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Current Activities

Are Food Safety and International Trade Compatible?

Global trade in meats, grain, fruit and vegetables, and seafood is increasing, but each of those sectors has experienced food safety episodes that have, at least temporarily, impeded trade and resulted in economic loss. ERS is studying the nexus between international food trade and food safety, focusing on how different approaches to regulating food safety affect trade, and how the private and public sectors have responded to enhance the compatibility of trade and food safety. The ERS study will include an economic framework for understanding linkages between trade and food safety, commodity case studies to demonstrate the effects of food safety issues in international markets, an overview of global trends in food safety regulation, and an assessment of the role of international institutions in mitigating trade disputes. **Jean Buzby, jbuzby@ers.usda.gov**

Environmental Review of Free Trade Agreements

U.S. Executive Order 13141 as well as the Trade Act of 2002 mandate a review of the environmental impacts of new free trade agreements. ERS economists **Joseph Cooper (jcooper@ers.usda.gov)** and **Roy Darwin (rdarwin@ers.usda.gov)** are working with the U.S. Trade Representative (USTR) on conducting a quantitative analysis of the potential environmental effects of free trade agreements. If the interagency process is approved, ERS will be one of two U.S. Government agencies to provide the USTR with such a quantitative analysis. The initial targets of analysis are the proposed Free Trade Area of the Americas and a free trade agreement among member countries of the World Trade Organization.

How a Nation's Income Growth Affects Its Food Consumption Patterns

ERS research corroborates that lower income countries spend a larger share of their additional income on food than wealthier countries do. ERS economist **Anita Regmi** and Professor James Seale at the University of Florida have examined food expenditure responses to income and price changes across 110 low-, middle-, and high-income countries. Their findings also demonstrate that income growth leads to larger increases in expenditures on higher valued food products (such as meats and dairy products) than on staple food products (such as cereals). Food expenditures in poorer countries are also more responsive to price changes. The results from the study are being used in ERS and Global Trade Analysis Project (GTAP) models to analyze the impacts of various policy changes on food demand and trade, as well as to forecast future food demand. **Anita Regmi, aregmi@ers.usda.gov**

How Rural Areas Differ

ERS is constructing new county classifications to capture current aspects of the broad economic and social diversity among rural areas. Some earlier typologies developed by ERS have been widely used by policy analysts and public officials to determine eligibility for and effectiveness of Federal programs to assist rural America. Others have served research needs in and outside of USDA. Rapid advancements in technology, changes in population growth patterns, and devolution of government services during the 1990s have led ERS to take a fresh look at rural diversity. **Linda Ghelfi, lghelfi@ers.usda.gov**

The Market for Commodity-Based Agricultural Information

ERS, the World Agricultural Outlook Board, and other USDA agencies are working with Booz Allen Hamilton to explore the potential for a one-stop shopping portal for commodity-related information on the USDA website. The Booz Allen Hamilton analysts have been examining the costs and benefits of such an effort, and have had extensive interactions with private sector users and generators of commodity-related data and information within USDA. In addition to this effort, ERS is developing a comprehensive report on the market for commodity market information, which will draw on a 2000 survey of private sector information users, several cooperative agreements with researchers at the University of Illinois, the University of California-Berkeley, and other universities, and the Booz Allen Hamilton findings. **Joy Harwood, jharwood@ers.usda.gov**

Recent Meetings

Education and Local Economic Development

ERS cosponsored the conference "Promoting the Social and Economic Vitality of Rural America: The Role of Education" with the Southern Rural Development Center in April 2003. The conference brought together social scientists and education specialists from academia, government, and policy centers to discuss such topics as the impact of local schools on economic growth, school-employer partnerships, at-risk school populations, and the links between academic achievement and rural workforce outcomes. **Robert Gibbs, rgibbs@ers.usda.gov**

Performance-Based Environmental Policies

ERS cosponsored a workshop with the Farm Foundation, Winrock's Henry A. Wallace Center, the UC-Berkeley Center for Sustainable Development, and Defenders of Wildlife in March 2003. The workshop reconciled theoretical benefits of performance-based policies for cost-effective improvements in agricultural water quality with the realistic constraints on their use. Participants included people working with performance-based approaches in the field, local stakeholders, scientists involved with monitoring and measuring environmental performance, economists, policymakers, and regulators. For watersheds actively pursuing such approaches in Iowa, California, New York, Oregon, and Florida, the workshop participants defined factors influencing performance-based policies for their agricultures, identified strategies for alleviating obstacles to implementation, and designed specific policy approaches for future pilot testing and analysis. **Ralph Heimlich, heimlich@ers.usda.gov**

ERS Hosts Meeting on Organic Sector Data

On February 25, ERS hosted "Briefing and Roundtable: USDA Surveys and Organic Sector Data Needs." USDA managers of several major agricultural surveys in the Agricultural Marketing Service, National Agricultural Statistics Service, and ERS discussed their surveys and opportunities for expanding them to include more information on organic production and marketing. Representatives from USDA agencies and several organic interest groups, including the Organic Trade Association and the Organic Farming Research Foundation, attended. A budget initiative to enhance organic data collection is planned, as well as incremental changes in existing surveys to get better data on organic production. **Utpal Vasavada, vasavada@ers.usda.gov**

