



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
<http://ageconsearch.umn.edu>
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

An Integrated Global Marketplace

At the beginning of the 20th century, most of the world's food was eaten where it was produced — on subsistence farms and in local villages and towns. This was true in the United States, where my grandfather sold his milk and produce to local stores and neighbors in a small Vermont town. The last century, however, brought worldwide economic growth and development. Rapidly rising agricultural productivity and higher incomes led to integrated national markets for food and agricultural products. Today, this story of growth and development is being repeated around the world as consumers and farmers become part of an integrated global food market.

As incomes rise and food supplies become more secure, consumers' decisions about food become focused less on simple sustenance and more on greater choices, quality, and services. ERS research reveals that these income-driven changes in consumer demand, along with improved transportation, urbanization, and demographic shifts, are changing global food consumption patterns. These shifts have already profoundly changed global agricultural markets; for example, grain trade, which once dominated global agricultural trade, now represents only 30 percent of the agricultural products flowing through global markets.

The future of global food and agricultural markets is being shaped not only by changes in food consumption patterns, but also by equally important shifts in supply. In the 1990s, Argentina and Brazil emerged as a dynamic force in global soybean markets. More recently, the former Soviet Union has become an important competitor in global wheat markets, and China is a growing force in some fruit and vegetable markets.

What do these dynamic changes in global markets mean for Americans? For American consumers, these changes translate into seemingly limitless choices at the supermarket — choices that reflect the variety of food produced around the world, not just in the United States. For American farmers, a more integrated global marketplace means more opportunities to sell products — and more competition with farmers from other countries. And, for both groups, an integrated marketplace brings a set of new challenges, including those associated with food safety, as presented in the November 2003 issue of *Amber Waves*. Finally, these changes are also reflected in the agricultural trade balance, which has been declining since the late 1990s, raising questions about whether American agriculture is losing its competitive edge. A deeper look at our agricultural trade balance in this issue of *Amber Waves* suggests that the answer is no. Trade is a two-way street, and, in an integrated global marketplace,

rising imports of food and agricultural products reflect American consumers' desire for choice, quality, and service, just as exports from American farms support richer diets and greater choices in other countries around the world.



Neilson C. Conklin

Neilson C. Conklin
Director, Market and Trade
Economics Division
Economic Research Service