

Developing countries emerge as biggest destination for U.S. food exports

Income growth and urbanization are key factors

In fiscal year 2008, for the first time, developing countries accounted for more than half of U.S. food and agricultural exports. While Canada, Europe, and Japan have been large markets for a long time, Mexico and China have recently joined them.

This shift to developing markets may be temporarily reversed because of the global economic downturn but will likely continue afterwards, driven by rapid economic growth and the growing concentration of food demand in urban areas.

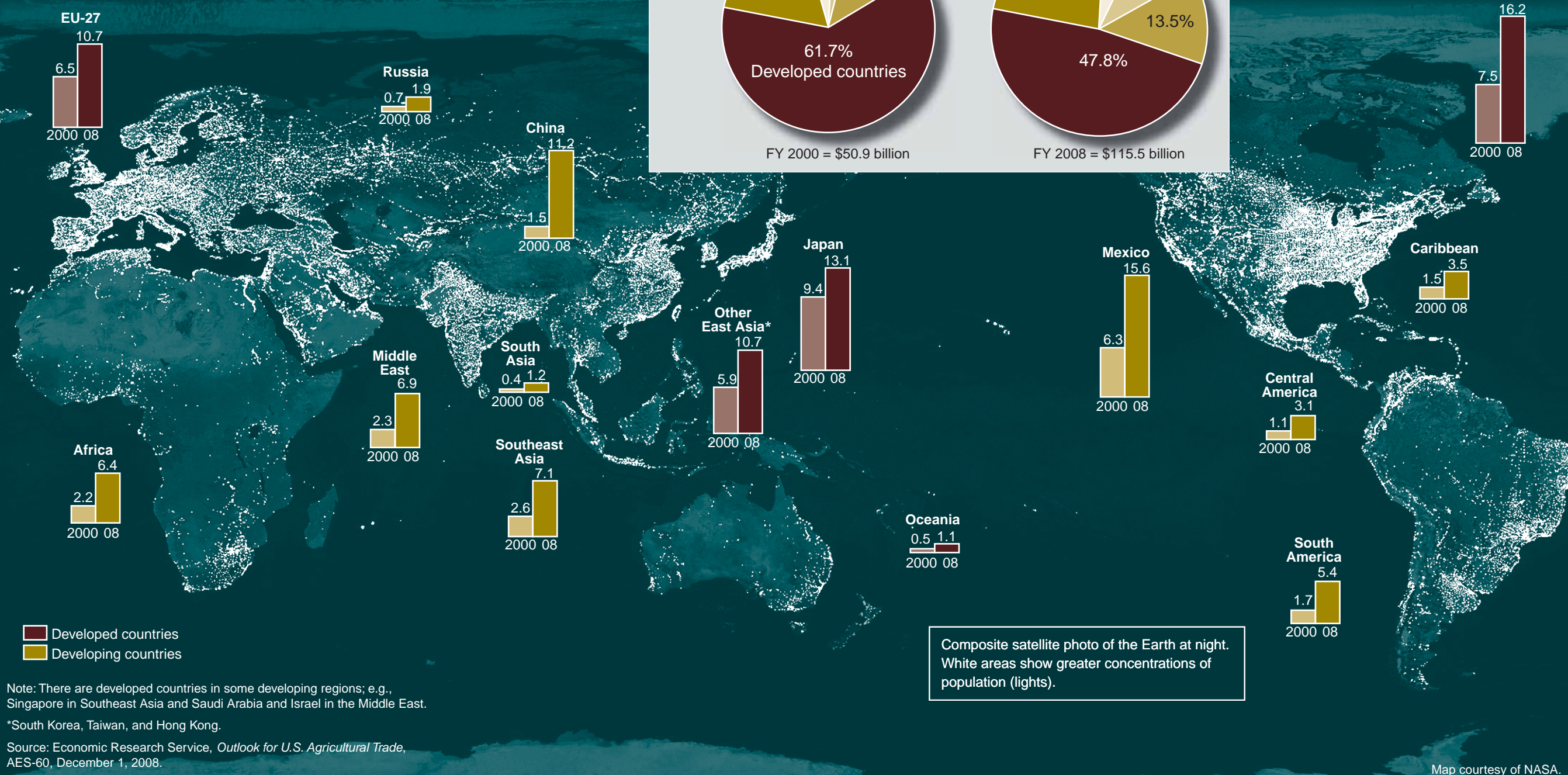
The pace of economic growth in developing countries, while forecast to slow in the short term, will still be more than twice as fast as in developed countries.

