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U.S. Ag Exports Remain Strong Amidst A lot of Headwinds

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Despite tight supply inventories, shipping and other transportation challenges, a higher valued U.S. dollar, and an overall slowing global economy, U.S. agricultural export sales are set to establish record levels in 2022. The value of U.S. ag exports is up 16% through the first eight months of this year relative to the same period in 2021. Higher prices are creating the increase, with aggregate export volume down 3%. In reality, some of the export volume growth has been constrained this past year due to limited U.S. crop and livestock supplies, not diminished export growth due to higher prices.

China remains the number one foreign customer for U.S. agriculture accounting for 16% of total U.S. exports, followed by Canada (15%), Mexico (15%), Japan (8%), and South Korea (5%). Taiwan, which recently sent a recent trade delegation to Kentucky to purchase grains, is the United States' sixth largest market.

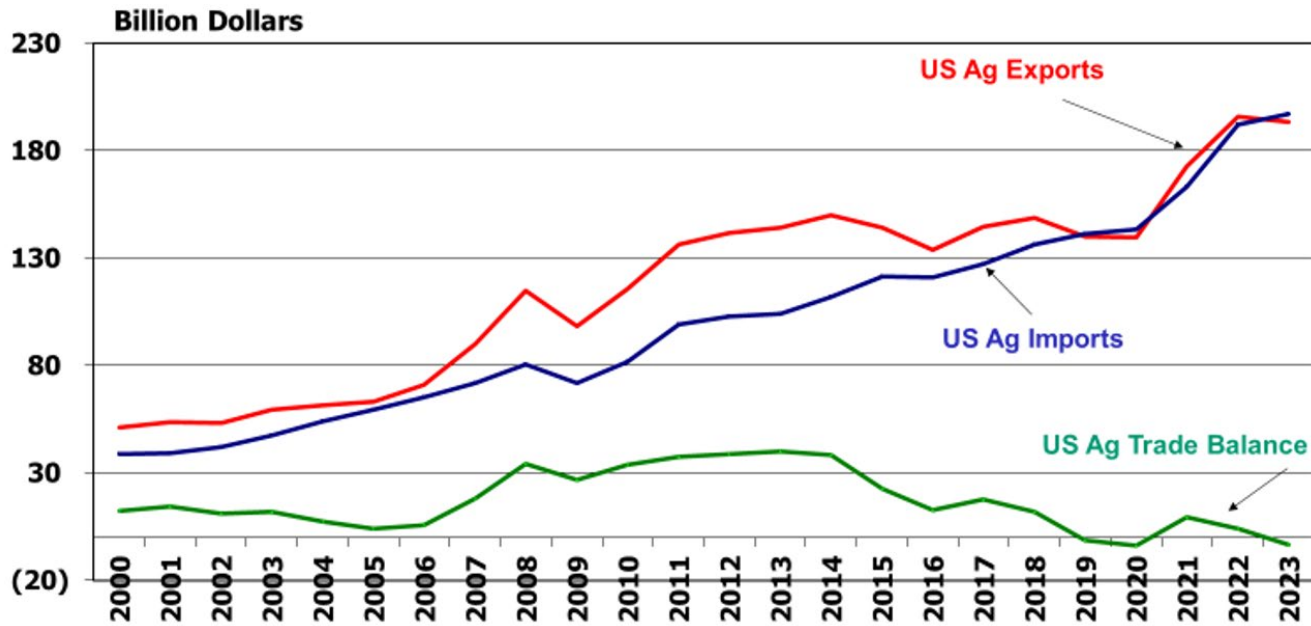
Leading the list of the largest U.S. export gains for ag products important to Kentucky so far in 2022 are soybeans (+53%), dairy (+26%), beef (+25%), poultry (+18%), and corn (+5%). U.S. distilled spirits exports are 22% higher while forestry products are up 13%, both rebounding from dismal 2021 export levels. Pork exports are down 13%, following record-setting years in 2020 and 2021. Tobacco exports continue to plummet.

While overall U.S. ag exports have been increasing in recent years, the value of U.S. ag imports have been growing at a faster pace. The most recent [Outlook for U.S. Agricultural Trade](#) (ERS/USDA) notes that after recording significant trade surpluses over the past five decades, U.S. ag has experienced trade deficits in FY 2019 and FY 2020. In fact, the U.S. has recorded ag trade deficits with four of its top ag export markets, Canada, Mexico, and the EU -- averaging \$31 billion over the past 5 years.

Looking forward, anticipated increases in the value of the U.S. dollar and a slowing global economy will likely constrain future U.S. ag exports if global crop supplies rebound in 2023. Another major

factor complicating the outlook is how the ongoing war in Ukraine will impact Ukrainian and Russian crop exports and availability of important ag inputs such as fertilizer and energy. USDA is projecting that U.S. ag exports will decline in the upcoming fiscal year (October – September) while imports will continue to grow, leading to another ag trade deficit projected in FY 2023.

