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In the News...

Processed Foods' Share Has Changed Little in a Century

The share of food that is processed (omitting food produced at home) has changed remarkably little in more than a century—87 percent of purchased foods were manufactured in 1869, 80 percent in 1909, and 90 percent in 1980. But the kinds of foods processed, the type of processing, and the nature of the food manufacturing industry have changed dramatically.

In 1869, flour and cornmeal accounted for 52 percent of processed food products. Cured meats, dairy products, and sugar accounted for another 37 percent. By 1982, flour and other grain products accounted for only 3 percent, bakery products 10 percent, meat and poultry 23 percent, processed fruits and vegetables 17 percent, and soft drinks 11 percent. Many new industries appeared and grew to considerable size during that period, mostly as a result of new technologies dealing with frozen and dehydrated foods, soft drinks, and fresh meat.

Large corporations have been a feature of agricultural processing and distribution for 100 years. The 50 largest firms have accounted for about 45 percent of all output, while the next 450 firms have maintained a one-third output share.

For further information, call Alden Manchester, (202) 786-1880.

Eastern Potato Growers Face a Shrinking Market

Potato producers in Maine and other traditional eastern growing areas are facing stiff competition from the Western States and, to a lesser extent, from Canada, in eastern U.S. markets. Since 1960, western growers have expanded fresh potato marketings in eastern U.S. cities. Maine and the other Eastern States (New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, Pennsylvania, and New York) both supplied about 28 percent of total U.S. potato production in the early 1960's. By the 1980's, Maine grew only about 7 percent and the other Eastern States 6 percent. On the other hand, the Western States increased production from about 31 to 54 percent. Producers of spring and summer crop



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potatoes (Florida, Texas, California, New Mexico, South Carolina, Virginia, and Louisiana) also lost production shares between the 1960's and the 1980's.

The Western States have gained market shares in eastern U.S. markets because they produce most of the russet potatoes that consumers seem to prefer. Not only are russets the current favorite in the fresh market, they are also preferred by the expanding processing industry because they make the best frozen french fries. With growing fast food consumption and consumers' desire for convenience, processed products make up the majority of potato consumption in the 1980's. One processed product well suited to the East's round white potatoes is potato chips. However, production of chips has not increased nearly as fast as frozen potatoes. Production of chips has risen only 16.2 million hundredweight (cwt) since the early 1960's, compared with an increase of 75 million cwt for frozen products.

Canada has also pushed into the eastern growers' market, but not to the extent of the Western States. Canada's strongest gains have been in Boston, with about an 11-percent market share in the early 1980's, New York City 6.6 percent, and Philadel-

phia 5.4 percent. South of Baltimore, however, the Canadian market share is well below 1 percent and decreases as distance increases.

For more information, contact Katharine C. Buckley, (202) 786-1768.

Japan Remains Top Market for U.S. Farm Products

Japan remained the leading single-country market for U.S. agricultural exports in U.S. fiscal 1986, as it has been every year since 1963. Despite its number-one spot, U.S. farm exports to Japan dropped for the second straight year. After peaking at \$6.9 billion in fiscal 1984, sales fell to about \$5 billion in fiscal 1986. Depressed commodity prices and declining U.S. shares for key products were behind the drop.

Japan is a large and steady market for many U.S. agricultural products. The country usually ranks first or second in value as an importer of such major U.S. products as wheat, corn, sorghum, soybeans, cattle hides, cotton, tobacco, citrus fruit, beef and veal, pork, and poultry. Nevertheless, Japan is also a significant market for other exporters, namely New Zealand, Canada, and Australia. Furthermore, in the last 2 years, Japan has become a leading destination for corn and cotton from China, which is pushing agricultural exports as a means of reducing its trade deficit with Japan.

Although U.S. agricultural trade with Japan relies mostly on bulk commodities, such as grain and soybeans, the United States has been promoting expanded trade in high-value and processed products, including beef and citrus. Following trade talks in 1984, Japan agreed to expand its imports of U.S. beef, fresh oranges, and citrus juice through Japanese fiscal year 1987 (April 1987-March 1988).

