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Department of
Agriculture

Office of the
Chief Economist

World Agricultural
Outlook Board

Long-term
Projections Report
OCE-2012-1

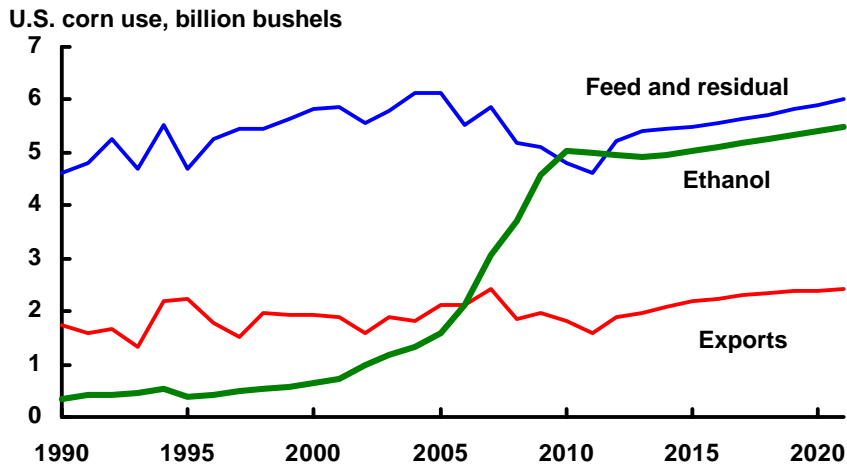
February 2012

USDA Agricultural Projections to 2021

Interagency Agricultural Projections Committee

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**Growth of U.S. corn used in ethanol production
projected to slow**



USDA Long-term Projections



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USDA Agricultural Projections to 2021. Office of the Chief Economist, World Agricultural Outlook Board, U.S. Department of Agriculture. Prepared by the Interagency Agricultural Projections Committee. Long-term Projections Report OCE-2012-1, 102 pp.

Abstract

This report provides projections for the agricultural sector through 2021. Projections cover agricultural commodities, agricultural trade, and aggregate indicators of the sector, such as farm income and food prices. The projections are based on specific assumptions about macroeconomic conditions, policy, weather, and international developments, with no domestic or external shocks to global agricultural markets. Provisions of current law are assumed to remain in effect through the projection period. The projections are one representative scenario for the agricultural sector for the next decade. The projections in this report were prepared during October through December 2011, reflecting a composite of model results and judgment-based analyses.

Prospects for the agricultural sector in the near term reflect market adjustments to the supply-and-demand conditions underlying record high prices for many farm commodities in recent years. In response, global agricultural production of most major crops increases in 2012. Total U.S. red meat and poultry production is projected to fall in 2012 and 2013 in response to reduced producer returns over much of the past several years. Meat production then increases in response to improved returns. Longrun developments for global agriculture reflect a return to steady world economic growth and continued demand for biofuels, which combine to support increases in consumption, trade, and prices. Thus, following near-term reductions from record levels reached in 2011, the values of U.S. agricultural exports and net farm income each rise over the rest of the decade. U.S. retail food price increases average less than the overall rate of inflation in 2013-21, largely reflecting livestock production increases that limit consumer meat price increases.

Keywords: Projections, crops, livestock, biofuel, ethanol, biodiesel, trade, farm income, food prices, U.S. Department of Agriculture, USDA

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Background Regarding USDA Long-term Projections

USDA's long-term agricultural projections presented in this report are a departmental consensus on a longrun scenario for the agricultural sector. These projections provide a starting point for discussion of alternative outcomes for the sector.

The scenario presented in this report is not a USDA forecast about the future. Instead, it is a conditional, longrun scenario about what would be expected to happen under a continuation of current farm legislation and specific assumptions about external conditions. Critical long term assumptions are made for U.S. and international macroeconomic conditions, U.S. and foreign agricultural and trade policies, and growth rates of agricultural productivity in the United States and abroad. The report assumes that there are no domestic or external shocks that would affect global agricultural supply and demand. Normal weather is assumed. Changes in any of these assumptions can significantly affect the projections, and actual conditions that emerge will alter the outcomes.

The report uses as a starting point the short-term projections from the November 2011 *World Agricultural Supply and Demand Estimates* report. The macroeconomic assumptions were completed in October 2011.

The projections analysis was conducted by interagency committees in USDA and reflects a composite of model results and judgment-based analyses. The Economic Research Service had the lead role in preparing the departmental report. The projections and the report were reviewed and cleared by the Interagency Agricultural Projections Committee, chaired by the World Agricultural Outlook Board. USDA participants in the projections analysis and review include the World Agricultural Outlook Board; the Economic Research Service; the Farm Service Agency; the Foreign Agricultural Service; the Agricultural Marketing Service; the Office of the Chief Economist; the Office of Budget and Program Analysis; the Risk Management Agency; the Natural Resources Conservation Service; and the National Institute of Food and Agriculture.

Long-term Projections on the Internet

Data from the new USDA long-term projections are available electronically at:

<http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1192>

USDA Contacts for Long-term Projections

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