

Key Issues Affecting U.S. Grain Exports

Erick Erickson
U.S. Grains Council
August 2004



Dynamics of World Grain Demand



- POTENTIAL – Population, incomes, room to improve diets
- OPPORTUNITIES – Policies, market rules, banking, industry structure
- SOLUTIONS – Information, education, marketing, imagination

Table 3: Average market access rating – average of survey results and database scoring

Average rating	Wheat, Other	Down	Soybeans	Soybean meal	Soy Oil, crude	Soy Oil, refined	Corn	Sorghum	Barley	Malt	CGF & M	DDG	Ethanol	Average
Algeria	52.4	52.4	86.2	76.0	76.0	65.3	75.3	71.0	71.0	61.7	59.3	59.3	59.3	66.6
Algeria	31.6	28.4	27.1	33.3	32.3	29.2	14.0	66.4	66.4	61.3	38.0	31.3	48.2	28.6
Algeria	49.3	49.3	97.1	93.2	94.1	94.1	96.1	96.1	97.8	90.3	94.1	99.2	79.6	81.1
China	36.5	36.5	54.6	83.9	77.2	77.2	35.8	69.5	91.7	51.7	95	69.7	0.0	54.6
Colombia	53.4	53.4	37.6	47.4	70.4	43.2	29.7	33.8	61.3	61.3	45.8	46.3	43.2	43.2
Costa Rica	61.4	61.4	80.3	89.7	87.4	79.4	82	82	82	82	82	82	82	81.6
Egypt	59.6	59.6	29.1	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	29.0	42.3
EC	74.2	74.2	74.2	74.2	74.2	74.2	74.2	74.2	74.2	74.2	74.2	74.2	74.2	74.2
EC	38.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4	38.4
Guatemala	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6	70.6
India	45.8	45.8	45.8	45.8	45.8	45.8	45.8	45.8	45.8	45.8	45.8	45.8	45.8	45.8
Indonesia	65.8	65.8	65.8	65.8	65.8	65.8	65.8	65.8	65.8	65.8	65.8	65.8	65.8	65.8
Japan	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1
Malaysia	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8
Mexico	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1	50.1
Morocco	47.5	47.5	47.5	47.5	47.5	47.5	47.5	47.5	47.5	47.5	47.5	47.5	47.5	47.5
Nigeria	48.2	48.2	48.2	48.2	48.2	48.2	48.2	48.2	48.2	48.2	48.2	48.2	48.2	48.2
Pakistan	39.8	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2	62.2
Pakistan	70.7	70.7	70.7	70.7	70.7	70.7	70.7	70.7	70.7	70.7	70.7	70.7	70.7	70.7
Philippines	69.7	73.3	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7	69.7
Romania	71.7	30.3	72.2	60.0	58.3	47.2	6.3	92.1	59.2	38.3	14.7	78.5	28.2	55.2
Romania	52.6	52.6	52.6	52.6	52.6	52.6	52.6	52.6	52.6	52.6	52.6	52.6	52.6	52.6
Russia	71.0	71.0	71.0	71.0	71.0	71.0	71.0	71.0	71.0	71.0	71.0	71.0	71.0	71.0
South Korea	77.7	38.4	63.9	81.2	81.2	81.2	70.1	68.4	47.1	41.3	75.6	81.7	51.5	67.6
Taiwan	66.3	71.9	88.6	86.6	92.2	92.2	88.6	94.1	94.1	87.4	90.4	94.1	72.9	86.2
Thailand	61.4	59.7	84.2	85.3	69.7	60.1	45.4	59.1	59.1	55.2	84.4	79.8	59.6	64.3
Turkey	87.1	87.1	87.1	87.1	87.1	87.1	87.1	87.1	87.1	87.1	87.1	87.1	87.1	87.1
Turkey	14.1	23.2	87.1	83.3	76.9	25.6	19.9	17.2	6.9	55.7	65.3	64.8	69.3	43.3
Uruguay	39.6	41.9	92.8	43.4	41.4	41.4	38.6	38.6	38.6	38.6	41.4	41.4	39.1	39.1
Venezuela	37.8	38.6	4.5	1.1	4.6	2.9	4.4	0.5	18.2	18.4	19.6	38.3	29.1	15.9
Vietnam	39.6	89.2	81.6	34.3	62.3	29.2	92.7	89.7	89.4	89.7	89.4	89.4	79.2	71.4
Weighted average	59.3	49.6	59.3	77.1	64.8	62.8	39.2	69.6	69.2	61.3	59.3	71.9	44.6	

