

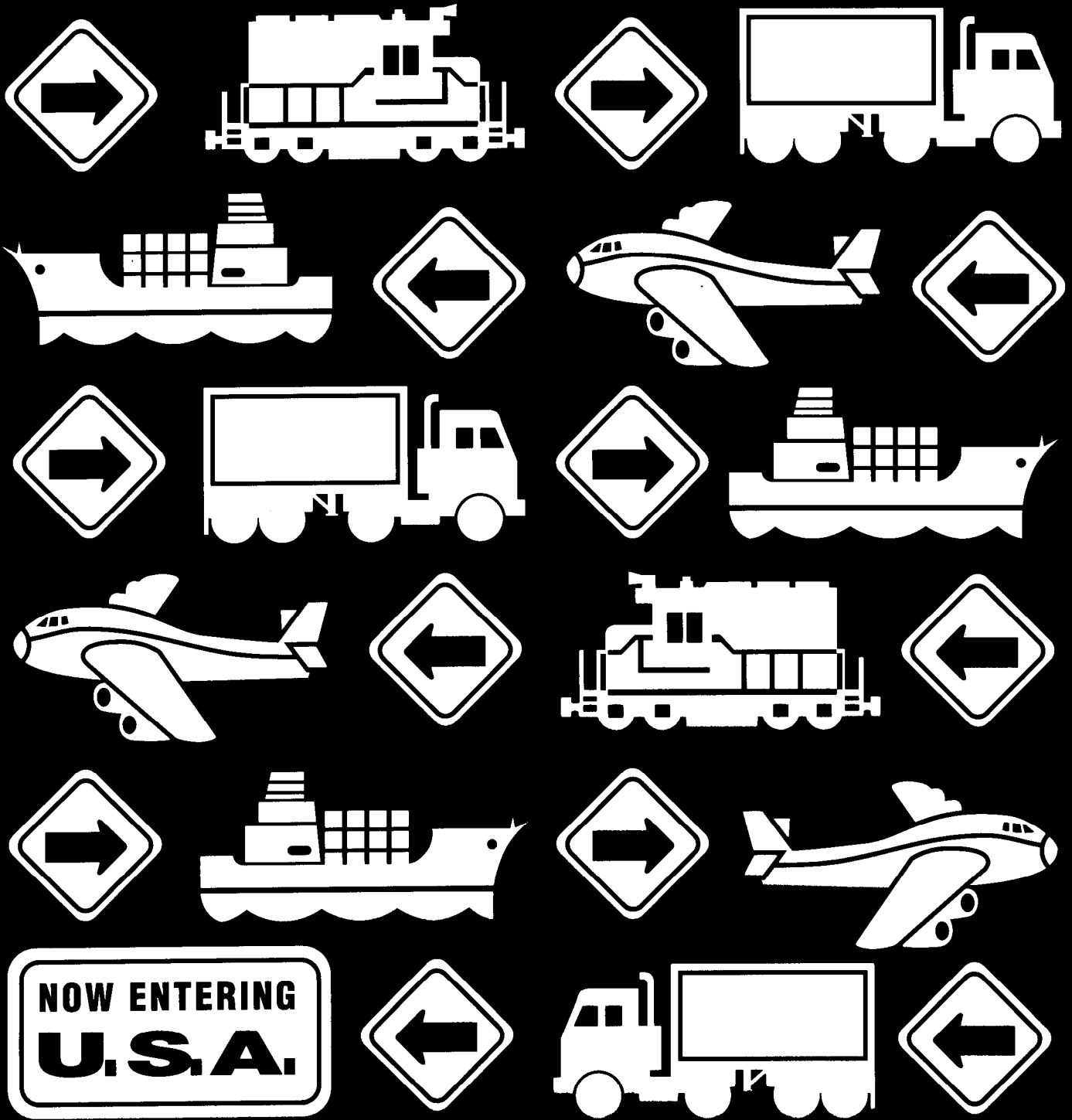


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Imports by Cooperatives, 1991



Abstract

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Thirty cooperatives reported imports valued at \$463.64 million in 1991. Farm inputs accounted for the largest share, 69.8 percent or \$323.57 million. Agricultural commodity imports accounted for \$137.75 million. Canada is the largest individual supplier of goods to cooperatives in the United States, providing more than 60 percent of imports.

Key Words: Cooperatives, cooperative imports, agricultural imports.

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Preface

This report describes the extent of U.S. farmer cooperative involvement in importing by determining the number of cooperative importers, c.i.f. dollar values of cooperative imports by commodity and origin, and share of U.S. imports for 1991.

