

World GDP Drops in 2009, But Recovery Picks up in Second Half

The Euro zone and the United States, after seeing the sharpest drops in Gross Domestic Product (GDP) since the Great Depression, turned around in the third quarter. GDP growth came in at an annualized rate of 1.7 percent for the Euro zone and 3.5 percent for the United States. Nevertheless, the U.S. economy is estimated to have shrunk 2.5 percent in 2009. Canada's economic output has dropped an estimated 2.6 percent, while the Mexican economy fell an estimated 6.6 percent in 2009. Japan saw its output drop 5.6 percent this year—a postwar record. In 2009, the Euro area saw GDP shrink an estimated 4 percent. China, the only major growth center in early 2009, will likely see output grow 8.6 percent. Given the weak first half of 2009, world GDP (valued at current exchange rates) is slated to shrink 2.2 percent in 2009, despite the recent recovery. North America, the Euro zone, and Asia have done better than expected 3 months ago. Still, world trade volume could have dropped as much as 8 percent, with value falling almost 15 percent in 2009 as a whole.

Household spending shrank in major developed countries, weakening import demand in the first half of 2009. As a result, agriculture and manufacturing in developing countries were depressed in the first half of 2009. World-wide trade disruptions led to large drops in aggregate demand and lower foreign direct investment in both developed and developing countries. Supply chain disruptions and excess capacity were very apparent in automobiles and auto parts. As the recovery begins, the ripple effects of the crises in world financial and asset markets and institutions are starting to turn around. Restrictive credit and high borrower interest rates have eased, and the lower cost and greater availability of short-term financing helped spur foreign trade in the second half of 2009. Worldwide loan availability has been improving with financial market conditions and equities markets surging as the recession bottomed out. Emerging Asia is leading the world economic turnaround. With broad stabilization of financial markets, a return to international capital flows, and an upturn in materials prices, world growth turned positive. Moreover, the recovery has been far from uniform either across sectors or nations.

Solid growth in China, India, and Korea in the third quarter have made emerging Asia the world recovery leader. Industrial output rose over 7 percent in the third quarter in Korea, Taiwan, and Thailand. Asian growth was led by China and India. The large Chinese stimulus package boosted growth in domestic demand, keeping that nation out of the world recession, although growth slowed. Indian deficit expansion also supported resurgent Asian growth as the Indian economy is expected to grow about 6 percent in 2009.

The Philippines will see mild GDP growth of 1 percent, reflecting a strong export growth in the second half of 2009 resulting in part from higher demand from China. Indonesia will likely experience 4 percent growth for the year due to a strong pickup from higher industrial commodity and oil prices as world industrial materials markets recovered in the second half.

World Economy Moves to Positive Growth in 2010

Financial markets and commodity prices have apparently stabilized. Oil, selected industrial commodities, and many U.S. housing markets have appreciated from the bottoms of 2009. Brent crude oil prices, which averaged \$40 per barrel in December 2008, are expected to average \$65 per barrel in 2009. Crude oil prices are expected to be up 20 percent in 2010. Stock markets have risen, reflecting improved economic prospects for 2010.

The U.S. and Canadian economies are expected to grow 2.5 percent in 2010, somewhat hampered by weak growth in consumption as households trim debt. Mexico is likely to see 2 percent growth as the U.S. recovers, and as world commodity prices rise further. Expected growth of 1 percent in the Euro zone and Japan will modestly restrain the world recovery. Developed economies overall will grow about 1.7 percent in 2010. Developing economies are expected to grow 5.5 percent, being the major source of strengthening world growth in 2010. Output in Asia is expected to be up 7 percent, due to increased trade with developed economies, a surge in intra-Asian trade, and higher domestic demand despite sluggish Japanese growth. Expected Chinese growth of 9.2 percent will lead the Asian economy. Taiwan, Korea, Malaysia, and Thailand are expected to see 2.5 to 4 percent growth in 2010. Indonesia's and India's forecast growth of 5 and 7 percent, respectively, will round out the Asian growth picture. South America is expected to grow 3.3 percent in 2010. Brazil will lead the way with 4 percent growth in GDP. Output in Colombia and Argentina is slated to grow about 3 percent.

The Dollar Continues Mixed in Fiscal 2010

The yen, estimated to have appreciated 3 percent versus the dollar from the fourth quarter of 2008 to the third quarter of 2009, is expected to depreciate 9 percent from the fourth quarter of 2009 to the third quarter of 2010. The Canadian dollar appreciated an estimated 9.3 percent versus the dollar in 2009, and is expected to appreciate about 2.9 percent in 2010. The Mexican peso, estimated to have dropped 2.2 percent relative to the dollar in 2009, is slated to pick up 1 percent against the dollar in 2010. Brazil, with the real appreciating about 18 percent in 2009, is expected to see depreciation of about 9 percent in 2010. The British pound, which appreciated about 4.5 percent in 2009, is expected to see a 5-percent appreciation versus the dollar in 2010. The euro appreciated 8.5 percent from 2008-09 while it is expected to depreciate in 2010. The yuan was virtually unchanged from 2008-09, but is expected to appreciate 1 percent against the dollar in 2010.

Risks and Caveats

The world recovery in 2010 will come with a modest contribution from the EU and Japan. Asia, North America, and Latin America need to have sufficient liquidity to finance international trade for trade volumes to increase enough to support the modest world growth expected in 2010. For the United States at least, job expansion is expected to be sluggish, adding risk to expected consumer spending growth. Given the severity of the recent recession, U.S. businesses will be less likely to add workers until they see a large, and sustained, rise in product demand. If U.S. consumers increase their saving too rapidly or credit tightens, the fragile recovery expected in 2010 could derail and possibly spill over into the rest of the world.

Export Products

The fiscal 2010 forecast for grain and feed exports is raised \$600 million from August to \$26.1 billion. Most of the revision is due to higher estimates for coarse grain values and export volumes of feed and fodder products, including dried distillers grains (DDGs). Exports of DDGs have been on the rise over the past year to markets such as Mexico, Thailand, South Korea, Vietnam, Indonesia, and Cuba.

