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Current Activities

Do Changing Retail Markets Mean Higher Food Prices?

ERS has begun to use micro-level household and store scanner data to measure the effect of changing retail store formats on food prices. Increasingly, retail food markets are consolidating, leading to concerns that reduced competition will cause prices to rise. Counterbalancing this effect is the increased market share of warehouse and supercenter-type stores that often compete with standard supermarkets by offering lower prices and volume discounts. This project will also examine if, and to what extent, the changing landscape of retail outlets influences the CPI for food. **Ephraim Leibtag, eleibtag@ers.usda.gov**

How Does Fast Food Fare in Urban Areas?

ERS is examining whether access to fast food and fast food prices depend on where one lives. Some have argued that residents of "poor" or "minority" neighborhoods in urban areas pay higher prices and do not have reasonable access to food retailers. ERS researchers have collected prices of representative meals in the Washington, DC, metro area and are analyzing how cost and demand differences across the area affect the number of outlets and prices. **Hayden Stewart, hstewart@ers.usda.gov**

Five a Day?

ERS is working with the Division of Cancer Prevention and Control, Centers for Disease Control and Prevention to study the economic and demographic determinants of fruit and vegetable consumption. The collaboration will use data from USDA and CDC to classify fruits and vegetables by their nutritional profile, by how they are prepared, and by where and when they are consumed. The study will also identify the characteristics of individuals who are more or less likely to follow their physicians' recommendations for increasing fruit and vegetable consumption, leading to better design and targeting of diet and health information campaigns. **Biing-Hwan Lin, blin@ers.usda.gov**

Why Are Contracts Increasing?

The growth in contracting between agricultural processors and producers has been contentious. Some have argued that these arrangements enhance market power of processors at the expense of independent farmers, while others argue that consumer demand can be targeted more efficiently. ERS is examining potential efficiency-enhancing motives for contracts in pork industries. In those markets characterized by investments in branding programs requiring specific genetics, complex carcass-merit grading programs, unobservable product quality attributes, and team production of quality attributes, contracting arrangements may be an efficient organizing tool. **Steve Martinez, martinez@ers.usda.gov**

Can We Protect Against Invasive Species?

Expanded international trade and travel is beneficial to the U.S. and global economies, but also facilitates movement of invasive, alien crop pests that threaten U.S. agricultural production and exports. ERS is cooperating with USDA's Animal and Plant Health Inspection Service (APHIS) to incorporate economics in decisionmaking and risk assessment for invasive pest issues. **Dennis Shields, dshields@ers.usda.gov**

What Impacts From Diverting Water From Agriculture?

ERS is analyzing the effects on irrigated agriculture in the western river basins of Federal decisions to reallocate water to protect endangered species. This work is being done in cooperation with the Bureau of Reclamation, and nine universities, including the University of California-Davis, Willamette University, University of Nebraska, Oregon State University, New Mexico State University, Washington State University, Colorado State University, Iowa State University, and George Mason University. USDA's Risk Management Agency funds the project. **Noel Gollehon, gollehon@ers.usda.gov**

Economics in the Farm Bill Conservation Title?

ERS economists are playing an integral role in shaping several key provisions of the Conservation Title. Roger Claassen (claassen@ers.usda.gov) is helping craft the new Conservation Security Program (CSP), a form of the program he analyzed in *Agri-Environmental Policy at the Crossroads: Guideposts on a Changing Landscape* (AER-794). Andrea Cattaneo (cattaneo@ers.usda.gov) is a key architect of the cost/benefit analysis for the new rule implementing the Environmental Quality Incentives Program (EQIP), revised and expanded in this Bill. Marlow Vesterby (vesterby@ers.usda.gov) is playing a similar role in the cost/benefit analysis of the Technical Service Provider rule, which governs how third parties can help farmers plan and implement conservation practices paid for by USDA conservation programs.

Recent Meetings

High-Value Foods

ERS cosponsored a workshop, *Global Markets for High-Value Food*, with the Food Industry Center (University of Minnesota) and the Farm Foundation in February 2003. The workshop brought together researchers, business people, and policymakers to discuss global markets for high-value food products, such as fresh produce, meats, and processed products. Topics covered include global food market dynamics, consumers' changing preferences, innovations and changes in the supply structure, and government's role in high-value food markets. **Anita Regmi, aregmi@ers.usda.gov**

Issues in Food Assistance

ERS hosted a conference, *Food Assistance Research: Recent Findings and Emerging Issues*, in February 2003, with the goal of identifying emerging needs in food and nutrition assistance research. The first day of the conference was devoted to child nutrition reauthorization and related research issues, while the second day focused on food stamps. **Mark Prell, mprell@ers.usda.gov**

Understanding Market Segmentation

The U.S. grain and oilseed sector is moving away from production and marketing of generic commodities and toward more product differentiation and market segmentation. ERS and the Farm Foundation sponsored a conference, *Product Differentiation and Market Segmentation in Grains and Oilseeds: Implications for an Industry in Transition*, in late January 2003. The symposium explored the determinants of market segmentation and the implications for growers, handlers, processors, and consumers. **Aziz Elbehri, aelbehri@ers.usda.gov**

