

Kucher Oleg,
Student, «Management», 1st cycle, 2nd year
Faculty of Agriculture and Economics
University of Agriculture in Krakow
Scientific Supervisor: **Kucher O.V,**
Ph.D in Economics, Associate Professor of the
Department of Management,
Public Management and Administration
State Agrarian and Engineering University
in Podilia, Kamianets-Podilskyi

CORN PRODUCTION IN THE U.S.A

The crop dominates the U.S. agricultural sector covering more than 18 mln. Acres concentrated in the area known as the Corn Belt.

In 2018 alone the U.S. produced more than 2,5 mln. Tonnes of corn for every man living in the country

At the end of 2019, U.S. corn became competitive against other origins, and is expected to sustain competitiveness through 2020. Exports to countries in the Western Hemisphere are expected to remain strong, supported by preferential agreements and transportation advantages. Exports to other destinations have yet to improve. Key importing countries in Asia have voiced concerns over the quality of U.S. corn, which endured a series of adverse weather events throughout the season.

In December 2019, Argentina changed its export tax structure, effectively raising the tax on corn exports. The impact on corn trade will be seen in coming years. For Brazil, massive exports in 2019 have drawn down stocks to the smallest in nearly 10 years, constraining further sales for several months. The size of South American crop will foretell potential export levels.

U.S. corn exports at \$7.6 billion were down 39 percent or nearly \$5 billion in 2019, from the 2018 record. This is the lowest level of corn exports since 2013. The

sharp decline was attributed to higher U.S. prices impacted by unprecedented planting delays, reduced yield, relatively strong domestic use in the United States, and abundant competitor supplies.

Top destinations were Mexico, Japan, Colombia, and South Korea, accounting for three-quarters of total U.S. corn exports (Table 1).

U.S. corn prices were higher than other major exporters for most of the year due to planting delays and reduced crop yields.

Table 1

Top 10 Export Markets for U.S. Corn
(values in million USD)

Country	2015	2016	2017	2018	2019	% Change 2018-2019	5-Year Average 2015-2019
Mexico	2,302	2,550	2,646	3,061	2,719	-11%	2,655
Japan	2,022	2,091	2,145	2,813	1,977	-30%	2,210
Colombia	770	771	785	927	683	-26%	787
South Korea	648	865	705	1,356	358	-74%	786
Canada	212	147	131	309	349	13%	229
Taiwan	344	460	395	593	227	-62%	404
Peru	303	452	515	507	178	-65%	391
Guatemala	149	174	145	196	177	-10%	168
Costa Rica	115	115	138	143	148	4%	132
Honduras	78	106	86	107	123	15%	100
All Others	1,329	2,149	1,423	2,456	677	-72%	1,607
Total Exported	8,271	9,879	9,113	12,467	7,617	-39%	9,469

Source: U.S. Census Bureau Trade Data - BICO HS-10 <https://www.fas.usda.gov/corn-2019-export-highlights>

Demand in the U.S. domestic market was strong. Corn for domestic feed and ethanol use was strong and consumed large volumes.

Other major exporters - Argentina, Brazil, and Ukraine - had record production. The depreciation of their respective currencies against the U.S. dollar contributed to a loss in U.S. competitiveness and further stimulated foreign sales to the global market.

Demand in the U.S. domestic market was strong. Corn for domestic feed and

ethanol use was strong and consumed large volumes.

Other major exporters - Argentina, Brazil, and Ukraine - had record production. The depreciation of their respective currencies against the U.S. dollar contributed to a loss in U.S. competitiveness and further stimulated foreign sales to the global market.

The demand on corn products on the domestic market is relatively inelastic: - 0,11.

The most obvious reason is that corn is considered to be a product of daily use and people are not inclined to change their consumer habits due to changes in price of the commodity/

Between 2016/2017 the production has declined by around 13,3 million tonnes.

The production decreased in 2017/2018 by 5,1 million tonnes/

The production decrease can be explained by the reduction of harvested land in U.S. farms/

Average self-sufficiency for the period 2014-2017 is 112,9 %/

The United States can be considered as self-sufficient in terms of corn production that allowsthe country to enter international markets.

The breakeven point exceeds the amount of yield which means that farms that produce corn incur serious losses and therefore are unprofitable unless they receive subsidies from state or federal government.

Acknowledgements

The research was funded partially by the Erasmus+ Programme.

References

1. Oladosu G., Kline K., Uria-Martinez R. and Eaton L. „Sources of corn for ethanol production in the United States: a decomposition analysis of the empirical data”, Oak Ridge National Laboratory, 2011
2. USDA (NASS,ERS,FAS)
3. USDA, 2015/16 U.S. Corn Production Estimate and Projected Use, 2016
4. USDA: <https://www.fas.usda.gov/corn-2019-export-highlights>
5. <https://www.statista.com/statistics/184202/per-capita-consumption-of-corn->

