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Exports in South Dakota's Agricultural Economy

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South Dakota's agricultural exports

What do agricultural exports mean to South Dakota? The simple answer is to say plenty. Another answer is to say they meant \$687 million dollars in sales for 1980 (Table 1). The table also shows that (1) the value of South Dakota's agricultural exports has increased about five times since 1972; (2) sunflowers are growing as an export crop; (3) the relative importance of grains and oilseeds in total exports has increased from 61% in 1972 to 76% in 1980; (4) the level of dairy exports has fluctuated much from year to year, largely in response to changes in national policies; and (5) export levels have fluctuated in rather direct response to weather, e.g., following the drought of 1976 the 1977 level of the grain and oilseed exports was only 40% of the 1976 level.

U.S. agricultural exports

At the national level, the physical value of U.S. agricultural exports

has increased about 70% since 1973/74 (Table 2). In 1960, one in ten acres went for export. In 1980, the ratio is one in three (Table 3), and in 1985 the ratio is projected to be two in five.

Table 2 also shows some increase in U.S. agricultural imports since 1973/74, but not nearly as much as the increase in exports. The U.S.'s agricultural trade surplus has, therefore, increased from about \$12 billion in 1973/74 to a forecasted \$30 billion for 1980/81. The performance of the U.S.'s agricultural sector has both reduced the U.S.'s balance of payments problems and strengthened the U.S. dollar in foreign trade.

The beneficiaries of expanded agricultural exports

Farmers receive about 58 cents from every export dollar, with the remainder going to processors and transporters. Of the over 1 million U.S. jobs related to exports in 1979, Gerald Schuler of USDA estimates that about 44% were for farm workers and 56% were for workers in assembling, processing and distribution agencies. The higher prices resulting from strong export demand imply both increased farm income and added incentives for increased farm productivity. As productivity increases, per unit costs of production go down, to the benefit of all in society.

Table 1. Value of South Dakota's Agricultural Exports, 1972-1980 (\$million)

Year-ending Sept. 30	Grains and Oilseeds				Livestock					Other	Total
	Wheat & Prod.	Feed Grains & Prod.	Soybeans & Prod.	Flax Seed	Meat Prod.	Hides & Skins	Lard & Dairy Tallow Prod.	Dairy Prod.			
1972	41.4	21.9	11.3	1.7	7.8	9.4	10.1	4.4	16.4	124.4	
1973	84.3	66.4	18.3	22.1	11.7	17.6	9.9	1.9	13.5	245.7	
1974	166.7	128.1	28.4	17.9	13.6	16.3	22.6	.7	30.9	426.2	
1975	148.9	80.6	26.6	20.4	15.6	15.8	23.5	4.8	13.2	349.4	
1976	139.0	73.6	27.5	0	22.8	24.5	18.8	3.7	28.2	338.1	
1977	48.2	25.6	20.2	Sunflowers	23.1	31.2	26.0	7.1	14.9	196.3	
1978	120.6	98.4	35.0	10.4	26.3	31.3	24.5	5.5	27.7	379.7	
1979	164.9	134.3	47.0	17.3	32.0	47.5	28.8	3.1	36.1	511.0	
1980	196.8	196.1	78.3	52.4	35.3	41.2	34.3	4.1	48.5	687.0	

Table 2. U.S. Agricultural Trade Balance 1973/74 - 1980/81

	Year beginning October 1						
	1973/74	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80:1980/81
	Forecast						
	Billion dollars						
Exports	21.61	21.05	22.76	23.97	27.29	31.90	40.48 43.5
Imports	10.06	9.47	10.51	13.36	15.83	16.19	17.27 13.5
Trade balance	11.55	12.30	12.25	10.61	13.41	15.79	23.21 30.0
	Million metric tons						
Export volume	99.9	93.5	114.1	111.9	131.9	137.4	163.9 170.5

Table 3. U.S. Grain, Selected Commodities, Harvested Acres and Production, Domestic Use, and Exports (million of bushels), 1960-1980

	1960	1965	1970	1975	1980 (Proj.)
CORN					
Acres Harvested	71.4	55.4	57.3	62.2	73.1
Production	3,907	4,084	4,152	5,829	6,648
Domestic Use	3,387	3,705	3,978	4,082	5,100
Exports	292	687	517	1,711	2,550
WHEAT					
Acres Harvested	51.9	49.6	43.6	69.6	70.9
Production	1,355	1,316	1,352	2,123	2,370
Domestic Use	591	731	772	772	840
Exports	654	867	741	1,173	1,525
SOYBEANS					
Acres Harvested	23.6	34.4	42.2	53.7	67.9
Production	555	846	1,127	1,547	1,817
Domestic Use	445	589	824	935	1,156
Exports	135	251	434	555	785

Thus, it is not just U.S. farmers, or grain merchandisers, or exporters who benefit from expanded agricultural exports. All those who own and work in agriculturally related industry, the general consuming public, and the overall national economy all ultimately benefit from a strong agricultural export economy.

National policies affecting agricultural trade

Although U.S. trade in agricultural products is carried out by private firms and individuals, actions by

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the Federal Government have a major impact on both the volume and terms of trade. The trading environment is affected most directly by tariffs, quotas, trading and credit arrangements, and concessionary sales. Underlying current deliberations concerning these various trade-related policies is the basic issue of free trade versus protectionism. Each approach has its advantages and limitations. Why not let your elected representatives know your views on this important topic?

Editor's Note: This is the last in the recent series of Economics Newsletters that deals with issues in the food and agricultural policy legislation now being considered for 1981-85. If you would like additional copies of any of the 12 policy-Newsletters in this series please let us know. Also, a few copies of the more extended treatment "Food and Agricultural Policy Issues for the 1980's" published by North Dakota State University in cooperation with the U.S. Department of Agriculture (76 pages) are available upon request.