Figure 1: U.S. Ag Exports, Imports, and Trade Balance Fiscal Year (October - September)



Source: ERS/USDA

Figure 2: U.S. Corn Weekly Exports, as of October 20, 2022

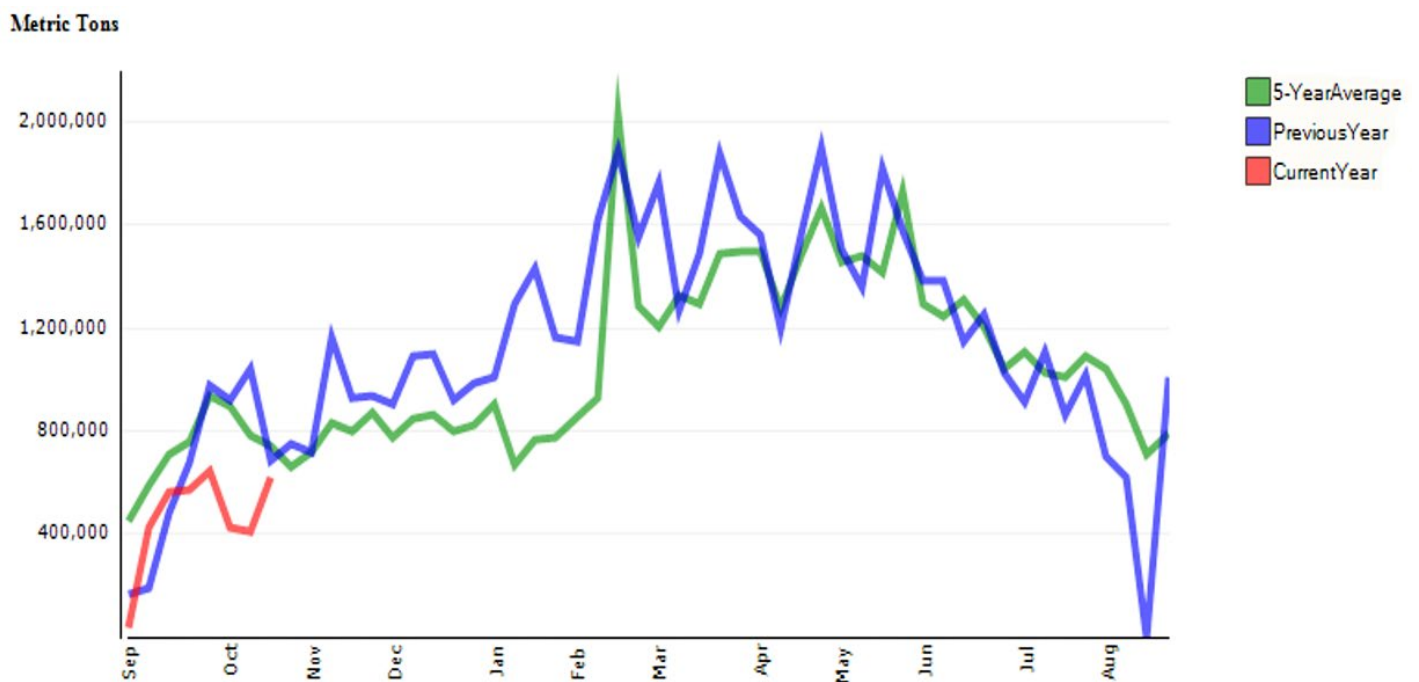
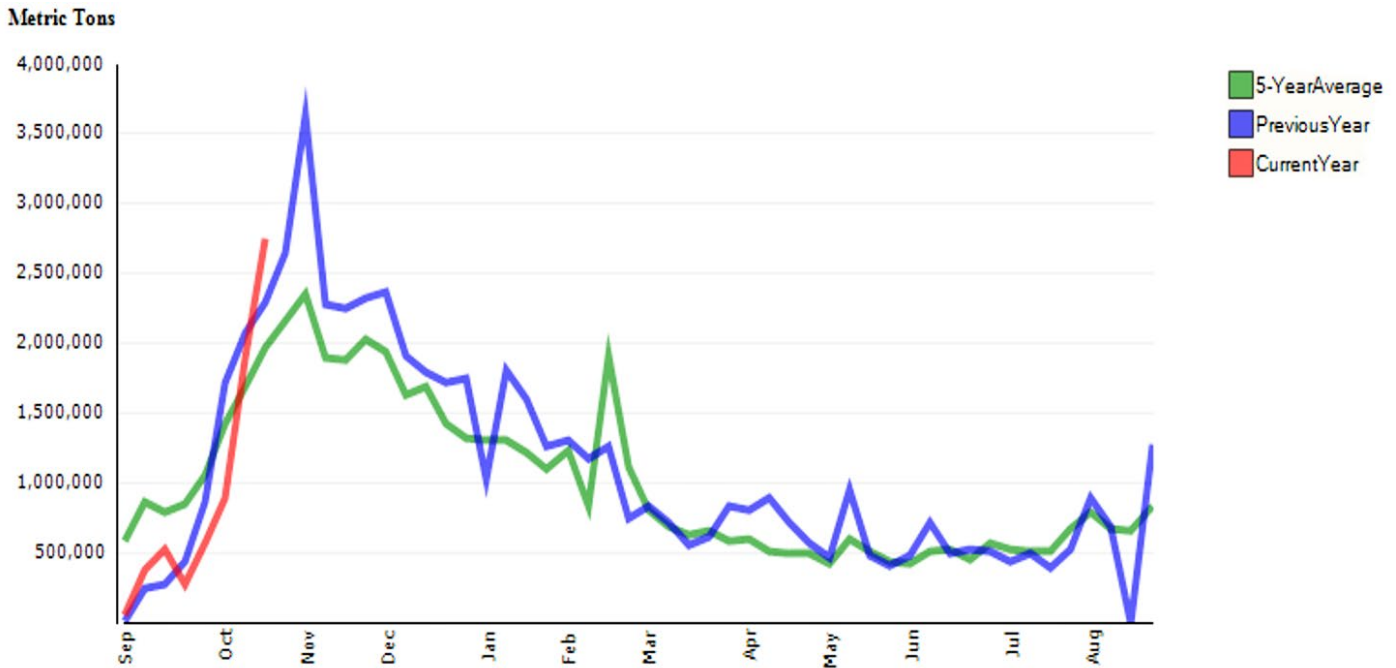


Figure 3: U.S. Soybean Weekly Exports, as of October 20, 2022



Source: USDA/FAS/Export Sales Reporting 10/27/2022

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