Corn exports are boosted \$500 million to \$9.5 billion. Global import demand remains flat, so the increase is solely value-driven by firm domestic prices. Although the U.S. crop is larger, quality concerns could constrain export prospects in some markets.

Meanwhile, wheat exports are virtually unchanged at \$5.8 billion as slightly higher unit values mostly offset reduced volume. Although world trade has expanded, huge foreign exportable supplies are available in all major exporting countries, except Argentina, which creates intense competition and limits export expansion opportunities for the United States. Rice exports remain at \$1.8 billion as slower sales to South America and the Middle East are offset by higher unit values caused by a weaker dollar and weather-related crop losses in India and the Philippines. The volume is forecast to decline 100,000 tons to 3.4 million.

The fiscal 2010 forecast for oilseeds and products is increased to \$20.4 billion, up \$400 million from the August forecast. Soybeans account for three-quarters of the rise as record early season sales and a larger harvest add 1.7 million tons to the export forecast. Export value grew \$300 million despite a 2 percent drop in unit values from August. A larger U.S. soybean crush and reduced South American supplies through early 2010 leads to a higher soybean meal export forecast. Meal exports are up \$90 million to \$2.8 billion despite a lower unit value. The soybean oil export forecast rose marginally on higher unit values, whereas export volume remains unchanged at 1.5 million tons.

The fiscal 2010 cotton export forecast is raised \$200 million since August to \$3.3 billion. Export volume is up 100,000 tons to 2.3 million tons due to a slight increase in world demand, whereas higher unit export values are caused by tighter domestic and foreign stocks.

The fiscal 2010 horticultural product export value is lowered \$500 million from the August forecast, but remains a record \$21.5 billion. This downward revision is mainly due to lower volumes of processed fruit and vegetables as well as falling unit values for almonds. However, for most other products, expanding exports are due primarily to higher unit values, a driving force over the last several years.

Fresh fruit and vegetable exports are forecast at \$5.7 billion, unchanged from August. Exports to Canada and, to a lesser extent, Mexico and Japan are expected to expand in terms of value. Processed fruit and vegetable exports are forecast at \$5.7 billion, reduced \$300 million due mainly to lower volumes to Canada and Japan. Whole and processed tree nut exports are forecast at \$3.6 billion, down \$200 million from August. Record almond inventories are forecast to continue pressuring prices, more than offsetting export value gains from walnuts and pistachios. Fiscal 2010 exports of sugar and tropical products, including coffee and cocoa products, are forecast at \$4.3 billion, unchanged from August.

The fiscal 2010 export forecast for livestock, poultry, and dairy products is up \$200 million to \$19.9 billion, as strong gains in dairy outweigh moderate declines in poultry exports. The forecast for exports of dairy products is raised by 10 percent with U.S. prices more competitive as global prices have staged a dramatic recovery. Further, the recent decision by the EU to sharply curtail export subsidies has provided a significant boost to global dairy prices. Import demand is expected to expand slightly while competitor supplies—particularly from Oceania—will likely be constrained by lower-than-expected production.

Beef is forecast \$200 million higher, largely as tighter global supplies are expected to bolster prices, and North American and Asian demand will be helped by economic recovery. The forecast for broiler meat is revised downward by \$100 million to nearly \$3 billion on lower values. Weaker demand and prices for U.S. product are a result of increased production in Russia and China to meet consumption needs, as well as lingering non-tariff barriers.

Table 2--U.S. agricultural exports: Value and volume by commodity, 2006-2010

Commodity	Fiscal year				Forecast fiscal 2010	
	2006	2007	2008	2009	Aug.	Nov.
VALUE	---Billion dollars---					
Grains and feeds 1/	18.281	24.256	38.326	26.323	25.5	26.1
Wheat 2/	4.290	6.533	12.332	5.997	5.9	5.8
Rice	1.296	1.279	2.016	2.258	1.8	1.8
Coarse grains 3/	6.808	9.783	15.750	10.018	9.6	10.2
Corn	6.187	8.933	13.999	9.312	9.0	9.5
Feeds and fodders	3.090	3.493	4.821	4.512	4.5	4.6
Oilseeds and products 4/	10.643	13.671	22.810	20.951	20.1	20.4
Soybeans	6.334	8.483	14.516	13.904	12.9	13.2
Soybean meal 5/	1.599	1.937	3.231	2.950	2.7	2.8
Soybean oil	0.311	0.608	1.532	0.855	1.4	1.4
Livestock, poultry, and dairy	13.369	16.361	22.164	18.776	19.7	19.9
Livestock products	8.636	10.121	13.203	11.663	12.7	12.8
Beef and veal 6/	1.399	1.899	2.664	2.585	2.6	2.8
Pork 6/	2.399	2.625	3.932	3.654	4.0	4.0
Beef and pork variety meats 6/	0.761	0.830	1.271	1.116	1.4	1.3
Hides, skins, and furs	1.978	2.161	2.131	1.510	1.7	1.6
Poultry and products	2.967	3.777	4.929	4.850	4.6	4.5
Broiler meat 6/ 7/	1.911	2.481	3.422	3.372	3.1	3.0
Dairy products	1.766	2.463	4.032	2.264	2.4	2.6
Tobacco, unmanufactured	1.058	1.143	1.280	1.199	1.2	1.2
Cotton	4.666	4.294	4.754	3.581	3.1	3.3
Seeds	0.880	0.943	1.166	1.250	1.3	1.3
Horticultural products 8/	16.758	18.020	20.792	20.626	22.0	21.5
Fruits and vegetables, fresh	4.471	4.786	5.508	5.412	5.7	5.7
Fruits and vegetables, processed 8/	3.924	4.399	5.369	5.380	6.0	5.7
Tree nuts, whole and processed	3.009	3.025	3.487	3.495	3.8	3.6
Sugar and tropical products 9/	3.008	3.471	4.004	3.878	4.3	4.3
Major bulk products 10/	24.452	31.514	50.648	36.957	34.5	35.5
Total	68.593	82.170	115.305	96.632	97.0	98.0
VOLUME	---Million metric tons---					
Wheat 2/	25.005	29.413	32.847	22.552	25.5	24.7
Rice	4.024	3.316	3.909	3.411	3.5	3.4
Coarse grains 3/	61.363	59.051	68.205	51.604	57.0	56.9
Corn	56.038	54.159	60.593	47.808	53.0	53.0
Feeds and fodders	11.727	11.677	14.476	13.960	13.8	14.8
Soybeans	26.418	30.309	30.784	35.170	34.4	36.1
Soybean meal 5/	7.301	7.987	8.384	7.718	8.1	8.7
Soybean oil	0.523	0.851	1.320	0.995	1.5	1.5
Beef and veal 6/	0.345	0.442	0.600	0.595	0.6	0.6
Pork 6/	0.984	1.004	1.529	1.390	1.5	1.5
Beef and pork variety meats 6/	0.489	0.506	0.724	0.749	0.9	0.8
Broiler meat 6/ 7/	2.321	2.576	3.107	3.116	2.8	2.8
Tobacco, unmanufactured	0.169	0.180	0.184	0.167	0.2	0.2
Cotton	3.679	3.104	2.957	2.746	2.2	2.3
Major bulk products 10/	120.658	125.372	138.886	115.650	122.7	123.6