The definitions in this report are consistent with those used by the U.S. Department of Commerce. The c.i.f. value is the customs value of imports (value of imports appraised by U.S. Customs Service) plus all freight, insurance, and other charges contracted in moving the merchandise from the origin country to first port of entry in the United States. U.S. imports in this report are reported as "general imports," which includes entries for immediate consumption and entries into Customs bonded warehouses to be withdrawn for later consumption or exportation. A country of origin is defined as the country where merchandise is grown, manufactured, or mined.

Cooperative import data were last collected by Agricultural Cooperative Service, USDA in 1986 and reported in *Imports by Cooperatives, 1986*.

Data for this report were gathered from a 1 -page questionnaire. The initial mailing was followed by a second mailing and telephone contact for each non-respondent. Cooperatives were requested to provide calendar year 1991 c.i.f. dollar value of imports by commodity and country of origin, and percent imported by each method of purchase. These methods include: a) purchased directly from foreign buyer by own import staff; b) purchased through domestic-based import commission agent; c) purchased through foreign-based import commission agent; d) purchased from domestic-based import management or trading company; ore) purchased from other sources.

The questionnaire was mailed to 59 cooperatives, previously identified by ACS as importers and/or exporters. Fifty-two cooperatives responded (88 percent). Of these, 30 or 50.8 percent reported imports in 1991. Of these, 14 reported imports in 1986.

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Imports by Cooperatives, 1991

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International trade is an important aspect of most agricultural businesses today, including cooperatives. Trade liberalization has created an atmosphere in which negotiations for NAFTA and GATT recognize the importance of agricultural trade. In 1990, cooperatives reported exports totaling \$4.1 billion, up 21 percent from 1985.

Imports are essential for some cooperatives to remain competitive in today's global economy. Marketing cooperatives import to offer consumers a differentiated product line, to offset seasonal shortages in domestic supply, and to lower production costs. A cooperative could expand its product line, for instance, by blending imported and member products to create a new product. Importing also helps marketing cooperatives extend their marketing season and compete with noncooperative suppliers. The lower-cost imported product further enables cooperatives to remain competitive in today's global economy.

Supply cooperatives also import products to offer their members a wider variety of low-cost products. The imported product is either used as an input in further processing, such as fertilizer mixtures, or sold to members as is, such as milking equipment.

COOPERATIVE PARTICIPATION IN IMPORTING

The number of cooperatives participating in importing has increased slightly, from 28 to 30, since 1986. Fourteen of the cooperatives that reported imports in 1986 did not import in 1991 or did not respond to the survey. Some may have gone out of business, changed to a noncooperative

business, merged, or did not import in 1991. There were 16 new cooperative importers in 1991.

Dollar value of imports by cooperatives ranged from less than \$20,000 to more than \$100 million. Import purchases by most cooperatives were less than \$1 million each (table 1). But purchases from these 12 cooperatives accounted for less than 1 percent of total cooperative imports. More than 60 percent of cooperative imports were concentrated in five cooperatives. Imports for each exceeded \$25 million.

Method of Import Purchase

Cooperatives use different methods to import such as, purchases direct from seller by the cooperative staff, through domestic-based import agents (brokers), through foreign-based import agents (brokers), from domestic-based import trading companies, and by other unspecified methods.

Depending upon the country and/or product, a cooperative might use one or more of these methods to import. A cooperative might import direct from a supplier to obtain a steady supply of a specific product. For example, cooperative fertilizer manufacturers require reliable sources of fertilizer components. A cooperative importing only when the member products are in short supply may find purchasing from a domestic or foreign broker less costly than using a long-term supplier of the commodity.

Sixty-four percent of products imported by cooperatives are purchased directly from foreign sellers by the cooperative staff (table 2). Fertilizer and materials; twine, baler, and cordage; and fuels purchased direct by the cooperative staff accounted for 71.7, 80.5, and 95.6 percent, respectively, of each

group's total imports. In contrast, only 10.5 percent of fruits and products were imported directly from suppliers with the majority purchased from domestic import trading companies (68.6 percent). This type and domestic transactions are essentially the same.

Import Values

Import purchases by 30 cooperatives totaled \$463.6 million in 1991. Thirty percent was food. Farm inputs totaled \$323.6 million or 70 percent of imports by cooperatives. The largest share, 34.1 percent or \$158.3 million, was by seven cooperatives in the form of fertilizer and materials. Another four cooperatives had fuel import purchases of \$141.7 million representing 30.6 percent. Six cooperatives imported twine, binder and baler, and cordage totaling \$20.7 million or 4.5 percent.

Fruits and products valued at \$95 million accounted for 20.5 percent of total imports by cooperatives (table 3, fig. 1) and 69 percent of all cooperative food imports. Ten cooperatives imported processed fruit with a value of \$87.9 million. Three cooperatives imported fresh fruit valued at \$7.1 million. To preserve confidentiality, commodities reviews will not be discussed because too few cooperatives reported imports.

