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WORLD NEWS: U.S. Farm Product Imports To Match Exports in 2005

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The U.S. Department of Agriculture predicted that imports of farm products next year would equal exports, marking the first time since the late 1950s that the country failed to run an annual agricultural surplus.

In a revised quarterly forecast, the USDA predicted exports would total $56 billion next year, down from the record of $62.3 billion set in fiscal 2004, which ended Sept. 30. The department blamed the anticipated decline in export sales on record crop production, which pushed down prices on grains, oilseeds and cotton, as well as increased foreign competition.

In a more ominous forecast for the overall U.S. trade deficit, the USDA said imports next year would also tally $56 billion. That is up from $52.7 billion for the 2004 fiscal year, when the U.S. ran a $9.6 billion agricultural trade surplus with the rest of the world. The U.S. long has relied on global grain sales to maintain a wide surplus in farm trade, thus helping to reduce the swelling trade deficit in manufactured goods. As recently as 1996, the U.S. sold $27.3 billion more in farm products than it imported, the largest annual surplus on record.

As the manufacturing deficit continues to widen, it appears the U.S. may no longer be able to count on farm sales abroad to make up some of the difference. The U.S. this summer began to run monthly deficits in agricultural trade for the first time in decades, and the USDA isn't predicting any change in that picture.

Before yesterday's revised forecast, the government was projecting an agricultural trade surplus next year of $2.5 billion.

The agency said the steep rise in agricultural imports was "the result of higher prices of popular value-added products." Two-thirds of the increase in farm imports since 2002, the USDA said, came from seven categories of goods: "essential oils" used in food- and beverage-processing, snack foods, wine and beer, red meats, processed fruits and vegetables, fresh vegetables and miscellaneous grocery products.

The vast majority of those products – around 75% – came from the European Union, Mexico, Canada, China, Indonesia, Brazil and Australia, the USDA said.