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USDA Agricultural Baseline Projections to 2014

Interagency Agricultural Projections Committee

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USDA Baseline 

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USDA Agricultural Baseline Projections to 2014. Office of the Chief Economist, World Agricultural Outlook Board, U.S. Department of Agriculture. Prepared by the Interagency Agricultural Projections Committee. Baseline Report OCE-2005-1, 116 pp.

Abstract

This report provides longrun baseline projections for the agricultural sector through 2014. Projections cover agricultural commodities, agricultural trade, and aggregate indicators of the sector, such as farm income and food prices. The projections are based on specific assumptions regarding macroeconomic conditions, policy, weather, and international developments. The baseline assumes that there are no shocks due to abnormal weather or other factors affecting global supply and demand. The 2002 Farm Act is assumed to remain in effect throughout the baseline. The baseline projections presented are one representative scenario for the agricultural sector for the next decade. As such, the baseline provides a point of departure for discussion of alternative farm sector outcomes that could result under different assumptions. The projections in this report were prepared in October through December 2004, reflecting a composite of model results and judgment-based analysis.

Steady domestic and international economic growth and gains in population strengthen demand for food and agricultural products in the baseline, providing a favorable demand setting for the U.S. agricultural sector. The United States will remain competitive in global agricultural markets although trade competition will continue to be strong. Gains in global consumption, world trade, U.S. agricultural exports, and domestic demand for agricultural products result in rising farm commodity prices and cash receipts, which help to improve the financial condition of the U.S. agricultural sector. The U.S. agricultural trade balance is projected to return to a moderate surplus after 2005, but will remain smaller than in the past two decades.

Keywords: Projections, baseline, crops, livestock, trade, farm income, food prices.

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A Note to Users of USDA Baseline Projections

USDA long-term agricultural baseline projections presented in this report are a Departmental consensus on a longrun scenario for the agricultural sector. These projections provide a starting point for discussion of alternative outcomes for the sector.

The scenario presented in this report is not a USDA forecast about the future. Instead, it is a conditional, longrun scenario about what would be expected to happen under a continuation of the 2002 Farm Act and specific assumptions about external conditions. The baseline includes short-term projections from the November 2004 *World Agricultural Supply and Demand Estimates* report. Trade projections in this report for 2005/06 incorporate long-term assumptions concerning weather, foreign trend yields, and foreign use and do not reflect short-term conditions that may affect trade that year.

Critical long-term assumptions are made for:

- U.S. and international macroeconomic conditions,
- U.S. and foreign agricultural and trade policies,
- Growth rates of agricultural productivity in the United States and abroad, and
- Weather.

Changes in assumptions for any of these items can significantly affect the baseline projections, and actual conditions that emerge will alter the outcomes.

The baseline projections analysis was conducted by interagency committees in USDA and reflects a composite of model results and judgment-based analysis. The Economic Research Service has the lead role in preparing the Departmental baseline report. The projections and the report were reviewed and cleared by the Interagency Agricultural Projections Committee, chaired by the World Agricultural Outlook Board. USDA participants in the baseline projections analysis and review include the World Agricultural Outlook Board, the Economic Research Service, the Farm Service Agency, the Foreign Agricultural Service, the Agricultural Marketing Service, the Office of the Chief Economist, the Office of Budget and Program Analysis, the Risk Management Agency, the Natural Resources Conservation Service, and the Cooperative State Research, Education, and Extension Service.

Baseline Projections on the Internet

The new USDA baseline projections are available electronically on the Internet at:

<http://usda.mannlib.cornell.edu/data-sets/baseline/>

Also, the Economic Research Service has a briefing room for baseline projections at:

<http://www.ers.usda.gov/briefing/baseline/>

Baseline Contacts

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