The GOMAI

Figure 44: Vietnam

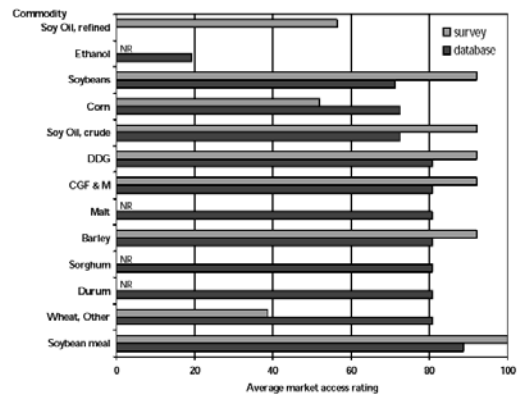


Figure 43: Venezuela

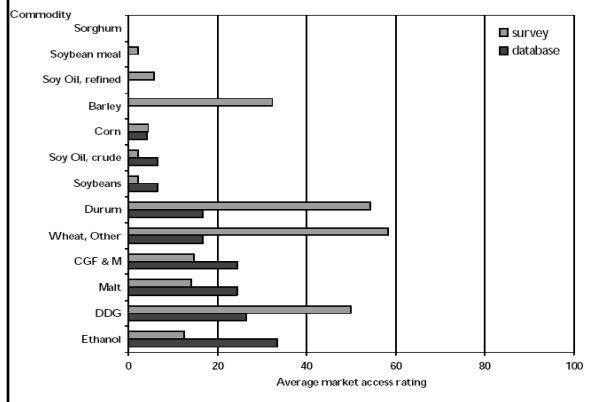
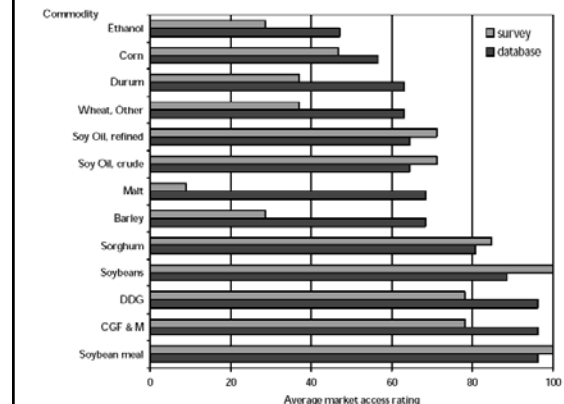
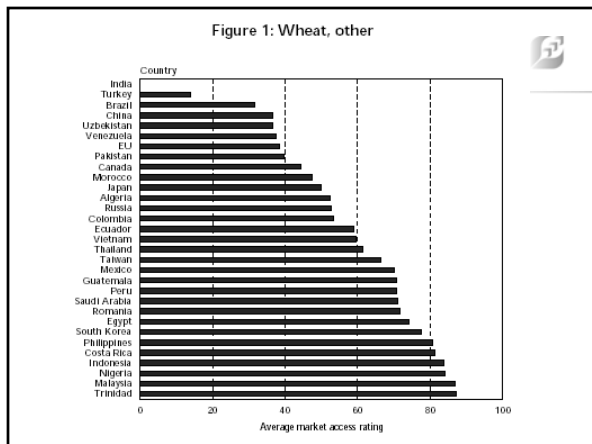
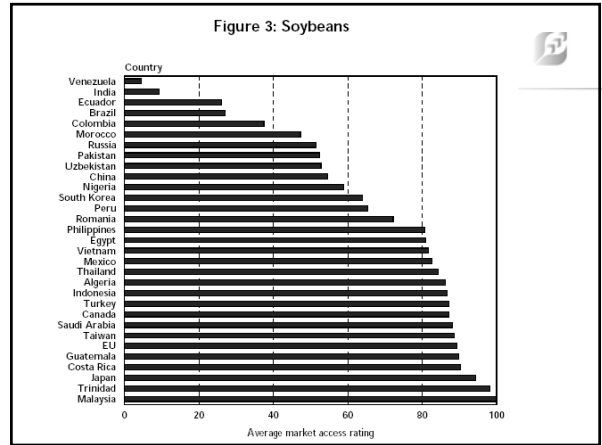
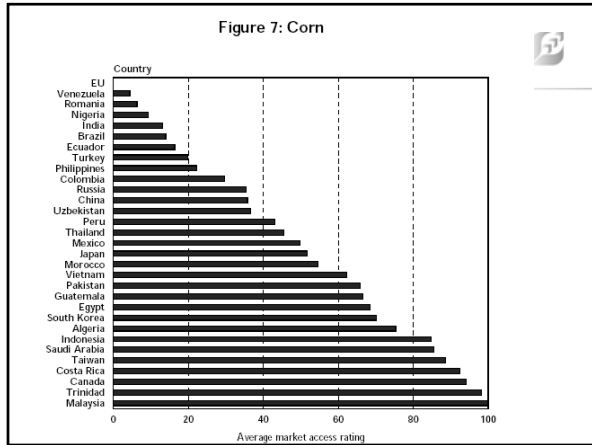
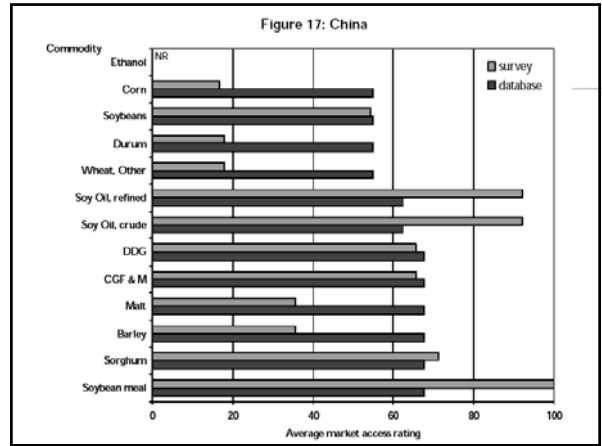
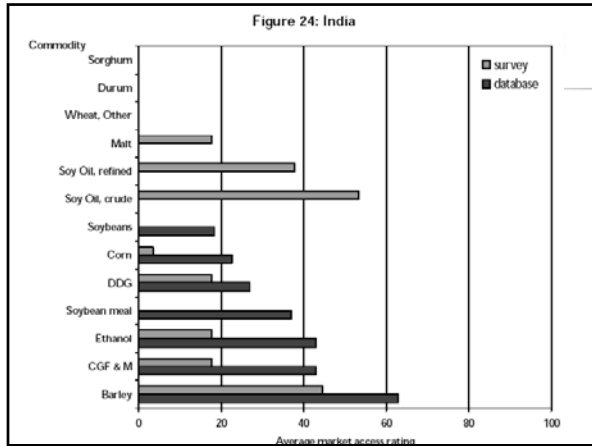


