

The United States and the European Union—Statistical Overview

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Introduction

As background for the comparisons that follow, this chapter provides an overview of statistical comparisons of the United States and the European Union (EU). Emphasis is on the key economic indicators relating to the general economy, agriculture, and trade. To facilitate these comparisons, the EU is treated as a single entity, although it is an economic association of sovereign nations.

The United States is a Federal Republic of 50 States and one District. Trade in goods and services among the States and District is tariff-free, and other barriers to movement of goods and people between States are minimal. The U.S. economy is a market-oriented, highly industrialized economy, where agriculture, despite its small size relative to non-farm sectors, is important politically and economically. The varied and largely favorable U.S. climate, abundance of land, and fertile soil provide the basis for a highly productive agricultural sector.

The European Union was created by the 1957 Treaty of Rome to encourage the economic recovery and development of Western Europe.² Its member nations are market economies that are characterized by a higher degree (although declining in many countries) of public sector involvement in the economy than in the United States (*CIA World Factbook*). The EU agricultural sector is highly productive, concentrated

primarily in temperate zone crops and livestock. EU agriculture is characterized by more intensive production than in most of U.S. agriculture, owing to the relative scarcity of agricultural land.

Although a successful customs union for industrial goods has been realized within the EU, the EU still remains a compact among sovereign nations. Control of some economic policy, and particularly agricultural policy, is delegated by member states to the EU, while the rest remains the jurisdiction of the national governments. Supranational institutions like the European Commission and the European Parliament have limited power to regulate and administer mainly economic and commercial affairs at the EU level. Trade among EU member countries is tariff-free, and the “single market” reforms undertaken in 1993 have reduced or eliminated many remaining internal trade barriers. With the formation of a monetary union and adoption of a single currency in 1999 by 11 members, EU countries are approaching more comprehensive economic integration.

Macroeconomic and Socioeconomic Data

The 15 countries of the EU form a land mass equal to roughly half the area of the continental United States. However, with a much higher population (table 1-A), its population density is significantly greater, and the availability of land for agriculture smaller.

The sizes of the U.S. and EU economies are comparable; however, the U.S. economy has exhibited

Table 1-A—Population

Year	U.S.	EU
2002	287,675,526	379,270,390
Growth rate, 1990-2002 (%)	1.2	0.3

Source: U.S. Census Bureau.

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²France, West Germany, Italy, the Netherlands, Belgium, and Luxembourg were the original members. The United Kingdom, Ireland, and Denmark joined in 1973; Greece joined in 1981; and Spain and Portugal, in 1986. East Germany unified with West Germany in 1989; and Austria, Finland, and Sweden joined in 1995 to form the EU-15.

stronger growth in recent years (table 2-A).³ EU economic growth suffered to a greater extent than the U.S. economy from the global financial crisis of the late 1990s. Moreover, some EU national governments undertook austerity measures to meet the growth, debt, and inflation requirements of membership in the European Monetary Union (EMU). Greater differences in gross domestic product (GDP) exist between the EU and the United States on a (dollar-denominated) per-capita basis. While U.S. GDP per capita is larger in absolute terms (again, when both are expressed in dollars), it has grown at only a slightly higher rate than EU per capita GDP. Between 1991 and 2002 U.S. GDP per capita grew by 4.2 percent while EU per capita GDP grew by 3.9 percent over the same period.

Both countries exhibit significant regional variation in economic activity. In 2001, per capita GDP in the EU ranged from about \$17,000 (at purchasing power parity conversion rates) to about \$49,000 in Luxembourg (OECD), nearly a three-fold difference. In 2000, per capita gross state product in the United States ranged from about \$23,000 in West Virginia to \$47,000 in Connecticut (BEA, Census).

Throughout the 1990s, a larger share of the EU working-age population has been unemployed than in the United States (fig. 1-A). Unemployment in both countries declined at approximately the same rate in the late 1990s in response to robust economic growth. High unemployment has been a persistent problem in many EU countries, owing at least in part to inflexible labor laws and high wage taxes that raise the cost of labor. Regional variation in unemployment rates is

³Expressing economic data in the same currency, such as U.S. dollars, facilitates comparisons by putting economic data in the same units, but conversions from euros to dollars introduce distortions in the data. These comparisons will reflect the relative values of the dollar and the euro, as well as the values of the data themselves.

Table 2-A—GDP-Nominal and per capita

Year	U.S.	EU	U.S.	EU
	<i>Billion U.S. dollars</i>		<i>Dollars per person</i>	
2002	10,366	8,592	36,412	20,845
Growth rate, 1991-2002 ¹	5.2%	4.2%	4.2%	3.9%

¹EU growth rates are based on GDP in ecu/euro.

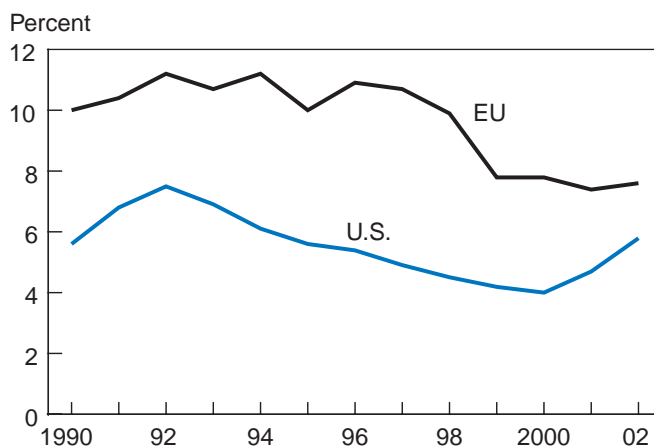
Note: The value of the euro, which weakened after 1999, accounts in part for the large difference in GDP and GDP per capita between the United States and the EU in U.S. dollars.

Source: OECD, Paris; U.S. Census Bureau; Eurostat.

pronounced in the EU, where 2002 unemployment averaged less than 3 percent in Luxembourg but was over 11 percent in Spain (OECD). The regional variation in unemployment rates is smaller in the United States, with 2002 unemployment rates ranging from 3.1 percent in South Dakota to 7.7 percent in Alaska (BLS).

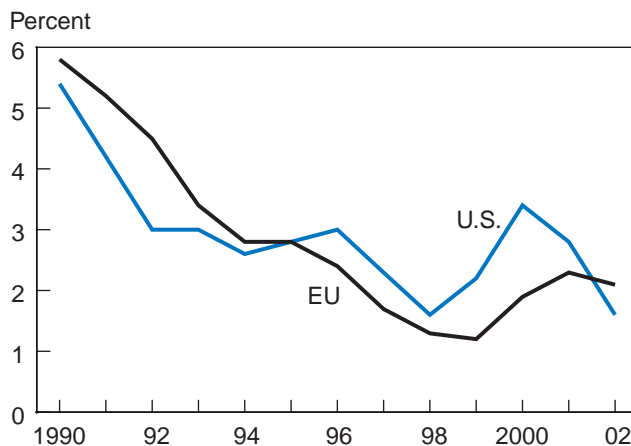
U.S. and EU inflation rates have been similar throughout the 1990s. Inflation as measured by the Consumer Price Index declined in both countries in the mid-to-late 1990s to levels that were relatively low by historical standards (fig. 2-A). Inflation rates have remained moderate since then on both sides of the Atlantic.