Total may not add due to rounding.

1/ Includes corn gluten feed and meal and processed grain products. 2/ Excludes wheat flour. 3/ Includes corn, barley, sorghum, oats, and rye. 4/ Excludes corn gluten feed and meal. 5/ Includes soy flours made from protein meals. 6/ Includes chilled, frozen, and processed meats. 7/ Includes only federally inspected product. 8/ Includes juices. 9/ Includes coffee and cocoa products, tea, and spices. 10/ Includes wheat, rice, coarse grains, soybeans, cotton, and unmanufactured tobacco.

Source: Compiled by USDA using data from Census Bureau, U.S. Department of Commerce.

Regional Exports

Fiscal 2010 agricultural exports are forecast to rise to \$98 billion, up from the August forecast of \$97 billion, and the final fiscal 2009 value of \$96.6 billion. Year-over-year increases in total export value are concentrated in North America where exports are forecast to rise by \$700 million over 2009 levels. Increases are also forecast for East Asia (up \$200 million), and \$100 million each in Caribbean, South America, the EU and Africa. Export values are expected to remain mostly steady in most areas.

The top five export markets account for 61 percent of all exports at \$60 billion in 2010. Canada and Mexico remain the top markets with exports of \$15.7 and \$14 billion. Japan is forecast to increase by \$100 million over 2009 levels (to \$11.3 billion). China is forecast to remain slightly above 2009 levels at \$11.2 billion. The export forecast to the EU-27 is \$7.7 billion (also up \$100 million from 2009 levels).

Table 3--U.S. agricultural exports: Value by region, 2006-2010

Country and region 1/	Fiscal year				Forecast fiscal 2010		Share of 2009 total
	2006	2007	2008	2009	Aug.	Nov.	
	---Billion dollars---						Percent
Asia	24.937	29.345	43.228	37.821	37.2	38.0	39.3
East Asia	20.827	23.952	34.934	30.914	30.7	31.1	32.4
Japan	8.155	9.699	13.061	11.221	11.4	11.3	12.1
China	6.613	7.051	11.170	11.157	10.9	11.2	11.7
Hong Kong	0.912	1.082	1.598	1.789	1.7	1.8	1.7
Taiwan	2.416	2.915	3.509	2.892	2.7	2.9	2.8
South Korea	2.719	3.190	5.552	3.826	3.9	3.9	4.0
Southeast Asia	3.433	4.361	7.113	5.692	5.4	5.7	5.7
Indonesia	1.047	1.374	2.205	1.667	1.7	1.7	1.8
Philippines	0.828	0.963	1.730	1.247	1.3	1.3	1.3
Malaysia	0.426	0.508	0.631	0.562	0.5	0.6	0.5
Thailand	0.640	0.798	1.144	0.910	0.9	0.9	0.9
South Asia	0.676	1.031	1.181	1.215	1.1	1.2	1.1
Western Hemisphere	28.082	33.268	43.801	38.326	39.6	39.3	40.0
North America	22.006	25.592	31.839	28.978	30.6	29.7	30.6
Canada	11.609	13.261	16.257	15.518	16.1	15.7	16.0
Mexico	10.397	12.331	15.582	13.460	14.5	14.0	14.6
Caribbean	2.038	2.397	3.512	3.160	3.3	3.3	3.4
Central America	1.744	2.186	3.058	2.660	2.6	2.7	2.7
South America	2.294	3.094	5.392	3.529	3.1	3.6	3.4
Brazil	0.281	0.386	0.663	0.382	0.4	0.4	0.4
Colombia	0.802	1.124	1.757	0.954	0.9	1.0	0.9
Venezuela	0.442	0.518	1.451	1.051	1.1	1.2	1.2
Europe/Eurasia	8.597	9.813	13.509	9.934	9.4	10.0	9.6
European Union-27 2/	7.181	8.040	10.660	7.620	7.3	7.7	7.5
Other Europe 3/	0.326	0.331	0.517	0.550	0.5	0.6	0.5
FSU-12 4/	1.090	1.442	2.333	1.764	1.6	1.7	1.6
Russia	0.906	1.124	1.888	1.429	1.3	1.4	1.3
Middle East	3.060	4.219	6.925	4.865	4.8	4.9	5.1
Turkey	1.009	1.363	1.732	1.388	1.3	1.4	1.3
Saudi Arabia	0.435	0.536	0.978	0.686	0.7	0.7	0.7
Africa	3.052	4.338	6.363	4.286	4.6	4.4	4.5
North Africa	1.616	2.698	3.841	2.127	2.0	2.0	1.9
Egypt	0.955	1.685	2.199	1.421	1.4	1.4	1.4
Sub-Saharan Africa	1.436	1.640	2.523	2.160	2.5	2.2	2.5
Oceania	0.734	0.899	1.142	1.239	1.2	1.2	1.2
Trans-shipments via Canada 5/	0.131	0.288	0.336	0.160	0.2	0.2	0.2
Total	68.593	82.170	115.305	96.632	97.0	98.0	100.0

Total may not add due to rounding.