Figure 26: Japan





Market Access Analysis

CORN	Tariff				2003 Imports
	In-Quota	Bound	Applied	TRQ	
Brazil		37%	9%		700
China	1%	68%	68%	6,525	100
Colombia	194%	210%	5%	25	2,150
Egypt		5%	1%		4200
European Union	variable	105 E	24 E	2,500	5,000
India	15%	60%	60%	500	0
Indonesia		40%	0%		1100
Japan (industrial)	0%	50%	50%	4,000	4,000
Kenya		100%	25%		100

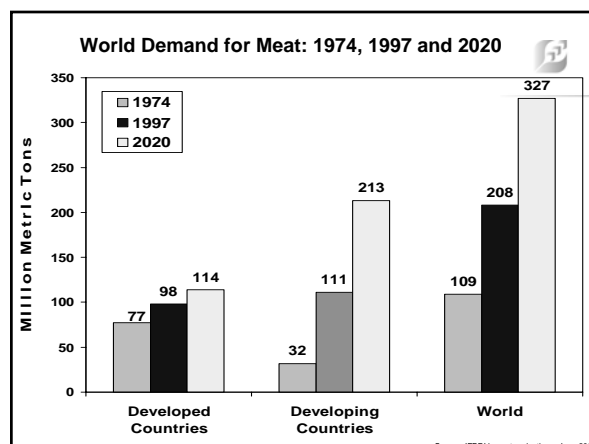
CORN	Tariff				2003	
	Country	In-Quota	Bound	Applied	TRQ	Imports
Korea	2-3%	328%	328%	6,102	9,600	
Nigeria		150%	70%		50	
Pakistan		150%	10%		0	
Peru		83%	0%		750	
Philippines	3%	60%	50%	199	180	
Thailand	20%	73%		55	5	
Tunisia		17%	0%		800	
Turkey		184%	80%		900	
Venezuela	20%	125%	3%	583	615	

