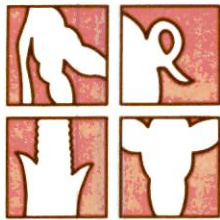




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WEEKLY OUTLOOK

Department of Agricultural Economics
College of Agriculture
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CORN AND SOYBEAN EXPORT TRENDS

ONE OF THE FACTORS OFTEN CITED AS CONTRIBUTING to the current financial difficulties in American agriculture is "reduced demand." Much of the blame is attributed to the lower level of grain exports over the past three or four years. Because the level of domestic consumption of grain and livestock products has generally not declined, the weakness in domestic demand is often underemphasized. However, changes in domestic demand have had as much or more of an impact on agricultural prices than changes in export demand.

Over the next few weeks, we will examine the changes that have occurred and will conclude with an evaluation of the impact of these changes on the outlook for 1985-86. We begin this week with an overview of corn and soybean exports.

During the 1971-72 marketing year, U.S. corn exports totaled 786 million bushels. Almost half of that corn went to western Europe, primarily the European Community (EC). Japan and the USSR combined accounted for one-third of our shipments. Exports jumped to almost 1.3 billion bushels in 1972-73 and remained at that level for three years. The growth in imports came primarily in western Europe and Japan. Those areas accounted for two-thirds of U.S. corn exports in 1974-75.

Corn exports increased greatly in 1975-76, 1977-78, 1978-79, and 1979-80. Exports exceeded 2.4 billion bushels in 1979-80. Shipments to western Europe totaled 711 million bushels that year, 86 percent above 1971-72. Exports to Japan totaled 474 million bushels, up 327 percent in eight years. South Korea, Mexico, and eastern Europe emerged as significant importers of U.S. corn.

From 1979-80 to 1983-84, U.S. corn exports declined from over 2.4 to under 1.9 billion bushels. Shipments to the USSR and to Japan, Korea, and the rest of Asia remained large, but shipments to Europe declined greatly. Exports to the EC declined from 402 to 145 million bushels. Eastern European countries imported 318 million bushels of U.S. corn in 1979-80, but only 29 million in 1983-84.

For the current year, U.S. corn exports are forecast at 1.95 billion bushels, up slightly from the level of the past two years. The increase stems from an unusually strong demand from the USSR. The downward trend in exports to

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Europe continues. Through the third week of April, the USSR had imported 483 million bushels of U.S. corn, up 190 percent from a year ago. Shipments to the EC totaled only 37 million bushels, down 50 percent from last year. Declines in shipments to Japan, Mexico, and Korea are 25, 37, and 68 percent, respectively.

Soybean exports have followed a pattern similar to corn. Exports increased almost steadily from about 400 million bushels in 1971-72 to over 900 million in 1981-82 and 1982-83. Almost all of that growth came in western Europe. Shipments to that area increased from about 230 million bushels to about 560 million. More modest growth was experienced in Japan and other Asian countries.

In 1983-84, U.S. soybean exports totaled only 740 million bushels. While shipments to Asia remained strong, exports to western Europe dropped by 34 percent. For 1984-85, soybean exports are projected at only 710 million bushels, reflecting a decline in shipments to western Europe and Japan.

The decline in soybean meal exports since 1979-80 reflected reduced shipments to eastern Europe. The sharp decline of this past year was the result of a 45 percent drop in sales to the EC.

The major growth markets for U.S. exports in the 1970's were Europe (particularly the EC), Japan, Korea, and the USSR. Over the past three or four years, sales to the EC and eastern Europe have declined sharply. The Asian market generally remained strong, but has shown weakness this year. Corn sales to the USSR have been very erratic, but will be record large this year. The USSR is the only market that has been larger than a year ago.

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