Figure 1-A
Unemployment rate, U.S. and EU



Source: U.S. Bureau of Labor Statistics; European Commission.

Figure 2-A
Inflation rate, U.S. and EU



Source: U.S. Bureau of Labor Statistics, Eurostat.

With the implementation of the EMU in 1999, the euro replaced the ecu, or “European currency unit,” as an EU-wide unit of exchange in which common agricultural prices and other values were denominated.⁴ After trading positions of relative strength since the 1970s, the ecu declined against the dollar beginning in the mid-1990s (fig. 3-A). The euro, which was introduced at the same value as the ecu, declined further against the dollar following its introduction. In 2000, the euro fell below parity vis-à-vis the dollar for the first time since the mid-1980s, but regained strength and rose to parity in mid-2002. The stronger dollar mirrored the strength of the U.S. economy in the late 1990s and early 2000s, leading to increased purchases of U.S. dollar investments. However, a strong dollar has important implications for trade by raising the costs of U.S. products to importers, while improving the competitiveness of EU exports.

Agriculture in the Economy

Agriculture accounts for a nearly identical proportion of total economic activity in the United States and the EU, and its share of GDP has been declining in both countries (table 3-A). Agriculture employs a greater share of the labor force in the EU than in the United States, reflecting the more intensive character of agricultural production and the smaller farm size (fig. 4-A). The share of the labor force engaged in production agriculture has been shrinking in both countries due to farm consolidation. However, this share has declined more rapidly in the EU in recent years, owing in part to producer retirement inducements. While there has been little change in agriculture’s share of employment in the United States during the 1990s, the long-term trend is downward.

Farm Structures

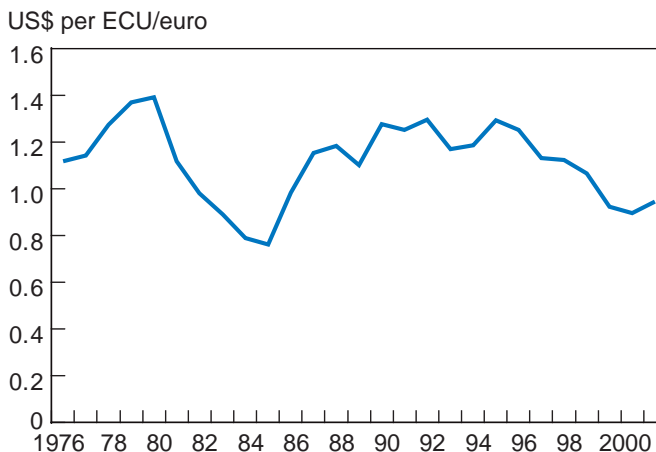
While the United States contains almost three times the arable land as the European Union, the EU has more than three times as many farms (table 4-A). Average farm size is significantly smaller in the EU than the United States, about one-tenth the size of the average U.S. farm.⁵ These averages mask much varia-

⁴The euro was adopted as a common EU currency in 1999, and euro coins and bills began circulating in 2002, replacing national currencies of EMU members.

⁵In the United States, a farm is defined as a farming unit with sales of agricultural products of \$1,000 or more. The definition of a farm in the EU can vary by member state, but generally refers to a holding engaged in agricultural production with utilized agricultural area of 1 hectare (2.5 acres) or more.

tion among regions in both countries. The EU’s largest holdings are found in the United Kingdom (averaging about 171 acres), and its smallest in Greece (11 acres). In the United States, the largest operations are located

Figure 3-A
U.S.-EU exchange rate



Note: 1999-2002 rates are US\$ per euro.

Source: Board of Governors of the Federal Reserve System.

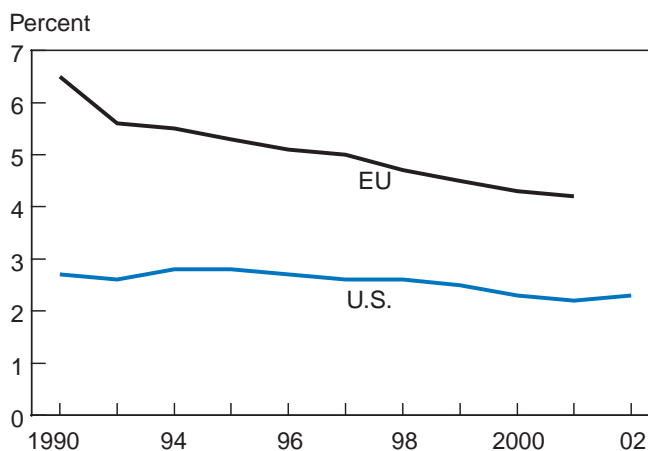
Table 3-A—Agriculture’s share of GDP

Year	U.S. ¹	EU
	<i>Percent</i>	
2001	1.4	1.7

¹Data for United States include forestry and fishing.

Sources: U.S.: Bureau of Economic Analysis; EU: European Commission.

Figure 4-A
Agricultural employment as a percentage of civilian labor force



Source: U.S. Department of Labor, Bureau of Labor Statistics; European Commission.

Table 4-A—Agricultural land, farm numbers, average farm size, 2001

	Units	U.S.	EU
Agricultural land	1,000 acres	941,210	316,913
Number of farms	1,000	2,158	6,766
Average farm size	Acres	436	46.2

Source: U.S.: National Agricultural Statistics Service; USDA EU: European Commission.

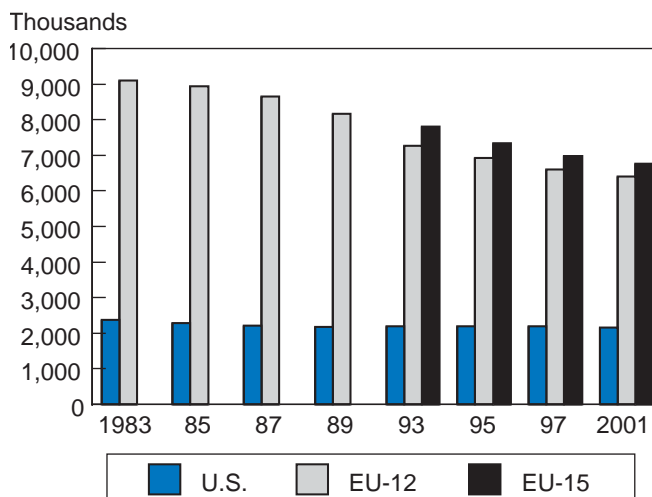
in the Mountain States (Wyoming leads with an average farm size of 3,761 acres) and the smallest in the Northeast (New Jersey, where the average farm is 86 acres). Farm numbers have been declining in both countries, but have declined more rapidly in recent years in the EU (fig. 5-A).

