AGROINDUSTRIAL EXPORT TENDENCIES IN THE REGIONAL TRADING BLOCS
NAFTA, EU AND MERCOSUR FROM THE 70S TO THE 90S

INTRODUCTION

The world trade of agricultural products has undergone significant changes during the last decades. Since the sixties, encouraged by stable international prices, the world agroindustrial trade has expanded considerably, remaining constant until the early 1970s. Due to a decrease in demand the petroleum crisis and the high prices of food in the foreign market, there was a cooling down if not an inversion of the rhythm of expansion of the agricultural world trade, with an unstable economical situation under a process of change.

By the end of the 1970s and early 1980s, tendencies entirely delineated since the mid-1970s were amply confirmed: the main developed countries, which formerly imported agricultural products, became self-sufficient and surplus product exporters, due to the encouragement to production and to investments, received in the sector as a part of policies adopted to face external adversities.

The effect of the subsidies and protectionism on the agricultural sector was of substantial relevance to the growth of final stocks. This initially brought a fall in the prices, and subsequently a certain normalization of the trade flow, encouraging, on the other hand, an aggressive competition among the greater exporter countries to capture larger slices of the market.

Considering the main markets, the tendencies of the external market of agroindustrial products, with emphasis on the economic blocs such as NAFTA (North American Free Trade Agreement), EU (European Union) and MERCOSUR (Common Market of the South), reveal the dynamics of the world trade in the last decades. In this analysis, export evolution of the exportation guideline structure is described taking into account the basic aggregates, manufactured and semi-manufactured products, so that one can identify a redirection towards one or another specific group, i.e. the export behavior among the main world exporters of agroindustrial products.

Given the large number of agroindustrial complexes, the following product groups are initially analyzed: oleaginous grains, oils, bran/meals and cereals. The behavior of each product, especially among these groups, is qualified when its importance is determinant of evolution and group tendency. The others, which do not fit in these definitions, are analyzed separately.

In the evolutive analysis, data referring to four periods represented by averages of three years are used: 1973/74/75 (period 1), 1977/78/79 (period 2), 1982/83/84 (period 3) and 1989/90/91 (period 4), deflated and expressed in the 1992 dollar. The graphs show the export evolution and the
average annual geometric growth rates complement the analysis, as they quantify the proportion and the rhythm of changes.

**EXPORT TENDENCIES OF BASIC, SEMI-MANUFACTURED AND MANUFACTURED PRODUCTS**

**Basic Products**

The export volume of basic products represents 45% of the total products that were traded by the world agroindustrial trade. The analysis of the evolution of this participation throughout time shows a tendency of decrease among the main export markets (Table 1a).

This phenomenon can also be seen among the economic blocs. MERCOSUR showed a greater decline than the other blocs, remaining so since the mid 70s, a result that obviously is being influenced by the behavior of the Brazilian exports. The remaining exporting blocs express a certain stability despite the occurrence of local decreases.

Taking into account the total of basic products traded worldwide (Table 2, Figure 1), the exports are concentrated in the European market (34.1%) with the EU accounting for 87.5%; in the North American market (27%), with 79.0% coming from the USA, and in the Latin American market (14.5%), with Brazil accounting for 23.0%.

The geometric growth rates reveal that there was an increasing evolution of the export of basic products in the European market during the periods studied; a decrease occurred only during the recession period of world economy, the same happening in the EU. In the North American market and in Latin America, the geometric rates had the following behavior: positive in the 1970s, showing a decrease during the recessive period and remaining so during the last period, although in a smaller proportion. Especially in the United States and in the EU countries the increase in the export of basic products was mainly determined during the 1970s by supportive grain production policies.

**Semi-manufactured products**

Among the three agroindustrial export products, the semi-manufactured products represented the lowest proportion (17.8%) of the total commercialized worldwide (Table 1b).

The export evolution of this group reveals important tendencies. Throughout the period studied, the export of semi-manufactured products in Latin America has always been increasing and in great proportions, the same occurring in the MERCOSUR. The factor which best explains this
superior performance is, besides the expansion of some markets of meal and oils, the extraordinary growth of exports of wood chemical paste in Brazil. This certainly has had considerable impact on the evolution of semi-manufactured product export in the Latin American and MERCOSUR markets.