The value of cooperative imports decreased 39 percent, from \$761.9 million in 1986 to \$463.6 million in 1991 (table 3). This was due in part to a larger decrease in fuel imports. This decrease is not fully reflected in the data because fuels were part of the "other" imports category in 1986 (fig. 2). Fertilizer and materials declined in value almost 32 percent, from \$231 million in 1986 to \$158 million in 1991, but the share of imports increased from 30 percent to 34 percent. The value of "other farm inputs" decreased 58 percent, but the effect was minimal because the share of imports remained less than 1 percent. Fruit and products declined almost 18 percent, from \$115 million in 1986 to \$95 million in 1991, but the proportion of total cooperative imports increased from 15 percent in 1986 to 20.5 percent in 1991. Imports in the "other foods" category increased from 1 percent in 1986 to 9 percent in 1991, and the value nearly quadrupled. The

number of products included in this category also increased from 1986.

Imports are reported for only two distinct time periods, 1986 and 1991. Therefore, these changes do not accurately indicate trends. A one-time large import purchase reflected in any category in one of the chosen years could misrepresent import activity as a trend over the 5-year interval. Furthermore, the cooperatives that responded to the survey were different in 1986 than 1991. This also precludes an accurate analysis of trends.

Cooperative Shares of U.S. Imports

Cooperative share of all U.S. imports is insignificant. However, cooperative shares of specific commodities are relevant for farm inputs categories. Farm inputs shares amounted to 13 percent of U.S. twine, binder and baler, and cordage imports, 4 percent of fertilizer and materials U.S. imports, and less than 1 percent of U.S. fuel imports (table 4). Cooperatives shares of fruits and products and other foods are 0.8 and 0.3 percent, respectively. Shares do not include imports purchased by cooperatives from domestic-based import management companies.

Cooperative shares of U.S. imports for 1991 were calculated by a different methodology than for 1986. So comparing 1986 and 1991 import shares is not valid.

Source of Imported Products

U.S. cooperatives imported from 33 countries in 1991. The primary source was Canada, exporting products valued at \$290.4 million to U.S. cooperatives (table 5, figs. 3 and 4). Canada supplied 27 percent of other foods imports, 89 percent of fertilizer imports, and 96 percent of fuels imports (fig. 5). The share of imports from Canada increased from 27.7 percent in 1986 to 62.6 percent in 1991, while the total value of imports increased by 37.6 percent.

In 1991, the second largest origin of cooperative imports (20 percent) was Central and South America. However, cooperative imports from this region fell from \$151.1 million in 1986 to \$88 mil-

lion in 1991, down almost 42 percent. The share of total cooperative imports from this region was stable at 19 percent in both years (fig.4). These countries accounted for almost 60 percent of cooperative fruit imports and all twine imports (fig. 5).

All other regions each accounted for five percent or less of cooperative imports. Western Europe accounted for \$21.9 million or 4.7 percent of cooperative imports in 1991. Thirty-seven percent of other inputs came from Western Europe. Imports from Western Europe declined 58 percent, from \$52.6 million in 1986 to \$21.9 million in 1991, while share of imports fell from 6.9 percent to 4.7 percent. Simultaneously, imports from East Asia declined from \$92.6 million to \$1.2 million. Share dropped from 12 percent to less than 1 percent. East Asia was the origin for 63 percent of other imports.

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Table I-Cooperative import concentration, 1991

Range	No. of co-ops	Dollar value	Percent of value
Less than \$1 million	12	2,774,688	0.6
\$1 million - \$9.9 million	5	19,628,756	4.2
\$10 million - \$24.9 million	8	153,008,026	33.0
\$25 million or more	5	288,225,562	62.2
Totals	30	463,637,032	100.0

Table 2-Method of purchase, by commodity, 1991

Commodity group	Bought directly from foreign seller by co-op staff	Bought through domestic-based import agent	Bought through foreign-based import agent	Bought from domestic import trading company	Other
	<i>Percent</i>				
Food					
Fruits and products ¹	10.48	12.98	0.44	68.60	7.51
Other food ²	44.99	0.00	0.30	51.67	3.04
Farm inputs					
Fertilizer and materials ³	71.69	2.81	1.05	11.90	12.56
Twine, binder and baler, and cordage	80.51	14.26	0.00	5.24	0.00
Fuels ⁴	95.64	0.57	0.00	3.78	0.00
Other farm inputs ⁵	33.82	1.73	0.00	64.44	0.00
Other ⁶	37.69	9.71	24.53	28.08	0.00
Totals	64.00	4.49	0.60	24.81	6.11

¹ Includes fresh citrus and noncitrus fruit, and citrus and noncitrus fruit processed products.

² Includes meat and meat preparations, cereals including wheat, rice, flours, starch, etc., sugar, animal materials such as offal, and animal feeding stuff including fodder.

