Sugar and related products	1.586	1.515	1.618	1.710	2.112	2.2	2.3
Tobacco, unmanufactured	0.742	0.651	0.648	0.736	0.670	0.6	0.6
Oilseeds and products	1.873	1.860	1.680	1.675	2.002	2.1	2.1
Coffee and products	2.961	2.906	1.761	1.610	1.949	2.1	2.1
Cocoa and products	1.532	1.465	1.391	1.714	2.266	2.3	2.4
Rubber and gums	0.739	0.841	0.668	0.655	1.032	1.1	1.1
Tea, spices, and natural drugs	1.301	1.361	1.334	1.306	1.455	1.5	1.5
Nonalcoholic bevg., seeds, and other	1.262	1.250	1.281	1.340	1.494	1.6	1.6
Total agricultural imports	37.293	38.857	39.027	40.954	45.679	47.5	48.5
VOLUME							
Million metric tons							
Wine 2/	4.110	4.507	4.774	5.447	6.187	---	6.8
Malt beverages 2/	20.724	22.905	24.904	26.711	26.988	---	27.2
Cattle and calves 3/	1.907	2.120	2.482	2.337	2.027	---	1.3
Red meats and products	1.403	1.555	1.600	1.655	1.596	1.8	1.8
Cheese and casein	0.304	0.314	0.301	0.324	0.320	0.4	0.4
Grains	5.298	4.509	4.914	4.918	3.969	3.7	4.2
Feeds and fodders	1.160	1.238	1.210	1.212	1.260	1.3	1.3
Fruits, fresh or frozen	2.817	2.979	3.029	3.301	3.596	---	3.8
Bananas	4.415	4.396	4.093	4.192	4.219	4.3	4.3
Vegetables, fresh or frozen	3.733	3.755	4.023	4.320	4.732	4.9	5.0
Sugar, beet and cane	1.711	1.368	1.378	1.342	1.473	1.8	1.6
Vegetable oils	1.610	1.767	1.945	1.927	1.839	1.9	1.9
Coffee and products	1.293	1.411	1.214	1.194	1.332	1.6	1.5
Cocoa and products	0.866	1.045	0.898	0.986	0.975	1.1	1.1

--- = No previous forecast. Totals may not add due to rounding.

1/ Includes essential oils. 2/ Liquid products are measured in hectoliters. 3/ Millions.

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

Regional Imports

The 6-percent projected growth for U.S. agricultural imports from 2003 to 2004 stems largely from Mexico, South America, the EU, and Asia. The largest import gains in 2004 are expected to come from the EU; imports from the EU are forecast up \$610 million in 2004. Next is Mexico with gains in exports to the United States expected to reach \$510 million. Import gains from Asia, such as processed fruits and vegetables, are dominated by China and Southeast Asia. A higher Canadian dollar exchange rate with the U.S. dollar will again limit U.S. import gains from Canada in 2004, as was true in 2003.

Countries with steadily growing shares of the U.S. import market since at least 1999 include: Chile, Mexico, Eastern Europe, China, Australia, and New Zealand. Not surprisingly, these suppliers satisfy the United States' increased demand for horticulture products and red meat. The share of U.S. import value from developed countries steadily rose from 30 percent in the late 1970s to 53 percent in 2003, surpassing the share of developing countries starting in 2000.

Table 5--U.S. agricultural imports: Value by region, 1999-2004

Country and region	Fiscal	Fiscal	Fiscal	Fiscal	Fiscal	Forecast
	1999	2000	2001	2002	2003	Fiscal 2004 Nov.
Billion dollars						
Western Hemisphere	20.160	20.890	21.479	22.292	23.996	25.3
Canada	7.891	8.520	9.521	10.190	10.269	10.4
Mexico	4.827	4.989	5.311	5.288	5.995	6.5
South America	5.207	4.938	4.376	4.527	5.248	5.7
Brazil	1.438	1.250	0.985	1.081	1.466	1.7
Colombia	1.188	1.163	0.962	0.905	1.031	1.1
Chile	0.918	0.974	1.023	1.124	1.200	1.3
Other South America	1.662	1.552	1.406	1.417	1.550	1.6
Central America	1.886	2.124	1.931	1.930	2.107	2.3
Costa Rica	0.843	0.798	0.817	0.814	0.845	0.9
Caribbean	0.349	0.319	0.341	0.357	0.377	0.4
Western Europe	7.979	8.252	8.113	8.663	10.226	10.8
European Union	7.807	8.060	7.913	8.458	9.993	10.6
Eastern Europe	0.227	0.229	0.249	0.303	0.343	0.4
New Independent States 1/	0.063	0.083	0.081	0.084	0.080	0.1
Asia (excluding Middle East)	5.272	5.379	4.789	5.042	5.980	6.5
China	0.764	0.811	0.787	0.974	1.184	1.4
Other East Asia	0.679	0.760	0.742	0.782	0.768	0.8
Southeast Asia	2.963	2.876	2.515	2.550	3.263	3.5
Indonesia	1.164	1.001	0.858	0.910	1.158	1.2
Thailand	0.695	0.756	0.726	0.708	0.887	1.0
South Asia	0.866	0.933	0.745	0.736	0.764	0.8
India	0.795	0.866	0.688	0.670	0.692	0.7
Oceania	2.163	2.666	3.071	3.179	3.319	3.4
Australia	1.133	1.517	1.798	1.894	1.976	2.1
New Zealand	0.950	1.105	1.228	1.226	1.287	1.3
Africa	0.865	0.882	0.762	0.886	1.196	1.4
Ivory Coast	0.298	0.291	0.163	0.241	0.440	0.5
Middle East	0.564	0.476	0.483	0.504	0.539	0.6
Turkey	0.382	0.310	0.294	0.321	0.313	0.3
World total	37.293	38.857	39.027	40.954	45.679	48.5

Totals may not add due to rounding.