Observing the participation of the semi-manufactured product export of each export country in the total world export of this aggregate (Table 3 and Figure 2), it can be seen that Europe accounts for 38.6%, which represents basically EU exports (69.2%) and EFTA (European Free Trade Arrangement) 28.4%. The North American market participates with 28.3% in these exports concentrated in the USA (52.7%) and Canada (46.6%). The other two markets which also stand out are the Asian countries (15.1%) and the Latin American countries (11.8%). Among the latter, MERCOSUR exports stand out, with Brazil and Argentina being the main exporters accounting for 54.4% and 36.6% respectively.

The average geometric growth rates calculated for the various periods analyzed do not add new elements to the analysis, but define a very similar evolution among the main exporters, i.e., values that were relatively high from the mid 70s to the early 80s, were followed by negative values corresponding to the generalized export decline in the early 1980s, and subsequently regaining its growth from the mid-up to the late 1980s and early 1990s. Differences begin to occur at this point of regrowth, which is more accentuated in the Asian countries, followed immediately by the European and North American markets. In Latin America, although in smaller proportion, the decrease during the recessive period was also less accentuated. It is also important to mention the Argentine exports of semi-manufactured products, which presented an increasing evolution during the whole analyzed period, although proportionally smaller than that of Brazil.

Manufactured products

The products classified as manufactured correspond to 37.2% of the total export volume of the world agroindustry (Table 1c). Considering this total per market, it is observed that 51.0% of the agroindustrial exports from Europe, concentrated in the EU, consist of manufactured products. In the North American and Latin American markets, the participation of manufactured products occurs in proportion similar to the semi-manufactured ones, i.e., 23.7 and 20.5%, respectively. Regarding evolution, the tendency of participation of manufactured products in the European agroindustrial exports was of stability throughout the analyzed period. The North American market also presented a certain steadiness in the level of participation of the manufactured products in the list of exports, although it has registered a significant increase from the mid 80s to the early 1990s. This result
expresses the influence of the export growth of some products composing this aggregate, such as paper and orange juice, and also the improvement on the competitiveness of American exports.

The process of change in the structure of the agroexporter list with a higher increase of manufactured products also starts to be noticed when the data on Latin America and MERCOSUR, whose participation has been improving rapidly since the mid 70s, is analyzed. The Brazilian export of manufactured products represents a significant percentage in the exports of this aggregate in Latin America (67.6%) and in the MERCOSUR (84.0%). Due to the fact that orange juice and paper are the agroprocessed products which stand out among the manufactured products, the growing evolution of the Brazilian exports of these products had remarkable influence on the general behavior of this economic bloc. However, one must emphasize that in relation to the specific total of manufactured products exported by the agroindustry (Table 4 and Figure 3), Latin America represents only 6.3 and Brazil 4.2%. The main export market is the European market though the countries of the EU (70.0%) and of the EFTA (28.0%) have greater importance. The Asian and North American markets have similar participation: 14.6 and 14.3%, respectively. The geometric growth rates confirm situations previously observed. A similar evolutive behavior in the export of manufactured products throughout the analyzed period has occurred in the main export markets, i.e., Europe (EU and EFTA), NAFTA and Asia. The tendency consists of an increase in export of manufactured products, which decreased only from the late 70s to the early 80s. In Latin America, although a similar behavior is observed, the greatest jump in the export of manufactured products occurred in the 70s, when the growth rate became significantly high. From that time on, a certain stability of the export of manufactured products is observed, going up again only in the late 80s and early 90s, although in smaller proportion.

**EXPORT TENDENCIES BY PRODUCT GROUPS**

**Cereals**

This group represents the sum of the exported values of wheat, corn, rice, barley, oat and rye. Of the total exports of cereal worldwide, wheat, corn and rice are the most important products accounting for 45.0, 28.0 and 13.0%, respectively. Rye also detains a relatively significant portion of the exporting market (9.0%) and the remaining, (barley and oat) does not reach 1.0%.

The main cereal exporter is the North American market (45.5% of the total), basically concentrated in the USA, which represents 78.2% of the exports (Table 5 and Figure 4). In spite of this leadership, the geometric growth rates have registered a decrease on the exported value in the analyzed periods, although in more accentuated proportions in the last periods, a fact which may
reflect the fall of real prices of the cereals due to the lack of equilibrium between supply and demand, caused partly by the appreciation of the dollar in relation to the European currencies during the first half of the 80s, making the exports less competitive. Europe ranks as the second largest exporter of cereals in the world (31.5%). Actually, this classification is due to the exports of the EU, which concentrates 91.3% of the total. Even with international prices below the averages reached in previous periods, the EU kept its cereal exports high, as the rates of positive growth show, except the ones in the late 70s and early 80s, a period during which the world recession was intense and the fall in the exported value was a general occurrence. The agricultural policies adopted by the developed countries (particularly the USA and EU) were, as already mentioned, fundamental for the formation and allocation of the surplus exportable products in the foreign market.

