

Economy drops in 2009, world recession continues

World trade volume is expected to drop between 6 and 9 percent in 2009, as the recession continues in 2009 in the developed world. For the first time in over 50 years, household spending is likely to shrink in major developed countries. World GDP, valued at current exchange rates, is expected to fall 2.6 to 3 percent in 2009.

The agricultural and manufacturing sectors in developing countries are being adversely affected as trade declines. Interruptions in world-wide supply chains have led to large drops in demand and lower foreign direct investment. Supply chain disruptions are particularly apparent in automobiles (Mexico's auto sector output dropped about 40 percent in the first quarter from the previous year). The ripple effects of the crises in world financial and asset markets and institutions have spread to countries with few asset or banking system problems. Restrictive credit and high borrower interest rates have brought contraction in sectors that had avoided the last two world recessions as higher cost and lower availability of short-term finance affected foreign trade. Worldwide it is much more difficult to obtain loans to finance trade than it was in 2008; whatever loans are obtained are at much higher interest rates. The world recession's trade contraction has been sharpest in Latin America.

Real estate, financial markets, and commodity prices are expected to stabilize in 2009—at far lower levels than recent peaks. Brent crude oil prices, which averaged \$40 per barrel in December 2008, the lowest since July 2004, rose to \$50 per barrel in April—still well below the June 2008 peak of \$134. Crude oil prices, on average, are expected to drop 50 percent in 2009 compared with 2008.

U.S. gross domestic product (GDP) is expected to drop 3.3 to 3.5 percent in 2009, more sharply than prior forecasts. Similarly, the Eurozone is forecast to see GDP shrink 4 to 4.3 percent in 2009. Developed economies shrinking 3 percent will bring a world economic contraction of almost 3 percent in 2009. In developing economies, a sharp drop in foreign direct investment has exacerbated the fall in growth due to lower trade volumes. Growth in Asia is expected to slow to 1 to 2 percent, due to reduced trade with developed economies and the associated drop in intra-Asian trade.

U.S. GDP shrank at an annualized rate of 6.1 percent in the first quarter of 2009 due to 38-percent drops in both housing construction and plant investment, and lower net exports added 2 percent to GDP. Household spending rose 2.2 percent as the only major bright spot in the domestic economy. Farm operators continue to get bank loans, despite overall credit rationing in U.S. credit markets. Farm operators saw less credit with higher interest rates as off-farm income dropped.

China's GDP is expected to grow about 5.5 percent in 2009, its lowest growth since 1990. Indian growth is slowing to 3.5 percent and Korea's economy is shrinking 6 percent. Japan's GDP is falling 6 percent, the largest drop of any major industrialized country since the period just after World War II. Asia's overall growth comes in at 1.5 percent as lower world growth, tighter world credit conditions, and a shrinking volume of world trade. The combination of lower commodity and energy prices, low transportation costs, fuel and food subsidies, and

hefty Chinese fiscal stimulus will support intra-Asian trade, while higher domestic spending will offset lower world trade.

Canada's GDP will shrink about 3 percent. Latin American output will decline between 2.1 and 3.2 percent, due to falling exports and foreign direct investment, as Argentina and Brazil shrink 2.1 percent and Mexico's GDP drops 3.5 percent in 2009.

Developed European economies will continue in recession as the continental economy shrinks 4 to 4.3 percent in 2009, with every major European economy in recession. Germany and France are expected to see GDP shrink 5 and 3 percent, respectively, with rising unemployment. The United Kingdom is expected to see its GDP drop 4 percent.

Emerging Europe's GDP will shrink 4 to 5 percent. Hungary and Russia are expected to see output fall 7 percent. Poland will see GDP shrink about 1 percent. This region is especially hard hit by the drop in the volume and value of world trade. In aggregate, the emerging markets of Asia, Africa, Latin America and emerging Europe will see no growth in 2009.

Consumer price inflation will come in at about 1.5 percent world-wide. Japan, China, and the United States will see their CPI's drop from 0.5 to 1.0 percent.

Dollar mostly up in 2009 relative to 2008

The Japanese yen and the Chinese yuan are expected to strengthen 4 and 2 percent against the dollar in 2009, respectively. The dollar is slated to be up 12 to 14 percent against the Mexican peso, Canadian dollar, UK pound, and Indian rupee. The dollar is expected to rise 20 percent against the Brazilian real and the Argentinean peso.

Export Products

Fiscal 2009 grain and feed exports are forecast \$500 million lower than the February forecast to \$25.6 billion. This is largely due to downward revisions in both wheat volume and value. Offsetting are corn, rice, and certain feeds. Large global supplies and sluggish trade, aggravated by the economic crisis, contribute to reduced U.S. competitiveness. Wheat is lowered \$1 billion to \$6.4 billion, reflecting abundant world wheat supplies and intensified competition. A 1.9 million ton revision from February to 24.6 million tons is due to higher expected competition during the summer months from most major exporters, including the EU, Russia, Ukraine, and Australia.

The forecast export value for coarse grains is increased \$400 million since February to \$9.6 billion, mostly due to an upward revision in corn unit value, reflecting a recovery in global demand and anticipation of a tighter U.S. market. Competition from Argentina and Brazil remains largely unchanged; on balance, however, other competitors in North Africa and the Middle East are boosted, resulting in a lowering of U.S. corn exports by 500,000 tons to 44.5 million.

