

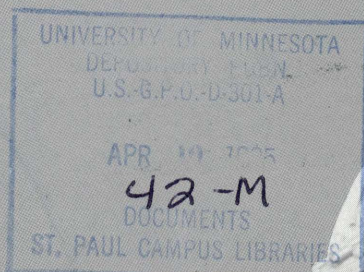
A 93.10/2: 216

Agricultural Outlook 216, Marc

# AGRICULTURAL OUTLOOK

Economic Research Service  
United States Department of Agriculture

March 1995



## ENVIRONMENTAL ISSUES

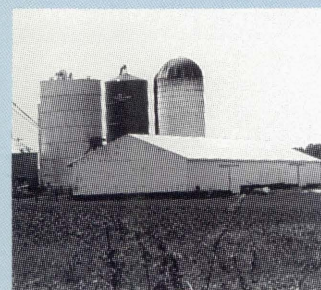
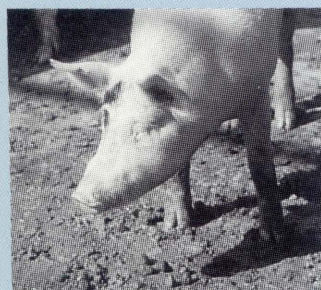


for '95 Farm Bill

*Reinventing  
Federal Crop Insurance*



# AGRICULTURAL OUTLOOK



#### Economics Editors

Lois Caplan (202) 501-8542  
Stacey Rosen (202) 501-8553  
Nathan Childs (202) 501-8540

#### Managing Editor

Mary Reardon (202) 219-0566

#### Overview Coordinators

Sara Schwartz, Steve MacDonald,  
Field Crops  
Leland Southard, Livestock  
John Love, Specialty Crops

#### Design & Layout Coordinator

Victor Phillips, Jr.

#### Statistical Coordinator

David Johnson (202) 219-0355

#### Editorial Staff

Trina J. Myers

#### Tabular Composition

Joyce Bailey, Cliola Peterson

## 2 **Agricultural Economy** Commodity Overviews

## 11 **Commodity Spotlight** Rapid Changes in the U.S. Pork Industry

*Leland Southard &  
Steve Reed*

## 14 **World Agriculture & Trade** FSU—Top Market for U.S. Poultry

*Sharon S. Sheffield &  
Christian J. Foster*

## Agricultural Trade-Weighted Exchange Rate Indexes: Revisions

*Douglas Rhoades*

## U.S. Expands Fish Sales to Japan

*Fawzi Taha*

## 20 **Farm Bill '95** Conservation, Environment, & the 1995 Farm Bill

*Carol Kramer &  
Sarah Lynch*

## 24 **Special Article**

## Federal Crop Insurance Reform: How Does It Work?

*Joy Harwood*

## Statistical Indicators

- 32 Summary
- 33 U.S. & Foreign Economic Data
- 34 Farm Prices
- 35 Producer & Consumer Prices
- 37 Farm-Retail Price Spreads
- 39 Livestock & Products
- 43 Crops & Products

- 47 World Agriculture
- 48 U.S. Agricultural Trade
- 51 Farm Income
- 56 Food Expenditures
- 56 Transportation
- 57 Indicators of Farm Productivity
- 58 Food Supply & Use

**To renew**—Call 1-800-999-6779. Subscription expires in month and year indicated on top line of address label.

**Contents** have been approved by the World Agricultural Outlook Board and the summary released February 21, 1995. Price and quantity forecasts for crops are based on the February 10 World Agricultural Supply and Demand Estimates. *Agricultural Outlook* is printed monthly except February.

**Subscription:** \$42 per year (\$52.50 for foreign addresses, including Canada). Order from ERS-NASS, 341 Victory Drive, Herndon, VA 22070. Or call 1-800-99-6779 (U.S. and Canada only). All other areas, call (703) 834-0125. Checks payable to ERS-NASS.

**The next issue** (AO-217) is scheduled for mailing on April 6, 1995. If not delivered by April 24, call (202) 219-0566 (please have mailing label handy). The full text will also be distributed electronically; call (202) 720-9045.

Materials may be reprinted without permission.



## The 1995 Farm Bill . . . Crop Insurance Reform . . . Exports of Poultry to the FSU, & Fish to Japan

### Conservation & the Farm Bill

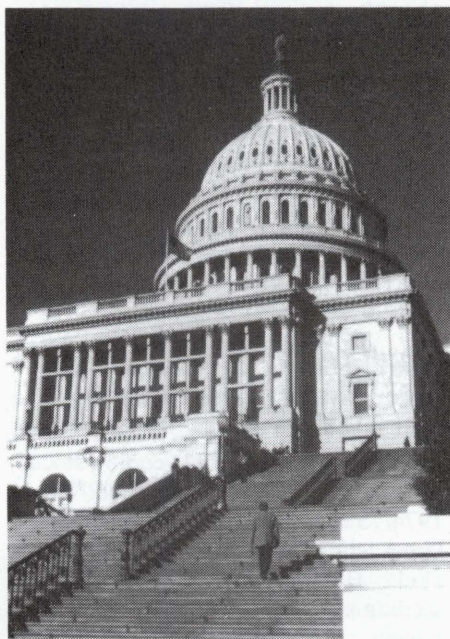
A *key issue* to be debated in crafting the 1995 farm bill is how to address the environmental consequences of agricultural production. The role of farm programs will be on the agenda, amid concerns that commodity programs over time have collectively discouraged the adoption of more environmentally sustainable farming systems. Despite progress in reforming commodity programs, environmentalists seek positive incentives for "green" measures.

A few general agricultural policy options have emerged. First is the extension of existing commodity programs (perhaps pared back for budget reasons), and continuation of the conservation provisions of 1985 and 1990 farm legislation, including those linking eligibility for commodity program benefits to compliance with conservation measures. A second approach is to "decouple" farm income support from commodity production, and instead pay farmers for adopting environmentally beneficial measures. A third consideration is turning over more environmental program design and implementation responsibilities to the states.