Data on the distribution of farms by size and sales class are not directly comparable between the United States and the European Union. Using each country's own data and definitions can provide some illustrations of the differences in size and distribution of farms between the two countries.

Farm size. More than half the farms in the EU are smaller than 12 acres (fig. 7-A). The largest farms in the EU (124 acres or more) account for only 8 percent of all EU farms. In contrast, almost half (47 percent) of all U.S. farms are 140 acres or larger. The greatest number of U.S. farms are 10-49 acres (fig. 6-A); this size class accounts for about 22 percent of all U.S. farms.

In both countries, the largest size class accounts for the greatest share of farmland. The largest U.S. farms, those of 2,000 acres or greater, account for over half of all

Figure 5-A
Farm numbers, U.S. and EU

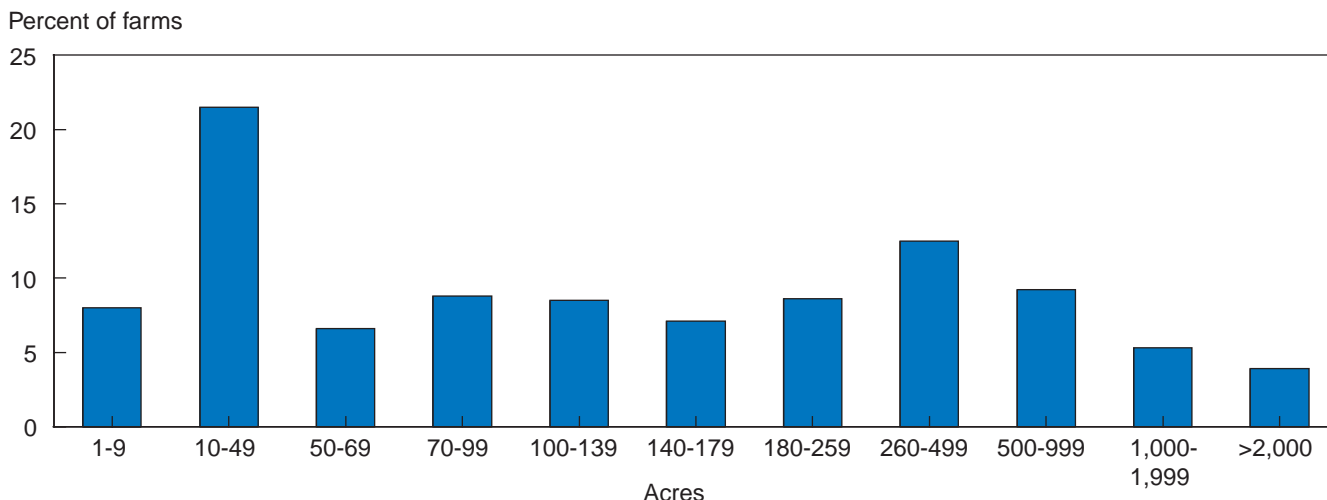


Source: National Agricultural Statistics Service, USDA; European Commission.

the area in farms. In the EU, the largest farms are 124 acres or greater and account for 60 percent of all EU farm area.

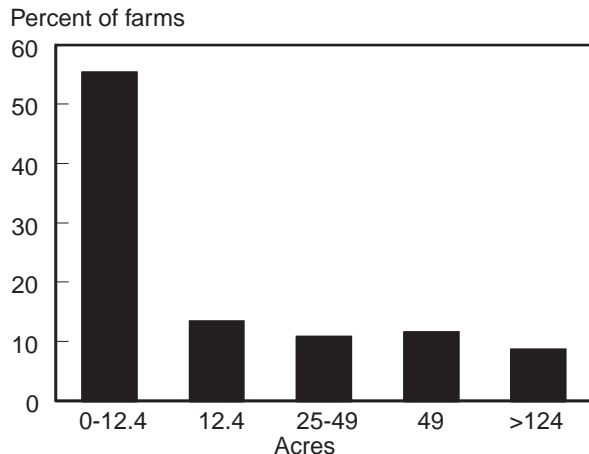
Economic size. The distribution of farms according to economic size of sales class is not directly comparable between the two countries because of differences in the way data are collected and reported. In the United States, the distribution according to sales class is available for all farms from the Census of Agriculture (USDA, NASS). Farms can fall into one of several categories, from total sales of less than \$1,000 to sales of \$5,000,000 or more.

Figure 6-A
U.S. distribution of farms by size, 1997



Source: National Agricultural Statistics Service, USDA.

Figure-7-A
EU distribution of farms by size, 1997



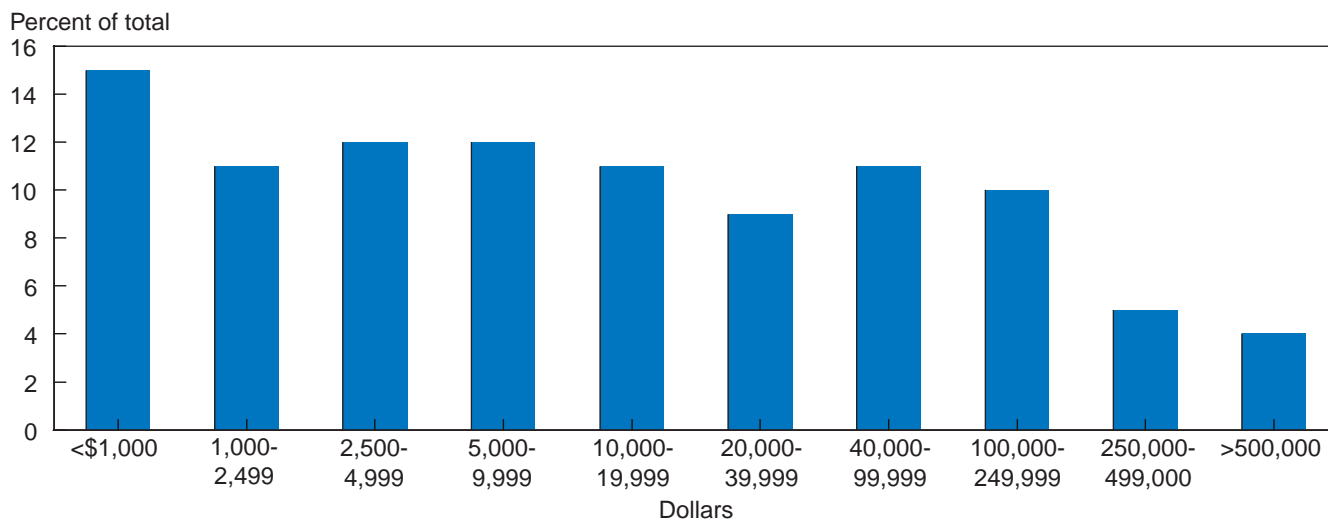
Source: European Commission.