Rice export value is up \$200 million to \$2 billion due to the larger proportion of rice shipped fully milled and global prices that have fallen more slowly than expected. This results in a significant boost in average unit value. Volume, however, is lowered 100,000 tons to 3.5 million because of slow sales of rough rice to Latin America.

The fiscal 2009 export forecast for oilseeds and products is \$20 billion, up \$1.6 billion from the February estimate. The revised forecast reflects larger export volumes for soybeans and products and stable to higher unit values, particularly for vegetable oils. Soybean export value is forecast at \$13.1 billion, up \$1 billion due to a significant increase in export volume as unit price remains unchanged. Soybean exports for the remainder of the fiscal year are expected to remain strong, reflecting crop shortfalls in Argentina and record imports by China. Forecast soybean oil and meal export values are increased on improved volumes and unit values. Reduced South American crush and exports will provide additional marketing opportunities for U.S. products.

The fiscal 2009 forecast for cotton exports is raised \$200 million from February's forecast to \$3.8 billion due to a 200,000-ton increase in shipments now forecast at 2.7 million tons. Since February, the U.S. share of world trade has grown as the operation of India's Minimum Support Price has decreased their competitiveness in major import markets. The United States has been the primary beneficiary.

Exports of livestock, poultry, and dairy products are forecast at \$18.4 billion, down nearly \$500 million from the February estimate. The \$400 million reduction in the dairy product outlook accounts for much of the decline with beef, and hides and skins making up most of the rest. Weakened dairy import demand is coupled with increased competition from subsidized exports of nonfat dry milk and butterfat from the EU. On a positive note, global dairy prices appear to have stabilized, and have recently begun to show signs of recovery. The beef export forecast is lowered \$200 million based on weaker demand by major trading partners Japan, South Korea, and Mexico. Hides and skins fall nearly \$200 million due to weak demand for leather as car sales slump.

Conversely, poultry exports are revised upward \$300 million due to stronger shipments in the first half of the year. The pork export forecast is up slightly as stronger-than-expected sales to Mexico and Japan in early 2009 more than offset recent concerns about A/H1N1 influenza. A combination of foreign restrictions and reduced consumption in some countries is expected to temper growth, but the impacts are expected to be short term.

The fiscal 2009 export forecast for horticultural products is unchanged at a record \$21.5 billion. Overall, sales volume is mostly flat, but higher prices for some products boost export value. The global economic crisis is expected to slow the growth in horticultural export value to 3 percent, the slowest rate in the past 7 years. Weaker exports to major markets such as Canada, Japan, and Korea are largely being offset by stronger exports to Mexico, China, and Taiwan. Horticultural exports to the EU are expected to remain flat.

The fruit and vegetable export forecasts are unchanged from the February forecast of \$5.7 billion each. Dominated by almonds, tree nut exports are unchanged from the February forecast of \$3.6 billion. A record almond harvest combined with slowing EU demand has put downward pressure on prices and export value. This is offset by surging pistachio exports (shipped mostly to the EU and China) due to reduced competition from Iran which has suffered a major crop shortfall.

Table 2--U.S. agricultural exports: Value and volume by commodity, 2008-2009

Commodity	October-March		Fiscal year 2008	Forecast fiscal year 2009	
	2008	2009		Feb.	May
VALUE	---Billion dollars---				
Grains and feeds 1/	18.379	13.110	38.356	26.1	25.6
Wheat 2/	5.804	3.181	12.342	7.4	6.4
Rice	0.880	1.201	2.023	1.8	2.0
Coarse grains 3/	7.819	4.861	15.766	9.2	9.6
Corn	6.714	4.479	14.008	8.6	8.9
Feeds and fodders	2.227	2.090	4.818	4.2	4.1
Oilseeds and products 4/	13.950	13.163	22.858	18.4	20.0
Soybeans	9.865	9.728	14.564	12.1	13.1
Soybean meal 5/	1.608	1.445	3.244	2.6	2.8
Soybean oil	0.837	0.329	1.524	0.5	0.8
Livestock, poultry, and dairy	10.161	9.625	22.170	19.0	18.4
Livestock products	5.951	6.035	13.214	11.9	11.5
Beef and veal 6/	1.038	1.234	2.665	2.7	2.5
Pork 6/	1.709	1.925	3.933	3.4	3.5
Beef and pork variety meats 6/	0.538	0.648	1.271	1.2	1.2
Hides, skins, and furs	1.053	0.792	2.131	1.9	1.7
Poultry and products	2.219	2.407	4.922	4.3	4.6
Broiler meat 6/ 7/	1.501	1.674	3.416	2.9	3.1
Dairy products	1.991	1.182	4.034	2.7	2.3
Tobacco, unmanufactured	0.880	0.977	1.280	1.2	1.4
Cotton	2.029	1.715	4.774	3.6	3.8
Seeds	0.716	0.838	1.206	1.6	1.4
Horticultural products 8/	10.163	10.403	20.796	21.5	21.5
Fruits and vegetables, fresh	2.591	2.599	5.515	5.7	5.7
Fruits and vegetables, processed 8/	2.522	2.674	5.370	5.7	5.7
Tree nuts, whole and processed	1.933	1.982	3.488	3.6	3.6
Sugar and tropical products 9/	1.925	1.927	4.003	4.0	4.0
Major bulk products 10/	27.278	21.662	50.749	35.3	36.3
Total	58.210	51.772	115.452	95.5	96.0
VOLUME	---Million metric tons---				
Wheat 2/	16.088	11.189	32.892	26.5	24.6
Rice	2.026	1.733	3.931	3.6	3.5
Coarse grains 3/	38.991	22.917	68.358	48.8	48.2
Corn	33.887	20.982	60.685	45.0	44.5
Feeds and fodders	6.887	6.607	15.381	13.1	12.9
Soybeans	22.098	25.564	30.890	31.3	33.7
Soybean meal 5/	4.503	4.084	8.419	7.6	7.8
Soybean oil	0.804	0.347	1.319	0.7	0.9
Beef and veal 6/	0.241	0.280	0.600	0.6	0.6
Pork 6/	0.688	0.719	1.529	1.3	1.4
Beef and pork variety meats 6/	0.312	0.423	0.724	0.7	0.7
Broiler meat 6/ 7/	1.422	1.592	3.100	2.8	3.0
Tobacco, unmanufactured	0.128	0.130	0.184	0.2	0.2
Cotton	1.301	1.222	2.963	2.5	2.7
Major bulk products 10/	80.632	62.757	139.217	112.9	112.9