New Releases

A Close Look at WIC

The Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) is the Nation's third largest food assistance program, with almost half of all infants and about a quarter of all children age 1-4 participating. *The WIC Program: Background, Trends, and Issues* (FANRR-27) presents a comprehensive background on the program—how it works, its history, program trends, and the characteristics of the population it serves. **Vic Oliveira, victoro@ers.usda.gov**

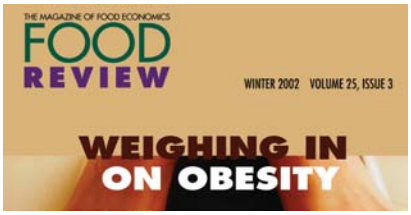
Vertical Coordination

Two recent ERS publications—*A Comparison of Vertical Coordination in the U.S. Poultry, Egg, and Pork Industries* (AIB-747) and *Vertical Coordination of Marketing Systems: Lessons From the Poultry, Egg, and Pork Industries* (AER-807)—reveal that several market characteristics prompt contracts and vertical integration to lower transaction costs. These characteristics are (1) investments that have considerably less value outside of their intended purpose, (2) costs of measuring output characteristics that are considerably larger than costs of measuring related inputs, and (3) an environment with high degrees of uncertainty related to market demand and supplies, as well as plans and strategies of trading partners. **Steve Martinez, martinez@ers.usda.gov**

Biotech Adoption Is Rapid, But Results Vary

Adoption of Bioengineered Crops (AER-810), showed that the rapid rise in adoption rates for Bt (insect-resistant) crop varieties will likely slow, but adoption of herbicide-tolerant crops will continue to grow over the next few years. Bt corn use and profits depend on infestations of pests like the European corn borer, which have subsided recently. Adoption of herbicide-tolerant varieties may be motivated more by convenience than by profits. Adopting genetically engineered (GE) crops results in an overall reduction in pesticide use, a plus for the environment. **Jorge Fernandez-Cornejo, jorgef@ers.usda.gov**

Weighing In on Obesity



The Winter 2002 issue of ***FoodReview***, ERS' recently retired magazine of food economics, features ERS researchers "weighing in" on a critical public health issue—the growing epidemic overweight or obesity among Americans. The lead article takes a look at the American diet—typically too high in added sugars, refined grains, fats, and calories. Other articles look at the relationship between caloric intake and obesity, individuals' misperceptions about their weight status, the link between fruit and vegetable consumption and body weight, and the issues of cost effectiveness raised by Federal interventions to reduce obesity. **Rosanna Morrison, rosanna@ers.usda.gov**

Production Costs and Returns Updated with ARMS Surveys

The ERS series of reports, *Characteristics and Production Costs* (SB-974), uses data from USDA's annual Agricultural Resource Management Survey (ARMS) to examine how production costs vary among producers, while providing details on production practices and input levels, as well as farm operator and structural characteristics. Reports for corn, cotton, cow-calf, soybean, and wheat farms are available, with milk, sugarbeets, and rice on the way in 2003. **William McBride, wmcbride@ers.usda.gov**

Examining Exchange Rates

Cited as a key influence on agricultural trade, exchange rates are the subject of a new book, *Exchange Rate Volatility and International Trade* (Captus Press), sponsored by ERS and with contributions from several ERS researchers. The book examines the effects of exchange rate volatility on a wide array of products like beef, poultry, and soybeans and finds that the impacts depend on the level of protection and competition in markets. The underlying research, unlike most studies in either developed or developing countries, takes exchange rate risk into account. **Suchada Langley, slangley@ers.usda.gov**

Computer Use and Earnings

A new report, *Wage Premiums for On-the-Job Computer Use: A Metro and Nonmetro Analysis* (RDRR-95), shows that the wages of rural workers who use a computer on the job are about 6 percent higher than those who do not, after other job and worker characteristics are taken into account. This suggests only a limited role for computer literacy skills in enhancing the earnings of low-wage workers within their current occupations in rural areas. **Lorin Kusmin, lkusmin@ers.usda.gov**

The State of Hired Farmworkers

A new book, *The Dynamics of Hired Farm Labour: Constraints and Community Response* (CABI Publishing), includes 18 chapters discussing technical change and adjustment in agriculture, hired farm labor and community response, and farmworker health and safety. This work is an outgrowth of a conference on hired farm labor and rural communities held in October 1999 and co-sponsored by ERS and The Pennsylvania State University. **Jack Runyan, jrunyan@ers.usda.gov**

Rural America, Briefly

A new report, ***Rural America at a Glance*** (RDRR-94-1), provides the most current indicators of social and economic conditions in rural areas for use in developing policies and programs to assist rural people and their communities. The six-page report includes information on population trends from the recently released 2000 Census, the employment and earnings situation in 2001, and the latest poverty and food insecurity statistics. **Karen Hamrick, khamrick@ers.usda.gov**

Commodity Markets and Trade

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

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