The EU’s data are from the Farm Accountancy Data Network (FADN), which is based on a sample of commercial farms. Commercial farms are those that market the bulk of their production and that exceed a minimum level of economic activity. Farms in this sample would therefore be, on average, larger in economic size than the average EU farm. The EU distribution is presented according to European Size Unit (ESU), a unit of measurement of the economic size of the agricultural holding, rather than sales class. A farm of an economic size of 1 ESU has a total standard gross margin (value of production minus certain variable costs) of 1,200 ECU (\$1,080 at 1.11 euro/\$). U.S. sales class data are based on revenue only, and do not include costs.

In both countries, the smallest economic size class accounts for the greatest share of all farms. U.S. farms with less than \$250,000 in annual sales are considered small (USDA, ERS 2001). Ninety-two percent of all farms in the United States are classified as “small” according to sales class (fig. 8-A). In the European Union, small farms (those classified as “small” or “medium small”) have approximately \$17,000 or less in the value of gross margins (fig. 9-A). According to this definition, 59 percent of farms in the FADN sample are classified as being small in economic size. Sixty-two percent of all U.S. farms have sales (only) less than \$20,000.

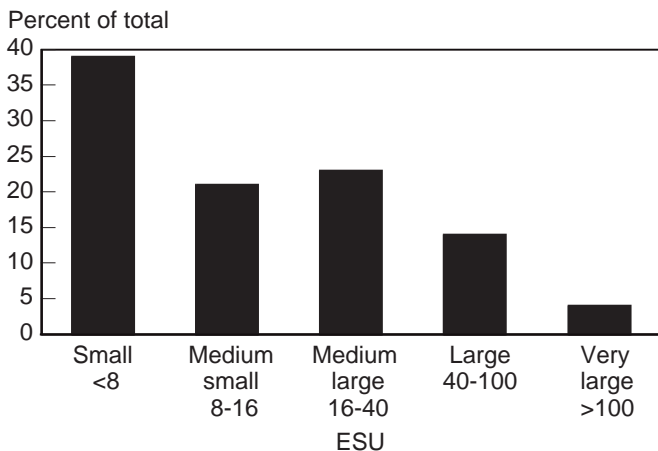
Age distribution of farmers. The age profile of U.S. and EU producers is quite similar. The underlying data define a farmer as a farm operator (U.S.) or a farm “holder also being the manager” (EU). In both countries, the largest age group is 65 or older. The United States has a larger share of “middle-aged” farmers (between the ages of 35 and 54), while the EU has more of its farmers in the 55 or older categories. In either case, the differences between the United States and the EU are not great. The aging of the EU producer has sometimes been cited as a cause for either concern—too few younger people are taking up farming—or reassurance—the problem of surplus production will be solved by demographics as older farmers exit the sector. However, a comparison with U.S. data indicates that the typical EU producer is only slightly older than his or her U.S. counterpart. Neither country’s data would count as a “farmer” younger family members working the farm with a parent or older relative who expect to inherit or purchase the

Figure 8-A
U.S. distribution of farms by sales class, 1997



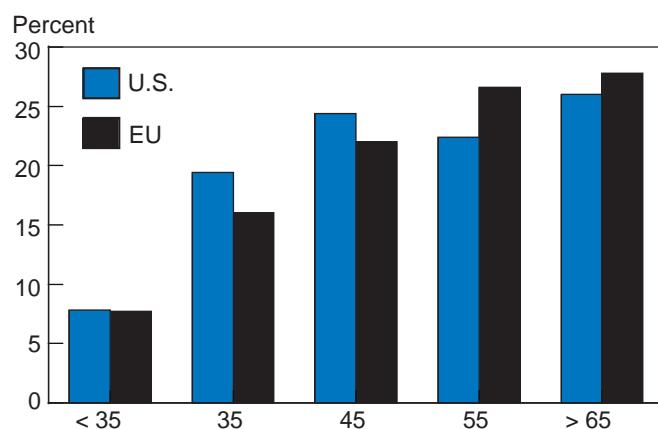
Source: National Agricultural Statistics Service, USDA.

Figure 9-A
EU distribution of farms by economic size, 1997



Source: European Commission.

Figure 10-A
Age profile of U.S., EU farmers, 1997



Source: National Agricultural Statistics Service, USDA; Eurostat.

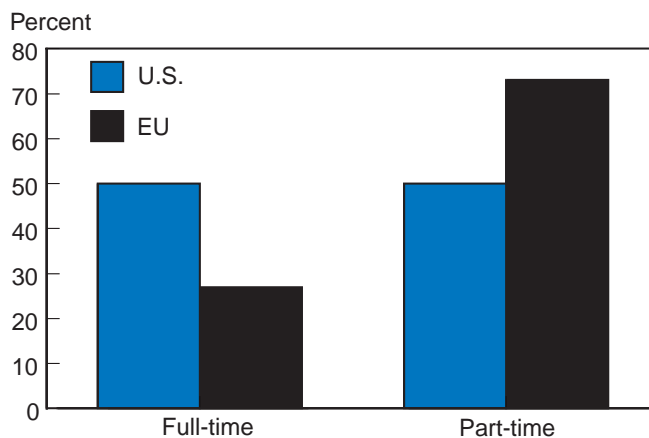
operation. In both countries, the preponderance of older farmers may also reflect the difficulty faced by younger farmers in accumulating the financial resources to purchase farmland. The EU has instituted policies to encourage the intergenerational transfer of farms through early retirement incentives for older farmers and aids for establishing younger farmers.

Full-time vs. part-time farming. For a growing share of farmers in both the United States and the EU, farming is a part-time occupation. Many producers in both countries have some or considerable gainful employment outside of farming and depend on off-farm income. In the United States, “full-time” farms are those whose operators say that farming is their principal occupation (including retirees), while “part-time”

farmers are those principally employed outside farming and those pursuing dual farm-nonfarm careers but are primarily employed outside farming (USDA-ERS, 2000). In 1997, the shares of full-time and part-time farmers were nearly equal in the United States (fig. 11-A). In the EU, “full-time” farmers are defined as those whose work on the farm is equivalent to the annual time of a full-time worker (Eurostat, 2000a). In 1997, only 27 percent of EU farmers could be described as full-time according to this definition. The higher share of part-time farmers in Europe is the result of the small natural resource base of many European farms and the high degree of seasonality of agricultural production in some regions of Europe (European Commission, 1999), as well as a stricter definition of what constitutes full-time farming.

Income from off-farm sources. In both the United States and the EU, a growing share of farm households depends on off-farm income. In 1999, income from off-farm sources accounted for 90 percent of U.S. farm households’ income. This high share of off-farm income reflects the small size of most U.S. farms. The official U.S. farm definition requires only \$1,000 of sales to qualify as a farm, and over half of U.S. farm households operate farms with sales less than \$10,000. In the United States, the share of household income from farming tends to be related to the economic size of the farm. In 1999, farms with sales less than \$10,000 received virtually all of their income from off-farm sources, while the largest farms (sales in excess of \$500,000) received, on average, 82 percent of their income from farming (USDA, ERS, Farm Structure Briefing Room).

Figure 11-A
Full-time and part-time farmers in the United States and EU, 1997



Source: National Agricultural Statistics Service, USDA; Eurostat.

