



U.S. Agricultural Exports in Southeast Asia

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What is the Issue?

Southeast Asia is one of the world's most dynamic and diverse economic regions and a promising overseas market for U.S. agricultural goods. The region is growing rapidly in terms of both Gross Domestic Product (GDP) and population and is already the third-largest regional market for U.S. agricultural exports. Southeast Asia's tropical climate produces plantation crops (such as palm oil, rubber, tropical fruit, and fish), but the climate is not favorable for producing temperate regional crops grown in the United States (such as wheat, corn, soybeans, deciduous fruit like apples and berries) and dairy products. Therefore, Southeast Asia has the potential to be an important overseas market for U.S. agricultural products, as well as for some major competitors.

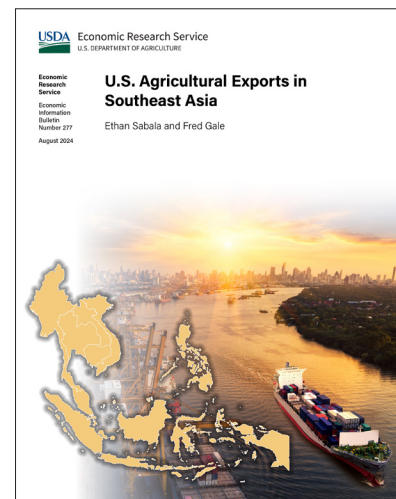
What Did the Study Find?

Foreign suppliers of agricultural products to Southeast Asia include the following:

- The top five are China, the United States, Brazil, Australia, and the European Union.
- New Zealand, India, Canada, and Argentina are also major suppliers of agricultural products.
- Other competitors include Ukraine for wheat and Pakistan for rice.

The value of U.S. agricultural exports to Southeast Asia increased by \$4.8 billion from 2012 to 2022 despite market share falling 0.2 percentage points, from 11.4 to 11.2 percent, over the period. The European Union and Australian market shares remained steady while exports from these countries increased. Among the top five foreign agricultural suppliers to Southeast Asia, Brazil and China were the only ones to increase market share from 2012 to 2022.

Currently, the United States has only one trade agreement in the Southeast Asia region, the U.S.-Singapore Free Trade Agreement. Competing exporters have ratified trade agreements that give preferential treatment to their exports:



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- The Association of Southeast Asian Nations (ASEAN), which includes all the Southeast Asian countries except Timor-Leste, has trade agreements with Australia, New Zealand, China, and India, among others.
- While Southeast Asian countries impose tariffs ranging from 10 to 50 percent on U.S. beef products, beef products originating in Australia and New Zealand do not face these tariffs, and beef (primarily water buffalo) products from India face lower tariffs. India and Australia are the two largest exporters of beef products to Southeast Asia.
- The United States faces tariffs ranging from 5 to 7 percent when exporting wheat to the Philippines, Indonesia, Vietnam, and Myanmar. Australia, the largest competitor to U.S. wheat in the Southeast Asian market, faces no tariffs when exporting wheat to these countries.

Major U.S. agricultural exports to Southeast Asia face competition from top exporters around the world. Soybean products are the largest category of U.S. agricultural exports to Southeast Asia, and these sales face stiff competition from Latin American countries:

- In 2022, more than 90 percent of soybeans imported by Southeast Asian countries came from either the United States or Brazil.
- For soybean meal, Argentina and Brazil are the two major suppliers, with the United States the third-largest supplier and far behind in volume of exports.

The United States also faces competition for exports of other agricultural products to Southeast Asia:

- U.S. cotton and wheat compete primarily with Australian cotton and wheat, which have significantly reduced shipping costs and lower tariffs for wheat.
- U.S. beef exports to Southeast Asia tripled from 2015 to 2022 but are still far outpaced by exports from India, Australia, and Brazil. Indian and Australian beef have lower tariff rates. However, as the size of the middle class in Southeast Asia grows, demand for higher quality U.S. beef could continue to increase.
- Although corn is a major agricultural import for Southeast Asia and the second largest U.S. agricultural export overall, the United States exports little corn to the region, with Argentina and Brazil currently the two largest foreign suppliers.
- The U.S. Department of Agriculture (USDA) promotes U.S. specialty crop exports (including fruits, vegetables, and nuts) to Southeast Asia through its Regional Agricultural Promotion Program (RAPP). As of 2022, China is the largest exporter of these products to Southeast Asia.

How Was the Study Conducted?

This report analyzes trade data to determine historical trends, assess the potential of increasing the role of Southeast Asia as an export market for U.S. agricultural products, and determine which countries compete effectively with the United States in the Southeast Asia region. Trade data were obtained from the USDA's Global Agricultural Trade System and from Trade Data Monitor. The data were gathered, analyzed, and synthesized by the USDA's Economic Research Service.