

Markets for American Exports

agricultural products absorbed by export markets
important segment of nation's farm cash receipts

Guy Black

American agricultural exports are equal to about one eighth of the national farm cash receipts.

California agriculture shares in such export markets as those for cotton, rice, wheat, dried and fresh fruits.

National agricultural exports have experienced a sharp drop from the \$4 billions level of 1951-52 to \$2.8 billions in 1952-53. This compares with the 1935-1939 figure of \$748 millions. National nonagricultural exports have continued to run about \$11.5 billions.

In 1951-52, exports represented 56% of the United States rice production, 48% of wheat and flour, 38% of cotton, 25% of tobacco, 18% of soybeans, 24% of lard, 40% of raisins, 35% of prunes, 8% of oranges, and 4% of apples. As compared with the period, 1935-1939, the export market has been taking a far larger portion of the cereal—rice and wheat—crops, and a larger part of the soybean, lard, and raisin crops. Foreign demand has encouraged considerable expansion in rice. The prewar markets for pears and apples have been hard hit.

During 1951-52 the value of agricultural exports—in millions—was:

Grains and grain preparations..	\$1,575
Cotton and linters	1,204
Fats and oils and oilseed.....	387
Tobacco	327
Livestock and livestock products.	200
Fruits and vegetables	237
Others	117

For the year July 1952-June 1953, the quantity cotton exports were off 47% from the year previous. Wheat and flour were off 32%; grain sorghums, 84%; tobacco leaf, 14%; and lard, 38%. On the other hand, corn and soybean exports were up, and rice exports were steady.

West Europe is the main market for United States agricultural exports. Two years ago it took \$1,489 millions worth, exclusive of the United Kingdom which took \$501 millions. At the same time Japan took \$420 millions; India, \$340 millions; and South America, \$528 millions worth of our agricultural exports.

Experts generally agree that the future of the export market depends on the ability of foreign countries to obtain the necessary dollar exchange and the avail-

ability of food supplies from other agricultural surplus areas.

The foreign holdings of gold and dollar reserves rose in 1952—especially in West Europe, Canada, Latin America, and Japan where they have been rising more or less continuously since 1948. The United Kingdom has not shown the same progress, and the benefits of the 1949 devaluation seem to have been largely dissipated. West Europe has virtually wiped out its dollar deficit. This is the result of reduced imports of United States commodities and favorable conditions in the United States for the maintenance of European exports.

Progress in foreign trade is generally held to be dependent on further tariff reductions by the United States. The average duty paid now runs 12½%, but rates on the manufactured dollar-earners of many countries are still high. Recent simplification of custom regulations should help.

Many countries such as the United Kingdom pursue a strong policy of national self-sufficiency in foodstuffs and most European countries regulate their agriculture partly for this purpose.

However, it is generally argued that Europe will continue to be the main export market for United States agricultural products. The demand for more food in West Europe is based on the armament program's special needs and a 12% increase in population over prewar. European food requirements are increasing at the rate of 2% to 3% per year.

To fulfill these needs, Europe has increased food production and, by finally getting the increase up to 12%, has restored the prewar level of food consumption when measured in calories. Further increases will be needed to match population growth.

Despite these gains, West Europe must import 30% of its food. This includes: fats and oils 46%, bread grains 26%, coarse grains 18%, sugar 35%, fruits 15%, meat 10%.

Before the war much of this food came from East Europe. Although trade between East and West Europe is still about \$1 billion per year, European demands on the food-surplus nations of the free world have been increased by the Iron Curtain.

It can not be doubted that the present world trend is away from the traditional concepts of free trade and free currency exchange and toward more regulation. A number of international commodity agreements are in operation, and these or bilateral trade agreements are likely to increase.

The International Wheat Agreement, renewed in July, 1953, provides for guaranteed United States sales under the terms of the agreement of 270 million bushels. In 1952-53 United States exports amounted to 324 million bushels.

The International Sugar Agreement of 1937 was extended in June, 1952, for three years with provisions regulating production, stocks, and exports inoperative. There has been an increasing surplus of sugar on the world market.

United States cotton exports have been hit hard by foreign competition. Foreign production reached its prewar peak in 1952-53 and will continue to limit seriously the foreign market for United States cotton. An international cotton agreement has been discussed as a possibility. The former agreement on wool has been disbanded.

At present, rice is in such short supply that the main problem of the International Rice Commission has been to find ways of increasing production and allocating available supplies among importing countries.

Since the war United States exports of wheat have averaged about 400 million bushels a year, which is substantially above prewar levels. In recent years these exports have amounted to nearly half of all the wheat in international trade. Sixty-eight per cent of this goes to Western Europe and the United Kingdom; 19% to Asia; and 11% to the western hemisphere. Germany is the most important European customer. Demand here replaces in part that which used to be obtained from what are now the Iron Curtain countries.