³ Includes manufactured fertilizer and materials; crude potassium nitrate; inorganic chemical elements; liquid anhydrous ammonia; and ammonium, calcium, and potassium compounds.

⁴ Includes crude petroleum; gas, motor fuel, kerosene and fuel oils; and natural and manufactured gas.

⁵ Includes wood, lumber and cork, unmanufactured; organic chemicals and related materials; dye, tan, and color material; medicinal and pharmaceutical products including vitamins, antibiotics and hormones; tires and tubes for trucks, tractors, and implements; other wood and cork manufactures, except furniture; manufactures of metal, including wire, nails, hand tools, etc.; agricultural and dairy machinery and parts; and footwear,

⁶ Includes food processing machinery, specialized industrial machinery, and other unspecified imports.

Table 3-Value of imports by cooperatives, by commodity group, 1986 and 1991

	co-ops		Value		Percent of total	
	1986	1991	1986	1991	1986	1991
	-----Number-----		-----Dollars-----		-----Percent-----	
Food						
Fruits & products ¹	11	12	115177,016	95,056,087	15.1	20.5
Other food ²	6	7	9,022,963	42,697,642	1.2	9.2
Farm inputs						
Fertilizer and materials ³	8	7	231,023,561	158,320,086	30.3	34.1
Twine, binder and baler, and cordage	6	6	15,553,000	20,719,800	2.0	4.5
Fuels ⁴	na	4	na	141,711,742	na	30.6
Other farm inputs ⁵	4	6	6,727,000	2,823,937	0.9	0.9
Other ⁶	4	7	384,420,000	2,307,738	50.5	0.5
Totals	28	730	761,923,771	4639637,032		

¹ Includes fresh citrus and noncitrus fruit, and citrus and noncitrus fruit processed products.

² In 1966, includes vegetables including legumes, nuts, animal feeding stuff and honey. In 1991, includes meat and meat preparations, cereals including wheat, rice, flours, starch, etc., sugar, animal materials such as offal, and animal feeding stuff including fodder.

³ Includes manufactured fertilizer and materials; crude potassium nitrate; inorganic chemical elements(1991 only); liquid anhydrous ammonia (1991 only); and ammonium, calcium, and potassium compounds.

⁴ In 1966, crude petroleum was included in Other. In 1991, includes crude petroleum; gas, motor fuel, kerosene and fuel oils; and natural and manufactured gas.

⁵ In 1966, includes vegetable materials, crude (seeds and bulbs), manufactures of metal, and farm machinery. In 1991, includes wood, lumber and cork, unmanufactured; organic chemicals and related materials; dye, tan, and color material; medicinal and pharmaceutical products including vitamins, antibiotics and hormones; tires and tubes for trucks, tractors, and implements; other wood and cork manufactures, except furniture; manufactures of metal, including wire, nails, hand tools, etc.; agricultural and dairy machinery and parts; and footwear.

⁶ In 1986, includes crude petroleum and imports not specified. In 1991, includes food processing machinery, specialized industrial machinery, and other unspecified imports.

⁷ Does not add because some cooperatives imported more than one commodity group,

Table 4—Value of U.S. and cooperative imports, and cooperative share of U.S. imports, 1991

Commodity group	U.S.	co-op ¹	Co-op share ²
	-----Dollars-----		Percent
Food			
Fruits & products ³	3,753,105,000	29,851,315	0.80
Other food ⁴	6,007,830,000	20,633,830	0.34
Farm inputs			
Fertilizer and materials ⁵	3,211,200,000	139,481,391	4.34
Twine, binder and baler, and cordage	149,979,000	19,634,800	13.09
Fuels ⁶	57,112,208,000	136,353,742	0.24
Other farm inputs ⁷	31,061,518,000	1,004,140	0.00
Other ⁸	—	1,659,738	—

— = not able to calculate.

¹ Cooperative imports do not include purchases from domestic-based import management companies.

² Cooperative imports purchased direct or through agent divided by U.S. imports.

³ Includes fresh citrus and noncitrus fruit, and citrus and noncitrus fruit processed products.

⁴ Includes meat and meat preparations, cereals including wheat, rice, flours, starch, etc., sugar, animal materials such as offal, and animal feeding stuff including fodder.

⁵ Includes manufactured fertilizer and materials; crude potassium nitrate; inorganic chemical elements; liquid anhydrous ammonia; and ammonium, calcium, and potassium compounds.

⁶ Includes crude petroleum; gas, motor fuel, kerosene and fuel oils; and natural and manufactured gas.

⁷ Includes wood, lumber and cork, unmanufactured; organic chemicals and related materials; dye, tan, and color material; medicinal and pharmaceutical products including vitamins, antibiotics and hormones; tires and tubes for trucks, tractors, and implements; other wood and cork manufactures, except furniture; manufactures of metal, including wire, nails, hand tools, etc.; agricultural and dairy machinery and parts; and footwear.

