U.S. Trade in Grains, Oilseeds, Cotton, Sugar, Tobacco, Peanuts and Fishery Products: Issues and Observations

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U.S. Trade in Grains, Oilseeds, Cotton, Sugar, Tobacco, Peanuts and Fishery Products: Issues and Observations

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Executive Summary

The Millennium Round of the World Trade Organization will be critical in continuing the process of market expansion begun in the Uruguay Round of the GATT. Greater access to international markets is important to the continued growth and prosperity of U.S. agriculture. Trade growth is considered by some analysts to be crucial as U.S. farm programs change and producers become more dependent on commercial markets to maintain the size and scale of their farm and ranch operations.

Some of the most likely areas to be considered for negotiation are:

1. Market Access - TRQ administration, transparency, and guaranteed minimum access will be major issues. Dirty tariffication, methods of tariff reduction, and specific request tariff reductions also will be key issues for market access negotiations. Minimum domestic purchase requirements used by some Latin American countries for grains may emerge as significant impediments to U.S. market access. Beef, pork, poultry, dairy products, grains, fruits and vegetables, oilseeds, sugar, and cotton may be most affected.

2. Export Subsidies - Export subsidy issues will relate to the need to develop a broader and clearer definition of subsidies, the possible inclusion of export credit as an export subsidy, and EU reform of the CAP and its impact on subsidy use. Beef and poultry, dairy products, wheat, rice, fruits and vegetables, wines, and sugar will be most affected by subsidy issues.

3. Domestic Support - Domestic support issues will focus on the amount of cushion available to each country under the AMS cap, the increased use of Green Box policies and possible calls for reductions in their use, and methods for further reducing trade distortions, with one possible alternative being to concentrate efforts on border measure reductions.

4. Sanitary and Phytosanitary Regulations - Negotiations will focus on whether to reopen the URA on SPS, how to handle GMO issues, EU labeling requirements for GMOs, and the need for international standards for GMOs. Most agricultural and food products could be affected if the negotiations are reopened.

5. Technical Barriers to Trade - Technical trade barrier negotiations may focus on transparency of regulations, possible inclusion of GMOs, and the need for harmonization among international institutions. Fruits, vegetables, meats, and grains should be the most affected.

6. State Trading Enterprises - Lack of pricing and operational transparency and the extent to which STEs violate the non-tariff trade barrier principle of WTO will be key issues. This round of multilateral trade negotiations will be the first attempt to discipline STEs under multilateral trade rules. STEs are most prominent in dairy products, grains, cotton, and vegetable oils.

7. WTO Dispute Settlement - Modification of dispute resolution procedures may include the calculation of damages due to improper trade restrictions, product seasonality and perishability issues for
agriculture, enforcement, and compliance with WTO rulings.

**Other possible areas for negotiation could include:**

**8. Genetically Modified Organisms** - Trade rules regarding genetically modified organisms will focus on whether to include GMOs in the current SPS agreement or TBT agreement, or whether to create a separate GMO agreement, labeling and segregation requirements for GMOs, and the need for international standards for GMOs. Corn, soybeans, beef, pork, poultry, fruits and vegetables are commodities most affected by this issue.

**9. Multifunctionality** - Multifunctionality, or the use of market intervention and trade distorting policies to abate non-trade concerns, has become increasingly important. EU concerns about food safety and food security, the environment, and rural development are being used to justify calls for the increased use of trade distorting policies. Political stability and food security, fostering the economic well-being of rural peasantry, reducing population pressures in cities, the conservation of foreign exchange, and the importance of stimulating agricultural growth are arguments posed by some Asian countries.

**10. Export Sanctions** - Though the imposition of sanctions is a domestic policy decision, some issues in the upcoming round of WTO negotiations could affect the future use of sanctions. Given the progress on market opening that was accomplished in the Uruguay Round Agreements, some countries have expressed concern about the impact of further liberalization on food security, possible retaliation by trading partners, and the inequitable distribution of sanction impacts. U.S. rice exports have been impacted the most by export sanctions in recent years.

