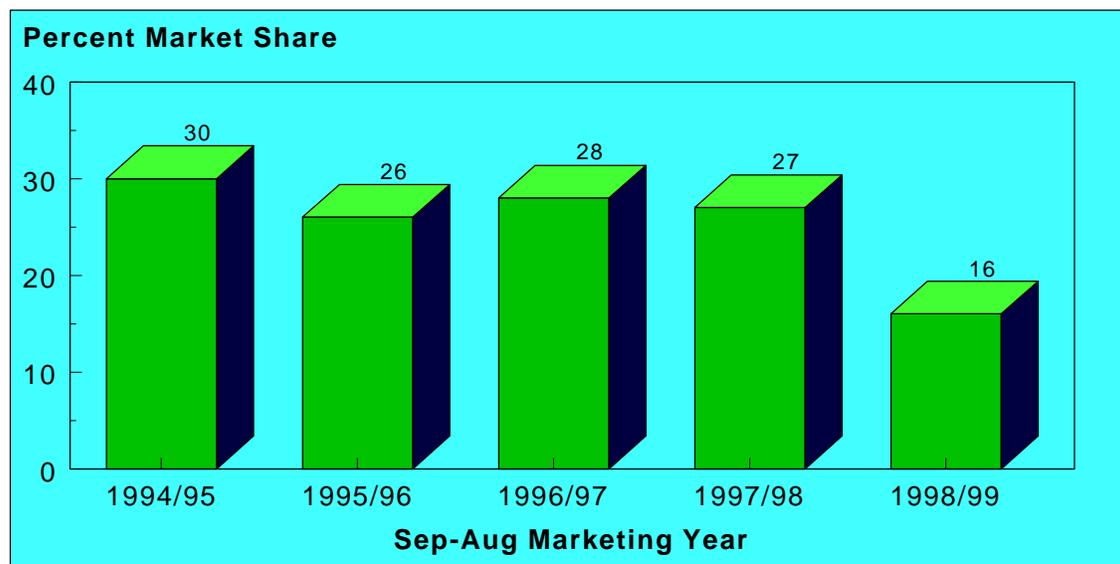




Oilseeds: World Markets and Trade

Competition From South America Cuts U.S. Share of Soybean Exports to the European Union in 1998/99



The U.S. share of the European Union soybean and soybean meal market sagged in 1998/99 in the face of stiff competition from Argentina and Brazil. Combined exports of U.S. soybeans and soybean meal (converted to a soybean equivalent) fell 35 percent to 6.5 million tons representing a 16 percent share of EU imports. This compares to 10.1 million tons exported and a 27 percent share in 1997/98. The decline in U.S. market share corresponds to the dramatic increase in South American soybean production beginning in 1997/98. South American production in 1997/98 (Argentina, Brazil, Paraguay) increased 25 percent over the previous year to 55 million tons. For U.S. soybeans, the impact was immediate with U.S. exports to the EU trailing off in March 1998, a month earlier than usual and corresponding to the increased availability of new-crop Brazilian beans. With increased supplies of South American soybeans, exports to the EU continued at an accelerated pace and longer into the season. This delayed the rebound in U.S. sales by two months to October 1998 and reduced overall volume of U.S. exports into the first part of 1999. Continued large supplies of South American soybeans following harvest in early 1999 further reduced U.S. exports for 1998/99. U.S. soybean exports to the EU began to fade in February of this year, two months earlier than usual, leading to a 72 percent reduction in U.S. exports to the EU for the March to August period. Exports for this period totaled 555,000 tons compared to the three year average of 2.0 million tons shipped for the same period between 1995 and 1997. (See accompanying article)