⁸ Includes food processing machinery, specialized industrial machinery, and other unspecified imports.

Table 5—Value of U.S. cooperative imports, by region, 1986 and 1991

Region	1986		1991	
	<i>Dollars</i>	<i>Percent</i>	<i>Dollars</i>	<i>Percent</i>
Canada	211,065,451	27.70	290,434,263	62.64
Latin America				
Mexico	11,455,930	1.50	12,419,593	2.68
Central and South America ¹	151,142,555	19.84	87,987,489	18.98
Europe				
Western Europe ²	52,603,598	6.90	21,927,918	4.73
Eastern Europe ³	9,915,509	1.30	1,957,820	0.42
Asia				
Southeast Asia ⁴	12,286,078	1.61	6,350,054	1.37
East Asia ⁵	92,552,217	12.15	1,214,000	0.26
West and South Asia ⁶	6,124,790	0.80	13,546,336	2.92
Africa ⁷	204,182,000	26.80	na	na
Oceania ⁸	10,595,918	1.39	17,578,232	3.79
Other ⁹	na	na	10,221,327	2.20
Total	761,924,046	100.00	463,637,032	100.00

-na = not applicable

¹ In 1986, includes Dominican Republic, Haiti, Jamaica, Trinidad and Tobago, Argentina, Brazil, Chile, Colombia, Peru, Uruguay, and Venezuela. In 1991, includes Belize, Jamaica, Argentina, Brazil, Chile, French W. Indies, Ecuador, and Venezuela.

² In 1986, includes Belgium, Denmark, W. Germany, Greece, Italy, Netherfands, U.K., Austria, Switzerland. In 1991, includes Belgium, Denmark, Germany, Greece, Italy, Netherfands, U.K., Spain, Austria, and Switzerland.

³ In 1986, includes E. Germany, Hungary, Yugoslavia, and USSR. In 1991, includes Hungary, Poland, and Yugoslavia.

⁴ In 1986, includes Indonesia, Malaysia, Philippines, and Thailand. In 1991, includes Hong Kong and Thailand.

⁵ In 1986, includes Japan, PRC, and Taiwan. In 1991, includes Japan and Korea.

⁶ In 1986, includes India, Israel, and Turkey. In 1991, includes India, Israel, Saudi Arabia, and Turkey.

⁷ In 1986, Africa not specified by country. In 1991, Africa not reported separately due to confidentiality.

⁸ In 1986 and 1991, includes Australia and New Zealand.

⁹ In 1991 includes Africa and unreported/unknown countries.

Figure 1— Imports by Cooperatives by Commodity Group, 1991

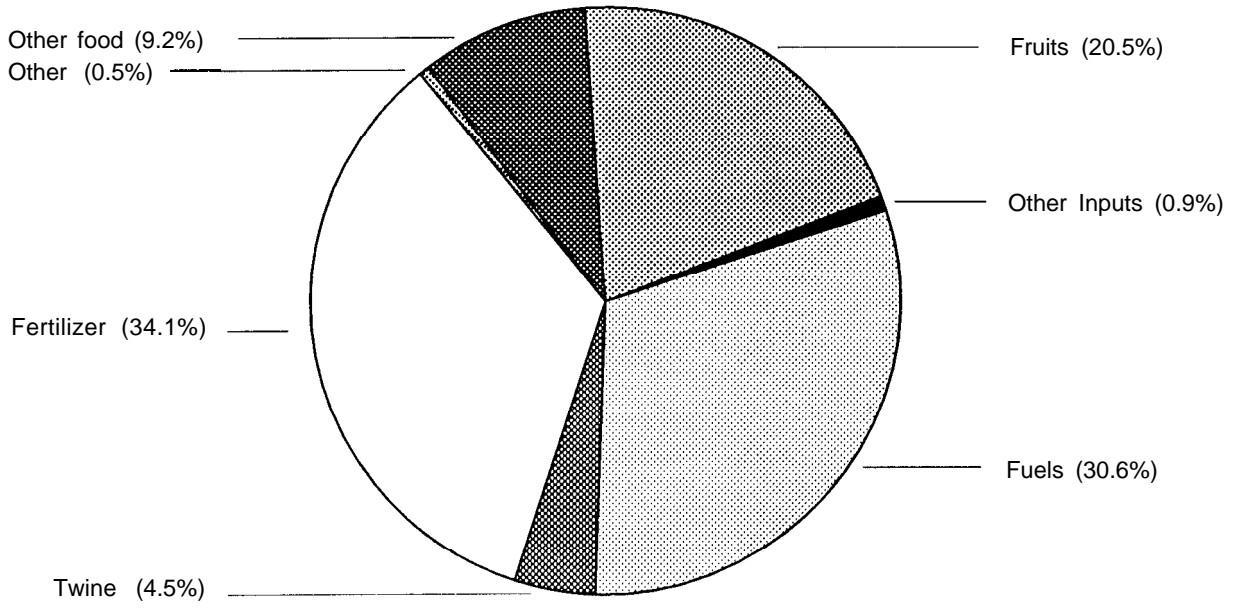


Figure 2— Imports by Commodity Group as Percent of Total Cooperative Imports, 1986 and 1991