**11. WTO Accession** - If China is admitted with equal market access to other countries, U.S. cotton, wheat, corn, tobacco, and textiles may face more competition in foreign markets. U.S. market access will increase, however, partially offsetting the competitive effects. New WTO members will be under rules and disciplines to which they were not previously subjected.

**12. Trade and the Environment** - Trade and environmental issues will most likely focus on the impacts of increased regulation on competition, methods to ensure that environmental proliferation is not allowed to unduly restrict trade, and the potential for the harmonization or the development of more consistent environmental regulations across countries.

**13. Antidumping and Countervailing Regulations** - Antidumping and countervailing issues will likely include methodological questions related to consistency of laws regarding the use of positive determinations to establish material injury, the need to establish causality between imports and material injury, and at what point foreign raw materials and foreign processed goods become a domestic product. Cattle, hogs, tomatoes, beef and pork have all been affected by these issues.
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Agricultural Trade Overview

U.S. agricultural exports have increased 42 percent in tonnage since 1985, growing from 118 mmt to a peak of 167 mmt in 1996. Concurrently, the value of U.S. agricultural exports more than doubled, from $29 billion to $60 billion. Since then, exports have declined 18 percent in tonnage and 13 percent in value, dropping to $52 billion in 1998. About 90 percent of the drop in tonnage is due to lower exports of wheat, feed grains, and oilseeds, most of which was previously destined for Asian markets. The decline in export value was due to lower commodity prices as tonnage for red meats and poultry, dairy products, vegetables, fruits, cotton, and rice has continued to rise.

While U.S. agricultural exports to Asia have fallen due to recession, Japan remains the number one market for U.S. agriculture with purchases of $9.1 billion in 1998. Other top markets in 1998 were the European Union ($7.9 billion), Canada ($7.0 billion), Mexico ($6.2 billion), and Korea ($2.2 billion). Taiwan ($1.8 billion), Hong Kong ($1.5 billion), China ($1.3 billion), Egypt ($904 million), and Russia ($835 million) rounded out the top ten markets for U.S. agricultural exports.

U.S. agricultural imports have increased 88 percent since 1985, going from 17 mmt in 1985 to 32 mmt in 1998. Import value expanded by 85 percent during the same period, from $20 billion to $37 billion. Imports of feed grains, fruits, vegetables, and vegetable oils have all doubled since 1985, while imports of red meats have increased 18 percent. One of the fastest growing imports has been malt beverages, increasing 106 percent since 1985. Major imports suppliers in 1998 were Canada ($7.8 billion), the EU ($7.4 billion), Mexico ($4.7 billion), Indonesia ($1.4 billion), and Colombia ($1.3 billion). Other top 10 suppliers were Brazil ($1.2 billion), Australia ($1.1 billion), New Zealand ($958 million), Thailand ($749 million), and China ($741 million).

Agriculture has been one of the few U.S. industries to consistently generate a trade surplus, doing so each year since 1960. The peak U.S. agricultural trade surplus occurred in 1996 at $27 billion. Since then, the agricultural trade surplus has fallen 44 percent to $15 billion in 1998.


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**U.S. Wheat Trade, 1985 - 1998**

The United States accounted for 25 percent of total world wheat trade in 1998, generating a trade surplus of $3.4 billion. The volume of U.S. wheat exports in 1998 were approximately the same as 1990 at 27 mmt, with a record 32 million tons exported in 1995. The value of U.S. wheat exports declined from a record $6.3 billion in 1996 to $3.7 billion in 1998. The share of U.S. wheat production entering export markets has declined in recent years, from over 60 percent in the early 1980s to 41% in 1998. Egypt and Japan are the largest buyers of U.S. wheat, with Egypt purchasing 4.2 mmt ($513 million) in 1998, while Japan bought 3.1 mmt ($472 million). The next three largest export markets were Mexico at 1.6 mmt ($214 million), the Philippines at 1.5 mmt ($223 million), and Pakistan at 1.3 mmt ($150 million). While Egypt and Japan are usually the top two markets for U.S. wheat, the next three have fluctuated significantly.