### Federal Crop Insurance Revamped

With *major overhaul* of the Federal crop insurance program signed into law in October 1994, USDA estimates that participation in the crop insurance program will amount to about 80 percent of eligible acreage, compared with a historical range of 30-40 percent. A cornerstone of the Federal Crop Insurance Reform Act is streamlining the past dual system of crop insurance and ad hoc disaster assistance into a catastrophic-coverage (CAT) insurance program.

Under reform, farmers who sign up for commodity programs, sign any new Conservation Reserve Program contracts, or take out certain Farmers Home Administration loans must obtain at least



the CAT level of crop insurance for crops that account for 10 percent or more of the farm's crop value. For a processing fee of \$50 per crop, CAT coverage compensates for crop losses exceeding 50 percent of a farmer's average historical yield, at 60 percent of the expected market price. For producers of noninsurable crops (those other than the 51 crops currently eligible for Federal insurance), a non-insured assistance program is provided.

### Fish Exports to Japan Scale Up

*The outlook is promising* for increased U.S. sales of fish and shellfish to Japan—the world's largest importer of fish and the chief market for U.S. fish exports. Japan's global imports of fishery products are expected to increase to fill the gap created by rising demand and a sharply reduced catch. U.S. sales of fish and shellfish to Japan in 1993 amounted to \$2.4 billion, 17 percent of Japan's imports. This exceeded the combined value of U.S. exports to Japan in 1993 of beef and veal, pork, and poultry meat. Fish remains a key part of the Japanese diet, with per capita consump-

tion of fish and shellfish still higher than meat. The U.S. is in a favorable position to expand seafood sales to the lucrative Japanese market, as the U.S. harvest is replete with species highly desired by Japanese consumers.

### FSU: Top U.S. Poultry Importer

*Sharp increases* in 1993 and 1994 poultry meat imports by the former Soviet Union (FSU) have made the region one of the top markets for U.S. exports. In 1994, the FSU became the number-one importer of U.S. poultry meat, with shipments at around 400,000 tons, almost triple the 1993 level. The FSU will likely remain a major market for U.S. poultry exports over the next few years.

Factors behind the import surge include the increase in the purchasing power of the Russian ruble, competitive U.S. prices, and rising quality-consciousness among FSU consumers. FSU import demand is likely to decline in the next 10-15 years, as productivity in the FSU poultry sector rises.

### Shifts in the U.S. Pork Industry

*Rapid change* has occurred in the U.S. pork industry over the past 25 years, especially in the last decade. Today's hog operations are larger, more specialized, and more capital-intensive. While farrow-to-finish operations (covering all phases of hog production) remain the dominant production mode, production of hogs in specialized units, such as "finish only" operations, is rising. The share of the U.S. hog inventory held by operations with 2,000 head or more rose from 33 percent in 1993 to 37 percent in 1994, while the number of hog farms continues to decline. Contract hog production—an arrangement in which the contractor provides the breeding herd, feed, and veterinary services to the producer—has expanded since the early 1980's, especially in the Southeast, and is growing in the Midwest.



## Agricultural Economy



### Field Crops Overview

*Low U.S. and foreign wheat stocks and relatively strong prices suggest larger world plantings for 1995/96. In 1994/95, strong domestic use and exports are supporting U.S. crop prices. For most commodities, China has been the largest factor in export strength. Without the increase in Chinese demand, huge 1994 U.S. corn and soybean crops would have meant a much larger drop in prices.*

#### China Trade Critical To U.S. Exports

China's trade shifted abruptly last fall when the country restricted grain exports and began large purchases on the world market. Rapid economic growth, expanding livestock production, rapidly rising internal grain prices, and concerns about adequate delivery of food from rural to urban areas all contributed to the shift. These developments have had a major impact on world trade and U.S. exports.

In recent years China has been the second-largest corn exporter, cutting sharply into traditional U.S. markets in Asia. But exports have recently been suspended, and China has purchased

corn from the U.S. USDA now expects China to export only 3 million tons in 1994/95, compared with 11.5 million last year, and to import 2.5 million tons.

Wheat imports may more than double to 11 million tons, and China is buying rice heavily, becoming a net rice importer for the first time in years. Large vegetable oil imports continue, and the country is again buying large quantities of cotton.

The reasons for the changes are not fully understood. As yet, there is no indication these developments reflect a permanent shift in China's trade.

#### Small Increase in U.S. Winter Wheat Seedings

With U.S. 1994/95 wheat ending stocks forecast at the lowest level since 1974/75 and prices up from last year, larger winter wheat plantings seemed likely. However, USDA's January wheat seeding report showed plantings up only 1 percent from a year ago.

Adverse weather in some states at planting contributed to the lower-than-expected plantings. Drought in the Pacific Northwest hindered seeding of nonirrigated wheat. In Montana, planting was delayed and some plantings were prevented because of dryness. While seeding was up substantially in the Midwest, there was little change in the Central and Southern Plains.

Planting of spring wheat will likely increase over last year, but the increase in overall wheat acreage will be relatively small. Trend yields would put the 1995 U.S. wheat crop up moderately from last year.

#### More Wheat Area Likely For Other Exporters

This year's strong prices are among the factors pointing to larger plantings by other major wheat exporters like Canada and the European Union (EU). Winter grains in the EU have largely escaped the recent flooding, and the outlook for production remains good. Winter wheat area in the EU is up because of a lower

set-aside requirement for 1995, penalties for overplanting oilseeds last year, and higher net return expectations for wheat than for other grains and oilseeds.

Although Canada will not plant its main wheat crop until this spring, the Canadian Wheat Board and other analysts in Canada are forecasting a large increase in production. The Board expects total wheat area and production to rise 11 percent, and a record durum crop. High world wheat prices are a major factor encouraging producers to switch back to wheat from crops like canola.

The Australian Bureau of Agriculture and Resource Economics recently forecast its 1995/96 wheat production at 16 million tons, a huge rebound from this season's drought-reduced crop. The analysis forecasts wheat plantings to recover to predrought levels. The recovery will require continued good rainfall to replenish soil moisture between now and the start of planting in May.