- ### WTO Negotiated Text
- Export Subsidies – eliminate
 - Disciplines on export credits, STEs, food aid
 - Market Access – tiered tariff reductions
 - Sensitive commodities – some improvement required
 - Domestic Support – tiered reduction
 - 20% first year cut: amber + blue + de minimus
 - Special mention – cotton

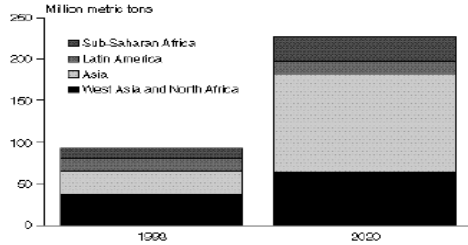
- ### WTO Negotiated Text: The devil is in the details
- Special & Differential treatment
 - How tiered? How harmonized?
 - STEs, export credits, food aid
 - Implementation period
 - Sensitive commodities
 - When will it be done?

- ### What WTO does NOT solve
- Biotechnology
 - Willingness to trade
 - SPS regulations
 - Other domestic priorities
 - Pakistan wheat
 - Protected commodities
 - The question of POTENTIAL

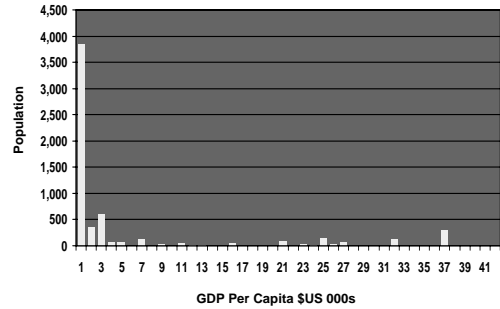
- ### Dynamics of World Grain Demand
- **POTENTIAL** – Population, incomes, room to improve diets
 - **OPPORTUNITIES** – Policies, market rules, banking, industry structure
 - **SOLUTIONS** – Information, education, marketing, imagination



Net Cereal Imports 1993 and IFPRI Projections



Population Distribution According to National Per-Capita Income



Huge Market Growth Potential from Poverty Reduction

Country	Population	% < \$1/day	% < \$2/day
China	1288.7	18.8	52.6
India	1068.6	44.2	86.2
Indonesia	220.5	7.7	55.3
Brazil	176.5	11.6	26.5
Pakistan	149.1	31.0	84.6
Bangladesh	146.7	29.1	77.8
Nigeria	133.9	70.2	90.8
Mexico	104.9	15.9	37.7

What do developing countries need?

- Trade environment that stimulates economic growth
- Market access for goods in which they have a comparative advantage
- Eliminate barriers and subsidies which depress world market prices
- Aid and lending for investment in infrastructure, technology, know-how, and to facilitate adjustment.

The benefits for U.S. Agriculture

- U.S. farmers would benefit enormously from other countries' income-increasing reforms.
- To what extent should the agricultural sector support reductions in trade-distorting U.S. programs in order to achieve policy reforms in other countries?

A challenge to U.S. Agriculture

How to provide adjustment assistance to those farmers whose livelihoods may be threatened by policy reform?

- Decoupled payments, debt restructuring and job retraining might prove useful.
- Help those who are hurt by reform so that many more farmers can benefit

Key issues



- Tariffs and Quotas
- Biotechnology
- SPS – science-based regulations
- Willingness to trade
- Domestic priorities
- The question of Potential

Mission Statement

Developing Markets
Enabling Trade
Improving Lives



U.S. GRAINS
COUNCIL

Around the world Around the clock

