



# WEEKLY OUTLOOK

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## **EXPORT SLUMP NOT SHARED BY THE REST OF THE WORLD**

The notion that year-to-year variation in world grain trade is absorbed by the United States is being clearly demonstrated this year. For the current marketing year (October 1990-September 1991) world corn exports are projected at 61.46 million tons, a decline of 17.1 million tons from exports of a year ago. Exports from the United States are expected to total 43.18 million tons, a drop of 17 million tons, while exports from all other countries are expected to decline by only 110,000 tons. Exports from the second largest exporter, Argentina, are projected to increase by 620,000 tons. If the projections are correct, the U.S. share of the world corn export market will decline from 76.6 percent last year to 70.3 percent this year.

On the import side, reductions are coming primarily in the USSR. Corn imports in the USSR are projected at 8 million tons, down from imports of 18.6 million tons last year. The European Community, Mexico, Taiwan and South Korea will also import less corn than a year ago.

For wheat, world exports during the current marketing year are projected at 105.86 million tons, a decline of only 1.78 million tons from exports of a year ago. Exports from the United States are expected to reach only 29.26 million tons, 4.3 million less than exported last year. Exports from all other countries are projected at 76.6 million tons, an increase of 2.52 million tons from last year's exports. The increase is being shared by Argentina, Australia, Canada and the European Community. The U.S. share of the wheat export market is expected to decline from 31 percent last year to 28 percent this year.

World wheat trade has declined very little in the face of large crops in major importing countries. Production in countries other than the major exporters (United States, Argentina, Australia, Canada, and European Community) increased by 22.74 million tons in 1990-91. Imports by those same countries declined by only 6 million tons. In contrast, world corn trade has declined sharply in the face of smaller crops in importing countries. Corn production in countries other than the major exporters (United States, Argentina, South Africa, and Thailand) declined by 3.72 million tons in 1990-91. Imports by these same countries are expected to decline by 17.76 million tons.

The relative abundance of wheat has resulted in a worldwide shift from corn feeding to wheat feeding in 1990-91. Corn feeding outside of the United States is expected to decline by 20 million tons, or about 9 percent, while wheat feeding is expected to increase by 16.8 million tons, or about 18 percent.

For soybeans, world exports during the current marketing year are projected at 25.17 million tons, a decline of 2 million tons from exports of a year ago. Exports from the United States are expected to drop by 2.25 million tons while exports from all other countries are expected to increase by 240,000 tons. The U.S. share of world exports is projected to decline from 62.4 percent last year to 58.4 percent this year.

World trade of soybean meal is expected to decline by only 170,000 tons (0.6 percent) in the current marketing year, with U.S. exports holding constant at 4.54 million tons. World soybean oil trade is projected at 3.37 million tons, down from 4.01 million last year. Exports of U.S. soybean oil are projected at a 30-year low of 320,000 tons, down from 610,000 tons during the previous year.

World demand for U.S. grain and soybeans during the year ahead will depend largely on the size of the crops in the rest of the world. The USDA is currently projecting a 20 million ton (4 percent) reduction in wheat production and a 3.7 million ton (0.6 percent) reduction in coarse grain production in the rest of the world. This spring's soybean harvest in South America is expected to be down by 4.4 million tons (13 percent).

Demand will also depend on the ability of the USSR to pay for grain or to obtain credit from the rest of the world, whether or not the United States extends Most Favored Nation status to China, the extent to which world trade is liberalized, and the extent of world economic growth. The USDA is currently projecting a 5 percent increase in U.S. wheat exports, a 3 percent increase in corn exports, and an 11 percent increase in soybean exports during the 1991-92 marketing year. These appear to be very conservative projections. If there is a surprise next year, it may be that exports will exceed current expectations.

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