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

Global recession is limiting trade. The forecast for 2009 agricultural exports rises marginally to \$96 billion, up from the February forecast of \$95.5 billion.

Continuing competition in global grain markets, lower prices for grains, oilseeds, and cotton, weak demand and a stronger dollar are still limiting U.S. export values across the world. The largest declines from 2008 levels are forecast for East Asia (down \$5.8 billion), the NAFTA countries (declining \$4.3 billion), Africa (down \$2.3 billion), Southeast Asia (down \$2.2 billion), South America (down \$1.9 billion), and the EU (down \$1.8 billion). The NAFTA countries move ahead of East Asia as the top destination for U.S. agricultural exports, Europe is a distant third.

The top five export markets account for 58 percent of all exports at \$60 billion. Canada and Mexico remain the top markets with exports of \$15.7 and \$14.7 billion. Japan remains slightly ahead of China with a forecast of \$10.5 billion compared with China's \$10.4 billion. The EU-27 is forecast at \$8.9 billion.

The Western Hemisphere remains the top regional destination for U.S. agricultural exports with \$39.5 billion and accounting for 38 percent of total sales. Compared with 2008, lower grain and oilseed prices lowers export value there. Export forecasts to both Canada and Mexico are lowered slightly.

Asia remains the second largest regional destination with exports forecast at \$35.1 billion, and accounting for 37 percent of total export value. Compared with 2008, overall export values are down mainly due to lower grain volumes and unit values and weaker exports of hides and skins. Exports to Asia are forecast up \$700 million from the February forecast to \$35.1 billion, the only significant quarter-to-quarter change. U.S. exports to China are up as exports of cotton and soybeans are both higher, and China is the major destination for cotton and soybeans. Exports to Japan, South Korea, and Southeast Asia are steady. Exports to South Asia are unchanged from the February forecast.

U.S. agricultural exports to Europe and the Middle East are forecast to decline \$1.7 billion and \$2.2 billion respectively, in 2009. U.S. exports to the EU are forecast to decline mostly due to reduced import demand for grains and soybeans and lower prices. Flat to slightly lower consumer foods sales are expected due to recession and a much weaker euro.

Table 3--U.S. agricultural exports: Value by region, 2008-2009

Country and region 1/	October-March		Fiscal year 2008	Forecast fiscal year 2009		Share of 2008 total
	2008	2009		Feb.	May	
	---Billion dollars---					
Asia	22.157	21.169	43.374	34.4	35.1	37.6
East Asia	18.123	17.793	35.045	28.4	29.2	30.4
Japan	5.970	5.830	13.103	10.5	10.5	11.3
China	6.992	7.627	11.233	9.5	10.4	9.7
Hong Kong	0.751	0.945	1.597	1.6	1.6	1.4
Taiwan	1.886	1.469	3.509	2.8	2.8	3.0
South Korea	2.520	1.897	5.559	4.0	4.0	4.8
Southeast Asia	3.409	2.856	7.148	4.9	4.9	6.2
Indonesia	1.081	0.816	2.240	1.5	1.5	1.9
Philippines	0.834	0.660	1.730	1.1	1.1	1.5
Malaysia	0.313	0.275	0.631	0.4	0.4	0.5
Thailand	0.549	0.468	1.144	0.8	0.8	1.0
South Asia	0.625	0.519	1.182	1.1	1.1	1.0
Western Hemisphere	20.534	19.356	43.802	39.7	39.5	37.9
North America	14.955	14.446	31.832	30.6	30.5	27.6
Canada	7.718	7.466	16.245	15.8	15.7	14.1
Mexico	7.237	6.981	15.587	14.8	14.7	13.5
Caribbean	1.659	1.678	3.519	3.0	3.0	3.0
Central America	1.492	1.383	3.057	2.6	2.6	2.6
South America	2.429	1.849	5.394	3.5	3.5	4.7
Brazil	0.188	0.191	0.663	0.5	0.5	0.6
Colombia	0.870	0.529	1.759	1.0	0.9	1.5
Venezuela	0.560	0.589	1.451	1.1	1.1	1.3
Europe/Eurasia	7.726	5.955	13.513	11.2	11.1	11.7
European Union-27 2/	6.416	4.681	10.668	9.1	8.9	9.2
Other Europe 3/	0.301	0.410	0.521	0.4	0.5	0.5
FSU-12 4/	1.009	0.864	2.323	1.7	1.7	2.0
Russia	0.848	0.696	1.878	1.2	1.2	1.6
Middle East	3.606	2.491	6.920	4.8	4.7	6.0
Turkey	0.950	0.605	1.740	1.5	1.5	1.5
Saudi Arabia	0.530	0.344	0.979	0.8	0.8	0.8
Africa	3.388	2.071	6.363	4.1	4.1	5.5
North Africa	2.281	0.883	3.841	2.2	2.2	3.3
Egypt	1.079	0.631	2.199	1.9	1.9	1.9
Sub-Saharan Africa	1.107	1.188	2.523	1.8	1.9	2.2
Oceania	0.106	0.148	1.143	1.1	1.2	1.0
Trans-shipments via Canada 5/	0.537	0.622	0.336	0.3	0.3	0.3
Total	58.210	51.772	115.452	95.5	96.0	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

