

March 26, 2018

Summary

U.S. agricultural exports totaled \$138.4 billion in 2017. The top three markets were Canada (\$20.5 billion), China (\$19.6 billion), and Mexico (\$18.6 billion). With a combined export value for the three countries equal to 16 percent of U.S. cash receipts (farm value), demand in these markets directly affects U.S. farm income.

Much of agricultural trade news in recent months involves these three countries. The agricultural community continues to express significant concerns over potential trade policy changes that could dampen U.S. exports or weaken ties with major U.S. markets.

China is a major market for U.S. agricultural products because each year it buys more than \$10 billion of U.S. soybeans. China accounts for more than one-half of total U.S. soybean exports. **Canada** is a more diversified market than China because no single product dominates agricultural exports to Canada. Another difference is the consumer-ready nature of export flows—the top categories are prepared food, fresh vegetables, fresh fruit, and snack foods. For **Mexico**, the distinctive feature is that the United States ships a wide variety of bulk commodities (corn, soybeans, and wheat) and animal products (pork and dairy). In 2017, Mexico accounted for half of U.S. corn exports and between one-fifth to one-quarter of U.S. pork, dairy, and poultry exports.

Author

Dennis A. Shields, Senior Economist,
(703) 883-4056

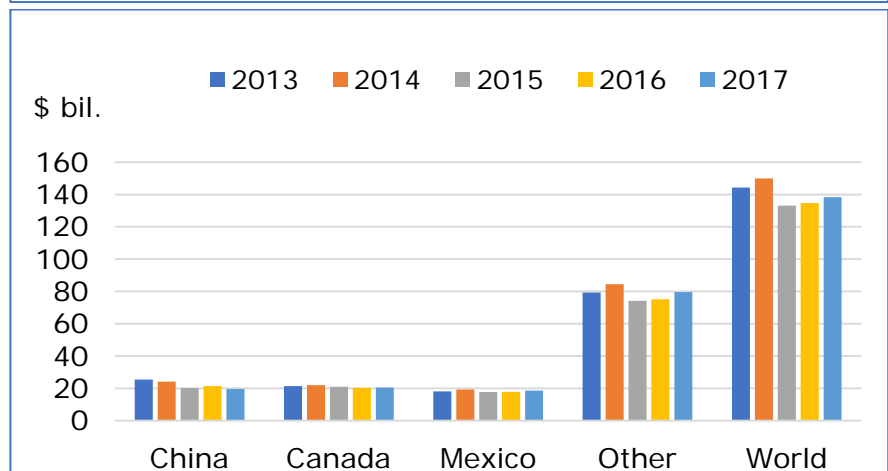
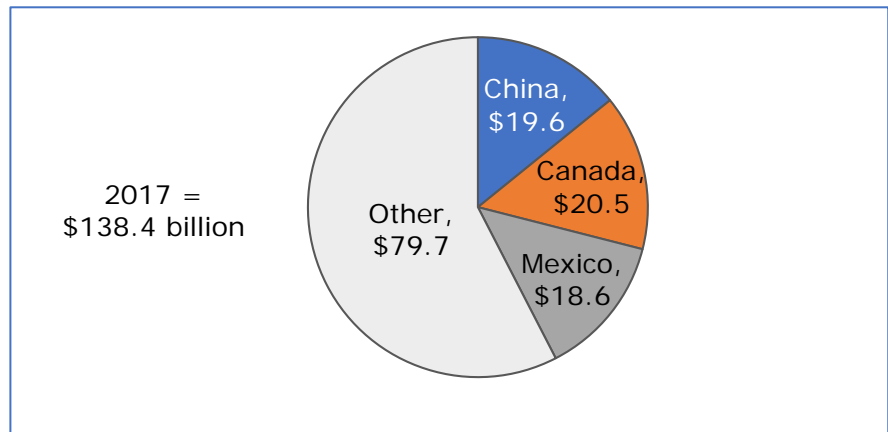
Major U.S. Agricultural Export Markets: China, Canada, and Mexico

Much of the recent agricultural trade news involves China and the North American Free Trade Agreement countries of Canada and Mexico. These countries are the top three markets for U.S. agricultural products, accounting for a combined 42 percent of total agricultural exports. Each market received about \$20 billion in products in 2017 (figure 1).