There is an important difference between U.S. and EU farm household income data. The EU data define an agricultural household as one in which the main source of income is from agriculture (Eurostat, 2000b). The share of households that meets this qualification relative to all households where there is at least some income from farming ranges from 33 percent in Denmark (1996) to 65 percent in Greece (1994).⁶ Even for households that meet this narrow definition, off-farm income is frequently substantial. In 1999, EU agricultural households (so defined) received between one-third and one-half of their income from off-farm sources. It is important to note that the share of off-farm income for EU agricultural households will be lower than that in the United States because the narrower definition of an agricultural household in the EU excludes many households where off-farm income is significant, whereas the U.S. definition includes all but the very smallest operations. For EU households that receive some income from farming, but where agriculture is not the main income source, off-farm income can range from 95 percent of income in Germany to 80 percent in Denmark (Eurostat, 2000b).

Agricultural Output

The United States and the European Union, located in the northern temperate zone, are similar in the composition of their agricultural output.⁷ Agriculture in both areas is dominated by grains, dairy and other livestock, and fruits and vegetables. The United States is a much larger producer of oilseeds (mainly soybeans), while dairy accounts for a larger share of EU agricultural output (figs. 12-A, 13-A). Production of individual commodities within these categories differs more substantially, reflecting climatic and other supply differences, incentives and disincentives created by agricultural policy, and differences in local tastes, preferences, and incomes.

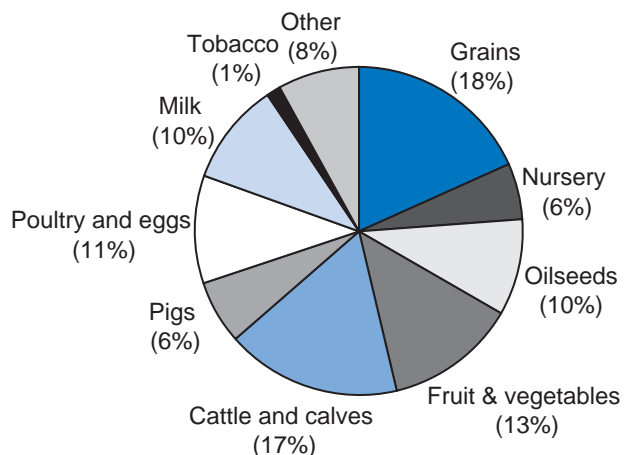
Both countries are large agricultural producers, accounting for large shares (20 percent or greater) of world production of several agricultural commodities

⁶There are numerous caveats that apply to the use and interpretation of this data, which are not consistent across EU member countries. For additional information, the reader is referred to Eurostat, *Income of the Agricultural Households Sector: 1999* (Office of Official Publications of the European Communities, Luxembourg, 2000).

⁷The article in this report by Leetmaa et al. analyzes some of the factors that account for differences in productivity of the agricultural sectors between the United States and the EU.

Figure 12-A

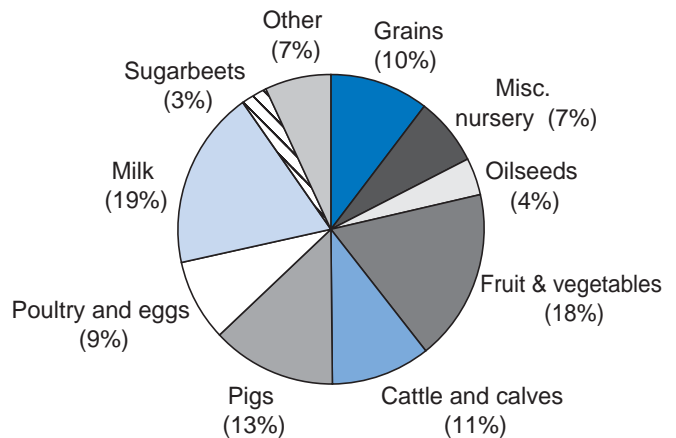
Composition of agricultural output, U.S. (1997)



Source: OECD.

Figure 13-A

Composition of agricultural output, EU (1997)



Source: OECD.

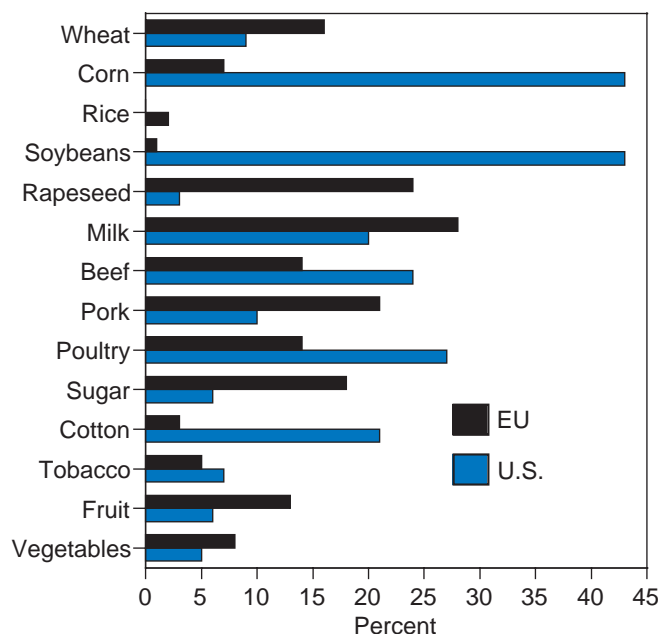
(fig. 14-A). The United States is one of the world's largest producers of corn, soybeans, beef, poultry, and cotton, while the EU has a large share of world production of rapeseed, milk, and pork.

Trade

Differences in production of agricultural products, the competitiveness of each country's producers, differences in tastes and preferences, and agricultural and trade policy, determine to a large extent the level and composition of U.S. and EU agricultural trade.⁸

⁸Consumption of food and other agricultural products in the United States and the European Union is treated in detail in the article by Mitchell. Commodity trade policy is addressed in the article by Normile, Effland, and Young.

Figure 14-A

EU, U.S. shares of world production, 2001

Source: USDA; Food and Agriculture Organization.

Agricultural trade—exports. The United States and the European Union are the world's largest exporters of agricultural products, each accounting for nearly 20 percent of global exports in 1996-2000 (table 5-A). Based on USDA's definition of agriculture, the United States has consistently led all countries in agricultural exports, followed by the European Union. Both countries saw their agricultural exports shrink in the late 1990s, largely owing to large supplies and low prices worldwide, and to a decline in demand resulting from the Asian financial crisis. Since 1996, a record year for U.S. agricultural exports, the value of U.S. agricultural exports has fallen by significantly more than the dollar value of EU exports (EU exports measured in ecu/euros rose over the period). EU exports have been aided by the gradual weakening of the ecu/euro against the dollar during the second half of the 1990s, which gave EU exports a competitive edge over U.S. products in world markets.