Following a 6-percent hike of U.S. agricultural imports in the first quarter of fiscal 2009, a 7-percent decline in the second quarter from a year earlier leaves the year-to-date change at a negative 1 percent. This retreat in import value in the first half of the year signals a reduction in the preceding forecast from \$82.5 billion back to \$81 billion, the initial projection in August 2008. Imports worth \$81 billion in 2009 nevertheless represent a 2-percent increase, or \$1.7 billion, above 2008. The reduced import forecast from February largely reflects lower prices for many commodities and products. The higher value from 2008, however, reflects the 3-percent boost in year-to-date import volume (in metric tons), which indicates demand has not fallen. If the 3-percent volume expansion holds up for the whole year, then import demand will have moved up by 2 percent in adjusted terms, since the U.S. population is expected to rise close to 1 percent this year.

The lagged effects of the domestic and global economic downturns on consumer spending have hit food consumption, including high-value imported products like wine, beer, fruit juices, cheese, and processed fruit. The lower import forecast for 2009 emanates largely from a sharp downward adjustment in vegetable oil imports from \$5.5 to \$5 billion and in horticultural products from \$35.3 to \$34.7 billion, for a total \$1.1 billion cut. Sugar and tropical products are expected to subtract another \$300 million from the forecast as coffee and cocoa prices taper off from their 2008 levels. It is noteworthy that the value of imported animal products is projected up by about \$100 million due to higher prices for dairy products other than cheese.

The correction for vegetable oil imports is attributed to the sharp reversal of tropical oil prices starting in 2008, from record levels in the first half of 2008 down closer to 2004-06 averages in recent months. Olive oil prices are still in retreat, offsetting a small import volume rise, which is not unlike canola oil. As a result, import volume for vegetable oils is up 8 percent thus far, which is anticipated to generate also about 8 percent more shipments than in 2008. Volume shipments of palm and palm kernel oils, largely from Malaysia, are up by double-digit rates to date. Coconut oil, on the other hand, is down in volume thus far as unit values jumped 22 percent. High tropical oil prices in 2007 and 2008 encouraged Indonesia to boost production of coconut and palm oils for export, which are now contributing to more competitive prices.

For horticultural products, demand in terms of import volume is down for most horticulture groups, except fresh noncitrus fruits and wine. Less expensive wines are growing in demand since value to date is down. Beer imports are 8 percent lower in volume thus far and fruit juices are down by 21 percent. Other horticulture products experiencing reduced import volumes to date include processed fruits, fresh and processed vegetables, tree nuts, nursery stock and cut flowers, and essential oils. In a noteworthy departure from the long-term trend, horticulture import volume is down slightly and import unit values are also lower, together reducing year-to-date import value by 3 percent. Nevertheless, some demand and price recovery in the second half of the fiscal year is expected to bring total horticulture import value closer to its 2008 level of nearly \$35 billion.

Despite lower forecasts for cocoa and coffee, import values as prices and volumes have receded, and volume projections are expected to remain around their 2008 levels. The forecast for imported sugar is up by \$200 million due to volume jumps

particularly from Mexico, Brazil, and the Philippines. Although shipments of confections are down in volume, prices are higher, which are likely to push the import value closer to its 2008 level for the year. A \$200-million upward adjustment for other imports is due largely to higher tobacco prices. Overall, sugar and tropical products are forecast to exceed \$17.5 billion in 2009 as demand picks up pace in the second half of the year.

Total livestock, dairy, and poultry imports are forecast at about \$18.4 billion, \$100 million more than forecast in February. With respect to livestock products, a \$100-million higher forecast for beef and veal imports is offset by lower cattle and calves imports, leaving total livestock and meats at around \$8 billion. A larger import volume of beef and veal is expected, as weakness in overseas markets encourages foreign exporters to increase sales to the U.S. Improved demand and tighter U.S. supplies are expected to support higher dairy imports, although relatively weak prices will limit growth in the value of imports.