The agricultural community continues to express significant concerns over potential trade policy changes that could dampen U.S. agricultural exports or weaken ties with major U.S. markets. Potential impacts depend on the commodities exported to these markets, their shares of overall exports, and exports relative to U.S. production (as measured by cash receipts).

This report provides a graphical profile of U.S. exports to the top three markets using data from USDA’s Foreign Agricultural Service and Economic Research Service.

Figure 1. Top U.S. agricultural exports markets are China, Canada and Mexico



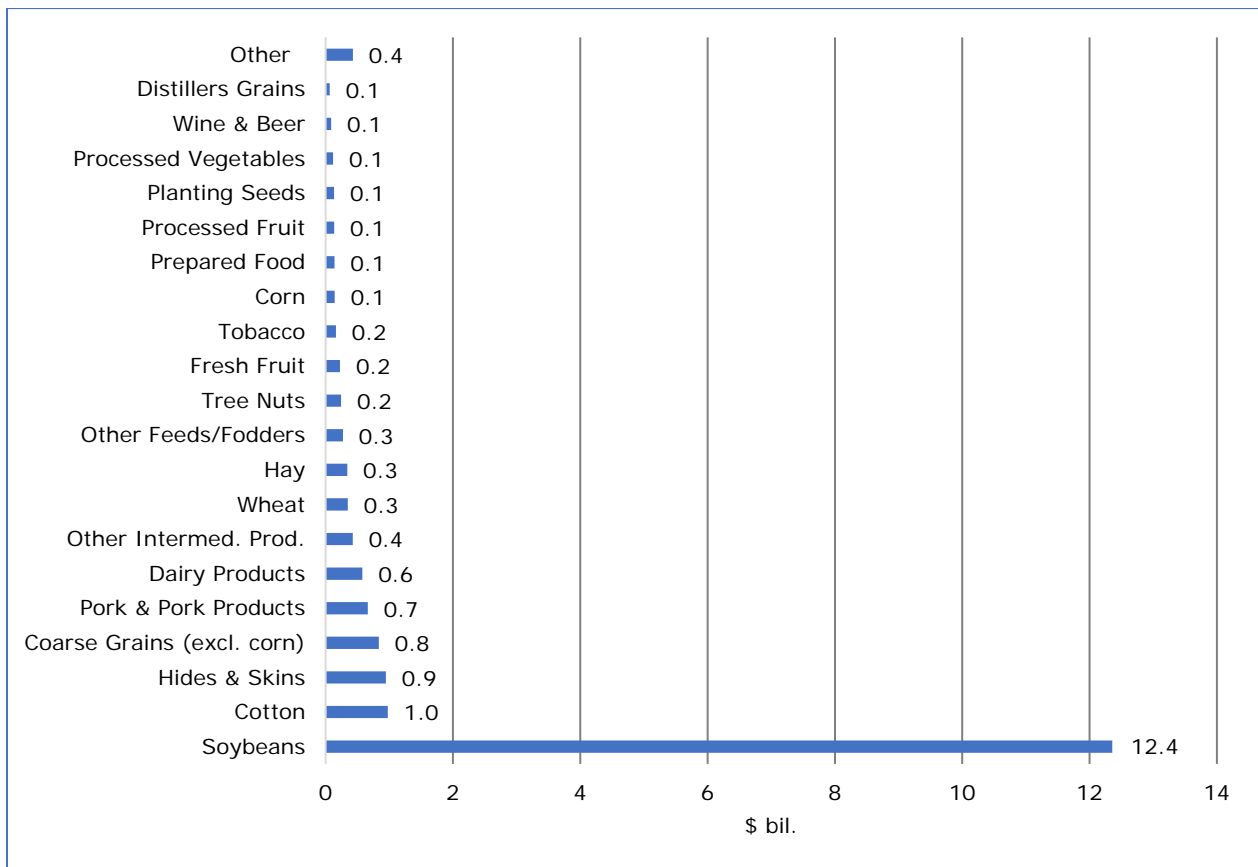
Source: FCA-ORP using USDA/FAS data, <https://apps.fas.usda.gov/Gats/ExpressQuery1.aspx>.