U.S. wheat imports have increased from less than one percent of U.S. wheat consumption in the early 1980s to 7 percent of consumption in 1998. Canada is the largest supplier of wheat to the United States, shipping 2.0 mmt valued at $280 million in 1998. This accounts for over 99 percent of U.S. wheat imports. Durum wheat accounts for 21 percent of import volume and 28 percent of the value. While the peak in U.S. wheat imports from Canada occurred in 1994 in terms of volume (2.5 mmt) and 1997 in terms of value ($355 million), 1998 imports were well above the levels of the late 1980s and early 1990s.

**Trade Barriers and Other Issues**

- High STE participation, particularly by Canadian Wheat Board and Australian Wheat Board, \( \frac{1}{2} \) of world wheat trade controlled by STEs.
- China would become a more prominent wheat exporter if WTO accession gained.
- EU has high bound tariffs ($100/mt-$150/mt) and has government participation in wheat.
- Iraq, previously a large market for U.S. wheat, is now off-limits due to U.S. sanctions.
- U.S. desire to increase market access and decrease export subsidies.
- Monitoring Canadian durum wheat exports to the U.S.

**U.S. Wheat Exports, 1985 - 1998**

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**U.S. Wheat Imports 1985 - 1998**

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U.S. Corn Trade, 1985 - 1998

The United States produced 42 percent of the world's corn and had 65 percent of the world market in 1998. The United States was a net exporter of corn in 1998, generating a trade surplus of $4.3 billion; a record surplus of $8.4 billion occurred in 1996. U.S. corn exports of 4.1 mmt in 1998 were two-thirds the level reached in 1995, and are now near the same level reached in 1985. Lower export prices and tonnage accounted for the decline in export value. While exports remain a major share of U.S. corn production, the share of production exported varies widely across years, from 40 percent during some years in the 1980s to 20 percent during most of the 1990s. Japan purchased 14 mmt ($1.5 billion) of U.S. corn in 1998, retaining its position as the largest market. Mexico at 5.2 mmt ($590 million), South Korea at 4.4 mmt ($463 million), Taiwan at 3.5 mmt ($376 million), and Egypt at 1.9 mmt ($188 million) were the next four largest markets for U.S. corn exports. Mexico’s imports of U.S. corn have increased more than three-fold since 1985, leading to a significant shift in the destination of U.S. corn exports.

The United States imported 225,000 metric tons of corn in 1998 worth $25 million, with Canada supplying over 95 percent of the total. U.S. corn imports currently represent far less than one percent of domestic corn consumption, and have not risen above .33 percent since 1980. U.S. imports are not expected to significantly increase in the near future, and will likely continue to decrease due to high U.S. stocks and low prices.

Trade Barriers and Other Issues

- EU has high bound tariffs; approximately $100/mt.
- Acceptance of U.S. GMO corn by the EU.
- Segregation and labeling issues for GMO and non-GMO corn.
- China could become a more prominent corn exporter if accession to WTO gained.
- Minimum domestic purchasing requirements imposed by some Latin American countries.

U.S. Corn Exports, 1985-1998

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U.S. Corn Imports, 1985-1998

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U.S. Rice Trade, 1985 - 1998

The United States was a net exporter of rice in 1998, generating a trade surplus of $1.0 billion. U.S. rice exports increased 90 percent during the past 13 years, growing from 1.9 mmt in 1985 to 3.7 mmt in 1998. The value of U.S. rice exports in 1998 was $1.2 billion, the highest level in recent history. The share of U.S. rice production entering the export market has varied, but nearly 45 percent of production has been exported in recent years. The largest market for U.S. rice was Brazil at 583,000 mt valued at $140 million, marking the first time since 1994 that Brazil has been a significant export market. Mexico at 396,000 mt ($91 million), the EU at 367,000 mt ($143 million), Colombia at 298,000 mt ($74 million), Japan at 253,000 mt ($116 million), and Canada at 170,000 mt ($73 million) were the other major markets. Mexico and the EU have both been strong markets for U.S. rice since 1990, and Canada, while never the largest, has been significant with steady growth throughout the entire time period.