Crop conditions in wheat importing countries are mixed. In North Africa, Tunisia and eastern Algeria had strong winter rains, and soil moisture is favorable for 1995/96 winter wheat. But in Morocco, severe drought has hurt wheat potential. While Algeria and Tunisia might produce a larger crop than last year, Morocco's output now seems likely to drop.

Dry weather delayed planting and reduced area in much of Russia's winter grain area. So far, snow cover in Russia's winter wheat areas has generally been adequate to protect from winterkill. Favorable winter weather to date also suggests higher winter crop production in Eastern Europe and in India.

In China, sources indicate that winter wheat planting is up from a year ago, with a few provinces reporting greater sown area. Strong grain and cotton prices are expected to encourage larger production.



### ***Cotton Supplies Tight Despite Huge U.S. Crop***

This year's U.S. cotton crop of nearly 20 million bales, the largest ever, was not enough to keep projections for U.S. ending stocks from dropping sharply. As a result, U.S. and world prices have risen to very high levels.

Underpinning the price rise is much larger domestic cotton use. Domestic mill use is the highest since 1942. Cotton is increasing its share of an expanding fiber market. Demand is strong for denim as well as cotton apparel and home furnishings. Textile exports during 1994 were also a record.

While foreign consumption is down slightly, U.S. cotton exports in 1994/95 are the largest in nearly 70 years.

Exportable supplies are down in India, Pakistan, Uzbekistan, and China. Pakistan and India have temporarily become large importers. China is expected to import 3 million bales of cotton this year, despite rising stocks and 2 million bales more production. These purchases presumably reflect efforts to bring down high prices within China and meet regional stock requirements. High inflation has caused local hoarding and has impeded the movement of cotton between regions.

Tightening U.S. supplies and a falling stocks-to-use ratio prompted USDA's decision to set the 1995/96 cotton ARP at zero, down from 11 percent for 1994/95. Although area could rise over a million acres next season, a return to more normal yields and abandonment may limit the potential of the 1995 crop. U.S. production in 1995/96 could range

between 19 and 21 million bales. Despite the possibility of back-to-back record crops, stock increases next season are likely to be moderate as total cotton use is expected to continue strong.

### ***Strong Corn Use Supports Prices***

With a record 10-billion-bushel corn crop in 1994/95, the season-average U.S. price is forecast at \$2.10- \$2.30 per bushel, down from \$2.50 in 1993/94. Corn prices are surprisingly high given that supplies are up nearly 2.5 billion bushels from a year ago. Feed demand, industrial use, and exports are all up this year.

Record U.S. livestock production supports the expected rise in feed and residual use. Increases in the poultry and hog sector more than offset declines in dairy cow numbers and cattle on feed. Relatively small supplies of other feed grains and wheat also mean more demand for corn. However, while feed use was strong in the first half of the corn marketing year, the December *Hogs and Pigs* report showed lower farrowing intentions than expected earlier, suggesting feed demand may weaken for the rest of the year.

Corn exports are expected to reach 1.95 billion bushels, nearly 50 percent above last year and the highest since 1989/90. The most important cause of the increase is the large change in China's net trade position. The U.S. is benefiting from sales to China and improving prospects in other Asian markets. China's recent cancellation of orders for U.S. corn have not cut overall U.S. export prospects.

Countries like Indonesia and Malaysia, which typically take China's corn, are now purchasing from the U.S. Latin American markets are also strong. Price-sensitive markets like Korea have increased purchases of U.S. corn as exportable corn supplies from China dwindle and corn prices drop relative to wheat and other feed grains.

### **World Commodity Market Outlook**

	Year <sup>1</sup>	Production	Exports <sup>2</sup>	Consumption <sup>3</sup>	Carryover
<i>Million tons</i>					
Wheat	1993/94	558.9	99.5	563.8	143.4
	1994/95	524.1	97.7	552.0	115.4
Corn	1993/94	468.3	55.5	504.3	69.1
	1994/95	554.5	62.3	535.5	88.2
Barley	1993/94	169.9	18.5	169.8	37.6
	1994/95	161.5	15.8	168.3	30.7
Rice	1993/94	350.9	15.9	356.7	48.4
	1994/95	353.3	15.4	356.0	45.7
Oilseeds	1993/94	226.9	37.6	186.8	20.0
	1994/95	253.4	43.4	198.0	30.6
Soybeans	1993/94	117.3	28.1	99.9	17.5
	1994/95	135.1	32.7	105.5	26.8
Soybean meal	1993/94	79.1	29.3	79.2	3.3
	1994/95	83.4	30.0	83.3	3.3
Soybean oil	1993/94	17.9	5.0	18.4	1.5
	1994/95	19.0	5.0	18.8	1.6
<i>Million bales</i>					
Cotton	1993/94	76.9	26.8	84.9	30.1
	1994/95	84.0	28.6	85.0	30.2

<sup>1</sup> Marketing years are: wheat, July-June; coarse grains, October-September; oilseeds, soybeans, meal, and oil, local marketing years except Brazil and Argentina adjusted to October-September trade; cotton, August-July. <sup>2</sup> Rice trade is for the second calendar year. All trade now has been inflated to include trade among the countries of the former Soviet Union. In addition, rice trade, like other grain trade, excludes intra-EU trade. Oilseed and cotton trade, however, still include intra-EU trade. <sup>3</sup> Crush only for soybeans and oilseeds.