The loss on the dynamics of the cereal exports of Latin America from the end of the 70s until the early 90s was reflected on the geometric growth rates, which reached negative values during the last analyzed periods (-1.5 and -9.8%). Regarding the world trade, this region went from a participation of 6.2% in 1973/74/75 to 4.3% in 1989/90/91.

Argentina is the main exporter country in Latin America, accounting for 80.0%. Regarding the loss of export volume, Argentina followed the same tendency of the Latin American market, presenting negative geometric growth rates of -0.4 and -11.3% during the last analyzed periods.

In sum, the analyzed data show that the USA and the EU have kept the leadership in the cereal world trade since the mid 70s, in spite of the decrease observed at the end of that decade and early 80s, which in fact, meant a “slowing down” on exports, due to the fall in the world demand not to loss of hegemony of the market.

The disaggregated analysis reveals that the North American market has a greater importance on the exports of corn (62.7%), wheat (46.0%) and other cereals (71.1%). Analyzing the data per country, the USA leads this exporting market with participation of 99.3, 61.0 and 96.0%, respectively. The European market (basically the EU) has a less expressive participation in the export of these products, with 21.8 (corn), 35.2 (wheat) and 6.7% (other cereals). For the other three products, rye, barley and oat, the situation is inverted, since the European market leads the exports accounting for 68.0, 68.5, 54.0%, respectively, with the EU being the main exporter. The North American exports are less expressive, representing a portion of 30.0 (rye), 20.5 (barley) and 30.0% (oat), with Canada being the main exporting country.
Finally, rice export comes basically from Asia (54.7% of the world exports), with 55.2% from Thailand alone. The USA and the EU respectively export 19.0 and 18.0% of the globally traded volume of this product.

Oleaginous Grains

From the grains that make up this group (soybean, cotton, sunflower and canola), soybean remains a leader in the world trade, with exports that came to represent 87.0% of the total in the mid 70s. This percentage fell to 70.0%. In the early 90’s the world trade of canola seed followed an inverted course, evolving from a volume of 9.0% of the world oleaginous grains trade to 18.3% during the same period. The exports of sunflower seeds represent a smaller portion of the market (11.3%), but have maintained positive growth rates during the analyzed periods. The cotton seed exports are non-expressive (0.7% of the total exported).

Table 6 and Figure 5 show that, in total terms, the North American market also dominates the world trade of oleaginous grains, constituting 52.3%, with the USA as the main exporter, responsible for 87.0% of the total volume exported. The European market comes second (22.2%) with the exports of the EU comprising 88.0% of the total.

Regarding the evolution of the exports during the analyzed period, a phenomenon similar to the one observed for the group of cereals can be seen. In the case of the oleaginous grains despite the leadership position occupied by the USA, the geometric growth rates were negative during the period of 1977/78/79 to 1982/83/84 (-6.7%) and from this period to 1989/90/91 (-7.60%). However, the exports from the EU, though in smaller proportion, remained positive, with growth rates relatively high during all the periods (4.6; 17.8 and 11.3%, respectively).

Soybean stands out as the main oleaginous grain exported by the USA, comprising 63.7% of the exports of this group. However, it has presented negative growth rates in the most recent periods. Latin America is the second exporter of grain soybean on the market comprising 28.0% of the total volume of traded grain. Although there had been an export decrease from the late 70s to the early 80s, export started to increase and regained the levels reached in the 70s.

Regarding the economic blocs, the MERCOSUR is an important exporter (27.5% of the world’s total) with Brazil and Argentina, as the leading countries, constituting 50.3 and 33.3%, respectively, of the total export volume.

The most important market for canola grain is Europe (65.0% of the world’s total), mainly due to the exports of the EU, which represent 83.2%, with France being the main exporter (52.0%).
Judging from the high geometric growth rates maintained since the end of the 70s, it is a market in expansion and in great competition with soybean, especially for the production of edible oil. The North American market also has an outstanding position concerning the export of canola grain (34.0% of the world’s total) with 99.0% coming from Canada.