Shares of agricultural production exported by the United States and the European Union are presented in table 6. As the shares are taken from each country's data, methodologies for computing these shares may not be the same, and the shares are not strictly comparable⁹. Both countries export roughly between 20 and 25 percent of their agricultural output, and both are

⁹For information on the methodology used to calculate official U.S. data, see "U.S. Agricultural Trade Update," FAU-59, November 2001.

Table 5-A—Agricultural exports

Year	U.S.	EU	U.S.	EU
	<i>Billion \$US</i>		<i>% of world trade</i>	
1996	62.5	51.5	21	18
1997	58.6	52.3	19	17
1998	53.1	49.5	19	17
1999	50.3	47.4	18	17
2000	52.9	48.1	19	18

Source: Economic Research Service, USDA, from UN trade data (adjusted by ERS).

Table 6-A—Share of agricultural production exported

Year	U.S.	EU
	<i>Percent</i>	
1995	25.8	22.7
1996	22.3	21.5
1997	21.5	24.5
1998	22.2	24.2
1999	22.8	18.7
2000	22.4	20.9
2001	22.5	20.9

Source: Economic Research Service USDA; European Commission.

highly dependent on foreign markets as outlets for farm output. The export share of U.S. agricultural production reached a recent high of 26 percent in 1995, but has been stable since then at about 22 percent, following a decline in the share of major bulk commodities (grains, oilseeds, and cotton) exported. Low world prices for these commodities and the appreciation of the dollar in the late 1990s were largely responsible for the lower U.S. export shares. EU exports relative to production declined significantly in 1999 due to a large increase in the value of agricultural output, in part because a reduction in the set-aside rate led to higher arable crop output.

Both the United States and the EU account for large shares of world trade in several agricultural products (table 7-A). The United States is one of the world's largest exporters of grains, oilseeds, and poultrymeat, while the EU is a leading exporter of barley, olive oil, wine, dairy products, and pigmeat. EU shares of world trade in grains (especially wheat), wine, dairy products, and meat (especially beef and veal) have all dropped since the early 1990s, owing to limits on subsidized exports implemented under the World Trade Organization (WTO) and curbs on beef exports following the BSE outbreak. Of the major commodity groups examined, only the EU share of the world pigmeat market has risen over the 1990s.

Table 7-A—Shares of world exports by value, selected agricultural products, 2000

Product	U.S.	EU ¹
	<i>Percent</i>	
Grains	28	19
Wheat	27	14
Corn	63	1
Barley	6	54
Rice	14	3
Oilseeds	43	2
Soybeans	59	0
Soybean oil	11	18
Soybean meal	19	5
Olive oil	1	76
Sugar	1	20
Tobacco	32	19
Wine	8	56
Milk (total) ²	5	38
Butter	1	25
Cheese	4	44
Dry milk	4	36
Meat	27	15
Beef and veal	30	6
Pigmeat	24	36
Poultrymeat	30	13
Fruit and vegetables	17	11

¹Excludes intra-EU exports.

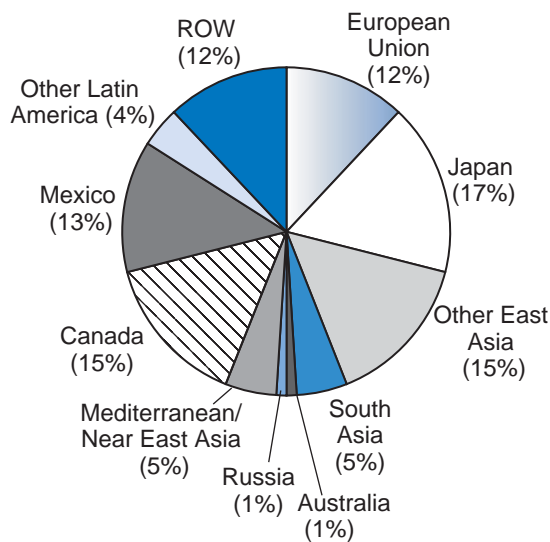
²Milk equivalent.

Source: FAO data (unadjusted)

Both the United States and the European Union export their products to virtually every region of the globe. Both countries' principal markets include the largest agricultural importing countries--Japan, South Korea, and each other (figs. 15-A, 16-A). The EU's other major export markets in 2000 were Other Western Europe (Switzerland and Norway), the Central and Eastern European countries (CEEs), and the Mediterranean/Near East, Gulf countries. The United States' largest export markets are also Japan, followed by the large East Asian agricultural importing countries (South Korea, Taiwan, China, Hong Kong), and North America Free Trade Agreement (NAFTA) partners Canada and Mexico. Although the EU remains a key market for American farm goods, its relative importance has declined steadily over the last 20 years. The share of total U.S. agricultural exports going to the EU has declined from a peak of more than 30 percent in 1982 to just 12 percent in 2000. This decline reflects primarily the rapid growth of U.S. exports to other regions such as Canada, Mexico, and East Asia. In recent years, agricultural exports to the EU have declined in absolute terms due to a strong dollar, increased competition, and EU policies that have limited imports of some U.S. bulk commodities. Principal export destinations of each

Figure 15-A

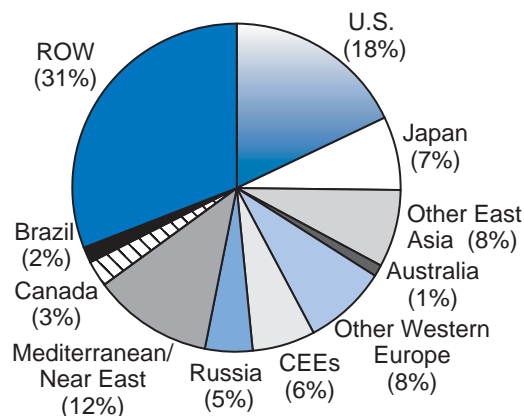
Largest U.S. markets for agricultural exports, 2000



Source: USDA, FATUS.

Figure 16-A

Largest EU markets for agricultural exports, 2000



Source: European Commission data.

country reflect, in addition to overall market size and consumer preferences, geographic proximity and the existence of trade agreements.