## Agricultural Economy

### U.S. Field Crops—Market Outlook

	Area		Yield	Output	Total supply	Domestic use	Exports	Ending stocks	Farm price
	Planted	Harvested							
	—Mil. acres—		Bu./acre			Mil. bu			\$/bu
Wheat									
1993/94	72.2	62.7	38.2	2,396	3,036	1,240	1,228	568	3.26
1994/95	70.4	61.8	37.6	2,321	2,979	1,223	1,300	456	3.40-3.50
Corn									
1993/94	73.2	62.9	100.7	6,336	8,470	6,292	1,328	850	2.50
1994/95	79.2	72.9	138.6	10,103	10,958	7,350	1,950	1,658	2.10-2.30
Sorghum									
1993/94	9.9	8.9	59.9	534	709	460	202	48	2.31
1994/95	9.8	9.0	73.0	655	703	408	220	75	1.95-2.15
Barley									
1993/94	7.8	6.8	58.9	398	621	416	66	139	1.99
1994/95	7.2	6.7	56.2	375	574	400	70	104	2.00-2.05
Oats									
1993/94	7.9	3.8	54.4	207	427	318	3	106	1.36
1994/95	6.6	4.0	57.2	230	435	325	1	109	1.20-1.25
Soybeans									
1993/94	60.1	57.3	32.6	1,871	2,170	1,372	589	209	6.40
1994/95	61.9	61.1	41.9	2,558	2,775	1,480	785	510	5.20-5.50
			Lb./acre			Mil. cwt (rough equiv.)			\$/cwt
Rice									
1993/94	2.92	2.83	5,510	156.1	202.5	97.0	79.4	26.0	8.09
1994/95	3.35	3.32	5,964	197.8	231.8	102.0	89.0	40.8	6.00-7.00
						Mil. bales			¢/lb
Cotton									
1993/94	13.4	12.8	606	16.1	20.8	10.4	6.9	3.5	59.00
1994/95	13.7	13.3	710	19.7	23.3	11.1	9.6	2.7	*

Based on February 10, 1995 World Agricultural Supply and Demand Estimates; U.S. marketing years for exports.

\* USDA is prohibited from publishing cotton price projections.

See table 17 for complete definition of terms.

### U.S. Rice Exports Near Record

A record U.S. rice crop is contributing to low world and U.S. prices in 1994/95. But the large crop has meant ample exportable U.S. supplies and a shrinking premium over prices of Asian exporters. Strong imports by China and Indonesia have supported Asian export prices, adding to the competitiveness of U.S. prices.

U.S. exports in 1994/95 are expected to be 89 million cwt, up 12 percent and only slightly below the 91-million-cwt record set in 1980/81. Because of the smaller price premium, U.S. rice exports and sales commitments combined,

through the first 6 months of 1994/95, are running 44 percent ahead of last year's level. However, the U.S. export pace will likely slow in the latter half of the marketing year when Thai and Burmese second-crop harvests come to market.

With stocks up and prices down, the U.S. has moved to cut 1995 production. The final ARP of 5 percent for the 1995 crop was announced on January 31—the 1994 ARP was 0 percent. The 5-percent ARP was necessary to comply with the statutory ratio of 16.5-20 percent for projected ending stocks over average total use for the 3 preceding years. Program outlays are projected lower and net farm income is projected higher than under a lower ARP.

### Large Supplies Pressure Soybean Prices

U.S. soybean production in 1994 reached a record 2.6 billion bushels. While soybean crushing plants are running near capacity in most parts of the country, the latest *Grain Stocks* report showed record-high soybean stocks for December 1. Total use is forecast up 16 percent from a year ago, but ending stocks are expected to rise nearly 150 percent, driving prices down sharply. Soybean prices are projected at \$5.20-\$5.50 per bushel compared with \$6.40 in 1993/94. Prospects for a larger harvest in South America are putting a ceiling on U.S. prices and exports.

Very large Argentine and Brazilian crops are on the horizon. Brazil's production may reach a record 25 million tons. Not only have moisture and temperature conditions in Brazil been ideal, but input investment and use also increased. Brazilian farmers have been encouraged by last season's strong returns and the economic reforms put into place in July 1994, which are rapidly boosting consumption growth.

With heavy crushing, U.S. soybean meal supplies will be up 6 percent this year. Domestic use has been supported by robust feeding in recent months. But like feed grains, feed use of soybean meal is expected to taper off later in the year. Exports will increase about 11 percent over 1993/94, as prices are down for most importers. U.S. prices are forecast down to \$145-\$165 per ton compared with \$193 in 1993/94. The price of U.S. soybean meal is even lower in Europe and Japan, where local currencies are strong relative to the dollar.

The soybean oil market continues to undergird U.S. soybean prices, but soy-oil prices may weaken as Malaysian palm oil recovers. Despite a 9-percent increase in 1994/95 production, heavy export demand is keeping oil stocks tight. This has kept a firm floor under prices. Projected 1994/95 soyoil prices are 25.5-28.5 cents per pound compared with the 27.1-cent average in 1993/94.



World demand for soybean oil this year is higher because of strong consumption growth in China and below-normal growth of palm oil production. China's demand materialized early in the season, at a time when palm oil supplies were short and prices of competing oils relatively high. China shifted much of its vegetable oil purchases to soybean oil in 1993/94 and is expected to import nearly 1 million tons in 1994/95.

Southern Hemisphere harvests portend abundant supplies of soybeans and sunflowerseeds, while palm oil production in Southeast Asia is strengthening. Importers are looking closely at relative vegetable oil prices before deciding which to import during this period of low stocks and above-average prices. [Sara Schwartz (202) 501-8514 and Steve MacDonald (202) 219-1179]

#### For further information, contact:

Carol Whitton, world wheat; Edward Allen, domestic wheat; Randy Schnepf, world and domestic rice; Nancy Morgan, world feed grains; Allen Baker and Pete Riley, domestic feed grains; Jaime Castaneda, world oilseeds; Scott Sanford and George Douvelis, domestic oilseeds; Steve MacDonald, world cotton; Bob Skinner and Les Meyer, domestic cotton. World information (202) 219-0820; domestic (202) 219-0840. **AO**

## Livestock, Dairy & Poultry Overview

### *U.S. pork production will be a record.*

Production is expected to continue to expand year over year through the third quarter and decline in the fourth quarter when the March-May pig crop—expected to be smaller than in 1994—reaches slaughter weight. Even so, fourth-quarter 1995 production is expected to be the second largest on record.

Predictions of the pork supply in the second half of 1995 are still uncertain. Estimates of farrowing intentions for December-February were revised down 4 percent in the December *Hogs and Pigs* survey from 3 months earlier.