Regarding the total export volume of oleaginous grains, sunflower represents 11.3% and has 75.0% of its exports concentrated in the EU, France being the main export country (93.0%). Despite being a product of smaller relative importance, sunflower has presented significantly high growth rates in the European market, since the beginning of the analyzed period, thus revealing a dynamism that deserves some attention. The USA has a small participation in this market (6.7%) presenting a loss in dynamism since the early 80s, more accentuated recently, shown by the negative growth rates of its export. Latin America displays a percentage similar to the USA (6.5%), basically due to the exports from Argentina (98.4%), whose growth rate presented high as well as positive values during the last analyzed period (6.8%).

Very low, in relative terms, is the cotton seed total exported value (0.7% of the world’s total), coming from Australia (32.0%), Africa (28.4%) and the USA (22.5%).

**Vegetable Oils**

In this group are included the soybean, cotton, canola, sunflower and corn oils. It is an export market of great competition, especially among the soybean, canola and sunflower oils. Nowadays Europe is the major world’s oil exporter, comprising 44.8% of the total export volume with 90.4% coming from the EU. The North American market represents a much smaller portion (16.0%), basically coming from the USA (84.0%). It can be observed from the geometric growth rates that the oil exports in these markets have had a little decrease since the late 70s, somewhat more pronounced in the North American market (Table 7 and Figure 5).

Latin America is an important oil export market, occupying the second place, with 30.0% of the world’s total export volume. This outstanding position is basically due to the export of soybean oil. In the world’s total, Latin America accounts for 43.8%, with Argentina (57.0%) and Brazil (40.2%) as the main exporters. However, in the most recent years, the export of soybean oil from Latin America has been stagnant, which partially reflects the behavior of the Brazilian export, which goes through a decreasing phase.

The exports of sunflower and cotton oils are less important, in relation to the value, within group of oils, consisting of 29.0 and 3.2%, respectively, whereas the soybean oil alone represents 40.0% of the total export volume. Latin America also occupies the second position, concerning the
export of sunflower oil, with 39.0% of the export volume, Argentina being the main export country. In the case of cotton oil, the participation in this region is of 42.9%, with Brazil as the main exporter (55.1%) followed by Argentina (36.7%).

The European export market is of great importance for the export of soybean oil (34.1%), with the EU representing 96.7%. However, in terms of dynamics throughout time, a gradual loss of space is observed, shown by the negative values of the geometric growth rates during the last periods.

Regarding the exports of sunflower and canola oils, Europe is also the main export market representing 41.7 and 80.5%, respectively, of the total export volume in the world. The geometric growth rates revealed a different evolutive dynamics of the European export of these two agroindustrial products. The canola oil showed a significant annual medium growth rate from the mid 80s to the early 90s (7.4%) while the exports of sunflower oil remained practically stagnant. This evolutive picture is also confirmed by the fact that the percentage of canola oil export within the total oil export in the European market increased from 23.0 to 38.0% during the above mentioned period. For the sunflower oil, the respective percentages were 24.5 and 26.0%, i.e., the rhythm of export growth of canola has been superior to that of the sunflower oil.

The exports of cotton and corn oil are basically concentrated in the USA, whose portion of the market is 50.7 and 40.0%, respectively, of the total export volume. In terms of participation in the total foreign oil market, however, these products are of little significance, constituting only 3.2 and 7.5%, respectively. The European market is the second most important exporter of corn oil with 30.0% of the total amount basically coming from the EU (97.2%).

Bran and Meals

Within this group, composed by four by-products, the soybean bran is the most important, representing 88.2% of the total export volume, with the remaining ones, canola (5.7%), sunflower (3.7%) and cotton bran (2.3%) showing relatively insignificant percentages.

The main world exporter of this group of products is Latin America (47.4%), due to the MERCOSUR exports (98.9%), whose main countries are Brazil (59.1%) and Argentina (28.2%) (Table 8 and Figure 6). The leadership position of Latin America is basically due to the exports of soybean bran (50.4%), with Brazil being responsible for 62.1%, followed by Argentina, with a quite smaller participation (24.0%).
Also concerning the export of sunflower meal, Latin America occupies the first position, with a percentage of 63.5%, a portion that actually represents the exports of Argentina (99.3%), where the growth rates show a market in expansion.

The exports of canola, although a small part within the group, deserve to be mentioned for the high positive growth rates reached during the last analyzed periods. The European market concentrates 52.4% of the world’s exports, with 77.3% coming from the EU.

**Other products**

The other products and by-products traded in the international markets which do not fit in the four previous groups are analyzed in this section. The following products are part of the agroindustrial complexes: meat, milk, coffee, sugar, cocoa, cotton, wood, orange, tobacco, pepper and fish.