U.S. rice imports have increased five-fold since 1985. In 1998, the United States imported 296,000 metric tons of rice valued at $187 million. Rice imports have increased from 3 percent of total U.S. rice consumption in 1985 to 8 percent or rice consumption in 1998. Thailand is the largest supplier of U.S. rice imports, shipping 222,000 mt valued at $126 million to the United States in 1998. India supplied 34,000 mt ($40 million) of U.S. rice imports in 1998, and together with Thailand are often the sources of 85 to 95 percent of U.S. rice imports.

Trade Barriers and Other Issues

- Japan has restrictive market access regime with high import tariffs and a TRQ; $4000/mt.
- EU has high bound tariffs on rice and uses high export subsidies for rice; $225/mt.
- Vietnam, China, and Australia use STEs for exports and account for ½ of all rice exports.
- India, Philippines, China, Japan, Korea, North Korea, and Malaysia use STEs for rice imports and affects 1/3 of world rice imports.
- Iraq was previously the largest single country market for U.S. rice prior to U.S. sanctions.
- Iran market for U.S. rice recently re-opened due to lifting of U.S. sanctions.

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**U.S. Soybean Trade, 1985 - 1998**

The United States was a net exporter of soybeans in 1998, generating a trade surplus of $4.8 billion. U.S. producers were responsible for 48 percent of total world soybean production in 1998 and supplied 55 percent of world soybean exports. U.S. soybean exports have fallen since 1996, declining from 26 mmt in 1996 and 1997 to 20 mmt in 1998. The value of U.S. soybean exports declined to $4.8 billion in 1998 after reaching a record value of $7.4 billion in 1997. The decline in value resulted from a decline in both the volume of exports and the price of exports. Nearly 28 percent of U.S. soybean production enters export markets. This export share has declined in recent years, however, and was the lowest since 1980. The four largest export markets for U.S. soybeans in 1998 were the EU at 6.4 mmt ($1.5 billion), Japan at 3.4 mmt ($826 million), Mexico at 3.0 mmt ($754 million), and South Korea at 1.3 mmt ($305 million). While the EU and Japan have decreased their purchases of U.S. soybeans since 1995, the Mexican market for U.S. soybeans has increased by more than 200 percent since 1985 and 1990.

U.S. soybean imports have varied from a maximum of 259,000 mt in 1997 to a minimum of 64,000 metric tons in 1990. In 1998, the United States imported 149,000 mt of soybeans valued at $42 million. These imports represent less than 1 percent of total U.S. soybean consumption. Canada is the only significant supplier of soybean imports to the U.S. market, shipping 145,000 metric tons of soybeans valued at $39 million in 1998. Canada has been the source of more than 99 percent of U.S. soybean imports in recent years.

**Trade Barriers and Other Issues**

- China could become a more prominent exporter in world oilseeds and edible oils markets if accession to WTO gained.
- Iraq previously a large market for U.S. soybean meal prior to U.S. sanctions.
- Segregation and labeling issues for GMO and non-GMO soybeans.
- Recent imports from Brazil may be due to low world prices and high U.S. loan rates.