Based on the December survey, slightly fewer sows will farrow this winter than a year earlier, and the number will continue to decline during March-May. Very weak hog prices during the fall 1994 quarter encouraged some liquidation of breeding herds. Yet the recent outlook for higher hog prices and relatively

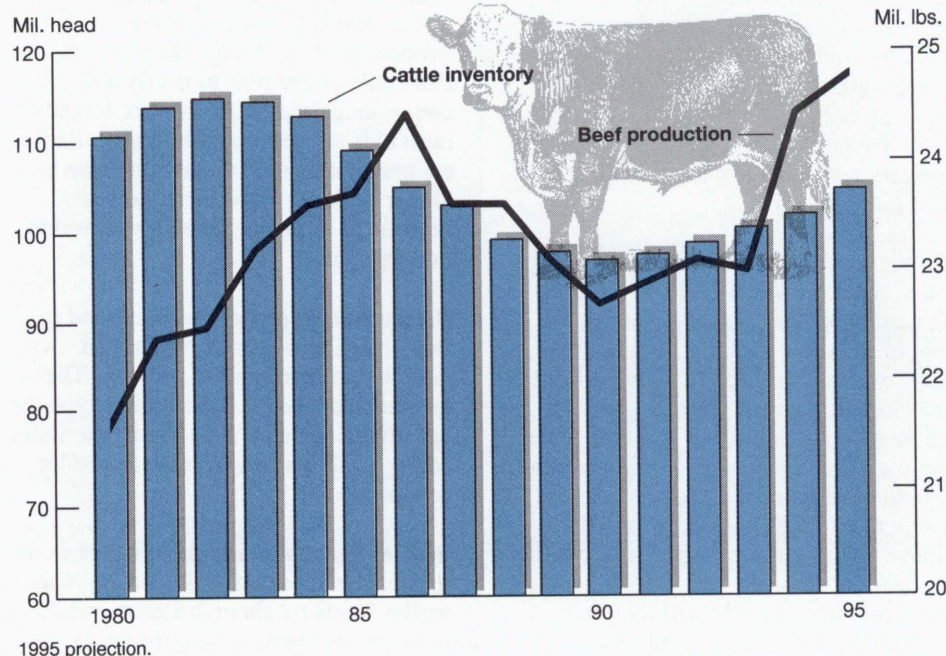
cheap feed could check plans for cutbacks in sow farrowings and lead to an upward adjustment in the 1995 fourth-quarter production estimate.

Stronger hog prices since mid-December and stable cutout values (the weighted value of wholesale pork cuts) have trimmed the farm-to-wholesale price spread, but it is still well above the average for the previous 5 years. Record wholesale-to-retail price spreads in October-November have narrowed, but the spread is still relatively wide.

Pork freezer stocks, while declining seasonally from their summer peak, continued at record levels as of January 1. Stocks were 19 percent above a year ago, reflecting large fourth-quarter production and low prices. Stock inventories typically build during the fourth quarter, and decline in the spring as reduced slaughter weights and tighter hog supplies push up prices seasonally. However, seasonal price gains in the second quarter may be mitigated by large production, burdensome stocks, and continued large supplies of competing meats.

**Larger beef supplies** are in the long-term outlook, despite downward revisions to inventory numbers for 1989-94.

### Beef Production Hits Record





## Agricultural Economy

### U.S. Livestock and Poultry Products--Market Outlook

		Beginning stocks		Production		Imports		Total supply		Exports		Ending stocks		Consumption		Primary market price	
														Total		Per capita	
						Million lbs.								Lbs.			
Beef	1994	529	24,389		2,392	27,310	1,581	557	25,172	67.5	68.53						
	1995	557	24,732		2,635	27,924	1,735	450	25,739	68.4	66-70						
Pork	1994	359	17,719		744	18,822	540	430	17,852	53.1	40.03						
	1995	430	18,983		730	19,143	495	375	18,273	53.8	37-39						
														¢/lb			
Broilers*	1994	358	23,658		0	24,016	2,845	459	20,712	69.8	55.7						
	1995	459	25,209		0	25,668	3,050	490	22,128	73.8	51-54						
Turkeys	1994	249	4,940		0	5,189	236	260	4,694	18.0	65.7						
	1995	260	5,235		0	5,495	250	300	4,945	18.8	59-63						
														No.		¢/doz.	
Eggs**	1994	10.7	6,176.6		3.7	6,191.0	190.0	15.0	5,184.1	238.5	67.3						
	1995	15.0	6,275.0		4.0	6,294.0	190.0	12.0	5,257.0	239.5	64-68						

Based on February 10, 1995 World Agricultural Supply and Demand Estimates.

\* Cold storage stocks previously classified as "other chicken" are now included with broiler stocks. \*\*Total consumption does not include eggs used for hatching. See tables 10 and 11 for complete definition of terms.

Annual cattle inventories were revised downward by 760,000 to 2.5 million head, chiefly because of lower estimates now of the cow herd starting in 1987. Cattle numbers at the beginning of 1995 were up 2 percent from a year earlier, reflecting continued modest herd expansion.

Feeder cattle outside feedlots on January 1 were up 4 percent from a year ago. With poor returns from fed cattle marketings until late last fall and excellent fall and winter grazing conditions, fourth-quarter 1994 feedlot placements were up only 1 percent from a year earlier. Winter wheat grazing conditions in January remained favorable, with excellent plant growth.

Continued mild weather and unusually rapid plant growth will allow cattle to remain on wheat pasture as late as the end of February or early March, when the cattle are removed to allow wheat to develop for harvest. Weight gains for cattle on pasture last fall and this winter were almost equal to what grain feeding would have produced. As a result, fed cattle marketings will likely remain above a year earlier, despite lower cattle-on-feed inventories, because the heavier pasture-fattened cattle will require a shorter grain-feeding period.

U.S. cattle imports from Mexico (mainly feeder cattle) through November 1994 were down nearly 20 percent from the previous year. However, the late-December devaluation of the peso should lead to increased shipments to the U.S. in 1995, likely approaching the 1-1.3 million head sent annually in 1990-93.

