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United States Agricultural Trade Prospects

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United States agricultural exports soared from less than 6 billion dollars in Fiscal Year 1969 to more than 43 billion dollars in Fiscal Year 1981. This increase in international markets contributed substantially to the relatively "good times" experienced by American agriculture during part of the 1970's.

Since that time, there has been a decrease in both the dollar value and volume of United States agricultural exports (Table 1). Agricultural imports into the U.S., have also increased since then. The U.S.'s share of world grain and oilseed exports was 62 percent in Fiscal Year 1980. It is expected to be less than 50 percent this year.

Many Middle Income Countries had rapid increases in income during the 1960's and early 1970's. They attracted large foreign investments and developed huge international debt problems. In order to pay off these debts, they are presently involved with belt tightening programs that include massive currency devaluations.

As a result, countries like Argentina are becoming much more successful competitors with the United States in both grain and livestock products. Brazil, which has a population of over 130 million people, has reduced its imports of wheat and a number of other agricultural products from the U.S. At the same time, this country which has an international debt of over 100 billion dollars has lowered the value of its Cruzeiro to gain additional export markets. Brazil is
countries. Western Europe, Japan and many other countries have in political power that farmers have in the U.S. Agriculture depends more and more on greater access to their markets. Our trading partners are granting greater access in order to strengthen our trading relationships and control our agricultural sales. Another factor influencing trade is the value of the dollar. A stronger dollar makes our agricultural products more expensive to foreign buyers. This causes our agricultural exports to fall, making it more difficult for our farmers to sell their goods abroad.

The biggest traditional markets for U.S. agricultural exports are the Rich Countries. Many of them, especially in Western Europe and Japan, have a very high population density. The Common Agricultural Policy of the European Community and the protectionist policies by Japan have enabled much greater domestic agricultural production in these countries than would have been the case if their farmers had been producing under free market conditions. An even bigger impediment to agricultural exports has been the strong dollar. Large deficits in the U.S. Federal Budget contributed to higher interest rates. These high interest rates prompted a massive inflow of investment capital into our country. This caused the value of the dollar to rise, making U.S. products more expensive to foreign buyers.

Predicting future U.S. agricultural exports is a difficult task. The recent decrease in interest rates is causing prices to drop in value, for our agricultural products. However, some downward pressure on the value of the dollar will drop further.

The policies followed by our government with respect to monetary and fiscal policies will also have a big impact. At the time of this writing, federal interest rates are at 11%. However, if we succeed in reducing the Federal deficit, it is likely that the Federal reserve will reduce interest rates further. This would have a positive effect on the value of the dollar and our agricultural exports.

Weather conditions both in the United States and in the rest of the world will influence agricultural sales. Weather conditions both in the United States and in the rest of the world will influence agricultural sales. Weather conditions both in the United States and in the rest of the world will influence agricultural sales. Weather conditions both in the United States and in the rest of the world will influence agricultural sales. Weather conditions both in the United States and in the rest of the world will influence agricultural sales.

Achieving this goal is made more difficult because of the very strong political power that farmers have in the U.S. Agriculture. The recent decrease is making it more difficult for our farmers to sell their goods abroad. The policies followed by our government with respect to monetary and fiscal policies will also have a big impact. At the time of this writing, federal interest rates are at 11%. However, if we succeed in reducing the Federal deficit, it is likely that the Federal reserve will reduce interest rates further. This would have a positive effect on the value of the dollar and our agricultural exports.

Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914. in cooperation with the USDA. Richard A. Battaglia, Director of CES, SDSU, Brookings, South Dakota State University, Brookings, SD 57007

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