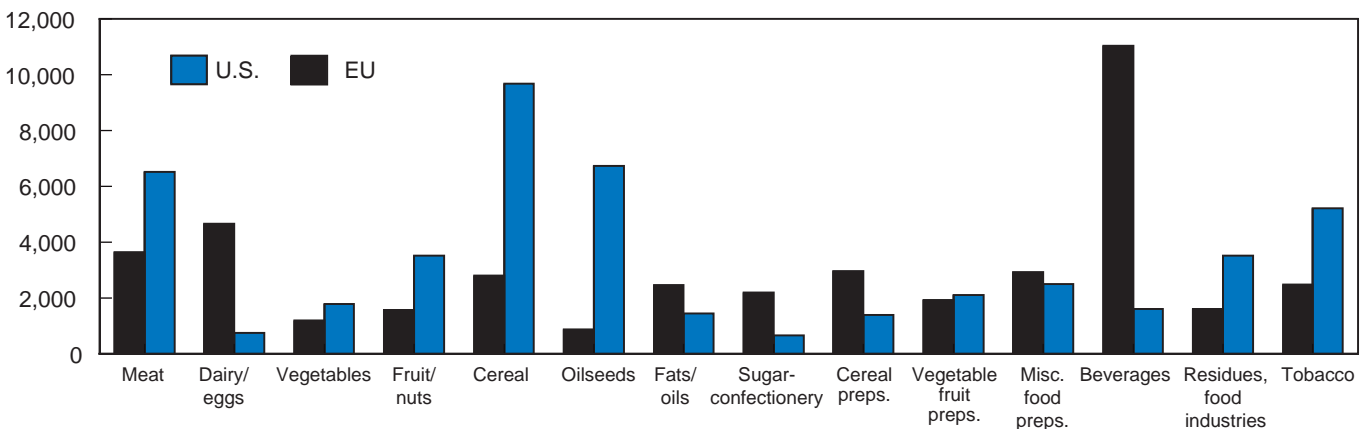
U.S. agricultural exports to all destinations, ranked by value, are led by cereals, oilseeds and meals, tobacco (including manufactured tobacco products), and meat (fig. 17-A). Beverages (including wine), dairy, eggs, honey, and meat dominate EU agricultural exports.

Agricultural trade—imports. Since 1996, imports of agricultural products have risen in the United States but declined in the EU (some of the fall in EU imports in dollar terms is due to the appreciation of the dollar over this period) (table 8-A). Strong economic growth in

Figure 17-A

U.S., EU agricultural exports by major categories, 2000

Million \$US



Source: UN trade data (unadjusted); European Commission.

Table 8-A—Agricultural imports

Year	U.S.	EU ¹	U.S.	EU
	<i>Billion \$US</i>		<i>% of world trade</i>	
1996	37.0	67.2	12.6	22.9
1997	39.8	67.4	13.0	22.0
1998	41.1	61.8	14.4	21.7
1999	41.4	57.9	15.0	21.0
2000	40.5	54.3	14.7	19.7

¹Excluding intra-trade.

Source: Economic Research Service, USDA from UN trade data (adjusted by ERS).

both economies led to increased demand for imported goods, including agricultural products. The European Union is the world's top importer of agricultural goods, and, since 1996, the United States is the second largest. Since 1996, the United States has imported, on average, 13 percent of world trade in agricultural products, while the EU accounted for 18 percent.

As high-income countries, both the United States and the European Union are large importers of high-valued products, including oils, meat, wine, and fruit and vegetables (table 9-A). In 2000, the United States imported 34 percent of world trade in olive oil, and over 20 percent of world imports of beef and veal. The United States was a relatively small importer of most bulk agricultural products. EU countries import a large share of world trade in oilseeds, soybeans, and soybean meal, and over 20 percent of the world trade in wine, olive oil, tobacco, and fruit and vegetables.

Beverages are the largest category of U.S. agricultural imports, accounting for more than 15 percent of U.S. agricultural imports (fig. 18-A). The United States, like

Table 9-A—Shares of world imports by value, selected agricultural products, 2000

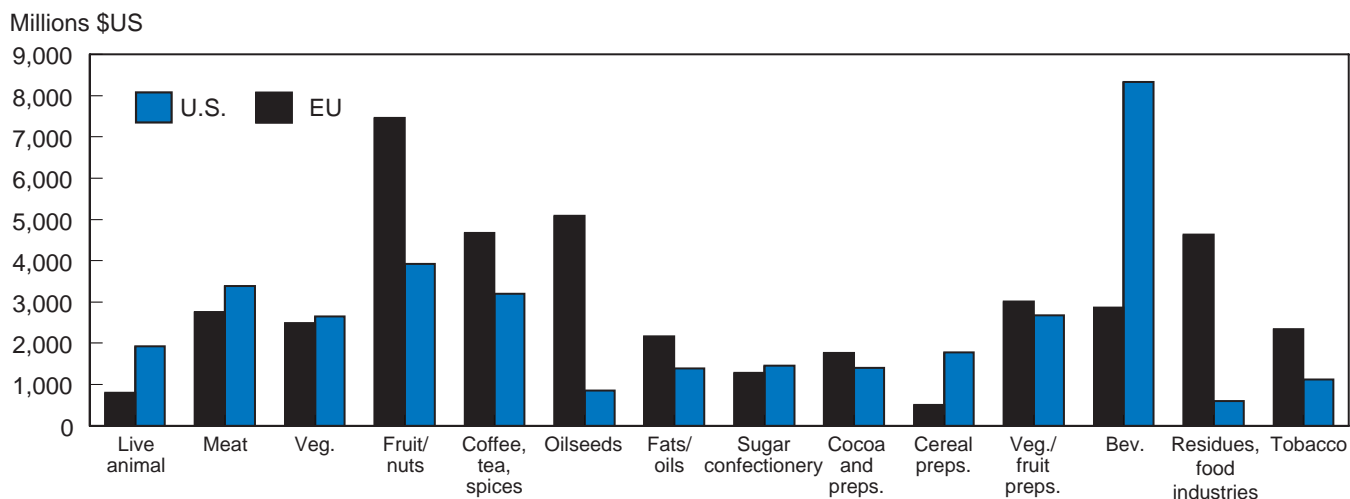
Product	U.S.	EU ¹
	<i>Percent</i>	
Grains	6	5
Wheat	2	4
Corn	2	5
Barley	3	0
Rice	3	6
Oilseeds	2	28
Soybeans	0	29
Soybean oil	1	1
Soybean meal	0	41
Olive oil	34	23
Palm oil	1	16
Sugar	7	10
Tobacco ²	4	9
Wine	32	23
Milk (total) ³	11	10
Butter	3	18
Cheese	20	14
Dry milk	0	3
Meat	14	12
Beef and veal	23	10
Pigmeat	14	2
Poultrymeat	1	12
Fruit and vegetables	21	25

¹Excludes intra-EU imports.²Includes tobacco products.³Milk equivalent.

Source: FAO data (unadjusted).

the EU, is a large importer of coffee, tea, and spices; fruits and nuts; meat; and vegetables and tubers. Both supplement domestic meat production with large imports of specific types and qualities of meat, out-of-season and exotic produce, and beverages (wine, beer, and fruit juices). The EU's two largest agricultural import categories are edible fruits and nuts, and coffee, tea, and spices, together accounting for approximately one-fourth

Figure 18-A
U.S., EU agricultural imports by major categories, 2000



Source: UN trade data (unadjusted); European Commission.

of EU agricultural imports. More than 10 percent of EU agricultural imports are in oilseeds and residues of food processing (this category includes soybean meal and corn gluten feed, important U.S. exports to the EU, as well as other residues of the food industry used as animal feed).