Brisk retail beef movement over the winter holidays reduced supplies, and the need to refill pipelines led to stronger cattle and hog prices in January. Fed cattle prices rose to nearly \$72 per cwt in January as packers were forced to raise bids to meet commitments. Packers may not be able to pass on these higher prices to consumers, however, because of larger expected meat production this year.

**Broiler output continues to expand** in 1995, with first-quarter production expected to increase 7-8 percent. The hatchery supply flock for broiler-type eggs remains much above last year, indicating a 6-7 percent increase in broiler production in 1995.

Wholesale whole-bird prices in the first quarter are expected to dip below year-earlier levels by about 2-3 cents, while retail prices remain about the same as

last year. Whole-bird prices will hinge on continued price strength for dark-meat products, since breast-meat prices continue to be pressured by large production increases and expanding red meat supplies. Vigorous export demand bolstered dark-meat prices in 1994.

Many foreign markets are expected to be good outlets for U.S. poultry in 1995, especially the Pacific Rim region. Export prospects in the former Soviet Union (FSU) and Eastern Europe remain more uncertain, although continued robust sales to Russia are likely because its poultry production has not yet recovered from the impact of price liberalization and subsequent market disruptions. Sales to Mexico—a growth market in 1994—are forecast to decline this year because of the peso's devaluation.

**Turkey output will continue rising.** Increased turkey poult placements last fall and heavier birds imply an output gain of 10 percent for the first quarter of 1995. Very favorable producer returns in the second half of 1994, due to low feed costs and relatively high turkey prices, encouraged the higher poult placements. Returns are expected to remain favorable, boosting production about 6 percent for the year.



## Peso Devaluation To Cut U.S. Exports to Mexico

Sharp devaluation of the Mexican peso in December 1994 and a weaker Mexican economy are expected to reduce U.S. exports of meat and livestock to Mexico in 1995. The lower valued peso will effectively raise prices to Mexican buyers for imported meat and live animals.

Before devaluation, Mexicans were increasing their consumption of higher valued products as their incomes rose. But the peso's devaluation will slow economic growth and income gains, which could shift consumption from higher valued products to lower priced meats (such as trimmings) and other lower priced foods.

U.S. red meat and poultry exports to Mexico in 1995 are projected to decline 15-40 percent from 1994, based on a sharply lower peso and much weaker economic growth. U.S. exports of slaughter animals could be down by as much as 50 percent. Higher meat prices and lower real incomes (the Mexican government has proposed a wage stabilization

package) will likely reduce consumer demand for imported meat. However, demand for high-value products for the tourist, hotel, and restaurant trade will likely remain unchanged.

U.S. beef exports to Mexico in 1995 are forecast to decline 10-20 percent from last year, and pork exports could decline 25-35 percent. While pork consumption had been on the rise, Mexicans consume more beef and poultry than pork.

U.S. poultry exports to Mexico in 1995 could fall 15-20 percent from 1994. Under NAFTA, U.S. poultry in 1994 was subject to a low-duty tariff-rate quota (TRQ) of 95,000 tons, which increased 3 percent this year. Under a TRQ, imports above the quota amount are subject to a higher duty. In 1994, the Mexican government permitted poultry imports above the quota, including mechanically deboned meat (primarily turkey used for processing into sausages), without imposing a high duty. But again this

year, at Mexico's discretion, over-quota imports may be subject to tariffs as high as 250 percent.

While lower incomes will likely reduce demand for most poultry meat imports, demand will still be firm for mechanically deboned meat and other lower priced poultry products. U.S. exports of these products should remain strong.

The currency devaluation will also be felt by Mexican livestock producers through higher input costs, as well as lower prices resulting from reduced demand if consumers shift away from meat. Most beef for domestic consumption is grass-fed, so beef producers should feel little effect from higher feed prices. But pork and poultry producers, who rely heavily on imported feedstuffs (primarily soybean meal and sorghum), will face increased feed prices due to the peso devaluation. If Mexican pork producers liquidate their inventories in response to higher costs and lower prices, larger domestic meat supplies could further dampen demand for U.S. products.

Compared with the pork sector, Mexico's poultry producers could better withstand increased feed costs, since the industry is more highly integrated and has lower production costs. The industry would get further protection if the Mexican government decided to place high over-quota duties on imported poultry. Nevertheless, production is likely to level off, if not decline, in the current environment.

U.S. dairy product exports to Mexico are predicted to decline 10-15 percent overall in 1995 due to the peso's devaluation. Higher value dairy product exports such as fluid milk and sour cream are expected to decline more than lower value products. But exports of subsidized dairy products, particularly nonfat milk, could increase from 1994.

U.S. Meat Exports to Mexico Were Up in 1994

	1992	1993	1994	1992	1993	1994
	— 1,000 met. tons —			— \$ million —		
Beef & veal	69.2	39.4	72.3	211.6	116.3	232.5
Pork	37.9	29.0	50.6	76.8	58.9	95.7
Chickens, fresh & frozen	74.5	87.2	101.7	71.1	73.8	83.9
Turkeys, fresh & frozen	44.8	65.0	66.7	64.1	93.0	103.7
Dairy products	—	—	—	160.2	247.4	178.3
Live animals	— 1,000 —					
Cattle	251.5	76.9	128.6	149.6	62.6	98.9
Swine	97.9	30.5	123.4	13.7	6.6	12.6
Sheep	814.9	827.0	767.9	24.9	27.7	25.5

— = Not available.

Source: *Foreign Agricultural Trade of the U.S.*, USDA; U.S. Bureau of the Census.



## Agricultural Economy

Beginning stocks for 1995 were about 4 percent above a year earlier, with the increase due to larger stocks of turkey parts—whole-bird stocks were 13 percent below 1994. The higher stocks are due partly to a slowdown since late 1994 of exports to Mexico, which took nearly 60 percent of total U.S. turkey exports in 1994. Reduced exports to Mexico have also weakened prices for dark-meat parts; however, lower prices are expected to lead to increased sales elsewhere.