China buys mostly soybeans from the United States

China is a major market for U.S. agricultural products because each year it buys more than \$10 billion of U.S. soybeans. China's purchases represent more than one-half of total U.S. soybean exports. All other commodities categories are \$1 billion or less. Other major commodities include cotton, hides and skins, sorghum, pork, and dairy products. For each of these commodities, China accounts for 10 percent or more of total U.S. exports.

Relative to a measure of U.S. farm production, the agricultural export value to China is equal to 5 percent of U.S. cash receipts (farm value). For individual commodities, the export-cash receipt ratio for soybeans is 29 percent, while the ratio is 51 percent for sorghum, making China a particularly important market for these crops.

Figure 2. U.S. agricultural exports to China in calendar 2017



	All	Soybeans	Cotton	Hides & Skins	Coarse Grains – sorghum (excludes corn)	Pork	Dairy	Wheat	Hay
China's share of U.S. exports	14%	57%	17%	50%	78%	10%	11%	6%	27%
U.S. exports to China / U.S. farm receipts	5%	29%	22%	Not avail.	51%	4%	2%	4%	5%

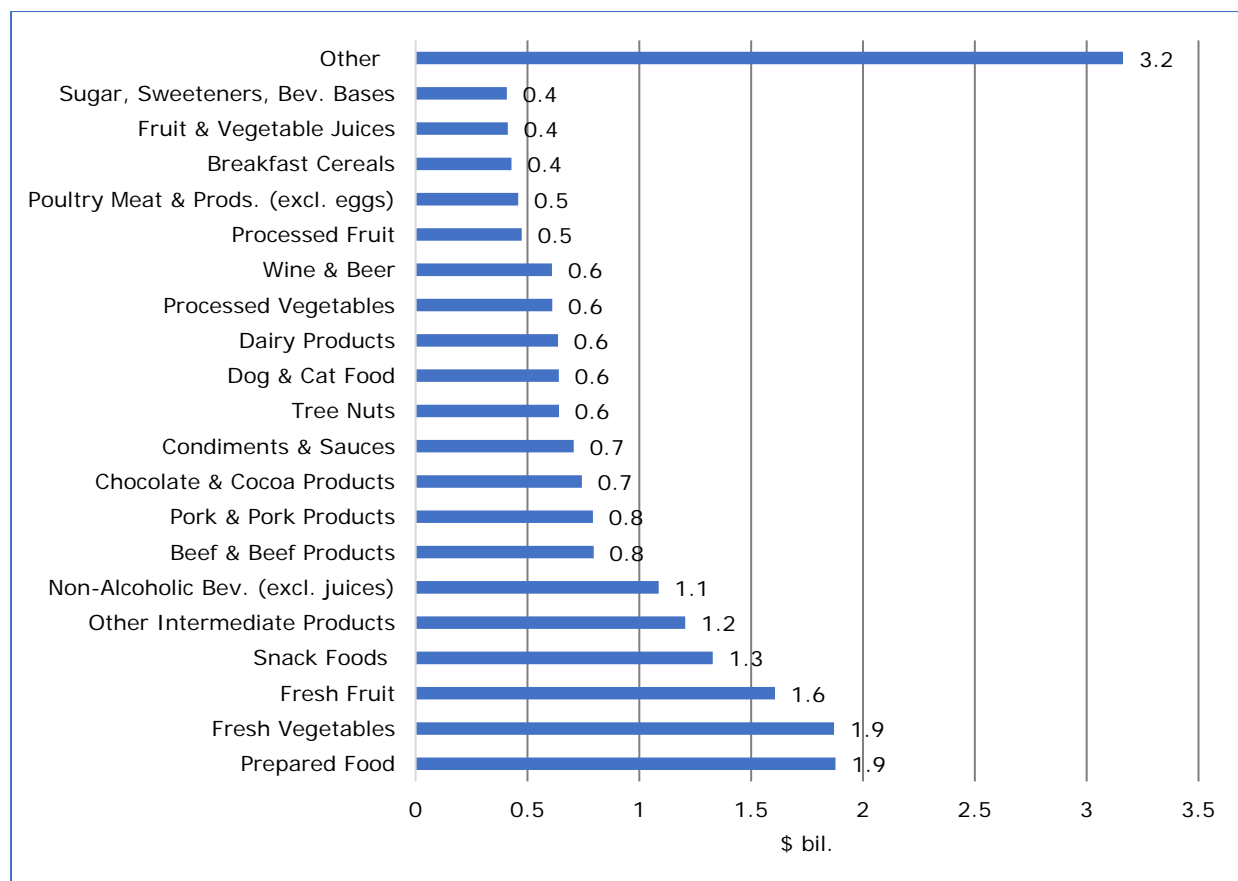
Source: FCA-ORP using USDA/FAS data for 2017 exports and USDA/ERS data for 2016 cash receipts.

