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...Upfront

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Spotlight on the U.S. Food System

In this issue of *FoodReview*, we take our annual look at the U.S. food system, including trends in food consumption and spending, domestic and international marketing, food safety, and domestic assistance programs.

Three articles focus on recent changes in food consumption and spending. Growing concern for healthy diet has fueled a rising interest in foods that are lower in fat. Per capita consumption of added fats, such as shortening and salad and cooking oils, peaked in 1993 and has been declining since. New technologies, especially fat substitutes, may help to further boost the sale of low-fat foods. Overall food consumption has continued its long-term trend toward more white meat, fruits and vegetables, grains, and caloric sweeteners. Per capita consumption of red meat and fluid milk has fallen, whereas cheese consumption has increased. Egg consumption has stabilized in the 1990's after many years of decline. Food spending was up 3.9 percent in 1997. Food away from home accounted for 44.8 percent of total food expenditures in 1997, a slight decline from its 1995 peak. Home meal replacement has been a popular trend in supermarkets.

Food marketing is also the subject of several articles. Spending for domestically produced food rose 2.6 percent in 1997, less than in some recent years. Continuing a historic trend, the farm share of the food dollar slipped to 21 cents while the marketing share grew. Higher wages in a tight labor market helped push marketing costs higher.

One beneficiary of higher food spending has been natural food stores, paralleling the trend toward healthier eating. The article on natural food supermarkets traces the recent surge in large stores of this type, which have made natural foods more accessible to consumers.

Spending on food away from home rose about 60 percent between 1987 and 1997, reflecting busier lifestyles and higher disposable incomes. Fast-food outlets have overtaken full-service restaurants.

Major food safety programs and issues are highlighted by several charts in the food safety section. These will be explored in more detail in the food safety theme issue for May-August 1999.

Food assistance expenditures have been falling since fiscal 1997, reflecting the strong economy, low unemployment, and welfare reform. The sharpest drop in spending has been for food stamps, many recipients of which have been made ineligible by welfare reform.

Our final article examines the international trade in processed food. After peaking in 1995, the U.S. processed food trade surplus has fallen from $4.4 billion to $1.1 billion in 1997. Growing exports were outpaced by import growth. North American Free Trade Agreement partners, Mexico and Canada, have become increasingly important for both exports and imports.

Douglas E. Bowers
Acting Economics Editor, *FoodReview*
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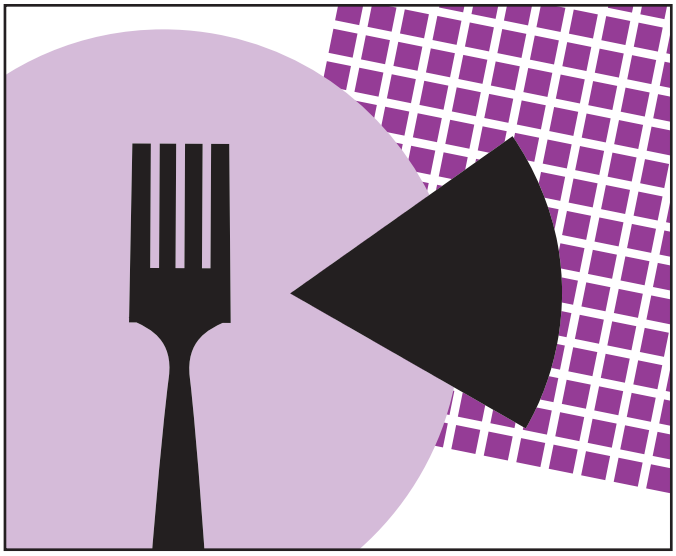
Inside...



Food Consumption and Spending

2 U.S. Per Capita Food Supply Trends
—Judy Putnam and Jane Allshouse

12 Have We Turned the Corner on Fat Consumption?
—Scott Sanford and Jane Allshouse

18 Spotlight: National Food Spending—Spending for Food Increased Almost 4 Percent in 1997
—Annette Clauson

Food Marketing

21 Marketing Bill Rose, While Farm Value Declined in 1997
—Howard Elitzak

25 Natural Foods Supermarkets Gaining in Popularity
—Phil R. Kaufman

28 Sales of Meals and Snacks Away From Home Continue To Increase
—Charlene C. Price

31 Nontraditional Retailers Are Challenging Traditional Grocery Stores
—Phil R. Kaufman

Food Safety

34 Food Safety at a Glance
—Steven Crutchfield

Food Assistance

36 Spotlight: Food Assistance—Domestic Food Assistance Expenditures Continue To Decline
—Victor Oliveira

International Market Trends

38 Processed Food Trade Surplus Narrowed in 1997
—Charles R. Handy and Steven A. Neff