

Conclusion

A history of uneven growth for U.S. agricultural exports raises the question of whether the U.S. will face a slowdown in foreign demand for U.S. agricultural exports after several years of strong expansion. In the past, wide fluctuations in U.S. agricultural trade arose from unsteady import demand from maturing markets. Decreases in demand in these countries were attributed to slow growth in consumption and the effects of policy factors stimulating local production. With growth in population and GDP potentially slowing in emerging foreign markets, reduced growth in U.S. agricultural exports in the next decade is a plausible outcome. Findings indicate, however, that while U.S. export growth was adversely affected by slower growth in developed countries during the 1990s, the shifting direction of U.S. exports to faster growing emerging markets could continue to support the renewed strength of U.S. export growth. A continuation of this global structural shift could provide a foundation for ongoing export growth in the coming decade because the lower per capita incomes and more youthful age structures of emerging markets are associated with rising food demand. As a result, U.S. and world agricultural trade has greater potential for growth in the coming decade than in the previous decade.

Fluctuations in U.S. agricultural trade also stem from macroeconomic influences driven by wealth effects and domestic and foreign savings patterns that affect the dollar and consumer spending on foreign goods. In the absence of a change in foreign investor preferences for U.S. financial assets, it is possible that U.S. consumption and the value of the dollar will remain relatively stable, leading to continued robust growth of agricultural imports. However, if foreign investors diversify their asset holdings away from U.S. assets, rising foreign demand for U.S. products associated with income growth would be reinforced by dollar depreciation and lower priced U.S. goods for foreign consumers. Analysis of potential changes to macroeconomic conditions demonstrates that curtailed growth of the U.S. current account deficit would be associated with slower U.S. household spending, a weakening dollar, and improved prospects for net exports.

Although many other factors will influence agricultural trade going forward, structural shifts in foreign economic growth and macroeconomic influences both point to more sustained growth of U.S. agricultural exports in the future and a potential downturn for import growth from its current pace.