**Increased egg production in 1995** will pressure wholesale prices, which are expected to decline 4-5 cents per dozen from 1994's average. Production gains of 2-3 percent are expected in the first quarter, as the layer flock remains nearly 3 percent larger than in 1994.

Profitability in 1995 is likely to be slightly higher than last year, with returns of 4-5 cents per dozen. Lower feed costs should keep egg production profitable during the first and fourth quarters of 1995, but small losses could occur during the spring and summer when feed prices typically rise and egg prices fall.

Egg exports in 1995 are expected to remain nearly unchanged from last year, with Export Enhancement Program (EEP) funding allocations for eggs about the same as in 1994. Consequently, although the GATT accord's restrictions on subsidized exports take effect at mid-year, EEP sales in 1995 are not likely to be significantly affected.

**The dairy surplus is expected to remain modest**, despite a projected rise of 2-3 percent in milk output this year. Continued economic growth and steady retail dairy prices are anticipated to

boost commercial use enough to absorb most of the output gain. Government removals are forecast to be 3-4 percent of 1995 milk production, up from less than 3 percent in 1994.

On January 20, USDA announced allocations for the 1995 Dairy Export Incentive Program (DEIP), which are valid through June 30. After that date, a new DEIP will be implemented that will be in line with U.S. GATT commitments to reduce subsidized exports.

The 1995 DEIP includes allocations for formerly untargeted Asian countries, accommodating market development goals as well as continuing to counter other exporters' subsidies. Exports under the 1994 and 1995 programs (some 1994 DEIP sales will be delivered in 1995) will account for a large share of 1995 net removals, particularly of nonfat dry milk.

Large commercial butter exports could push the U.S. milkfat surplus well below currently expected levels. Strong demand from the FSU and Arab countries, combined with smaller output in Oceania, kept international butter markets relatively tight early in the year. Although U.S. butter is competitive at current prices, to date only modest export deals are known to have been concluded. Most of the U.S. surplus could be exported without subsidy if international butter prices do not decline seasonally.

### For further information, contact:

Leland Southard coordinator; Ron Gustafson, cattle; Steve Reed, hogs; Milton Madison, poultry; Jim Miller, dairy; David Harvey, aquaculture. All are at (202) 219-0713. **AO**

## Specialty Crops Overview

*Growth in domestic demand for fresh fruits and vegetables is proceeding at a slower pace in the 1990's than a decade earlier. As U.S. production potential increases, fruit and vegetable imports (fresh and processed) are facing stiff competition in the domestic market. Demographic changes in the U.S., however, suggest a possible upturn in demand, contingent on a strong macro-economy. Meanwhile, U.S. producers are finding growing markets in Asia and Latin America.*

*The tobacco quota for 1995 was increased after U.S. cigarette manufacturers agreed to a 7-year buyout of burdensome stocks. However, the longrun outlook for domestic tobacco growers includes weak export demand in an uncertain policy environment.*

### Fresh Produce Demand Flattens in the 1990's

U.S. consumers are apparently paying less heed to health professionals' advice to increase consumption of fresh fruits and vegetables. The consumption trend has flattened in the 1990's after rising for most of the 1980's, putting a chill on expectations that U.S. consumers would double their consumption of fruits and vegetables by 2000.

In 1989, consumption of fresh fruits, vegetables, and potatoes totaled 258 pounds per person; 5 years later, the total was unchanged. During the 1980's, per capita consumption increased 1.5 percent per year, on average.

In addition to a shift in consumer preferences, higher prices are likely to keep demand growth flat in the short run. Vegetable growers, after receiving low prices during much of 1994, are not likely to expand production in 1995. As a result, fresh vegetable supplies are

exped  
While  
to sel  
could  
into f

The f  
respo  
dema  
to for  
oppo  
and v  
billio  
in 19  
year.  
etabl  
up fro

While  
West  
1990  
curre  
marke  
Latin  
total  
Canad  
1 per  
Latin  
15 pe  
produ  
West  
cent i  
share  
cent t

U.S. C

Lbs. pe

300

250

200

150

100

50

0

1994 e



## Agricultural Economy

expected to be smaller and prices higher. While fruit growers have less incentive to sell if prices remain low, production could increase as more fruit trees come into full bearing.

The fruit and vegetable industry has responded to the flat trend in consumer demand for produce, in part, by looking to foreign markets for increased sales opportunities. Exports of fresh fruits and vegetables have increased from 7.5 billion pounds in 1990 to over 10 billion in 1994, expanding about 8 percent per year. The value of fresh fruit and vegetable exports in 1994 totaled \$3 billion, up from \$2 billion in 1990.

While produce sales to Canada and Western Europe have stagnated since 1990, owing in part to their weakened currencies, the lower growth in these markets was offset by gains in Asia and Latin America. During 1990-94, the total value of U.S. produce exports to Canada and Western Europe increased 1 percent per year, while exports to Latin America and Asia increased about 15 percent annually. The share of U.S. produce export sales to Canada and Western Europe decreased from 61 percent in 1990 to 47 percent in 1994. The share of sales to Asia went from 33 percent to 41 percent during the same period,

and Latin America's share rose from 5 percent to 11 percent.

Mexico and Asia are likely to continue as the most rapidly developing markets for U.S. produce, although a weakened peso is likely to slow the growth in exports to Mexico in the short term. The NAFTA and Uruguay Round trade pacts will likely help the U.S. produce industry by lowering tariffs, reducing quotas, and facilitating resolution of phytosanitary disputes.

Even before NAFTA, U.S. exports to Mexico were on the rise. And recently, Japan accepted its first shipment of Washington State apples, with U.S. exporters anxiously awaiting the verdict of Japanese consumers. Japan's economy is emerging from recession, and higher consumer incomes should boost demand for U.S. exports.

Growth in U.S. imports of fresh fruits and vegetables followed the path of domestic demand, stagnating in 1990-92. Imports of a wide variety of produce items picked up in 1993-94.