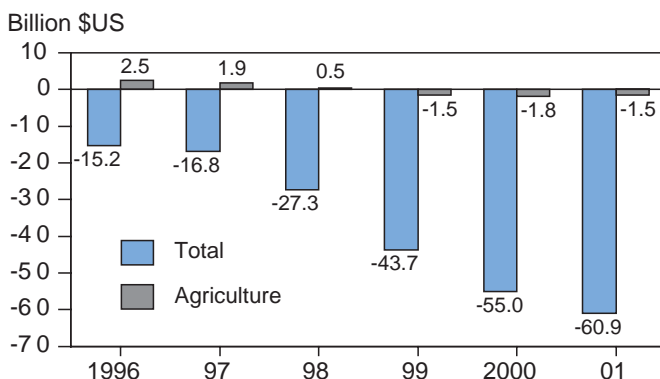
Bilateral trade. The value of U.S.-EU trade in all goods dwarfs bilateral agricultural trade. In terms of total trade, the United States has consistently been a large net importer from the EU. Until recently, the United States has been a net exporter of agricultural products to the EU (fig. 19-A). In 1999, the United States incurred an agricultural trade deficit with the EU for the first time, the result of strong economic growth in the United States and the strong dollar that made imports into the United States cheaper and exports to the EU more expensive. U.S. imports of EU agricultural products

reached a record US\$8.1 billion in 2000, exceeding exports to the EU by US\$1.8 billion (table 10-A).

U.S. agricultural exports to the European Union have declined as well since the mid-to-late 1990s. The decline in exports to Europe was led by lower U.S. shipments of oilseeds, oilseed products, and animal products, and continued weakness in grain and feeds shipments. These declines were the result of continued strong export competition for grains and oilseeds, as well as the strong dollar. U.S. exports of corn to the EU continued to be hurt by EU policies on agricultural biotechnology products. The ban on imports of genetically engineered corn varieties not approved in the EU has hurt exports of all U.S. corn to the EU.

The largest category of U.S. agricultural exports to the EU, in value terms, continues to be oilseeds and products, an important input into EU animal feed, accounting for 22 percent of the total (fig. 20-A). Soybean exports, typically one of the largest single categories of

Figure 19-A
U.S. balance of trade with EU



Source: FAS "BICO" data; U.S. Census Bureau.

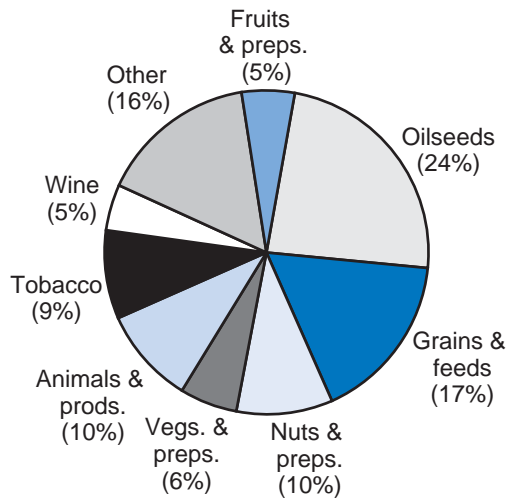
Table 10-A—U.S.–EU agricultural trade

Year ¹	U.S. exports to the EU	U.S. imports from the EU
	<i>Million \$US</i>	
1996	9,022	6,545
1997	8,907	6,987
1998	7,870	7,388
1999	6,432	7,961
2000	6,244	8,066
2001	6,420	7,936

¹Calendar years.

Source: FAS "BICO" data.

Figure 20-A
U.S. agricultural exports to EU by commodity, 2000



Source: USDA, FATUS.

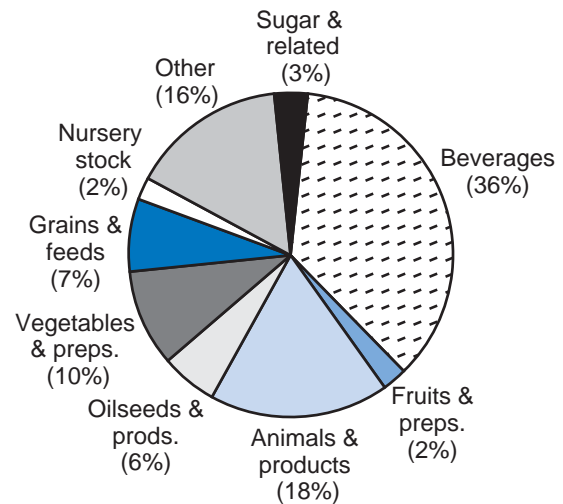
U.S. exports to the EU, have dropped off as a result of competition from South American suppliers and, more recently, a strong dollar. U.S. grain and feed exports, still one of the largest categories of U.S. exports to the EU, have declined with the collapse in corn exports. U.S. wine exports to the EU, small relative to total agricultural exports, continue to grow, albeit more slowly than in past years.

Europe still accounts for more than 78 percent of U.S. exports of corn byproducts (which were not affected in 1999 by EU policies on agriculture biotechnology products), 56 percent of almond exports, roughly 50 percent of U.S. exports of wine and tobacco, about 40 percent of U.S. exports of dried fruit, and 23 percent of U.S. soybean exports.

In contrast to U.S. exports to the EU, where the largest categories are bulk grains, oilseeds, and products, U.S. imports from the EU are dominated by high-value products (fig. 21-A). Beverages, consisting mostly of wine and malt beverages, are the single largest import category, followed by imports of animal products—mostly cheese, other dairy products, and red meat and products. Imports of oilseeds are primarily olive oil.

Bilateral trade is driven by many of the same factors influencing overall agricultural trade, as well as some specific to bilateral trade. Both countries are high-income consumers and mature markets for most agricultural products. Agricultural policy has been important in shaping bilateral trade. EU support to grain prices has helped create a significant market for

Figure 21-A
U.S. agricultural imports from EU by commodity, 2000



Source: USDA, FATUS.

U.S. exports of non-grain feeds and oilseeds. Trade agreements, including the WTO Agreement on Agriculture and regional trade agreements like the U.S. NAFTA and EU association agreements with Central and Eastern European countries, have increased both countries' trade with other countries. New issues, including regulations affecting trade in genetically engineered products, labeling requirements, and standards, are affecting products traded between the two countries. Changing consumer preferences and development of new categories of products, like organic foods, are leading to new trade patterns that can't be captured by examining the highly aggregate data.

Conclusions

This overview provides a snapshot of the agricultural sectors and their place in the larger economies of the United States and the European Union. Both countries face similar pressures from farm consolidation and a decline in production agriculture's position in the overall economy. Many farmers in both countries are engaged in farming on a part-time basis or have a sizeable share of income from off-farm sources. Despite this, both countries continue to be important players in global agricultural production and trade, while for both competition from other large producers is increasing. Differences between the two countries are also important; agricultural employment is an important policy issue in the EU because agriculture employs a larger share of the work force and because unemployment is higher, providing fewer alternatives to farm work. The EU's farm struc-

ture, characterized by a larger number of smaller farms, continues to present challenges for EU policy.

Trade in agricultural products is important for both countries' producers and their consumers, and both countries account for large shares of world agricultural trade. Both countries are among each other's largest trading partners, although the mix of products traded differs.

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