



Falling exports take down Illinois' top crop

by [Bridget Macdonald](#)

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The Import and Export Price Indexes, released Tuesday by the U.S. Bureau of Labor Statistics, recorded a 2.3 percent drop in exports in December 2008, reflecting the enduring stagnation in global trade. After the fifth consecutive month of decline, the full-year drop was 3.2 percent.

Continually plummeting prices for corn, soybeans, meat and wheat caused the export price index for agricultural commodities to drop for the third straight month, down 6.5 percent from the previous month, and 11.6 percent for the year. Despite high production in grain-producing Midwest states, barriers in the global market, such as rising fuel and transportation costs, pinched the region's agricultural exports.

"Illinois provides most of the world's corn," said Mark Lambert, director of communications of the Illinois Corn Growers Association. "It is primarily a processing and export state."

Although Illinois is the second largest grain producer in the nation – Iowa is No. 1 – it is difficult to determine precise export quantities on the state level.

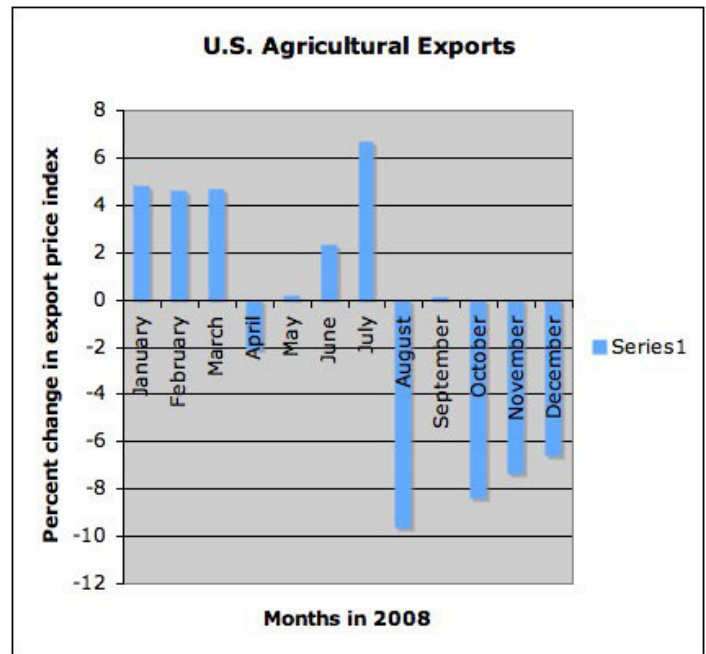
The deputy director of the Illinois Department of Agriculture, Mark Schleusener, explained: "Generally, exports are not counted by state. If you fill your truck with corn and drive to Indiana, no one is counting that grain as it crosses state lines."

State contributions to U.S. exports can be determined only by rough estimates. In 2008, the U.S. exported 12 billion bushels of grain. Schleusener said Illinois produces 17.6 percent of the nation's corn, amounting to more than 2 billion bushels, but added that a great deal of the crop might be funneled back into regional uses, such as livestock feed and ethanol production.

Rather than tracking exports by state, the United States Department of Agriculture monitors what leaves coastal ports. Terry English, a statistician at the Illinois field office, noted that Illinois corn has an export advantage because of its proximity to the Mississippi River, and the Gulf of Mexico by extension. Thus a decline in trade might have a greater impact on agricultural commodities in Illinois than in land-locked Iowa. While English said he looks at port data for clues about regional exports, he said, "It's hard to know what comes out of Illinois, unless you talk to Illinois grain companies."

The summer of 2008 saw a dramatic boom in the grain industry, with corn prices soaring to more than \$6 per bushel, according to Lambert. "It boggles the mind," he explained, "We were hearing there was not enough corn to service our markets, that we were going to starve the rest of the world." But when the recession stuck, the bottom fell out. Corn futures currently trade at about \$3.60.

Lambert said people in the industry are just realizing the severity of the problem. He estimated that Illinois exports 40 to 50 percent of its corn, emphasizing the need to build more local markets around the region's foundational economy, such as in the ethanol industry. "We have productivity coming that people can't wrap their brain around. We better figure out what do with all of it."



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