Percent

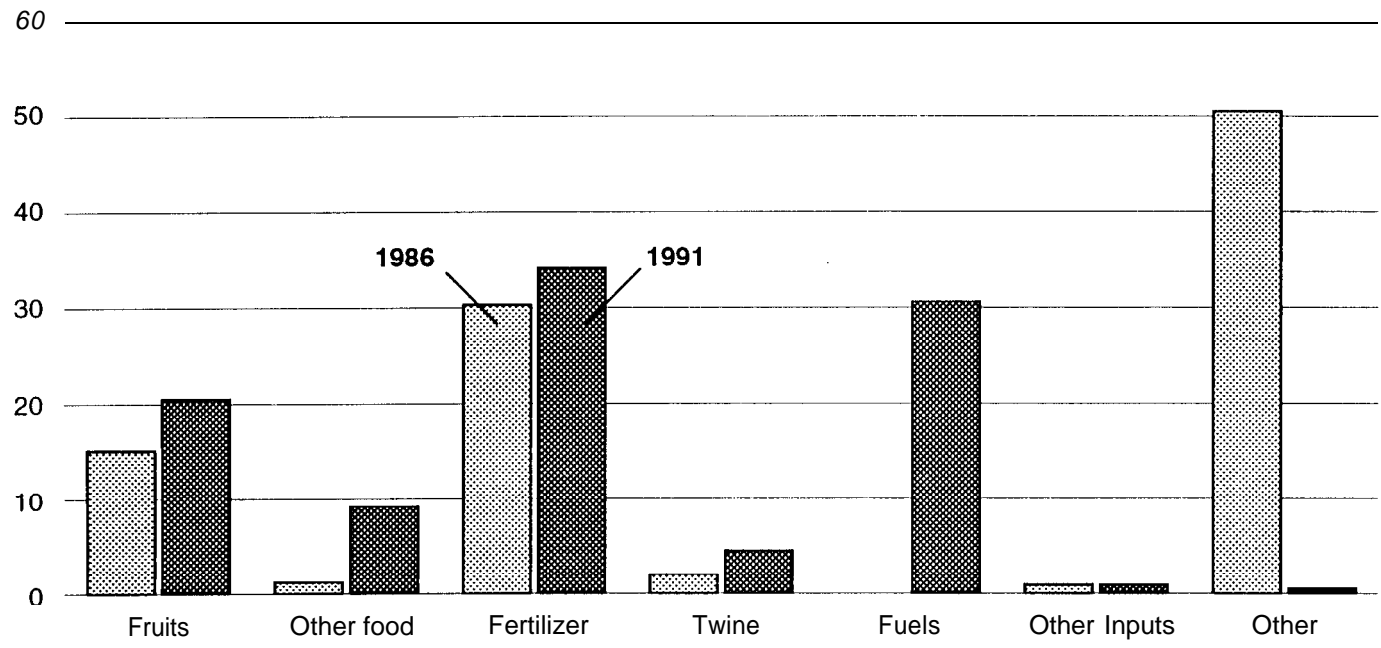


Figure 3— Cooperative Imports by Origin, 1991

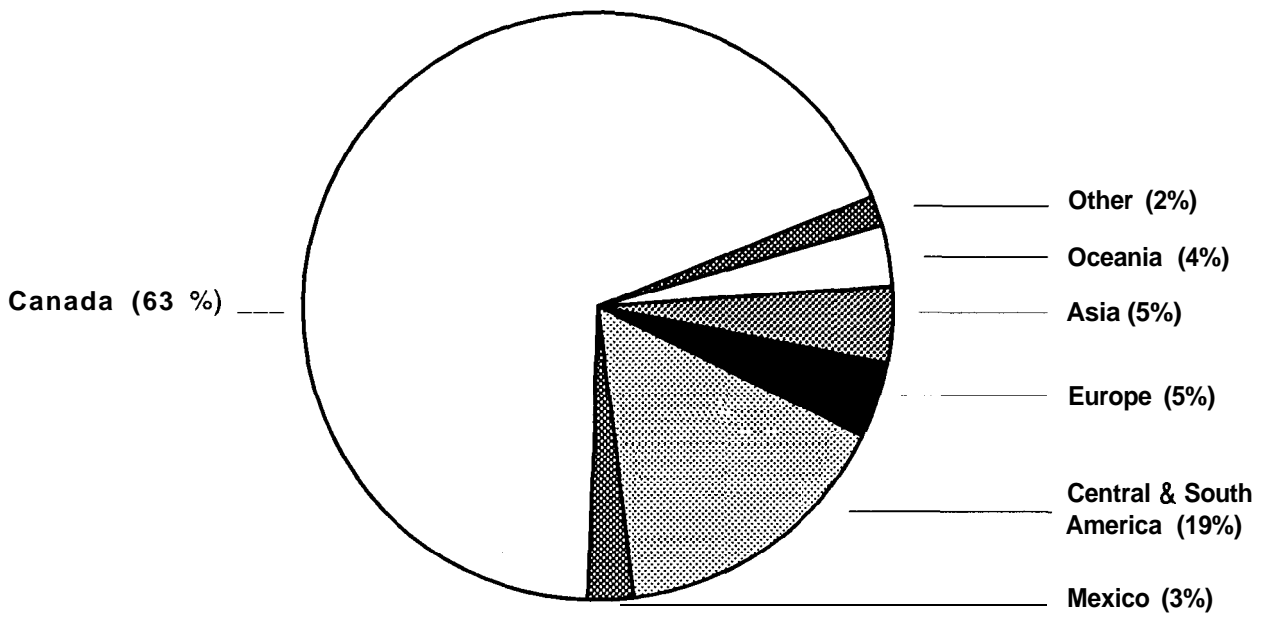


Figure 4— Percent of Cooperative Imports by Origin, 1986 and 1991

Percent

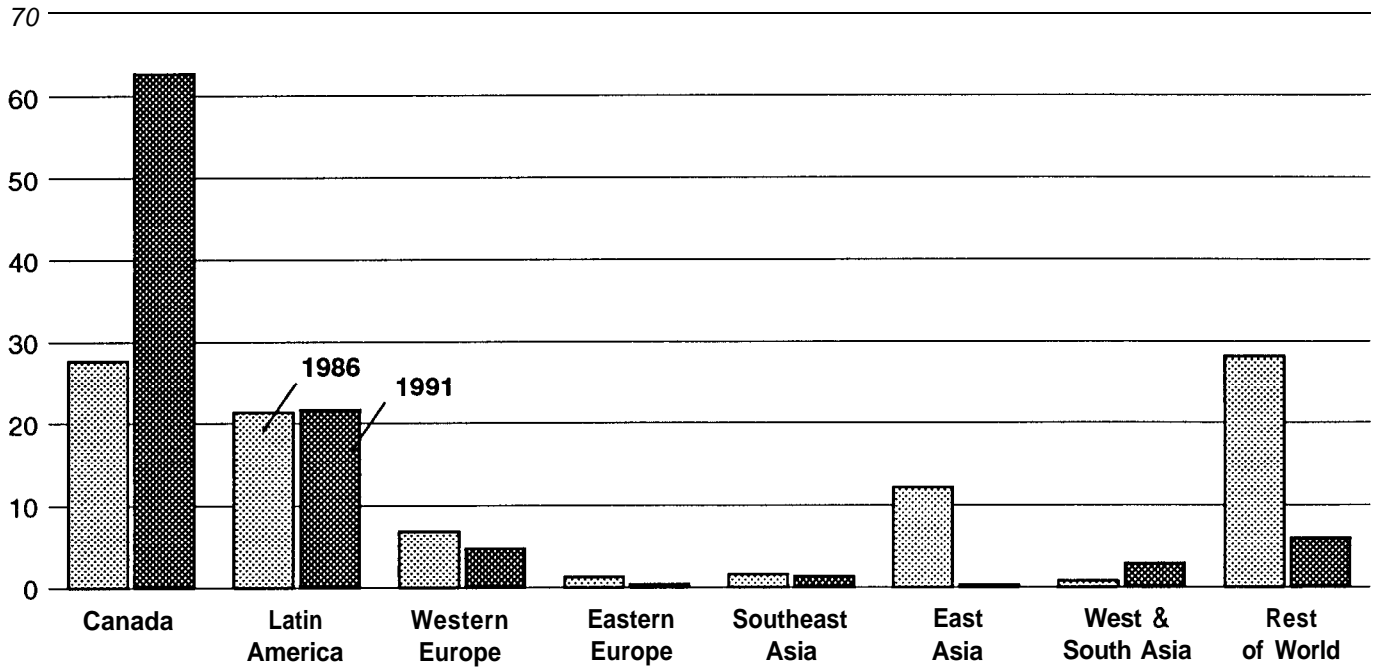
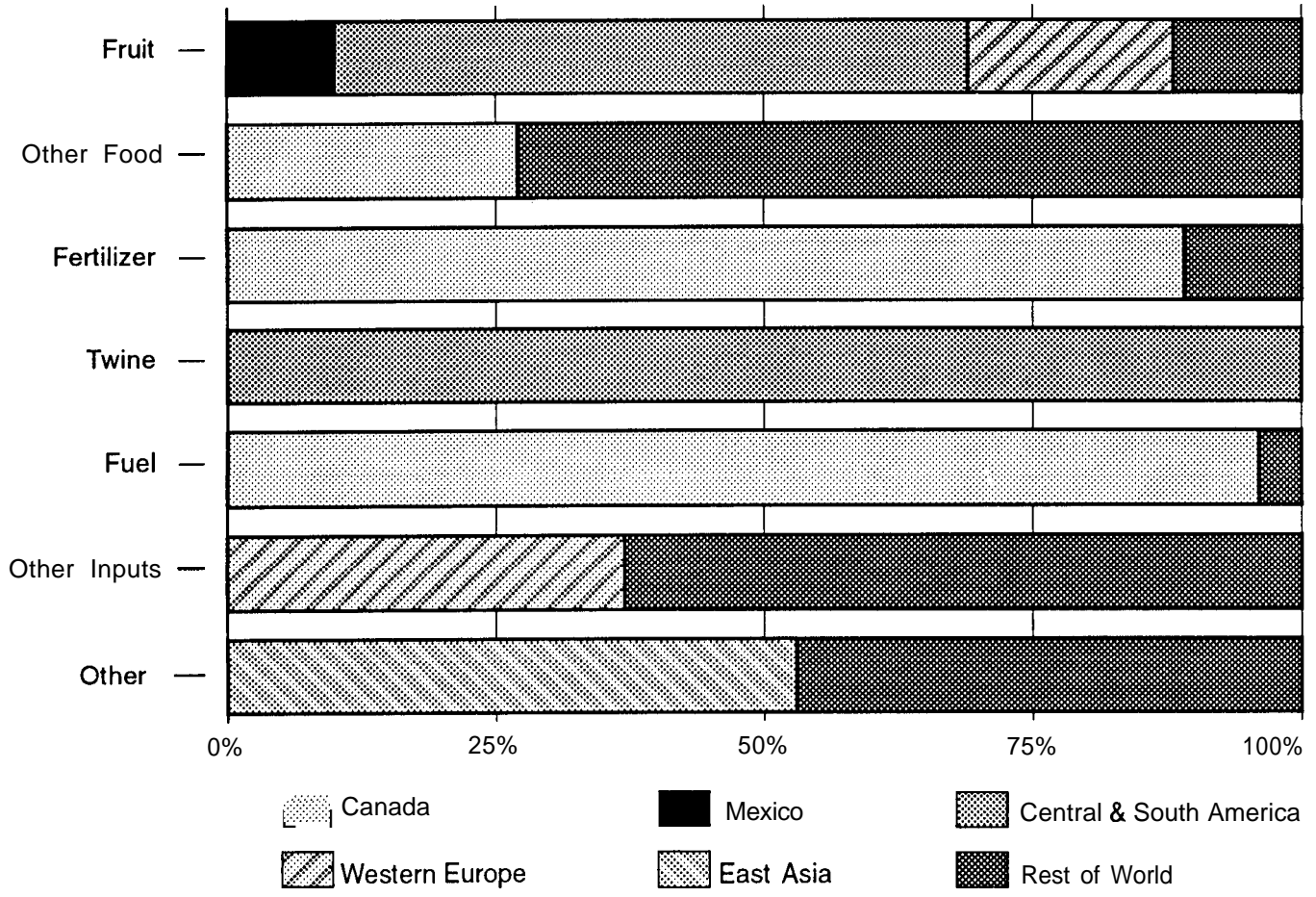


Figure &Origins by Commodity Group 1991



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Agricultural Cooperative Service (ACS) provides research, management, and educational assistance to cooperatives to strengthen the economic position of farmers and other rural residents. It works directly with cooperative leaders and Federal and State agencies to improve organization, leadership, and operation of cooperatives and to give guidance to further development.

The agency (1) helps farmers and other rural residents develop cooperatives to obtain supplies and services at lower cost and to get better prices for products they sell; (2) advises rural residents on developing existing resources through cooperative action to enhance rural living; (3) helps cooperatives improve services and operating efficiency; (4) informs members, directors, employees, and the public on how cooperatives work and benefit their members and their communities; and (5) encourages international cooperative programs.

ACS publishes research and educational materials and issues *Farmer Cooperatives* magazine. All programs and activities are conducted on a nondiscriminatory basis, without regard to race, creed, color, sex, age, marital status, handicap, or national origin.