Inedible fats and oils are one of the important United States agricultural exports. While this market is highly competitive, United States supplies have been very cheap. Soybeans have been in demand in Europe where there are many solvent extraction mills and a demand for the residue of meal as animal feed-

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HARDINGGRASS

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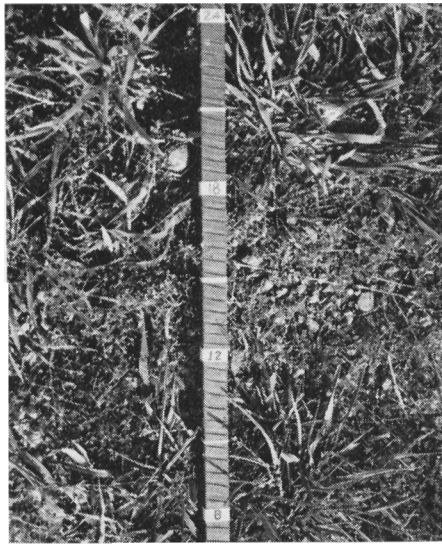
Sudan has the advantage that its seed does not germinate in the fall.

Hardinggrass—chosen with alfalfa as a long-lived perennial for the Glenn County planting—is a husky, high-yielding, palatable, and leafy perennial bunchgrass. It is hardy, extremely drought tolerant, and very long-lived. There are some stands in the state 25 years old and still producing.

Harding lends stability to range and dryland pasture feed. Once it has set a seed crop it goes dormant, so late summer grazing does not harm the plant. It turns green even before the fall rains begin and so provides feed several weeks before the annuals are ready. Its season of use extends from mid-October to mid-May. This is in contrast to the native annual range which provides short feed for three or four months only.

Harding serves as an ideal companion crop to be grown with winter annual legumes. It has remarkable staying power and provides increasing amounts of feed year by year. Also, it helps make a sod so livestock can graze the area during the rainy period.

Successful dryland seedings—usually of two pounds of Harding seed with four or five pounds of a mixture of rose, crimson, burr, and sub clover—can be found on brushland burns all the way from Shasta County in the north to San



Ground area shown—looking straight down—illustrates crown development of 2nd-season Hardinggrass plants and density of stand.

Diego County in the south. Most of the Sierra foothill and Coast Range areas at lower elevations, now being seeded to annual clovers, will support good stands of Harding.

Establishment

Stands of Harding are not difficult to obtain on arable land when a good seedbed is seeded early in the fall. Early in the following spring the planting should be grazed rather heavily to remove weed

competition. Then animals must be removed and kept out of the freshly seeded area until fall.

On land that is not too weedy three pounds of Harding seed with six pounds of clover seed mixture per acre should be adequate to produce upwards of a ton of dry matter per acre.

If the land is foul with weeds, the Harding-clover mix should be seeded after a summer crop of sudan. The Harding-clover mix can be drilled into the sudan stubble.

An operator may prefer to postpone the seeding of Harding for a few years until the winter annual clovers have built up soil fertility and have crowded out most of the weedy species. Then the Harding can be seeded—at the rate of four pounds an acre—on a well-prepared seedbed. The stand of clovers should be thinned out somewhat to allow room for the Harding to get started. The end result is an excellent pasture mixture of Hardinggrass and clovers.

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The grazing test reported above was a cooperative project participated in by J. Kenneth Sexton, Glenn County; Jesse W. Bequette, Farm Advisor, Glenn County, University of California, and the Department of Agronomy, University of California, Davis.

SPREAD

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much higher percentage of permanent establishment.

Further observations showed that those rose clover seeds deposited during the relatively hot days of July, August, and September had higher per cent of permanent establishment than did those seeds deposited later in the fall. This was due, in all probability, to the rapid drying and the resultant dissipation of excess nitrogen, plus the fact that these piles had a much greater chance of being slightly broken up. This was not enough to allow native competition, but enough to reduce the distance to mineral soil for sprouting rose clover plants.

Through the summer of 1953 the most encouraging results were with smilo. Permanent establishment of rose clover has been somewhat disappointing in all but a few cases. Hardinggrass, ryegrass, and yellow blossom sweet clover have failed to respond to this method of range reseeding.

Whether the use of livestock to reseed range areas with such species as smilo or rose clover proves to be practical will

not be easily discernible except over a long period of time.

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stuff. Because of the wide availability of fats and oils, countries which are short of dollars will sometimes obtain their supplies outside the United States even at higher prices.

Subsidies

Domestic price-support programs complicate the export situation. It has been argued that the conflict between price-support and export policy would be more acute with high and rigid supports than with flexible supports at somewhat lower average levels. Furthermore, high United States prices have encouraged foreign sources of supply. This is most noticeable in cotton.

Since 1935 public funds have been used to subsidize exports for about 90 crops. Most current programs under Section 32 of the Agricultural Adjustment Act involve payments to commercial exporters following export of privately owned commodities. One current provision is that payment can be made only in connection with export sales for free dollars—dollars not obtained from the United States government.

The Act of 1949 requires that Section 32 export subsidization funds be used principally for perishable nonbasic agricultural commodities. Of these funds, \$402 millions were available for use in 1952-53.

There has been considerable resistance in foreign countries to accepting subsidized exports from the United States, except in cases of a serious food-storage condition such as Pakistan experienced recently. A United Nations world famine relief fund has attracted favorable attention because it would permit United States surpluses to be used for emergency relief abroad under special conditions which could not be labeled dumping.

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