1/ Projections are based primarily on trend or recent average growth analysis.

2/ The former EU-25 plus Romania and Bulgaria who acceded in January 2007.

3/ Major countries include Switzerland, Norway, Iceland, and former Yugoslav states.

4/ The former 15 Republics of the Soviet Union minus the three Baltic Republics.

5/ Trans-shipments through Canada have not been allocated to final destination, but are included in the total.

Source: Compiled by USDA using data from Census Bureau, U.S. Department of Commerce.

Import Products

U.S. agricultural imports in fiscal year 2010 are forecast to gradually rebound to \$77.5 billion from \$73.4 billion in 2009, which declined 7-percent from 2008. This 5.5-percent projected gain is based partly on a modest recovery in spending by consumers over the next year. From June to August 2009, personal consumption expenditures rose by an average 0.76 percent per month. In September 2009, however, consumer spending decreased by 0.5 percent, reflecting the summer's lower real disposable income. Another factor that is expected to raise U.S. import value is world price inflation for some high-value commodities such as sugar, cocoa and coffee beans, olive oil, and rubber.

Although the volume of U.S. farm imports fell 3 percent in 2009—the first volume drop since 1995—a further retreat is not forecast in fiscal 2010. The lower exchange rate of the dollar will likely prevent imports from posting significant volume gains in 2010 even if the U.S. economy moderately recovers. While imports of meats, dairy products, grains, grain products, and vegetable oils are not expected to reach 2008 levels, import values for some horticulture and tropical products will come close to or even exceed 2008 levels. In general, however, the new forecasts for 2010 are lower than the previous forecasts after total imports declined 11.5 percent in volume and 14.6 percent in value in July to September 2009 compared to the same quarter in 2008. Over fiscal 2009, import value fell 7.4 percent and volume dropped 3 percent, which reflects a 4.4-percent import price deflation.

The \$4.1-billion projected increase in agricultural imports in 2010 from 2009 levels consists of an additional \$400 million in livestock and meats, \$200 million in dairy products, \$200 million in grains and feeds, \$650 million in oilseed products, \$1.4 billion in horticulture, and \$1.2 billion in sugar and tropical products. In aggregate, these import forecasts are \$4.5 billion lower than the August forecast, which was prematurely optimistic. Given the persistently high domestic unemployment rate, the recent weak disposable income picture, and the lower purchasing power of the dollar, the prospects for U.S. import demand rebounding over the short term are limited and modest at best.

Compared with the August forecast for 2010, there is a \$400-million cut in imported livestock and products, which is largely accounted for by the \$300-million decline in beef imports, mostly from reduced supplies from Australia and New Zealand. Swine from Canada are also anticipated to be 500,000 head lower than forecast previously (and 1.3 million head less than in 2009) due to increased Canadian slaughter, the continued decline of Canada's breeding herd which translates into a smaller pig crop, and the relative strength of the Canadian dollar. Although dairy imports are forecast to increase from 2009, the forecast is reduced from August, as the weaker pace of imports late in 2009 carries into 2010.

With respect to imported horticulture crops and products, lower import prices of processed fruit, particularly of fruit juices, as well as wine, contribute to the reduced import value forecasts for 2010. The exception is fresh fruits, which not only boast a \$500-million gain from 2009, but also a \$200-million boost from the August forecast for 2010, largely due to the 12-percent higher average import price in 2009. The story behind fresh fruits, including bananas, is the significant import volume decline as unit prices rose in 2009. Nevertheless, a \$1-billion adjustment downward

in overall horticulture import forecast for 2010 is indicative of lingering soft domestic demand.

The price of cocoa beans has exceeded its last peak of \$3,000 per metric ton in 2008, which indicates continued high import values for cocoa powder and chocolate products. Unlike most imported commodities, cocoa shipments increased in 2009 in spite of higher average prices. Higher import prices for cocoa beans are attributed in part to lower volume in futures trading at the New York Board of Trade as many large candy manufacturers stopped using the exchange to hedge purchase costs and risks. Close to \$300 million more cocoa products were imported in 2009 compared with 2008. A similar gain is anticipated in 2010.

Higher global sugar prices, which are exacerbated by supply problems in Brazil and India, are expected to boost the import value of raw and refined sugar, other sweeteners, and confections by \$200 million in 2010 despite a lower expected import volume for cane sugar. Coffee bean imports are forecast to rise by \$200 million through 2010 as prices continue to pick up moderately. Rubber prices from Malaysia are also pacing up and, along with more U.S. auto production and car sales, are projected to push rubber imports to \$2 billion in 2010, a gain of more than \$400 million from 2009.

Table 4--U.S. agricultural imports: Value and volume by commodity, fiscal years 2006-2010