The U.S. share of Japan's imports declined last year for several important commodities, including corn, soybeans, and cotton. China's emergence as an agricultural exporter, uncompetitive U.S. prices, and Japan's dissatisfaction with the quality of U.S. grains and oilseeds were chiefly responsible for the drop in the U.S. share

of these markets. In addition, the U.S. share of Japan's pork imports fell to a 6-percent low, hurt by the strong dollar, high U.S. prices, and stiff competition from Denmark and Taiwan. The U.S. share of Japan's poultry meat imports declined because of competition from Thailand and Brazil.

For more information, contact Lois Caplan, (202) 786-1611.

Brazilian Orange Industry Finds Growth in U.S. Market

Brazil, the largest orange producer in the world, accounted for one-third of the world's orange crop in 1984. Brazil has become a major force in the world market for frozen concentrated orange juice (FCOJ) in the last decade. While the Brazilian orange industry has been growing, Florida producers have encountered a series of disastrous freezes since 1981. These freezes have reduced orange production from a 206-million-box record in 1979/80 to 1985/86's 119 million. With the decline in U.S. orange production, U.S. imports of

FCOJ from Brazil almost tripled from 1980/81 to 1984/85. Consequently, Brazil's share of the U.S. FCOJ market has grown substantially during the last 5 years.

The orange crop in the commercial zone of San Paulo, Brazil, was a record 230 million boxes in 1985/86. Although the weather was extremely dry, other factors boosted output: more trees coming into production, less selective picking, and slightly higher yields. Brazil's total exports of FCOJ during 1985/86 were an estimated 600,000 metric tons, compared with 715,000 in 1984/85. The reduced exports were due primarily to the increased FCOJ pack in Florida and lower purchases from Europe. High prices meant reduced exports during the first half of 1985/86. However, exports improved somewhat during the last half of the year because of the dramatic decline in FCOJ prices.

Brazilian orange production in 1986/87 is expected to be down somewhat because of a drought from June 1985 until mid-January 1986. In addition, juice yields will likely fall because the drought caused the fruit to ripen unevenly. Nevertheless, a sharp in-

crease in FCOJ exports is expected for 1986/87 because of greatly reduced prices in Brazil.

After several extremely profitable years in a row for the Brazilian orange industry, due primarily to Florida freezes, processors have reportedly lost millions of dollars because of weak international prices and higher prices paid to orange producers. The Brazilian Government has removed the minimum export price and quota for FCOJ, which will significantly affect both producers and processors. Over time, it had become apparent that these policies were not accomplishing the Government's objective to strengthen Brazil's returns in the international market.

For more information, contact Ben Huang, (202) 786-1766.

Lower Production Forecast for Most Crops

Total domestic output for most of the 10 major field crops will be less this season than in recent years. For most crops, declines resulted from reduced plantings brought about by increased participation in commodity programs.

The season-long drought in the Southeast and, to a lesser extent, the hot, dry weather that developed midseason in the Delta, Kentucky, and Tennessee had a severe effect on regional crop production. But for most major field crops, particularly food and feed grains, the regional bad weather had a negligible impact on the country as a whole.

Growing conditions were good to excellent in the Midwest and Northern Plains, where the bulk of the U.S. corn, soybean, and spring wheat crops is grown. Consequently, above-average production in these regions is offsetting losses due to drought.

For 1986, 85 percent of the peanut crop, 94 percent of the tobacco crop, and a greater share of the soybean and cotton crops (compared with grains) were grown in the drought-affected Southern States. Consequently, the drought had a relatively greater impact on production of the four major non-grain field crops.

For more details, contact Michael Hanthorn, (202) 786-1841. □

Table 1. Brazil Takes Lion's Share of Steadily Rising U.S. FCOJ Imports

Season ¹	Brazil	Others	Total
	<i>1,000 gallons²</i>		
1969/70	1,308	153	1,461
1970/71	15,413	3,930	19,343
1971/72	29,210	8,865	38,075
1972/73	12,924	7,300	20,224
1973/74	12,699	5,549	18,248
1974/75	28,214	4,832	33,046
1975/76	29,755	1,647	31,402
1976/77	33,749	14,177	47,926
1977/78	139,451	11,290	150,741
1978/79	152,310	7,708	160,018
1979/80	97,676	2,338	100,014
1980/81	203,104	11,127	214,231
1981/82	373,988	22,084	396,072
1982/83	337,164	27,605	364,769
1983/84	510,094	23,476	533,570
1984/85	578,177	18,456	596,633

¹Season beginning December 1. ²Single strength.

Source: Foreign Agricultural Service, USDA.