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Organic Food Industry Taps Growing American Market

American consumer interest in organically grown foods has opened new market opportunities for U.S. producers, leading to a transformation in the organic foods industry. Organic food is currently sold in a wide variety of venues, including farmers' markets, natural foods supermarkets, conventional supermarkets, and club stores. Since the early 1990s, certified organic acreage in the U.S. has increased as producers strive to meet growing demand for organic food. New national organic standards will facilitate the marketing of organic products as more U.S. growers move into organic production and more processors and distributors add organic selections to their product lines.

French Fries Driving Globalization Of Frozen Potato Industry

Driven largely by growing global popularity of Western-style cuisine, frozen french fries and other frozen potato products are generating billions of dollars in sales worldwide each year. Global frozen potato production capacity is estimated to be at least 9.6 million metric tons a year. Worldwide exports of frozen potato products in 2000 (over 90 percent of which is frozen french fries) were valued at \$1.9 billion. Rapid expansion of quick-service (fast food) restaurants is key to the tremendous growth in worldwide consumption and trade of frozen potato products.

U.S. Agricultural Exports To Rise \$4 Billion in 2003

Sharply higher prices for grains and soybeans, reflecting drought-reduced U.S. production, are expected to boost the value of U.S. agricultural exports to \$57.5 billion in fiscal year 2003, a 7.5-percent gain over 2002. Bulk commodity exports are likely to lead the gains, although high-value product (HVP) exports also are expected to increase. In contrast to the higher export value, bulk export volume will be down in 2002, mainly from lower soybean volume.



EU Revisits Ag Reform With Bold New Proposals

The Commission of the European Union (EU) is proposing bold changes to its Common Agricultural Policy (CAP). The core proposal is a single annual whole-farm payment, not requiring production by farmers, in contrast to the current payments linked to production of specific commodities. Farmers would have greater flexibility in choosing what to produce, and support for large farms would be cut for the first time. Greater emphasis would be placed on rural development, food safety, animal welfare, and environmental regulations. The proposals have implications for WTO negotiations and EU enlargement. But for many commodities, traditional CAP price support and stabilization mechanisms are maintained.

Food Price Inflation to Moderate In 2002 & 2003

The U.S. Consumer Price Index (CPI) for all food is forecast to increase 2.1 percent in 2002 and 2-2.5 percent in 2003, compared with 3.1 percent in 2001. In 2002, record beef, pork, and poultry supplies, plus dampening of consumer demand by a lackluster domestic economy, are holding down meat prices. Small-

er potato supplies should push up the fresh vegetable CPI in 2002. Adequate supplies of fresh fruits, dairy products, nonalcoholic beverages, and other processed foods will likely keep the food-at-home price increase below 2 percent.

Farm Numbers: Largest Growing Fastest

Declining farm numbers, increasing farm size, and concentration of production have interested the media, the general public, and lawmakers for decades. Average farm size has grown as farms consolidated. A smaller share of farms accounts for a growing proportion of production, but the proportion of very small farms is also growing. Acreage and sales-class data show a trend toward large operations with at least 500 acres or with annual sales of at least \$250,000 in farm products.

A Role for Technology In 21st Century Global Agriculture

Technological advances have the potential to enhance agricultural productivity, incomes, and quality of life in all countries. However, some regions of the world have gained little from discoveries and innovations in agriculture, partly because private research investment tends to be directed toward meeting the market demands of developed-country consumers. One way the agricultural community and public sector could meet the needs of less developed countries is to strengthen their technological infrastructure and facilitate the transfer of appropriate technologies.

NAFTA's Impacts on U.S. Agriculture: Trade & Beyond

NAFTA, the North American Free Trade Agreement, has generally benefited U.S. agriculture and related industries. U.S. agricultural trade with Canada and Mexico more than doubled during the 1990s, a development to which NAFTA contributed. Beyond its direct trade impacts, NAFTA established rules and institutions that mitigate potential trade frictions, promote foreign direct investment, and facilitate discourse on environmental issues.