Commodity	Fiscal year				Forecast fiscal 2010	
	2006	2007	2008	2009	Aug.	Nov.
VALUE	--- Billion dollars ---					
Livestock, dairy, and poultry	11.527	12.030	12.175	10.688	12.0	11.3
Livestock and meats	8.510	8.907	8.703	7.615	8.4	8.0
Cattle and calves	1.602	1.698	2.022	1.386	1.5	1.5
Swine	0.580	0.646	0.544	0.332	0.3	0.3
Beef and veal	3.254	3.385	2.965	2.934	3.3	3.0
Pork	1.263	1.210	1.099	1.016	1.0	1.0
Dairy products	2.609	2.661	3.008	2.678	3.1	2.9
Cheese	0.993	1.076	1.172	1.045	1.2	1.1
Grains and feed	4.926	5.993	7.884	7.374	8.2	7.6
Grain products	3.434	3.917	4.603	4.522	4.8	4.6
Oilseeds and products	3.472	4.026	6.587	5.352	6.6	6.0
Vegetable oils	2.444	2.781	4.600	3.748	4.6	4.2
Horticulture products	29.142	32.386	34.707	33.013	35.5	34.4
Fruits, fresh	4.687	5.401	5.544	6.069	6.4	6.6
Fruits, processed	2.601	3.416	3.981	3.376	3.7	3.6
Fruit juices	1.056	1.616	1.932	1.415	1.6	1.5
Nuts, whole and processed	1.071	1.078	1.276	1.151	1.4	1.2
Vegetables, fresh	3.979	4.165	4.441	4.234	4.4	4.3
Vegetables, processed	2.754	3.149	3.520	3.483	3.7	3.6
Wine	4.043	4.543	4.753	4.085	4.5	4.2
Malt beer	3.376	3.686	3.662	3.428	3.7	3.5
Essential oils	2.469	2.431	2.653	2.408	2.6	2.5
Cut flowers and nursery stock	1.424	1.531	1.515	1.357	1.4	1.4
Sugar and tropical products	13.593	14.142	16.357	15.349	18.0	16.5
Cane and beet sugar	1.405	0.817	0.949	1.249	2.0	1.3
Confections 1/	1.170	1.220	1.255	1.172	1.3	1.2
Cocoa and chocolate 1/	2.631	2.593	3.046	3.300	3.6	3.6
Coffee beans and products	3.206	3.654	4.349	4.148	4.5	4.3
Rubber, natural	1.950	2.087	2.711	1.569	2.4	2.0
Other imports 2/	1.367	1.486	1.610	1.642	1.7	1.7
Total agricultural imports	64.026	70.063	79.320	73.418	82.0	77.5
VOLUME	--- Million metric tons ---					
Wine 3/	0.783	0.869	0.835	0.934	1.2	1.0
Malt beer 3/	3.223	3.535	3.389	3.121	3.4	3.2
Fruit juices 3/	3.804	4.791	4.935	4.399	4.3	4.5
Cattle and calves 4/	2.397	2.320	2.563	2.040	2.2	2.1
Swine 4/	8.613	9.474	10.134	6.976	6.2	5.7
Beef and veal	1.027	1.026	0.820	0.897	1.0	0.9
Pork	0.437	0.423	0.359	0.358	0.4	0.4
Fruits, fresh	8.003	8.787	8.668	8.454	9.0	8.8
Fruits, processed 5/	1.327	1.440	1.447	1.365	1.5	1.4
Vegetables, fresh	4.076	4.384	4.596	4.545	4.6	4.6
Vegetables, processed 5/	2.763	2.953	3.015	2.937	3.1	3.0
Vegetable oils	2.500	2.645	3.255	3.339	3.5	3.4
Cocoa and chocolate	1.263	1.140	1.075	1.134	1.2	1.2
Coffee beans	1.296	1.369	1.350	1.346	1.5	1.4
Rubber, natural	1.069	1.005	1.065	0.739	1.0	0.9

Total may not add due to rounding.

1/ Confections are consumer-ready products that contain sugar. Cocoa and chocolate are intermediate products.

2/ Largely tobacco and planting seeds. 3/ Liquid volume is in billion liters. 4/ Million head; includes bison. 5/ Excludes juices.

Source: Compiled by USDA using data from Census Bureau, U.S. Department of Commerce.

Regional Imports

Most major U.S. import sources are expected to ship more agricultural products to the U.S. in 2010 than they did in 2009. Asia is set to continue gaining market share from Europe, as the dollar depreciates. Higher-value imports from Europe are also more sensitive to weak income growth in the U.S. Countries with free trade agreements with the U.S., or whose currencies move closely with the dollar, will benefit as competition to supply the U.S. market depends more on access and price advantages. These countries supplied almost half of the value of U.S. agricultural imports in 2009, or \$35.8 billion. Three additional countries, with pending trade agreements, will raise that import share to 52 percent. Lower shipping costs, which apply largely to countries in the Western Hemisphere, also factor into competitive advantage.

Weak domestic demand in the U.S. contributes to overall soft global food and beverage prices given that the U.S. imports a sizable portion of world food exports. The U.S. imports 8 percent of the world's food and farm animal exports (based on value), 78 percent more than the 4.5 percent U.S. population share. By itself, the annual addition of about 2.8 million people to the U.S. population, including 1 million new immigrants, represent a continued large demand for foreign edible products, as these immigrants are likely to have more diverse food tastes. Domestic dependence on imported foods and beverages continues to increase. The share of imports in U.S. food consumption is now estimated at 18 percent, up from 13.5 percent in 2000 and 11 percent in 1990.

Table 5--U.S. agricultural imports: Value by region, fiscal years 2006-2010

Country and region 1/	Fiscal year				Forecast fiscal 2010		Share of 2009 total
	2006	2007	2008	2009	Aug.	Nov.	
	---Billion dollars---						Percent
Western Hemisphere	33.756	37.085	41.880	40.087	44.1	42.2	54.5
Canada	13.203	14.703	17.936	15.351	17.2	16.0	20.6
Mexico	9.316	9.916	10.761	11.255	12.2	12.0	15.5
Central America	2.846	3.110	3.548	3.354	3.8	3.6	4.6
Costa Rica	1.157	1.214	1.202	1.121	1.3	1.2	1.5
Guatemala	0.933	1.025	1.259	1.292	1.5	1.4	1.8
Other Central America	0.756	0.870	1.087	0.942	1.0	1.0	1.3
Caribbean	0.443	0.451	0.423	0.525	0.5	0.6	0.8
South America	7.948	8.905	9.212	9.601	10.6	10.1	13.0
Argentina	0.908	1.102	1.176	1.187	1.5	1.3	1.7
Brazil	2.208	2.539	2.598	2.551	2.7	2.6	3.4
Chile	1.714	1.919	1.961	2.135	2.3	2.2	2.8
Colombia	1.451	1.518	1.716	1.771	1.9	1.9	2.5
Other South America	1.666	1.827	1.762	1.958	2.2	2.1	2.7
Europe and Eurasia	14.492	15.547	16.565	14.520	16.0	15.1	19.5
European Union-27 1/	14.111	14.990	15.781	13.646	14.8	14.0	18.1
Other Europe	0.330	0.491	0.706	0.793	1.1	1.0	1.3
Asia	9.432	10.821	14.166	12.039	14.3	13.2	17.0
East Asia	3.030	3.764	4.481	3.948	4.4	4.1	5.3
China	2.107	2.798	3.426	2.915	3.2	3.0	3.9
Other East Asia	0.923	0.966	1.055	1.034	1.2	1.1	1.4
Southeast Asia	5.287	5.840	8.007	6.626	8.1	7.4	9.5
Indonesia	2.049	1.938	2.669	1.999	2.6	2.2	2.8
Malaysia	0.788	1.028	1.710	1.480	1.8	1.7	2.2
Thailand	1.272	1.497	1.831	1.594	1.9	1.8	2.3
Other Southeast Asia	1.178	1.376	1.796	1.554	1.7	1.7	2.2
South Asia	1.114	1.217	1.678	1.464	1.8	1.7	2.2
India	1.012	1.099	1.533	1.319	1.6	1.5	1.9
Oceania	4.232	4.402	4.243	4.321	4.9	4.5	5.8
Australia	2.434	2.610	2.404	2.445	2.7	2.5	3.2
New Zealand	1.705	1.701	1.740	1.784	2.0	1.9	2.5
Africa	1.407	1.392	1.659	1.659	1.8	1.7	2.2
Sub-Sahara	1.209	1.178	1.402	1.360	1.5	1.4	1.8
Ivory Coast	0.460	0.482	0.633	0.603	0.6	0.6	0.8
Middle East	0.708	0.815	0.808	0.792	0.9	0.8	1.0
Turkey	0.427	0.478	0.490	0.484	0.5	0.5	0.6
World total	64.026	70.063	79.320	73.4	82.0	77.5	100.0