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

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

Reliability Tables

Table 6--Reliability of United States November export projections, by country, fiscal years 1977/78-2002/2003

Country/Region	Differences between November projections and final data						
	Average	Average	Max below	Max above	Below	Equal	Above
	Percent	-----Billion dollars-----			Number of years		
Asia excl. Mid East	7.0	1.1	-2.3	2.1	13	0	12
Japan	7.1	0.6	-1.5	1.4	14	1	10
China	46.0	0.5	-1.4	0.9	12	0	13
Hong Kong 1/	11.0	0.1	-0.2	0.3	7	6	3
Taiwan 1/	8.2	0.2	-0.4	0.4	8	4	4
South Korea 1/	13.6	0.4	-1.4	1.0	6	2	8
Southeast Asia 6/	12.7	0.2	-0.7	0.6	3	3	5
Indonesia 2/	12.9	0.1	-0.2	0.1	3	1	1
Philippines 1/	15.5	0.1	-0.2	0.1	6	6	4
Malaysia 2/	8.2	0.0	0.0	0.0	0	5	0
Thailand 2/	8.0	0.0	-0.1	0.1	1	3	1
South Asia	28.1	0.2	-0.3	0.5	4	2	11
Canada	7.2	0.3	-1.5	0.2	19	1	5
Mexico 3/	14.1	0.4	-1.2	0.7	13	1	8
Caribbean 4/	9.0	0.2	-0.2	0.1	1	0	1
Central America 4/	6.6	0.0	-0.1	0.0	1	1	0
South America 7/	12.2	0.2	-0.3	0.5	2	1	5
Brazil 1/	45.1	0.1	-0.3	0.4	5	7	4
Colombia 4/	3.7	0.0	0.0	0.0	0	2	0
Venezuela 1/	20.8	0.1	-0.2	0.3	6	5	5
Western Europe 5/	9.2	0.7	-1.5	1.0	5	0	4
European Union 5/	7.7	0.6	-1.1	1.4	1	1	7
Central and E. Europe	31.4	0.2	-0.2	1.2	1	10	14
FSU/New Ind States	32.3	0.5	-1.1	2.5	12	0	13
Russia 5/	36.1	0.3	-0.3	0.7	3	0	6
Middle East	16.1	0.3	-0.7	0.8	9	4	12
Turkey 2/	25.6	0.2	-0.2	0.2	3	0	2
Saudi Arabia 1/	10.5	0.0	-0.1	0.1	3	9	4
Africa	10.1	0.2	-0.8	0.7	9	3	13
North Africa	12.6	0.2	-0.6	0.5	6	7	12
Egypt 1/	16.3	0.2	-0.6	0.2	6	2	8
Sub-Sahara	15.4	0.1	-0.4	0.3	12	7	6
Oceania	16.6	0.1	-0.3	0.2	9	12	4
World	6.9	2.8	-9.6	6.4	13	0	12

1/ 1978/79-2002/03. 2/ 1998/99-2002/03. 3/ 1980/81-2002/03. 4/ 2001/02-2002/03 only.

5/ 1994/95-2002/03. EU-15 formed in 1995. 6/ Intermittent.

Table 7--Reliability of United States November import projections, by country, fiscal years 1989/90-2002/2003

Country/Region	Differences between November projections and final data						
	Average	Average	Max below	Max above	Below	Equal	Above
	Percent	-----Billion dollars-----		Number of years			
Canada	9.6	0.5	-0.9	0.4	12	0	2
Mexico	7.8	0.3	-0.9	0.2	8	4	2
South America 1/	6.7	0.3	-0.4	-0.2	2	0	0
Brazil	21.1	0.3	-0.3	1.3	5	1	8
Colombia 2/	11.9	0.1	0.0	0.2	0	2	3
Chile 3/	8.2	0.1	-0.2	0.0	4	4	0
Central America 2/	8.7	0.2	-0.1	0.4	2	1	2
Costa Rica 2/	5.6	0.0	0.0	0.1	0	3	2
Caribbean 4/	13.9	0.0	0.0	0.1	0	3	1
Western Europe	5.5	0.4	-1.0	0.4	10	0	3
European Union	7.5	0.5	-1.1	0.4	12	0	2
Eastern Europe	13.8	0.0	-0.1	0.1	2	9	3
FSU/New Ind. States	69.5	0.0	-0.2	0.0	2	12	0
Asia, excl. Mid East	9.2	0.4	-0.9	1.2	8	1	5
China	7.0	0.0	-0.2	0.0	4	10	0
Southeast Asia 3/	13.1	0.4	-0.7	0.6	3	0	5
Indonesia 2/	18.5	0.2	-0.2	0.3	2	0	3
Thailand 2/	10.7	0.1	-0.2	0.1	1	2	2
South Asia 3/	11.3	0.1	-0.1	0.3	3	4	1
Oceania	6.2	0.1	-0.5	0.2	6	4	4
Australia 2/	9.0	0.1	-0.3	0.1	2	2	1
New Zealand 2/	6.4	0.1	-0.1	0.1	2	2	1
Africa	14.0	0.1	-0.2	0.2	7	2	5
Ivory Coast 2/	42.3	0.1	-0.1	0.1	2	1	2
Middle East	18.2	0.1	-0.4	0.2	4	6	4
Turkey 2/	9.3	0.0	0.0	0.1	0	4	1
World	5.3	1.7	-3.4	1.2	11	0	3

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

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