**U.S. Soybean Exports, 1985-1998**

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**U.S. Soybean Imports, 1985-1998**

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**U.S. Sugar Trade, 1985 - 1998**

The United States is a net importer of sugar, generating a trade deficit of $1.9 billion in 1998. U.S. sugar exports have decreased by 64 percent since the peak of 423,000 mt in 1995, declining to 144,000 mt in 1998. Prior to 1996, when the dramatic decrease in U.S. sugar exports began, export volumes typically ranged between 340,000 and 465,000 mt. The value of U.S. sugar exports fell to $53 million in 1998, declining 67 percent from the record $160 million in 1995. The share of U.S. sugar production entering the export market has decreased from about nine percent in the early 1990s to two percent in 1998. Mexico imported 38,000 mt ($11 million) of U.S. sugar in 1998, becoming the largest market for U.S. sugar for the first time. In the early 1990s, Jamaica was the largest market for U.S. sugar at approximately 40,000 mt annually ($13-$17 million), and Canada was the number one export market in 1994 and 1995.

U.S. imports of sugar declined from 2.9 mmt in 1997 to 2.04 mmt in 1998, and the import share of U.S. sugar consumption declined during the past thirteen years from 34 percent in 1985 to 22 percent in 1998. The leading suppliers of sugar to United States in 1998 were the Dominican Republic at 292,000 mt ($113 million), Brazil at 215,000 mt ($94 million), the Philippines at 183,000 mt ($82 million), Australia at 150,000 mt ($63 million), and Argentina at 138,000 mt ($38 million). These countries’ shares of U.S. sugar imports have varied widely over time; however, with the exception of Canada being the second largest source in 1994, the top five have remained the same since 1985. U.S. sugar imports are controlled by a TRQ established in 1989.

**Trade Barriers and Other Issues**

- Latin American countries want greater market access.
- U.S. uses TRQs to protect market and there are quota allocation issues.
- One of most export-subsidized products reported to WTO for 1996.
- Inconsistency of U.S. sugar policy with U.S. goals to increase market access.

**U.S. Sugar Exports, 1985-1998**

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**U.S. Sugar Imports, 1985 - 1998**

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**U.S. Cotton Trade, 1985 - 1998**

The United States is a net exporter of cotton typically importing only minimal amounts. In 1998, the United States exported 1.623 mmt (7.45 million bales) of cotton valued at $2.46 billion. This represents the highest volume level of cotton exports since 1995; however, the downward trend in value which began in 1996 continued. Thirty percent of U.S. cotton production was exported in 1998, which is significantly below the 36 to 45 percent range which began in 1993. Mexico was the top market for U.S. cotton in 1997 and 1998, reaching 402,000 mt ($616 million) in 1998. Prior to 1997, Japan, now third, was typically the largest market for U.S. cotton. Korea, the second leading market for U.S. cotton in 1998 at 165,000 mt ($266 million), has historically been a major cotton export market.

U.S. cotton imports have been extremely low compared to exports. Only in 1996 did U.S. imports reach more than a few thousand metric tons when 174,000 mt valued at $283 million was imported. As a result, the import share of cotton consumption is between zero and three percent.

**Trade Barriers and Other Issues**

- U.S. uses TRQs to protect market; 14.25¢/lb.
- China could become more a prominent cotton exporter if accession to WTO gained.
- China uses STE for cotton.
- Acceptance of GMO cotton and cotton fabrics.

**U.S. Cotton Exports, 1985-1998**

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**U.S. Rice Cotton, 1985 - 1998**

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The United States has been a net exporter of tobacco since 1994, with a 1998 surplus of $689 million. In 1998, U.S. exports of tobacco were 212,000 mt valued at $1.46 billion, down slightly from 1997. Flue-cured tobacco accounted for slightly over half of U.S. tobacco exports in 1998 with 111,000 mt valued at $777 million being shipped. The remainder of tobacco exports consisted of light-air cured at 52,000 mt ($422 million) and other types at 49,500 mt ($259 million). The largest market for all types of U.S. tobacco exports is the EU, which accounted for 104,000 mt ($684 million), followed by Japan at 39,000 mt ($211 million) and Turkey at 20,000 mt ($138 million). Thailand and Malaysia are also significant markets for U.S. tobacco. Prior to 1994, Thailand was the third largest market.