Table 4--U.S. agricultural imports: Value and volume by commodity, fiscal years 2008-2009

Commodity	October-March		Fiscal year 2008	Forecast fiscal year 2009	
	2008	2009		Feb.	May
	VALUE --- Billion dollars ---				
Livestock, dairy, and poultry	6.414	5.955	12.174	11.3	11.4
Livestock and meats	4.609	4.152	8.703	8.0	8.0
Cattle and calves	1.226	0.858	2.022	1.4	1.3
Swine	0.325	0.201	0.544	0.4	0.4
Beef and veal	1.409	1.516	2.965	3.1	3.2
Pork	0.555	0.531	1.099	1.0	1.0
Dairy products	1.588	1.602	3.008	2.9	3.0
Cheese	0.622	0.566	1.172	1.1	1.1
Grains and feed	3.602	3.781	7.885	8.5	8.4
Grain products	2.200	2.259	4.603	4.8	4.8
Oilseeds and products	2.943	3.018	6.581	7.8	7.1
Vegetable oils	2.039	2.112	4.594	5.5	5.0
Horticulture products	17.559	17.048	34.712	35.3	34.7
Fruits, fresh	2.993	3.218	5.544	6.1	6.1
Fruits, processed	1.944	1.724	3.984	3.9	3.7
Fruit juices	0.984	0.750	1.935	1.8	1.6
Nuts, whole and processed	0.597	0.582	1.277	1.2	1.3
Vegetables, fresh	2.567	2.442	4.442	4.5	4.3
Vegetables, processed	1.717	1.770	3.520	3.7	3.7
Wine	2.372	2.106	4.755	4.4	4.4
Malt beer	1.655	1.562	3.662	3.6	3.6
Essential oils	1.300	1.242	2.653	2.7	2.6
Cut flowers and nursery stock	0.813	0.707	1.514	1.4	1.4
Sugar and tropical products	7.587	7.955	16.356	17.9	17.6
Cane and beet sugar	0.407	0.640	0.948	1.4	1.6
Confections 1/	0.586	0.556	1.255	1.2	1.3
Cocoa and chocolate 1/	1.555	1.725	3.046	3.5	3.4
Coffee beans and products	2.014	1.956	4.348	4.5	4.3
Rubber, natural	1.092	1.111	2.711	2.8	2.8
Other imports 2/	0.769	0.816	1.609	1.5	1.7
Total agricultural imports	38.875	38.572	79.317	82.5	81.0
VOLUME --- Million metric tons ---					
Wine 3/	0.430	0.475	0.835	0.9	0.9
Malt beer 3/	1.540	1.420	3.389	3.2	3.2
Fruit juices 3/	2.688	2.115	4.941	4.1	4.0
Cattle and calves 4/	1.583	1.261	2.563	2.0	2.0
Swine 4/	5.784	3.843	10.134	7.5	7.2
Beef and veal	0.411	0.444	0.820	0.9	0.9
Pork	0.191	0.183	0.359	0.3	0.3
Fruits, fresh	4.407	4.440	8.668	8.8	8.8
Fruits, processed 5/	0.704	0.672	1.448	1.4	1.4
Vegetables, fresh	2.676	2.664	4.597	4.6	4.6
Vegetables, processed 5/	1.508	1.484	3.015	3.0	3.0
Vegetable oils	1.620	1.749	3.252	3.7	3.6
Cocoa and chocolate	0.601	0.596	1.075	1.2	1.1
Coffee beans	0.660	0.639	1.350	1.4	1.4
Rubber, natural	0.487	0.446	1.065	1.0	1.0

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

The \$1.5-billion estimated reduction in U.S. agricultural imports, largely with respect to tropical and horticultural products, lowers Asia's shipments by \$600 million from February's forecast. The Western Hemisphere countries' projected shipments are lowered by \$400 million, most of which are from Canada. Also, a \$500-million forecast reduction is expected for the European Union due to weaker demand for higher priced luxury items such as wines and cheeses. Asia and the EU are now about equal as the next largest sources of U.S. imports after Canada. Among major foreign suppliers to the United States, South American countries as a group outpace others in export growth. Southeast Asia and Oceania are also exporting more thus far this year.

Among the major U.S. suppliers to experience lower shipment value to date are Cote D'Ivoire—due to lower cocoa prices—as well as China, Costa Rica, Canada, and Turkey—due to less horticulture and tropical exports. Higher prices in 2008 for commodities in general and petroleum, grains, and oilseeds in particular, have slowed imports of cereal and bakery products, vegetable oils, red meats, dairy products, processed fruits and vegetables, beverages, and even fresh fruits. Imported food and beverage prices in 2008 rose by more than 50 percent since 2000 and 13 percent from 2007. Import orders placed in 2008 will translate into higher prices through 2009, but at a declining rate, as early season inventories are moved through supply chains.

Vietnam is now the largest source of U.S. nut imports by virtue of \$282 million worth of cashew nut shipments in 2008, up from only \$46 million in 2001. Cashews comprise about half of U.S. nut imports. Colombia and Brazil are the top 2 exporters of coffee beans to the United States. Cote D'Ivoire is the biggest source of cocoa beans. Spices are shipped from India, Indonesia, and China—the top 3 suppliers.