Totals may not add due to rounding.

1/ The former EU-25 plus Romania and Bulgaria who acceded in January 2007.

Source: Compiled by USDA using data from Census Bureau, U.S. Department of Commerce.

Reliability Tables

Table 6--Reliability of quarterly U.S. export projections, by commodity and quarter

Commodity	Average forecast errors					Forecast accuracy					Forecast accuracy
	2009					2009					
	Aug ¹	Nov	Feb	May	Aug ²	Aug ¹	Nov	Feb	May	Aug ²	
Export value	<i>Percent</i>					<i>"X" if error < 5%</i>					<i>Percent</i>
Grains and feeds	22	8	1	3	0	-	-	X	X	X	60
Wheat	37	28	23	7	7	-	-	-	-	-	0
Rice	4	13	22	13	4	X	-	-	-	X	40
Coarse grains	37	9	8	4	0	-	-	-	X	X	40
Corn	38	8	8	4	0	-	-	-	X	X	40
Feeds and fodders	7	2	7	9	7	-	X	-	-	-	20
Oilseeds and products	10	13	12	5	0	-	-	-	X	X	40
Soybeans	8	14	13	6	1	-	-	-	-	X	20
Soybean meal	10	13	13	7	0	-	-	-	-	X	20
Soybean oil	56	11	44	11	0	-	-	-	-	X	20
Livestock, poultry, and dairy	19	9	1	2	0	-	-	X	X	X	60
Livestock products	21	10	2	2	2	-	-	X	X	X	60
Beef and veal	4	4	4	4	4	X	X	X	X	X	100
Pork	24	8	8	5	3	-	-	-	-	X	20
Beef and pork variety meats	9	9	9	9	18	-	-	-	-	-	0
Hides, skins, and furs	47	33	27	13	7	-	-	-	-	-	0
Poultry and products	4	10	12	6	4	X	-	-	-	X	40
Broiler meat	6	15	15	9	6	-	-	-	-	-	0
Dairy products	57	35	17	0	0	-	-	-	X	X	40
Tobacco, unmanufactured	17	17	0	17	0	-	-	X	-	X	40
Cotton	64	11	0	6	3	-	-	X	-	X	40
Seeds	8	8	23	8	0	-	-	-	-	X	20
Horticultural products	10	4	4	4	2	-	X	X	X	X	80
Fruits and vegetables, fresh	11	11	6	6	2	-	-	-	-	X	20
Fruits & veget., processed	9	4	6	6	2	-	X	-	-	X	40
Tree nuts, whole/processed	9	3	3	3	3	-	X	X	X	X	80
Sugar and tropical products	8	3	3	3	3	-	X	X	X	X	80
Major bulk products	26	2	5	2	1	-	X	X	X	X	80
Total agricultural exports	17	2	1	1	1	-	X	X	X	X	80
Average error and accuracy	21	11	10	6	3	10%	28%	38%	45%	83%	41
Export volume											
Wheat	17	17	17	9	7	-	-	-	-	-	0
Rice	21	15	6	3	3	-	-	-	X	X	40
Coarse grains	4	0	5	7	2	X	X	-	-	X	60
Corn	5	1	6	7	2	X	X	-	-	X	60
Feeds and fodders	5	6	5	7	7	-	-	-	-	-	0
Soybeans	23	21	11	4	2	-	-	-	X	X	40
Soybean meal	4	1	1	1	5	X	X	X	X	-	80
Soybean oil	20	0	30	10	0	-	X	-	-	X	40
Beef and veal	0	0	0	0	0	X	X	X	X	X	100
Pork	29	7	7	0	0	-	-	-	X	X	40
Beef and pork variety meats	0	0	0	0	29	X	X	X	X	-	80
Broiler meat	10	10	10	3	3	-	-	-	X	X	40
Tobacco, unmanufactured	0	0	0	0	0	X	X	X	X	X	100
Cotton	22	4	7	0	4	-	X	-	X	X	60
Major bulk products	0	3	2	2	0	X	X	X	X	X	100
Average error and accuracy	11	6	7	4	4	47%	60%	33%	67%	73%	56

¹ Forecast made for following fiscal year, with 15 months out. ² Forecast made for current fiscal year, with 3 months remaining in current fiscal year. - = Error exceeds 5 percent.