Rising incomes lead to predictable dietary shifts from starchy staples to more protein-rich foods, such as meat, dairy, and soy products, in which the United States has a comparative advantage.

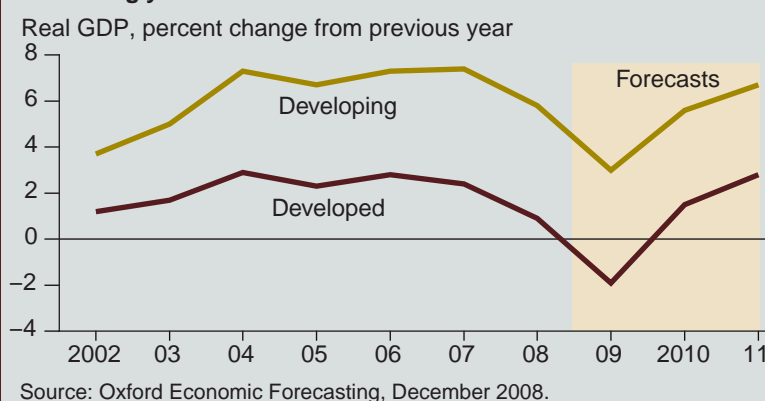
Rapid urbanization in developing countries causes logistical challenges that U.S. exporters are well positioned to overcome. Urban congestion and costs in delivering food to central markets are giving way to more efficient marketing systems, including modern supermarkets that keep costs down through economies of scale in procurement and distribution.

As markets develop, adoption of standardized equipment and organizational systems facilitates international transactions. The resulting trade gains may be transitory as pressures within these countries grow to expand and streamline linkages with their restructuring and modernizing agricultures.

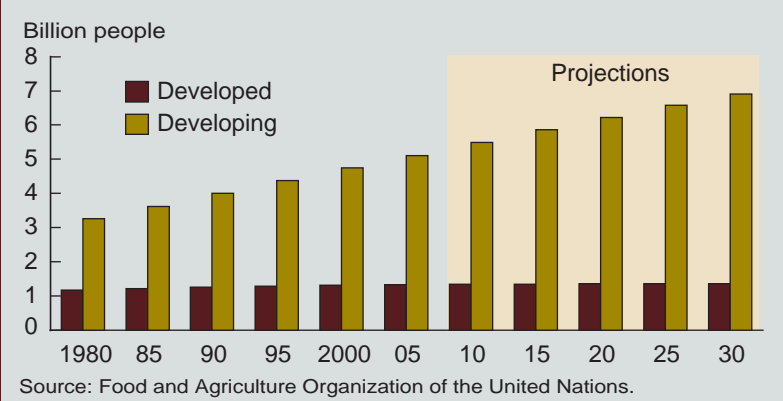
In FY 2008, for the first time, developing markets surpassed developed markets as the largest destination for U.S. food and agricultural exports. Mexico and China were the leading developing markets.



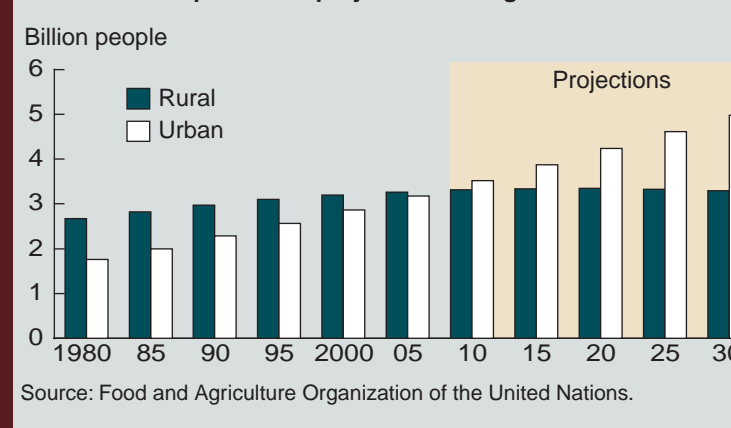
Developing country incomes are growing more than twice as fast as those of developed countries, and consumers are becoming increasingly affluent.



Population growth is most rapid in developing countries, but rates are slowing. Populations in some developed markets, like Japan and a number of European countries, are actually shrinking.



Urbanization is increasing in developing countries, which will account for 90 percent of projected urban growth.



Ranking of U.S. agricultural export markets

Country/region	FY2000	FY2008
Canada	2	1
Mexico	4	2
Japan	1	3
China	7	4
European Union-27	3	5
South Korea	5	6
Taiwan	6	7
Indonesia	12	8
Egypt	9	9
Russia	13	10
Colombia	17	11

Developing countries