Canada buys prepared foods and many other U.S. agricultural products

Canada is a much more diversified market than China because no single product dominates U.S. agricultural exports to Canada. Another difference is the consumer-ready nature of export flows. The top categories are prepared food, fresh vegetables, fresh fruit, snack foods, and non-alcoholic beverages (excluding juices). The United States is highly dependent on exports to Canada, which in 2017 accounted for one-third to one-half of total U.S. exports of its top commodities.

Relative to a measure of U.S. farm production, the agricultural export value to Canada is equal to 6 percent of U.S. cash receipts. The export-cash receipt ratio for pork is 4 percent, while the ratio is 1 percent for beef.

Figure 3. U.S. agricultural exports to Canada in calendar 2017



	All	Prepared Food	Fresh Vegetables	Fresh Fruit	Snack Foods	Non-Alcoholic Beverages	Beef & Beef Products	Pork & Pork Products
Canada's share of U.S. exports	15%	32%	75%	34%	51%	54%	11%	12%
U.S. exports to Canada / U.S. farm receipts	6%	Not avail.	Not avail.	Not avail.	Not avail.	Not avail.	1%	4%

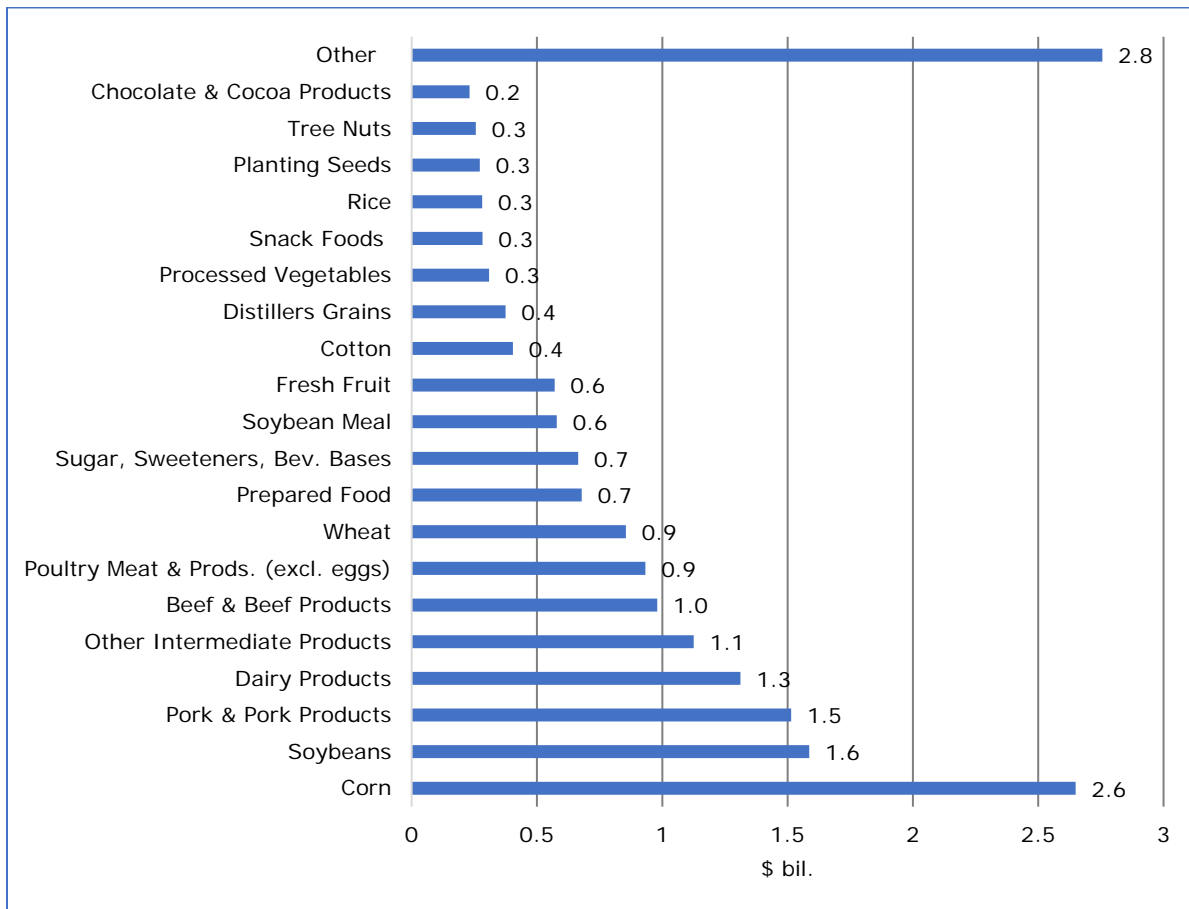