Table 5--U.S. agricultural imports: Value by region, fiscal years 2008-2009

Region and country	October-March		Fiscal year 2008	Share of total 2008	Forecast fiscal year 2009	
	2008	2009			Feb.	May
VALUE	<i>--- Billion dollars ---</i>			<i>Percent</i>	<i>--- Billion dollars ---</i>	
Western Hemisphere	20.834	20.929	41.872	52.8	43.8	43.4
Canada	8.567	8.050	17.935	22.6	18.1	17.7
Mexico	5.533	5.760	10.761	13.6	11.2	11.3
Central America	1.608	1.534	3.541	4.5	3.8	3.8
Costa Rica	0.573	0.537	1.201	1.5	1.2	1.2
Guatemala	0.544	0.583	1.259	1.6	1.5	1.5
Other Central America	0.490	0.415	1.080	1.4	1.1	1.1
Caribbean	0.188	0.220	0.423	0.5	0.5	0.5
South America	4.937	5.364	9.213	11.6	10.3	10.2
Argentina	0.581	0.661	1.177	1.5	1.4	1.4
Brazil	1.359	1.390	2.598	3.3	2.7	2.7
Chile	1.189	1.316	1.961	2.5	2.4	2.2
Colombia	0.865	0.915	1.716	2.2	1.9	1.9
Other South America	0.944	1.081	1.761	2.2	1.9	2.0
Europe and Eurasia	8.205	7.434	16.567	20.9	15.8	15.3
European Union-27 1/	7.878	6.964	15.784	19.9	14.5	14.1
Other Europe	0.286	0.422	0.706	0.9	1.2	1.1
Asia	6.318	6.525	14.168	17.9	15.8	15.2
East Asia	2.131	1.973	4.482	5.7	4.6	4.3
China	1.621	1.459	3.429	4.3	3.5	3.2
Other East Asia	0.510	0.514	1.054	1.3	1.1	1.1
Southeast Asia	3.439	3.738	8.007	10.1	9.3	9.0
Indonesia	1.139	1.232	2.669	3.4	3.1	3.0
Malaysia	0.724	0.851	1.710	2.2	2.3	2.1
Thailand	0.779	0.869	1.831	2.3	2.1	2.1
Other Southeast Asia	0.797	0.786	1.797	2.3	1.8	1.8
South Asia	0.748	0.814	1.678	2.1	1.9	1.9
India	0.686	0.739	1.533	1.9	1.7	1.7
Oceania	2.169	2.349	4.243	5.4	4.6	4.6
Australia	1.236	1.269	2.404	3.0	2.4	2.5
New Zealand	0.876	1.029	1.740	2.2	1.9	2.1
Africa	0.892	0.896	1.659	2.1	1.7	1.7
Sub-Saharan	0.770	0.759	1.402	1.8	1.4	1.4
Ivory Coast	0.450	0.392	0.633	0.8	0.7	0.6
Middle East	0.457	0.439	0.808	1.0	0.8	0.8
Turkey	0.278	0.271	0.490	0.6	0.5	0.5
World total	38.875	38.572	79.317	100.0	82.5	81.0

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 Fiscal year 2003-08					Forecast accuracy Fiscal year 2003-08					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>
Grains and feeds	16	13	8	4	2	-	-	-	X	X	40
Wheat	17	15	10	7	5	-	-	-	-	X	20
Rice	17	18	15	6	5	-	-	-	-	X	20
Coarse grains	25	17	10	4	2	-	-	-	X	X	40
Corn	25	17	10	4	2	-	-	-	X	X	40
Feeds and fodders	13	10	9	6	3	-	-	-	-	X	20
Oilseeds and products	16	12	8	5	2	-	-	-	X	X	40
Soybeans	20	12	9	6	2	-	-	-	-	X	20
Soybean meal	24	19	13	9	3	-	-	-	-	X	20
Soybean oil	29	33	15	7	7	-	-	-	-	-	0
Livestock, poultry, and dairy	14	11	8	4	4	-	-	-	X	X	40
Livestock products	16	13	7	3	2	-	-	-	X	X	40
Beef and veal	24	18	10	13	7	-	-	-	-	-	0
Pork	19	12	8	6	3	-	-	-	-	X	20
Beef and pork variety meats	21	17	8	5	5	-	-	-	X	X	40
Hides, skins, and furs	7	6	6	2	1	-	-	-	X	X	40
Poultry and products	17	12	11	6	4	-	-	-	-	X	20
Broiler meat	16	15	11	8	2	-	-	-	-	X	20
Dairy products	25	19	16	11	5	-	-	-	-	X	20
Tobacco, unmanufactured	8	8	7	5	4	-	-	-	X	X	40
Cotton	13	12	8	6	2	-	-	-	-	X	20
Seeds	10	10	7	7	2	-	-	-	-	X	20
Horticultural products	6	6	3	1	0	-	-	X	X	X	60
Fruits and preparations	5	5	4	3	2	X	X	X	X	X	100
Vegetables and preparations	7	6	4	4	2	-	-	X	X	X	60
Tree nuts and preparations	14	13	8	4	2	-	-	-	X	X	40
Sugar and tropical products	7	6	5	2	1	-	-	X	X	X	60
Major bulk products	9	9	8	6	6	-	-	-	-	-	0
Total agricultural exports	11	8	6	3	1	-	-	-	X	X	40
Average error and accuracy	16	14	9	5	3	3%	3%	13%	53%	90%	33
Export volume											
Wheat	9	8	6	4	4	-	-	-	X	X	40
Rice	13	12	10	3	3	-	-	-	X	X	40
Coarse grains	11	8	8	4	2	-	-	-	X	X	40
Corn	11	8	8	4	2	-	-	-	X	X	40
Feeds and fodders	9	13	6	6	4	-	-	-	-	X	20
Soybeans	10	8	6	3	2	-	-	-	X	X	40
Soybean meal	21	11	8	5	2	-	-	-	X	X	40
Soybean oil	28	19	12	4	8	-	-	-	X	-	20
Beef and veal	17	25	14	6	0	-	-	-	-	X	20
Pork	18	9	13	6	3	-	-	-	-	X	20
Beef and pork variety meats	23	10	5	5	5	-	-	X	X	X	60
Broiler meat	9	8	6	4	2	-	-	-	X	X	40
Tobacco, unmanufactured	0	0	0	0	0	X	X	X	X	X	100
Cotton and linters	14	9	7	3	3	-	-	-	X	X	40
Major bulk products	4	3	3	2	1	X	X	X	X	X	100
Average error and accuracy	15	12	10	7	3	19%	19%	29%	76%	90%	47

