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Originally published Vol. 4, Issue 4 (September 2006)

Fruit and Vegetables in the Limelight

Several hot issues—immigration reform, diet quality and rising rates of obesity, and U.S. agricultural trade—and how they play out may have significant effects on the fruit and vegetable industries. The industries are a key cog in U.S. agriculture, accounting for nearly a third of U.S. crop cash receipts and a fifth of U.S. agricultural exports in 2002-04. With increasing evidence of the nutritional benefits from consuming fruit and vegetables, the produce industry is also recognized as being pivotal to the health and well-being of consumers.

Fruit and vegetable growers are closely following the current debate on immigration reform. They are particularly concerned about the effects of any new legislation on labor availability. According to the U.S. Department of Labor's latest (2001/02) National Agricultural Workers Survey, fruit, tree nut, and vegetable farms accounted for two-thirds of all hired crop workers in the United States. With an undefined but sizable portion of this labor derived from foreign laborers, the stakes are high for fruit and vegetable growers, who must have enough labor at critical planting and har-

vesting times. Fruit and vegetable production tends to be more labor intensive than other agricultural industries because such operations as thinning, cultivating, irrigating, and harvesting require skilled labor to avoid damage to tender plants, bushes, and trees and to ensure the quality and appearance of fresh-market products.

Growing public concern about the quality of American diets is also drawing attention to the fruit and vegetable industry. In their campaign to reduce the rates of heart disease, cancer, and, especially, obesity, public and private sector nutritionists are increasingly emphasizing the need for Americans to increase their consumption of fruit and vegetables. The average American does not consume the recommended 5-10 servings of fruit and vegetables each day, as suggested by the 2005 *Dietary Guidelines for Americans* established by USDA. For Americans to meet these recommendations, fruit consumption would have to more than double and vegetable use would have to rise by more than a fourth, presenting opportunities for U.S. growers.

Consumer demand for greater variety and more healthful choices in food has helped fuel a rise in U.S. imports of fruit, vegetables, and tree nuts. In recent years, imports have been increasingly outpacing exports. While some imports directly compete with domestically produced fruit and vegetables, others complement domestic production and provide greater opportunities for Americans to meet the amounts recommended for daily consumption. For example, during the winter, tomatoes from Mexico compete with Florida-grown tomatoes; however, winter grapes from Chile provide a 12-month supply of fresh grapes in the market, complementing California's late spring and summer production. Other imports, such as tropical fruit, expand consumer choices. \mathbb{W}

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This finding is drawn from . . .

Fruit and Vegetable Backgrounder, by Gary Lucier, Susan Pollack, Mir Ali, and Agnes Perez, VGS-31301, USDA, Economic Research Service, April 2006, available at: www.ers.usda.gov/publications/vgs/apr06/vgs31301/

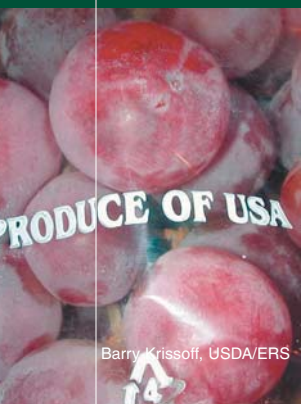
Originally published Vol. 2 Issue 2 (April 2004)—updated May 2007

Mandatory Country-of-Origin Labeling—Will It Benefit Consumers?

Demands for mandatory country-of-origin labeling (COOL) for some retail food products have sparked considerable controversy. Proponents—primarily some cow-calf producer and fruit and vegetable grower/shipper associations—claim such labels would benefit consumers who are concerned about food safety, who wish to support U.S. producers, or who believe that U.S. foods are of higher quality than imports. Others—cattle feeder and hog finishing operators, meatpackers, processors, and retailers—argue that mandatory labeling will merely raise costs and bring few benefits.