Table 7--Reliability of quarterly U.S. export projections, by country and quarter

Country/region	Average forecast errors 2009					Forecast accuracy 2009					Forecast accuracy
	Aug ¹	Nov	Feb	May	Aug ²	Aug ¹	Nov	Feb	May	Aug ²	
Export value	<i>-- Percent --</i>					<i>"X" if error ≤ 5%</i>					<i>Percent</i>
Asia	13	2	9	7	1	-	X	-	-	X	40
East Asia	16	0	8	6	2	-	X	-	-	X	40
Japan	13	3	6	6	5	-	X	-	-	-	20
China	11	7	15	7	2	-	-	-	-	X	20
Hong Kong	11	17	11	11	6	-	-	-	-	-	0
Taiwan	28	7	3	3	7	-	-	X	X	-	40
South Korea	37	18	5	5	3	-	-	-	-	X	20
Southeast Asia	2	11	14	14	2	X	-	-	-	X	40
Indonesia	24	12	12	12	6	-	-	-	-	-	0
Philippines	33	17	8	8	8	-	-	-	-	-	0
Malaysia	0	0	33	33	17	X	X	-	-	-	40
Thailand	22	22	11	11	0	-	-	-	-	X	20
South Asia	8	8	8	8	8	-	-	-	-	-	0
Western Hemisphere	17	2	4	3	2	-	X	X	X	X	80
North America	20	5	6	5	3	-	X	-	-	X	40
Canada	15	6	2	1	1	-	-	X	X	X	60
Mexico	27	4	10	9	5	-	X	-	-	-	20
Caribbean	6	19	6	6	3	-	-	-	-	X	20
Central America	0	7	4	4	4	X	-	X	X	X	80
South America	20	6	0	0	6	-	-	X	X	-	40
Brazil	50	25	25	25	0	-	-	-	-	X	20
Colombia	50	30	0	10	10	-	-	X	-	-	20
Venezuela	18	9	0	0	9	-	-	X	X	-	40
Europe and Eurasia	26	7	13	12	5	-	-	-	-	-	0
European Union-27	32	11	20	17	4	-	-	-	-	X	20
Other Europe	0	33	33	17	17	X	-	-	-	-	20
FSU-12	6	0	6	6	11	-	X	-	-	-	20
Russia	7	7	14	14	7	-	-	-	-	-	0
Middle East	12	2	2	4	2	-	X	X	X	X	80
Turkey	36	7	7	7	7	-	-	-	-	-	0
Saudi Arabia	29	14	14	14	0	-	-	-	-	X	20
Africa	44	26	5	5	2	-	-	X	X	X	60
North Africa	95	57	5	5	10	-	-	X	X	-	40
Egypt	57	36	36	36	0	-	-	-	-	X	20
Sub-Sahara	5	18	18	14	9	X	-	-	-	-	20
Oceania	8	17	8	0	0	-	-	-	X	X	40
Transshipments via Canada	50	50	50	50	0	-	-	-	-	X	20
Average error and accuracy	23	14	12	11	5	14%	24%	27%	27%	51%	29

¹ Forecast made for following fiscal year, with 15 months out. ² Forecast made for current fiscal year, with 3 months remaining in current fiscal year. - = Error exceeds 5 percent.

Table 8--Reliability of quarterly U.S. import projections, by commodity and quarter

Commodity	Average forecast errors 2009					Forecast accuracy 2009					Forecast accuracy
	Aug ¹	Nov	Feb	May	Aug ²	Aug ¹	Nov	Feb	May	Aug ²	
Import value	-- Percent --					"X" if error ≤ 5%					Percent
Livestock, dairy, and poultry	16	12	6	7	7	-	-	-	-	-	0
Livestock and meats	16	11	5	5	5	-	-	-	-	-	0
Cattle and calves	36	7	0	7	0	-	-	X	-	X	40
Swine	67	67	33	33	33	-	-	-	-	-	0
Beef and veal	7	3	7	10	7	-	X	-	-	-	20
Pork	10	10	0	0	0	-	-	X	X	X	60
Dairy products	15	11	7	11	11	-	-	-	-	-	0
Grains and feed	12	8	15	14	3	-	-	-	-	X	20
Grain products	7	2	7	7	2	-	X	-	-	X	40
Oilseeds and products	30	6	44	31	9	-	-	-	-	-	0
Vegetable oils	30	8	49	35	11	-	-	-	-	-	0
Horticulture products	10	9	7	5	1	-	-	-	-	X	20
Fruits--fresh	8	8	0	0	0	-	-	X	X	X	60
Fruits--processed	32	29	15	9	0	-	-	-	-	X	20
Fruit juices	50	43	29	14	0	-	-	-	-	X	20
Nuts--whole and processed	25	17	0	8	8	-	-	X	-	-	20
Vegetables--fresh	10	7	7	2	0	-	-	-	X	X	40
Vegetables--processed	6	6	6	6	0	-	-	-	-	X	20
Wine	22	17	7	7	2	-	-	-	-	X	20
Malt beer	9	6	6	6	3	-	-	-	-	X	20
Essence oils	21	17	13	8	0	-	-	-	-	X	20
Cut flowers & nursery stock	14	7	0	0	7	-	-	X	X	-	40
Sugar and tropical products	12	14	17	15	7	-	-	-	-	-	0
Cane and beet sugar	17	17	17	33	25	-	-	-	-	-	0
Confections	17	17	0	8	0	-	-	X	-	X	40
Cocoa and chocolate	6	3	6	3	3	-	X	-	X	X	60
Coffee beans and products	17	17	10	5	2	-	-	-	X	X	40
Rubber--natural	69	69	75	75	25	-	-	-	-	-	0
Other imports	6	6	6	6	0	-	-	-	-	X	20
Total agricultural imports	13	10	12	10	4	-	-	-	-	X	20
Average error and accuracy	20	15	13	13	6	0%	10%	19%	19%	58%	21
Import volume											
Wine (HL)	0	11	0	0	11	X	-	X	X	-	60
Malt beer (HL)	13	10	3	3	3	-	-	X	X	X	60
Fruit juices (HL)	2	14	7	9	7	X	-	-	-	-	20
Cattle and calves	25	0	0	0	0	-	X	X	X	X	80
Swine	11	6	7	3	0	-	-	-	X	X	40
Beef and veal	0	11	0	0	0	X	-	X	X	X	80
Fruits--fresh	6	2	4	4	4	-	X	X	X	X	80
Fruits--processed	14	7	0	0	0	-	-	X	X	X	60
Vegetables--fresh	2	4	2	2	0	X	X	X	X	X	100
Vegetables--processed	10	3	3	3	0	-	X	X	X	X	80
Vegetable oils	6	0	12	9	0	-	X	-	-	X	40
Cocoa and chocolate	9	0	9	0	0	-	X	-	X	X	60
Coffee beans	15	8	8	8	8	-	-	-	-	-	0
Rubber--natural	43	43	43	43	29	-	-	-	-	-	0
Average error and accuracy	11	8	8	7	6	33%	47%	53%	67%	67%	53

¹ Forecast made for following fiscal year, with 15 months out. ² Forecast made for current fiscal year, with 3 months remaining in current fiscal year. - = Error exceeds 5 percent.