New Releases

Race and Ethnicity in Rural Areas

A new briefing room on the ERS website, "Race and Ethnicity in Rural America," describes the demography, geographic dispersion, household structure, educational attainment, labor force activity, and economic well-being of rural Asians, Blacks, Hispanics, Native Americans, and Whites. Policy implications and related sites are also included. **William Kandel, wkandel@ers.usda.gov**

Understanding Rural Population Loss and Growth

In the Winter 2002 issue of *Rural America*, ERS's recently retired magazine of rural economics, ERS researchers take a new look at rural population change based on 2000 census data. The lead article shows that the counties most likely to lose people in the 1990s had low population densities and few amenities and were distant from metro centers—all characteristics that discourage development. A companion article discusses 330 recreation counties, many with high amenities, that have grown faster than most county types, largely from inmigration. Most can be classified according to their principal attraction, such as casinos, reservoir lakes, or ski resorts. Other articles examine regional rural development efforts, such as the Delta Regional Authority created in 2000, and review the most recent data on nonmetro migration, rural poverty, and rural earnings. **Carolyn Rogers, crogers@ers.usda.gov**

Future Food Expenditures

In *Food Expenditures by U.S. Households: Looking Ahead to 2020* (AER-821), ERS researchers estimate that projected demographic shifts combined with an assumed increase in inflation-adjusted incomes of 1 percent per year in the United States will increase per capita food spending by 7.1 percent and total food spending by 26.3 percent by 2020. The study uses recent Bureau of Census data, incorporating demographic factors such as age, race, income, region of residence, diet-health knowledge, and household size and composition. **Noel Blisard, nblisard@ers.usda.gov**

Future Food Consumption

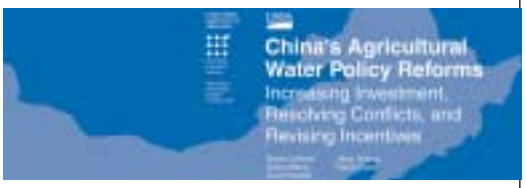
As the American population becomes older and more racially and ethnically diverse, the volumes and types of foods preferred can be expected to shift. *Food and Agricultural Commodity Consumption in the United States: Looking Ahead to 2020* (AER-820) examines the volume of individual foods eaten by Americans between 1994 and 1998, and projects what those volumes will be by the year 2020, taking into account population and demographic shifts as well as trends in economics and immigration. The researchers used a food-commodity translation database to convert food consumption to commodity consumption for 25 food groups and 22 commodity groups. **Biing-Hwan Lin, blin@ers.usda.gov**

U.S. Organic Farming Small, But Growing

U.S. farmland managed under organic systems expanded rapidly over the last decade as farmers strove to meet consumer demand in both local and national markets. USDA implemented national standards on organic production and processing in October 2002, and the new standards are expected to facilitate further growth in organic farming. While less than 3 million acres of cropland use organic practices, an increasing number of U.S. farmers are adopting these systems. *U.S. Organic Farming in 2000-2001: Adoption of Certified Systems* (AIB-780) updates USDA estimates of land farmed with organic practices during 1997 with estimates for 2000 and 2001, and provides new estimates on the number of certified organic operations in each State. **Catherine Greene, cgreene@ers.usda.gov**

Demand for Farm Credit Expands, But Farm Lenders Remain Cautious

Commercial banks, the Farm Credit System, the Farm Service Agency (FSA), and life insurance companies provide credit to the farm sector and keep a cautious eye on farm debt trends, interest rates, and farm debt repayment capacity. According to the recently released *Agricultural Income and Finance* (AIS-80), all major lender groups, including FSA, report low levels of delinquencies and loan problems. The stability of their farm loan portfolios is benefiting from large government payments, off-farm income, and an enhanced crop and revenue insurance program. Total farm business debt increased 5.1 percent in 2002. The expected 3.9-percent increase in 2003 will be the 11th consecutive annual increase. Despite price and weather problems facing some commodities, the supply of farm credit remains adequate, and lenders appear confident about most of their farm customers. **Jerome Stam, jstam@ers.usda.gov**



China's Water Policies: Effects on Production and Trade

ERS is embarking on a collaborative project with China's Ministry of Water Resources and the Australian Bureau of Agricultural and Resource Economics, among others, to examine how China's water policies might affect agricultural production potential and trade. This collaboration builds on the recently released ERS publication *China's Agricultural Water Policy Reforms: Increasing Investment, Resolving Conflicts, and Revising Incentives* (AIB-782). The central component of the collaboration will be to assist the Ministry of Water Resources to build a hydrological-economic model of the Yellow River Basin to predict the effects of water policies on crop production. This effort will serve to increase our understanding of how water allocation policy reform will affect China's ability to maintain self-sufficiency in grains. **Bryan Lohmar, blohmar@ers.usda.gov**

Competing in the 21st Century

The presentations given at USDA's annual Outlook Forum in February can be accessed at **www.usda.gov/oce/waob/oc2003/program.htm** The forum was attended by over 1,300 industry, academic, and government analysts. ERS developed, or helped develop, 9 of the Forum's 31 sessions, which ranged in content from "Competition in the Asian Marketplace" to "What's Happening in the Retail Food Sector?"

Commodity Markets and Trade

ERS Outlook reports provide timely analysis of major commodity markets, farm income and finance, and trade, including special reports on hot topics. All reports are available electronically and can be found at **www.ers.usda.gov/publications/outlook** along with a calendar of future releases. **Joy Harwood, jharwood@ers.usda.gov**

See information on all new ERS releases at www.ers.usda.gov/Calendar/