The United States imported 224,000 mt of tobacco in 1998 valued at $771 million. In most years, tobacco import tonnage exceeds export tonnage by 10,000 to 75,000 mt. However, the value is much lower due to the United States importing mainly filler, 172,000 mt valued at $716 million in 1998, down 30 percent from 1997, and scrap, 49,000 mt ($21.5 million). The largest source of tobacco imports is Turkey which shipped 66,500 mt worth $293 million. Other large suppliers include Brazil at 37,000 mt ($77 million) and the EU at 23,000 mt ($69 million). These have been the top three sources for U.S. tobacco imports since for the entire time period. Furthermore, Argentina and Malawi, among the top five sources since 1990, both had significant decreases in tobacco shipments to the United States in 1998.

Trade Barriers and Other Issues

- The future trade impacts of tobacco litigation in the United States and other countries are unknown.


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U.S. Tobacco Imports, 1985-1998

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In 1998, the United States was a net exporter of peanuts by 142,500 mt at a value of $150 million. The United States exported 187,000 mt worth of peanuts in 1998, which represented the lowest level of peanut exports since 1994, and was down 42 percent since the peak of 264,000 mt in 1995. The value of U.S. peanut exports in 1998 was $192 million, 14 percent of total edible nut exports, also the lowest reported since 1994. The largest export markets for U.S. peanuts in 1998 were the EU at 77,000 mt ($72 million), Canada at 65,000 mt ($65 million), and Mexico at 21,000 mt ($19 million). These have been the three largest markets since 1994. Before then, Japan ranked third.

In 1998, the United States imported 44,500 mt of unroasted peanuts worth $38.4 million, down from 51,700 mt ($41.6 million) in 1997. The leading supplier of peanut imports is Argentina, which shipped 34,500 mt ($32.8 million) to the U.S. in 1998. Other major suppliers are Mexico at 4,800 mt ($2.0 million), Nicaragua at 2,300 mt ($1.0 million), and South Africa at 2,200 mt ($1.8 million). The United States also imports peanut butter/paste and blanched peanuts. U.S. imports of peanut butter and paste were 18,100 mt in 1998, down slightly from the previous two years. Canada supplied 80 percent of these imports, with Argentina providing most of the remainder. U.S. imports blanched peanuts in 1998 were 8,100 mt ($8.9 million), with 77 percent of this shipped by Argentina and the remainder from China.

**Trade Barriers and Other Issues**

- Transhipment of Chinese peanuts, raw and in paste form, through Canada and Mexico.
- Imports of peanuts in confectionary products from Canada.
- Inconsistency of U.S. domestic peanut policy with increased U.S. market access.

**U.S. Peanuts Exports, 1985-1998**

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**U.S. Peanuts Imports, 1985-1998**

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**Fishery Products Trade**

The United States is a net importer of edible fishery products, with a 1998 trade deficit of $5.9 billion. U.S. exports of fishery products were valued at $2.15 billion, down 26 percent since in 1996. Edible fishery products includes shrimp, other crustaceans such as crawfish, salmon, trout, catfish and other fish. The largest market for U.S. fishery exports is Japan, which accounted for $903 million in 1998, less than half of 1994 and 1995 levels. In fact, the downward trend in U.S. fishery exports is predominately accounted for by decreases in exports to Japan. Canada at $435 million and the EU at $347 million, both of which have been relatively stable markets since 1994, were the next largest U.S. markets.

The United States imported $8.0 billion of fishery products 1998, representing an increase of five percent over 1997 and 23 percent above 1994. The largest source of fishery products since 1996 has been Canada, shipping $1.41 billion to the United States in 1998. The second largest source is Thailand, from which the United States imported 1.39 billion in 1998. Prior to 1996, Thailand was the leading supplier of fishery products to the United States. Other leading sources 1998 were Ecuador at $697 million, Mexico at $479 million, Chile at $369 million, and China at $323 million.

