

RESEARCH REPORTS & UPDATES

The Industry: Trade, Policy, and Profitability

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UPDATES

Food Trade Flows of the Delaware River Port System

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Problem

The Delaware River Port System is one of four major port systems on the northeast Atlantic seaboard. In 1979, the ports of the Delaware

River handled 19 percent of all U.S. imports; but, by 1980, the river system's import market share had dropped to less than 15 percent. Since 1980, the ports have slowly regained some of the import market share, 17.2 percent by 1987. In contrast,

the total U.S. market share for exports ranged from a high of 3 percent in 1980 to a low of 1.4 percent in 1987; the results were huge trade deficits. According to the Delaware River Port Authority, the Delaware River system presently has the largest import market share and the smallest export market share of the four major port systems in the Northeast. These deficits indicate that there are many ships leaving the Delaware River with less than full holds; and this pattern shows no signs of changing.

Methodology

Secondary data from the Delaware River Port Authority will be used to accomplish three objectives. The first is to identify the current and potential import/export food and non-food products of the Delaware River Port System. The second is to identify the current trading partners of the port system and determine the potential to expand trade. And finally, based upon the data gathered, the authors plan to forecast potential import demand for the river system's trading partners. The demand for imports can be stated as a $f(P_w, E, I)$

where:

P_w = world price

E = exchange rate

I = income

Implications

The United States is one of the world's major food producers. The extent to which U.S. food products, raw to further processed, can be traded on the world market for both non-food and other food products will greatly influence the growth potential of the food distribution industry. In addition, increased food exports could be an important factor in reducing the growing U.S. trade deficit.

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