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 Fiscal year 2003-08					Forecast accuracy Fiscal year 2003-08					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	20	9	8	4	2	-	-	-	X	X	50
East Asia	18	12	11	4	1	-	-	-	X	X	50
Japan	20	7	6	4	3	-	-	-	X	X	50
China	15	22	20	5	5	-	-	-	X	X	50
Hong Kong	20	8	9	5	2	-	-	-	X	X	50
Taiwan	17	9	8	6	4	-	-	-	-	X	25
South Korea	31	13	15	9	3	-	-	-	-	X	25
Southeast Asia	28	17	10	11	5	-	-	-	-	X	25
Indonesia	34	16	7	6	4	-	-	-	-	X	25
Philippines	31	18	13	6	7	-	-	-	-	-	0
Malaysia	8	4	3	3	0	-	X	X	X	X	100
Thailand	22	23	15	9	2	-	-	-	-	X	25
South Asia	33	21	18	12	9	-	-	-	-	-	0
Western Hemisphere	15	7	4	2	1	-	-	X	X	X	75
North America	11	5	3	2	1	-	X	X	X	X	100
Canada	11	4	2	2	1	-	X	X	X	X	100
Mexico	12	7	6	3	2	-	-	-	X	X	50
Caribbean	18	10	8	7	5	-	-	-	-	X	25
Central America	21	9	7	5	4	-	-	-	X	X	50
South America	35	14	13	9	6	-	-	-	-	-	0
Brazil	41	17	27	14	12	-	-	-	-	-	0
Colombia	23	11	8	3	3	-	-	-	X	X	50
Venezuela	47	26	16	4	12	-	-	-	X	-	25
Europe and Eurasia	22	13	8	6	3	-	-	-	-	X	25
European Union-25	22	9	6	6	3	-	-	-	-	X	25
Other Europe	60	29	23	24	12	-	-	-	-	-	0
FSU-12	35	28	21	14	11	-	-	-	-	-	0
Russia	26	24	18	16	8	-	-	-	-	-	0
Middle East	34	15	9	8	4	-	-	-	-	X	25
Turkey	23	15	13	13	10	-	-	-	-	-	0
Saudi Arabia	20	14	10	9	7	-	-	-	-	-	0
Africa	31	16	8	7	5	-	-	-	-	X	25
North Africa	36	19	13	9	7	-	-	-	-	-	0
Egypt	30	16	15	11	10	-	-	-	-	-	0
Sub-Saharan	18	17	9	11	9	-	-	-	-	-	0
Oceania	20	22	20	10	8	-	-	-	-	-	0
Transshipments via Canada	50	28	28	11	25	-	-	-	-	-	0
Average error and accuracy	26	15	12	8	6	0%	8%	13%	37%	61%	30