Table 9--Reliability of quarterly U.S. import projections, by country and quarter

Country/region	Average forecast errors 2009					Forecast accuracy 2009					Forecast accuracy
	Aug ¹	Nov	Feb	May	Aug ²	Aug ¹	Nov	Feb	May	Aug ²	
Import value	<i>-- Percent --</i>					<i>"X" if error ≤ 5%</i>					<i>Percent</i>
Western Hemisphere	9	7	9	8	2	-	-	-	-	X	20
Canada	23	21	18	15	3	-	-	-	-	X	20
Mexico	2	3	1	0	0	X	X	X	X	X	100
Central America	9	6	12	12	3	-	-	-	-	X	20
Costa Rica	18	9	9	9	9	-	-	-	-	-	0
Guatemala	0	0	15	15	8	X	X	-	-	-	40
Other Central America	33	22	22	22	0	-	-	-	-	X	20
Caribbean	20	20	0	0	0	-	-	X	X	X	60
South America	1	2	7	6	2	X	X	-	-	X	60
Argentina	---	0	17	17	17	-	X	-	-	-	20
Brazil	8	4	4	4	4	-	X	X	X	X	80
Chile	5	10	14	5	0	X	-	-	X	X	60
Colombia	0	0	6	6	0	X	X	-	-	X	60
Other South America	50	10	5	0	0	-	-	X	X	X	60
Europe and Eurasia	21	17	9	6	2	-	-	-	-	X	20
European Union-27	23	18	7	4	1	-	-	-	X	X	40
Other Europe	13	0	50	38	25	-	X	-	-	-	20
Asia	23	21	32	27	11	-	-	-	-	-	0
East Asia	18	23	18	10	5	-	-	-	-	-	0
China	24	28	21	10	3	-	-	-	-	X	20
Other East Asia	10	10	10	10	10	-	-	-	-	-	0
Southeast Asia	26	21	41	36	14	-	-	-	-	-	0
Indonesia	35	35	55	50	20	-	-	-	-	-	0
Malaysia	---	7	53	40	13	-	-	-	-	-	0
Thailand	19	19	31	31	13	-	-	-	-	-	0
Other Southeast Asia	---	13	13	13	0	-	-	-	-	X	20
South Asia	20	13	27	27	13	-	-	-	-	-	0
India	23	15	31	31	15	-	-	-	-	-	0
Oceania	5	2	7	7	5	X	X	-	-	X	60
Australia	8	4	0	4	4	-	X	X	X	X	80
New Zealand	6	6	6	17	6	-	-	-	-	-	0
Africa	6	6	0	0	0	-	-	X	X	X	60
Sub-Saharan	0	0	0	0	0	X	X	X	X	X	100
Ivory Coast	0	0	17	0	0	X	X	-	X	X	80
Middle East	0	0	0	0	0	X	X	X	X	X	100
Turkey	0	0	0	0	0	X	X	X	X	X	100
Average error and accuracy	14	10	16	13	6	28%	36%	25%	33%	61%	37

¹ Forecast made for following fiscal year, with 15 months out. ² Forecast made for current fiscal year, with 3 months remaining in current fiscal year. - = Error exceeds 5 percent. --- = No previous forecast.



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Contact Information

Coordinators (area code 202)

Nora Brooks/ERS, 694-5211, nbrooks@ers.usda.gov
Oliver Flake/FAS, 720-1226, Oliver.Flake@fas.usda.gov

Forecast Contacts (area code 202)

Andy Jerardo/ERS, 694-5266, ajerardo@ers.usda.gov
Oliver Flake/FAS, 720-1226, Oliver.Flake@fas.usda.gov

Commodity Specialist Contacts (area code 202)

Grains and Feeds:

Coarse Grains: Edward W. Allen/ERS, 694-5288
Richard O'Meara/FAS, 720-4933

Wheat: Edward W. Allen/ERS, 694-5288
Teresa McKeivier/FAS, 720-1072

Rice: Nathan Childs/ERS, 694-5292
Debra Rubas/FAS, 720-0472

Oilseeds: Mark Ash/ERS, 694-5289
Bill George/FAS, 720-6234

Cotton: James Johnson/FAS, 690-1546
Leslie Meyer/ERS, 694-5307

Livestock, Poultry & Dairy Products:

Beef & Cattle: Claire Mezoughem/FAS, 720-7715
Michael McConnell/ERS, 694-5158

Pork & Hogs: Leslie Taulman/FAS, 720-2781

Poultry: Dave Harvey/ERS, 694-5177
Claire Mezoughem/FAS, 720-7715

Dairy Products: Paul Kiendl/FAS, 720-8870

Horticultural & Tropical Products:

Fruits & Preparations

Deciduous Fresh Fruit: Shari Kosco/FAS, 720-2083
Fresh Citrus: Reed Blauer/FAS, 720-0898

Vegetables & Preparations: Shari Kosco/FAS, 720-2083

Tree Nuts: Tony Halstead/FAS, 690-2312

Sugar and Tropical Products: Bob Knapp/FAS, 720-4620
Sugar: Ron Lord/FAS, 720-6939

Macroeconomics Contact (area code 202)

David Torgerson/ERS, 694-5334

Agency Contact Information

Foreign Agricultural Service homepage: <http://www.fas.usda.gov/>

Economic Research Service homepage: <http://www.ers.usda.gov/>

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