The European market, almost totally concentrated in the EU, is the main world exporter of milk and all its derivatives. Not only the percentages of participation of this market in the world’s export of fresh milk (94.2%), powder milk (75.7%) and concentrated milk (90.3%), but also the positive geometric growth rates during the analyzed periods reveal the complete dominance and expansion of the European market regarding exportation in this agroindustrial complex.

The export market of meat presents a similar situation, since the European market also constitutes 60.5, 92.5, 68.7 and 51.9%, respectively, of the world’s exports of fresh, dry, and prepared meat and hide and “leather”, being a market in expansion as well. In the case of industrialized meat, Latin America represents a portion of 13.2% due to the MERCOSUR exports (98.9%) more specifically from Argentina (59.7%) and Brazil (34.5%). The situation is similar in the export market of hide and “leather”, in which Latin America holds a position of 11.2% with 89.6% of which belonging to the MERCOSUR, with Argentina (48.4%) and Brazil (35.7%) being the most prominent exporters. However, the irregularity of the geometric growth rates corresponding to the analyzed periods makes it difficult to delineate a tendency in these secondary markets.

In the analysis of coffee, sugar, cocoa and cotton, the results have revealed an interesting aspect, although only confirming the tendencies already observed in the world trade in the industrialized countries. The export of by-products of these complexes of higher aggregation value are concentrated in the European market: soluble coffee (56.1%), refined sugar (70.3%), cocoa powder (67.1%), cocoa paste (42.9%), cocoa butter (53.1%), cotton yarn (58.6%) and fabrics (52.0%).
From the mentioned complexes, the exports of crude products or products which are treated only to a lesser degree have come from less developed countries and/or regions. For example, the export of coffee bean and crude sugar is concentrated in Latin America (57.0 and 65.1%, respectively), and of cocoa grain in African countries (67.1%). But these exports presented declining tendencies in the world market throughout the analyzed period. Crude cotton has its exports less concentrated regarding the origin market: USA 930.0%), Asia (20.4%) and Africa (16.2%).

The North American market has a significant participation in the exports of wood chemical paste (55.0%), coming basically from Canada (57.6%) and from the USA (42.2%). This market is also disputed by Europe, which has a portion of 35.0% of the world’s total, Sweden being the main exporter in the EU. Brazil, though occupying a less important position in this world trade (3.6%) has presented extremely high geometric growth rates throughout all the analyzed periods, whereas the remaining markets demonstrated decreasing export values only starting to recover positive growth rates in the mid of the 80s and early 90s.

The export of tobacco is relatively well distributed among the North American market (30.3%) - basically the USA (93.8%) - Europe (20.8%), with 70.0% coming from the EU, Asia (19.0%) and Latin America (17.0%).

Finally, the world exports of fresh and frozen fish are relatively concentrated in Europe (45.3%), 60.0% belonging to the EU countries and 40.0% to the EFTA. The North American market represents 23.5% with 56.6% of the exports coming from the USA and 41.0% from Canada. In evolutive terms, all the mentioned markets present positive growth rates (except for the recession) which are relatively high, thus revealing a general expansionist tendency.

**Summary and Conclusions**

Summarizing, this analysis reveals that the European and North American markets, more specifically the EU and the USA, are the leading “players” in the world trade of agroindustrial products.

Despite the commercial war that has been fought, in the last decades, aiming at portions in the market, the data show the predominance of these regions in distinct sectors of world trade.

Regarding the cereals and oleaginous grains, important groups of agricultural products of strategic value, the North American market is the main exporter, besides dominating the foreign market of other products, such as wood chemical paste and tobacco.
However, a relative fall of the American exports in recent years is a symptom of gradual decrease of the domain of the surplus agroindustrial products exported by the USA. On the other hand, the increasing participation of the EU in the agroindustrial world exports is remarkable. It is the main export bloc of vegetable oils, also maintaining the domain of the world trade of milk, meat and their derivatives. The by-products of the highest degree of industrialization of coffee, sugar, cocoa, cotton and wood complexes have also been occupying an outstanding position, with a growth tendency.

The policies of subsidies to production and encouragement to exports, as well as the dollar variation in the first half of the 80s, (enabling a more competitive performance of the European in relation to the American exports) are explanatory factors of this new world market scenery.

The fall of the exports of crude products from Latin America and the relative growth of this region in the world trade of more elaborated products are also rather recent tendencies.