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 Fiscal year 2003-08					Forecast accuracy Fiscal year 2003-08					Forecast accuracy Percent
	Aug ¹	Nov	Feb	May	Aug ²	Aug ¹	Nov	Feb	May	Aug ²	
	-- Percent --					"X" if error ≤ 5%					
Import value											
Livestock and products	9	5	7	6	2	-	X	-	-	X	40
Livestock and red meats	10	7	8	7	2	-	-	-	-	X	20
Live animals, except poultry	25	16	20	9	4	-	-	-	-	X	20
Red meat and products	14	12	12	9	1	-	-	-	-	X	20
Beef and veal	13	11	8	7	2	-	-	-	-	X	20
Pork	6	6	8	6	0	-	-	-	-	X	20
Dairy products	10	7	5	6	1	-	-	X	-	X	40
Grains and feed	6	4	1	1	0	-	X	X	X	X	80
Grain products	2	2	1	1	0	X	X	X	X	X	100
Oilseeds and products	14	16	10	7	5	-	-	-	-	X	20
Vegetable oils	22	19	9	6	6	-	-	-	-	-	0
Horticulture products	12	9	4	2	1	-	-	X	X	X	60
Fruits, fresh or frozen	18	14	8	5	2	-	-	-	X	X	40
Fruits, prep.or pres.& juices	15	9	5	3	1	-	-	X	X	X	60
Nuts and preparations	21	17	13	6	6	-	-	-	-	-	0
Vegetables, fresh or frozen	3	3	5	2	1	X	X	X	X	X	100
Vegetables, prep.or pres.	2	1	2	1	0	X	X	X	X	X	100
Wine	4	4	2	2	4	X	X	X	X	X	100
Malt beverages	2	2	3	3	1	X	X	X	X	X	100
Essential oils	8	7	3	4	4	-	-	X	X	X	60
Cut flowers & nursery stock	8	7	6	1	0	-	-	-	X	X	40
Sugar and tropical products	6	7	8	4	2	-	-	-	X	X	40
Confections	14	15	10	4	2	-	-	-	X	X	40
Tobacco, unmanufactured	38	33	25	10	8	-	-	-	-	-	0
Cocoa and chocolate	14	8	8	3	3	-	-	-	X	X	40
Coffee beans and products	11	11	12	3	3	-	-	-	X	X	40
Rubber--natural	11	12	18	6	3	-	-	-	-	X	20
Spices, natural drugs, tea	20	12	7	5	2	-	-	-	X	X	40
Other imports	13	3	7	11	0	-	X	-	-	X	40
Total agricultural imports	6	4	3	1	1	-	X	X	X	X	80
Average error and accuracy	11	9	8	5	2	22%	30%	43%	59%	89%	49
Import volume											
Wine (HL)	18	17	7	6	1	-	-	-	-	X	20
Malt beer (HL)	7	4	4	2	1	-	X	X	X	X	80
Fruit juices (HL)	16	17	17	3	3	-	-	-	X	X	40
Swine	16	3	33	13	12	-	X	-	-	-	20
Beef and veal	16	17	8	7	2	-	-	-	-	X	20
Fruits, fresh or frozen	7	5	4	2	0	-	X	X	X	X	80
Vegetables, fresh or frozen	3	1	4	1	1	X	X	X	X	X	100
Vegetables, prep.or pres.	3	4	2	3	1	X	X	X	X	X	100
Vegetable oils	11	10	4	2	2	-	-	X	X	X	60
Sugar and related products	6	8	11	11	6	-	-	-	-	-	0
Cocoa and products	15	15	9	6	3	-	-	-	-	X	20
Coffee and products	8	7	11	7	7	-	-	-	-	-	0
Rubber and allied gums	11	6	5	7	5	-	-	X	-	X	40
Average error and accuracy	13	11	10	6	4	23%	35%	31%	54%	73%	41

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 Fiscal year 2003-08					Forecast accuracy Fiscal year 2003-08					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	7	4	3	1	1	-	X	X	X	X	100
Canada	8	5	4	3	1	-	X	X	X	X	100
Mexico	5	7	4	3	2	X	-	X	X	X	75
Central America	3	4	5	3	1	X	X	X	X	X	100
Costa Rica	8	6	5	3	0	-	-	X	X	X	75
Guatemala	12	14	10	7	3	-	-	-	-	X	25
Other Central America	9	7	7	3	0	-	-	-	X	X	50
Caribbean	31	7	7	10	5	-	-	-	-	X	25
South America	13	4	7	5	5	-	X	-	X	X	75
Brazil	2	6	6	5	3	X	-	-	X	X	50
Chile	8	5	4	5	1	-	X	X	X	X	100
Colombia	0	2	4	2	3	X	X	X	X	X	100
Other South America	7	7	5	2	4	-	-	X	X	X	75
Europe and Eurasia	0	6	4	4	2	X	-	X	X	X	75
European Union-25	2	6	4	3	2	X	-	X	X	X	75
Other Europe	8	23	14	14	11	-	-	-	-	-	0
FSU-12	20	20	15	13	8	-	-	-	-	-	0
Asia	13	6	7	3	0	-	-	-	X	X	50
East Asia	3	7	3	2	2	X	-	X	X	X	75
China	7	4	2	1	2	-	X	X	X	X	100
Other East Asia	9	9	6	3	5	-	-	-	X	X	50
Southeast Asia	9	9	10	3	0	-	-	-	X	X	50
Indonesia	10	10	8	2	2	-	-	-	X	X	50
Thailand	16	13	15	6	3	-	-	-	-	X	25
Other Southeast Asia	18	12	8	2	2	-	-	-	X	X	50
South Asia	13	6	9	3	0	-	-	-	X	X	50
India	10	5	10	6	3	-	X	-	-	X	50
Oceania	2	4	6	5	1	X	X	-	X	X	75
Australia	7	6	9	4	3	-	-	-	X	X	50
New Zealand	3	5	5	5	4	X	X	X	X	X	100
Africa	3	9	13	5	7	X	-	-	X	-	25
Sub-Saharan	4	4	15	4	7	X	X	-	X	-	50
Ivory Coast	8	5	20	3	5	-	X	-	X	X	75
Middle East	6	12	18	10	7	-	-	-	-	-	0
Turkey	16	8	3	0	2	-	-	X	X	X	75
Average error and accuracy	9	8	8	4	3	31%	34%	40%	80%	86%	60

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.

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