Source: FCA-ORP using USDA/FAS data for 2017 exports and USDA/ERS data for 2016 cash receipts.

Mexico buys U.S. corn, soybeans, pork, and dairy products

Compared with China and Canada, the distinctive feature of trade with Mexico is that the United States ships a wide variety of bulk commodities (corn, soybeans, and wheat) and animal products (pork, dairy, beef, and poultry). U.S. exports of each of these products totaled \$0.9 billion or more in 2017. Mexico is major U.S. market for these products, accounting for nearly a third of U.S. corn exports and between one-fifth to one-quarter of pork, dairy, and poultry exports.

Relative to a measure of U.S. farm production, the agricultural export value to Mexico is equal to 5 percent of U.S. cash receipts. The export-cash receipt ratio is 10 percent for wheat, 8 percent for pork, and 6 percent for corn.

Figure 4. U.S. agricultural exports to Mexico in calendar 2017



	All	Corn	Soybeans	Pork & Pork Products	Dairy Products	Beef & Beef Products	Poultry Meat	Wheat
Mexico's share of U.S. exports	13%	29%	7%	23%	24%	13%	22%	14%
U.S. exports to Mexico / U.S. farm receipts	5%	6%	4%	8%	4%	2%	3%	10%

Source: FCA-ORP using USDA/FAS data for 2017 exports and USDA/ERS data for 2016 cash receipts.