

## International Developments

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### World Soybean Production

The USDA preliminary estimates for 1994/1995 world soybean production are currently set at 127.75 mmt, or about 10 percent above the 1993/94 level. This increase is due primarily to a bumper crop in the **United States**, estimated as of August to be 62.12 mmt for the 1994/1995 crop year, which is a 26 percent increase over the 1993/1994 crop. Argentina is forecast to produce 12.5 mmt of soybeans in 1994/95, up slightly from an estimated 12.2 mmt crop in 1993/1994. **Brazil** is expected to hold its soybean production at 24.3 mmt in 1994/1995, down slightly from 1993/94 production of 24.5 mmt.

**Canada** is expected to have record production for both soybeans and rapeseed in 1994/1995. Rapeseed and soybean area in Canada continues to expand in response to favorable prices and yields. In 1993/1994, Canada produced 5.4 mmt of rapeseed, and forecasts are calling for 7.2 mmt of rapeseed to be produced in 1994/1995. The majority of Canadian rapeseed exports find their way to Japan. In the **European Union**, **France** is forecast to expand oilseed area by 16 percent in 1994. The majority of this area expansion will go to rapeseed production for industrial use on set-aside land. In **Italy**, oilseed production decreased 36

percent in 1993, due to CAP reform, which reduced the attractiveness of oilseeds relative to other crops such as wheat and corn. In 1994 however, there will be a 37 percent increase in oilseed area in Italy, switching some corn back to soybeans, but the majority going to sunflower seed on set-aside land. Elsewhere, **India** is expecting a record soybean crop, estimated at 4.2 mmt, while **China** is expected to hold its soybean area at the record 1993/1994 level of 9.7 million hectare. Yields, however, are expected to be lower in China in 1994/1995, resulting in production of only 13.8 mmt, or about 10 percent below last year's level.

## CARD/FAPRI Analysis

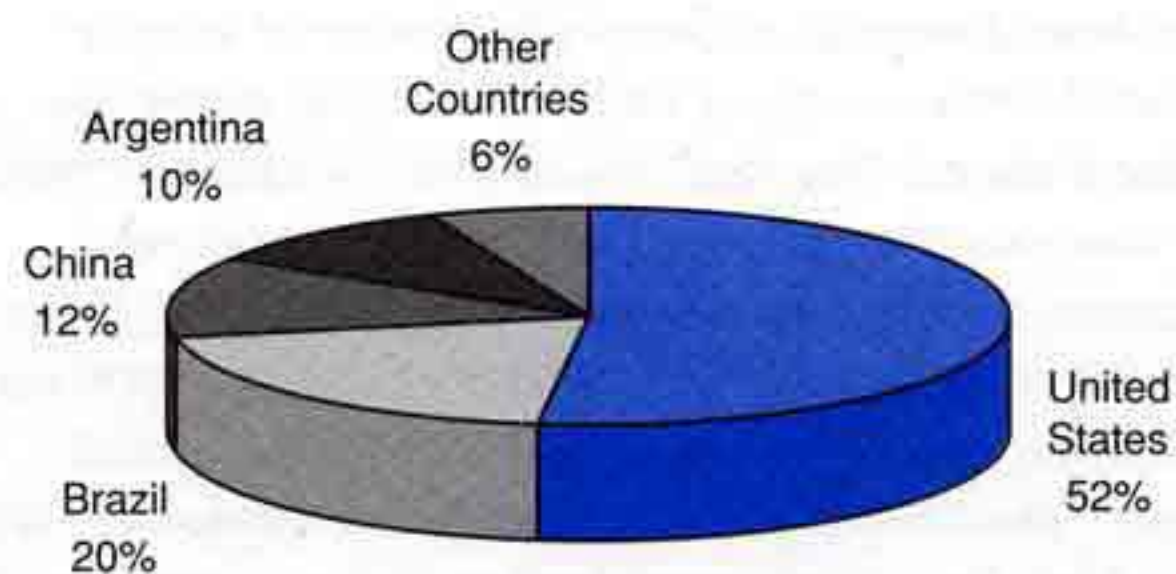
### The Iowa Baseline

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Each year the FAPRI analysts conduct a baseline projection for U.S. and international agriculture. This baseline is unlike the traditional forecast in that it does not necessarily represent the most likely scenario for future events. This is because the FAPRI baseline is predicated on a continuation of current farm policy with normal weather conditions. Many times, when the baseline is created, it is generally accepted that some part of the current farm program will change; however this anticipated change is not incorporated into the forecast. One may wonder why the most likely scenario is not considered. Since the FAPRI analysis is funded by and prepared primarily for Congress, it is designed to meet their needs. Congress typically tends to view changes in U.S. agricultural policy in comparison with existing policy. Subsequently, the baseline serves as a benchmark from which changes in farm policy can be evaluated.

The Iowa baseline is constructed by CARD in the same manner as the U.S. and international baseline projections and assumes a continuation of current farm policy. Links to U.S. policy variables and farm prices are maintained in the Iowa model. The Iowa baseline consists of ten-year annual projections for Iowa crops, livestock, and farm income. Changes in U.S. farm policy are evaluated with the Iowa model by incorporating the changes, solving the model, and comparing the new results with the baseline. If you are interested in the Iowa Baseline, please order a copy of the forthcoming 1995 Iowa Agricultural Outlook- February 1995. (Ordering information on page 15.) Two policy analyses (the GATT Agreement and the CRP Program) using the Iowa model are presented in this issue of *Iowa Ag Review*.

**Figure 1. 1994 World Soybean Production**  
Million Metric Tons



**Figure 2. 1993 World Soybean Production**  
Million Metric Tons