In 2002, Congress incorporated COOL in the Farm Security and Rural Investment Act. Mandatory labeling rules were slated to go into effect by September 30, 2004, but Congress postponed the deadline twice, and COOL is now slated for September 2008. Unless the law is changed, retailers will be required to identify red meats (beef, lamb, and pork), fish and shellfish, fresh and frozen fruit and vegetables, and peanuts as being from the United States, from another country, or from mixed origins. The 4-year delay will apply to meats, produce, and peanuts. COOL has been in effect for farm-raised and wild fish since April 2005 and will not be affected by the delay.

Researchers have tried at least two ways to determine whether benefits of mandatory COOL exceed costs. The first, an engineering approach, requires a calculation of likely expenditures for segregation and recordkeeping—the activities necessary to prove a product's origin—along with an estimate



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Originally published Vol. 5, Issue 1 (February 2007)

The National School Lunch Program (NSLP) serves 29 million lunches daily, and nearly half of those are served free to low-income students. ERS researchers found that two-thirds of students receiving free lunches were in households that did not participate in the Food Stamp Program or in Temporary Assistance for Needy Families (TANF), even though



Ken Hammond, USDA

National School Lunch Program Fills Food Assistance Gaps

their income levels were sufficiently low to qualify for benefits.

The National School Lunch Program makes free lunches available to children in households with incomes at or below 130 percent of the poverty line—\$26,000 for a family of four in 2006. The program does not have some of the restrictions that may discourage participation in the Food Stamp Program and TANF, such as asset limits and proof of income. Schools also encourage families to apply for NSLP certification by sending home application forms with students. Schools have an incentive to increase participation because higher participation helps the school cafeteria cover fixed costs.

Researchers also found that participation in the NSLP, for free meals as well as reduced- and full-price meals, is lower among high school students than among children ages 8-13. This finding is partly related to younger students' being more likely to have lower

household incomes and thus more likely to qualify for free and reduced-price meals. Researchers found that 34 percent of students ages 8-13 came from families below 130 percent of the poverty line while only 30 percent of students ages 15-18 did.

A focus group study also found lower participation among older students to be linked to greater concerns about stigma, both over being poor enough to receive a free meal and over the perception of school meals as "uncool," compared with food from the a la carte line or off campus.

Greater use of electronic payment methods to prevent free meal recipients from being identified by their peers has increased participation, as have changes in menu and meal presentation, such as the introduction of salad bars and improved cooking techniques. \mathbb{W}

Increased participation in the NSLP has been linked to greater concerns about stigma, both over being poor enough to receive a free meal and over the perception of school meals as "uncool," compared with food from the a la carte line or off campus.

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This finding is drawn from . . .

Profiles of Participants in the National School Lunch Program: Data From Two National Surveys, by Constance Newman and Katherine Ralston, EIB-17, USDA, Economic Research Service, August 2006, available at: www.ers.usda.gov/publications/eib17/

of what labels are worth to consumers. To estimate value to consumers, some analysts have relied on consumer surveys asking consumers whether they want labels. Such surveys must be carefully designed if they are to reveal consumers' willingness to pay for labels. The second approach entails drawing inferences about costs and benefits from the actual behavior of suppliers and consumers in the marketplace.

Food manufacturers infrequently label food as "Made in USA." The absence of such voluntary labeling suggests that suppliers believe consumers either do not care where their food comes from or prefer the imported product. It is also possible that consumers prefer domestic products, but are unwilling to pay higher prices to cover labeling costs. Any of these explanations implies that suppliers believe it is generally not profitable to label.

Some consumers may actually prefer such labels, but this group may be too small for markets to satisfy their demands profitably. In this case, con-

sumers who value the information may be better off with mandatory COOL, depending on how much they are willing to pay for label information and the cost of providing it. Even for these consumers, however, costs could exceed the benefits. For consumers who are indifferent to labels, the higher prices resulting from mandatory COOL would make them unequivocally worse off. \mathbb{W}

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This finding is drawn from . . .

Country-of-Origin Labeling: Theory and Observation, by Barry Krissoff, Fred Kuchler, Kenneth Nelson, Janet Perry, and Agapi Somwaru, WRS-04-02, USDA/ERS, January 2004, available at: www.ers.usda.gov/publications/wrs04/jan04/wrs0402/