

## Three countries account for 88 percent of world corn trade

Looking at international corn export data leaves one with a couple of distinct impressions. Of the over 190 countries in the world, only a very few export corn. The other impression is how little world-wide corn production is exported.

The world of corn exporting countries is, indeed, a very small circle. There are the big three (United States, Argentina, and China), the little four (Brazil, South Africa, Hungary, and Ukraine), and 23 others.

The top three corn exporting countries account for 88 percent of the world's corn exports over the last three marketing years (2000-2002). The U.S. held the largest share, marketing 62 percent of all corn exports. The United States and Argentina have held the top two spots for the last forty years. It is in the third position that some shifting has taken place. The country holding the third position has varied over the years with South Africa being one of the consistent players in the corn market. More recently, China has surprised analysts, who expected China to be a major importer of corn, by taking on the role of a significant net exporter.

What I call the little four are those countries whose net exports have exceeded six Panamax freighter loads of corn (a total of more than 300,000 tonnes). Brazil and Hungary both have net exports in excess of 1.5 million tonnes while South Africa and Ukraine are closer to the lower end of the range.

When one takes a look at the remaining net exporters the circle gets even smaller as 9 of the 23 are actually net importers. These 9 net importers include Mexico, Canada and the European Union. Together they import 12.4 mil-

lion tonnes more than they export. For the big three these three are more of an opportunity than a challenge.

Overall, the international corn export market has a structure more consistent with an oligopoly than a perfectly competitive market. Such indicators as the U.S. serving as both the price leader and the residual supplier would be a natural expectation from this type of market structure.

A lot of corn is produced worldwide, 23.3 billion bushels, but most of it is consumed domestically. Less than 13 percent of total production is exported. This relatively small percentage of corn actually reaching the export market may come as a surprise to those who follow short-term day-to-day fluctuations in futures prices.

Save a full-fledged drought, nothing seems to stir up the bulls at the Chicago Board of Trade more than the rumor of or sharp increase in export bookings. Granted, timely information on domestic corn transactions for use as feed are less available and transparent to futures traders than oft-reported export numbers. But to me, short-term fluctuations in futures prices in response to exports seem to be as frantic as a dog wagging its tail, oblivious to the more solid, sustained, and much larger domestic demand for corn.

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