**Trade Barriers and Other Issues**

- High tariffs in the EU, Taiwan, China and Korea in various U.S. fishery products.
- Import quotas in Japan.
- Environmental issues related to over-fishing, protection of endangered species around the world, and agricultural chemical run-off affecting production of fish and shrimp.

**U.S. Fishery Products Exports, 1985-1998**

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**U.S. Fishery Products Imports, 1985-1998**

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The United States is a net importer of shrimp, importing more than twenty-five to thirty times the amount of exports. In 1998 the United States exported $94 million of shrimp while importing $3.1 billion. Further, while U.S. shrimp exports have experienced a declining trend since 1995, shrimp imports have grown. The largest market for U.S. shrimp is Canada, which purchased 5,300 mt valued at $44 million in 1998. This was down from 6,500 mt ($58 million) in 1995. Other significant markets in 1998 include Mexico at 2,500 mt ($15 million) and Japan at 710 mt ($8 million). Canada, Mexico and Japan have been the three largest markets for U.S. shrimp exports since 1994.

U.S. imports of shrimp have increased 27 percent since 1996. This increase is largely due to increased imports from Thailand, accounting for 90 percent of the movement. U.S. imports of shrimp from Thailand were 62,000 mt valued at $1.1 billion in 1998, down in volume but up in value from previous years. Other U.S. import suppliers include Ecuador at 61,000 mt ($572 million), Mexico at 31,000 mt ($382 million), and Indonesia at 15,000 mt ($189 million). In addition, with the exception of Thailand, U.S. imports of shrimp from most major sources have generally been on an upward trend, reaching peaks in either 1997 or 1998.

U.S. Shrimp Exports, 1985-1998

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U.S. Shrimp Imports, 1985-1998

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**U.S. Salmon Trade, 1994 - 1998**

The United States is a net importer of salmon, with a trade deficit of $174 million in 1998 as exports were 110,000 mt valued at $442 million imports were 122,000 mt valued at $616 million. However, the United States was a net exporter of salmon each year prior to 1997. The switch from net exporter to net importer occurred because salmon exports fell 39 percent since 1995 and 56 percent since 1988 while imports have risen 143 percent since 1992 and 570 percent since 1985. The largest market for U.S. salmon in 1998 was Japan, which imported 38,000 mt valued at $193 million. This represents a 72,000 mt ($350 million) drop from 1994 levels and accounts almost all of the overall decline. The next largest markets for U.S. salmon in 1998 were Canada at 32,000 mt ($95 million) and the EU 29,000 mt ($113 million), both down from previous years.

U.S. imports of salmon come primarily from Canada and Chile, jointly accounting for 87 percent of U.S. imports in 1998. Canada shipped 55,000 mt ($277 million) of salmon to the United States in 1998, up 55 percent since 1994. Chile was the source of 51,000 mt ($262 million), an increase of 260 percent above 1994. While Canada shipped primarily whole or eviscerated salmon to the U.S., Chile was the major source of other types of salmon imports such as canned salmon.

**Trade Barriers and Other Issues**

- Norwegian subsidies to the salmon industry have led to an increased presence in the Japanese market and a decrease in market share for the United States.

**U.S. Salmon Exports, 1985-1998**

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**U.S. Salmon Imports, 1985-1998**

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Other aquaculture products which are traded in significant amounts are trout, catfish and crawfish. The United States has a trade deficit in each of these products. In 1998, the U.S. trade deficit in trout was 1,900 mt valued at $6.9 million, for catfish it was 500 mt ($1.3 million), and for crawfish it was 2,000 mt ($6.7 million). Since 1994, the trade deficit in trout has been increasing, decreasing for catfish, and for crawfish a trade surplus of 3,300 mt ($10.6 million) became a deficit for the first time in 1998.

The largest export market for U.S. trout in 1998 was Canada at 560 mt valued at $1.7 million, about 85 percent of total exports. Other trout markets include China, a relatively new and growing market, and Japan, which has been declining. The United States imported 2,600 mt of trout valued at $9.1 million in 1998. Major sources are Canada at 780 mt in 1998 ($3.5 million), Argentina at 613 mt ($1.2 million), and Chile at 594 mt ($2.6 million).

The largest export market for U.S. catfish in 1998 was the EU at 92 mt valued at $642 thousand, about 73 percent of total exports. Other catfish markets include are dispersed and have fluctuated widely over the years, but have included Vietnam, Japan, and Mexico. The United States imported 630 mt of catfish valued at $2.1 million in 1998. Major sources are Vietnam, new supplier, Brazil, which has been increasing shipments of catfish to the United States, along with Canada and Guyana.

In 1998, the United States exported 800 mt of crawfish valued at $3.0 million, which was a continuation of a downward trend which began in 1994. The EU is the market for over 98 percent of U.S. crawfish exports. The United States imported 2,800 mt of trout valued at $9.7 million in 1998. China is typically the source for most, if not all, of U.S. crawfish imports.

**Trade Barriers and Other Issues**

- Increase in imports of catfish from Vietnam and crawfish from China.

**U.S. Trout Exports, 1985 - 1998**

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**U.S. Trout Imports, 1985 - 1998**

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U.S. Catfish Exports, 1985-1998
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U.S. Catfish Imports, 1985-1998
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U.S. Crawfish Exports, 1985-1998
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U.S. Crawfish Imports, 1985-1998
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Conclusions and Observations

Despite problems to initiate a Seattle Round of multilateral trade negotiations, trade liberalization will be critical in continuing the process of market expansion begun in the Uruguay Round of the GATT. Greater access to international markets is considered by many analysts to be essential to the continued growth and prosperity of U.S. agriculture. Trade growth is considered especially important as U.S. farm programs change and producers become more dependent on commercial markets to maintain the size and scale of their farm and ranch operations.

Acceptance of GMOs, dirty tariffication, technical trade barriers, and the administration of tariff-rate quotas have emerged as key issues affecting negotiations on market access. Export subsidy issues relate to possibly redefining subsidies, the possible inclusion of export credit guarantees, and EU reform of the CAP and its impact on subsidy use and program costs.

Domestic support issues will focus on the amount of cushion available to each country under the AMS cap, the increased use of Green Box policies and possible calls for reductions in their use, and methods for further reducing trade distortions, with one possible alternative being to concentrate efforts on border measure reductions. Multifunctionality, or the use of market intervention and trade distorting policies to abate non-trade concerns, began with the debate over trade and the environment during the latter stages of negotiations on NAFTA and has continued since that time. Many argue that countries should be able to use trade distorting policies to address non-trade problems. Japan, Korea, and the EU support this view, citing food security, food safety, environmental quality, and the preservation of rural lifestyles as the main reasons.

Sanitary and phytosanitary negotiations will focus on whether to reopen the URA on SPS, how to handle GMO issues, EU labeling requirements for GMOs, and the need for international standards for GMOs. Trade and environmental issues will most likely focus on the impacts of increased regulation on competition, methods to ensure that environmental proliferation is not allowed to unduly restrict trade, and the potential for the harmonization or the development of more consistent environmental regulations across countries.

Modification of dispute resolution may include the calculation of damages due to unfounded trade restrictions, product seasonality and perishability issues for agriculture, enforcement and compliance with WTO rulings, and the ultimate credibility of the WTO dispute settlement body and process.

Some observers believe that it may be necessary to revert to bilateral or regional trade negotiations in order to maintain the momentum for market access in agriculture which resulted from the Uruguay Round. Others are calling for freezing reductions at their final agreed upon levels in 2001. Many developing countries were disappointed with the U.S. initiative to include labor and environmental issues as part of the trade package. Some countries believe the best course of action may be to put further negotiations on hold until the next ministerial in 2002. With the divergence of views and strong
resistance by some, such as Japan and the EU, it may prove difficult to make much multilateral progress for several years.
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