Changes in the relative value of the U.S. dollar will influence the flow of trade. The tendency to import from countries with relatively weaker currencies partly

explains the increased share of U.S. imports coming from Canada and Western Europe. Together, these sources accounted for 11 percent of U.S. fresh fruit and vegetable imports in 1994, up from 9 percent in 1990.

Latin America remains the major source of U.S. imported produce with an 85-percent share of the total, but this position has eroded in the last 5 years. The share of produce coming from South America declined from 28 percent in 1990 to 24 percent in 1994, while Mexico's share remained at about 38 percent. Chilean grape and apple imports have declined from \$270 million in 1990 to about \$215 million in 1994. Recent reports from Chile suggest that fruit export potential continues to level off or decline due to aging orchards and vineyards.

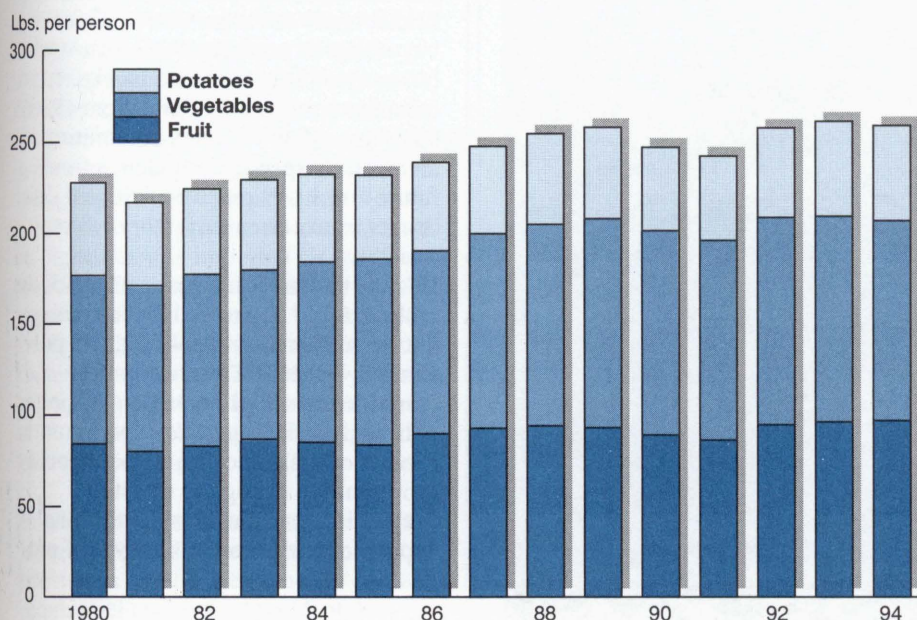
### Popular Items Keep Processed Market Brisk

Demand for processed fruits and vegetables, primarily orange juice, frozen potatoes, and tomatoes, continues to increase in the 1990's. This stems from the strong demand for convenience foods both in the U.S. and abroad. And where domestic demand has become flat, processors are looking for exports to boost sales.

Processed fruit and vegetable exports (including canned and dried products, juices, wines, and nuts) increased from 45 percent of total fruit and vegetable exports in 1990 to 50 percent in 1994. Exports to Asia have increased faster than exports to other regions in recent years, and U.S. firms are anticipating continued growth, especially in Japan. About 37 percent of U.S. exports of processed fruits and vegetables goes to Canada and Latin America, while 20 percent goes to Western Europe, and 37 percent to Asia.

U.S. imports of processed fruits and vegetables will continue to be affected largely by changes in the domestic supply situation and the relative value of exporter currencies. For example, U.S. imports of frozen concentrated orange juice have decreased during the 1990's as Florida growers recovered from the

U.S. Consumption of Fresh Produce Levels Off



1994 estimate.



## Agricultural Economy

devastating freezes of the 1980's. With maturing trees in place, Florida's production potential is set to increase, and imports from Brazil face a highly competitive U.S. market. On the other hand, if Latin American currencies weaken, U.S. processors will be forced to improve efficiency to be price competitive with the cheaper imports. Processed tomato imports from Western Europe will continue to face stiff competition in the U.S. market if California continues to increase output at early-1990's rates.

### Longrun Outlook Strong For U.S. Horticulture

Performance of the U.S. and foreign economies is a key factor in future demand for U.S. horticultural products. If the U.S. economy follows a longrun projected annual growth of 2-3 percent, demand growth is likely to remain steady over the next 10 years. As Western Europe and Japan emerge from recent recessions, near-term export demand is likely to remain strong.

The U.S. population is expected to grow at 0.9 percent per year to the year 2000. But perhaps more important than the growth rate is the expected change in demographics. The age distribution of U.S. consumers will skew toward older age groups. The "baby boomers" are moving through middle age now, and

healthful eating choices are more important to older populations. U.S. producers could reasonably expect demand for fruits and vegetables to increase faster than the rate of population growth. Similarly, the ethnic composition of the U.S. population is expected to favor increased demand for fruits and vegetables, which are staple items in the diets of Latin American and Asian consumers.

The export outlook for fruits and vegetables is favorable, based on recent trends. Horticultural exports have increased faster than total agricultural exports in recent years. While growth in exports of vegetables to Asia in 1994 was due partly to weather-related shortages in Japan and Korea, lower trade barriers and resolution of several phytosanitary disputes promise continued growth in U.S. fruit and vegetable exports to these markets.

On the supply side, U.S. fruit and vegetable growers continue to improve efficiency in the 1990's. With new production technologies, growers are likely to increase yields at the longrun rate of 2 percent per year. Traditional improvements include better varieties and more efficient planting and cultivation methods. Advances in biotechnology promise further increases in the quantity and quality of output. For example, increasing pest resistance in plants growing in the field could lower the costs of pest control. Also, plant genes that reduce

perishability or increase the efficiency of canning and freezing could decrease spoilage and waste.

Adding value to fresh fruit and vegetables through convenient packaging and delivery has become the leading edge in U.S. marketing technology for produce. Lettuce and other salad items packaged for ready use appeals to U.S. consumers and has made inroads into traditional bulk selling strategies. The new techniques are likely to appeal to foreign markets as well, and thereby expand the potential for growth in the horticulture industry.

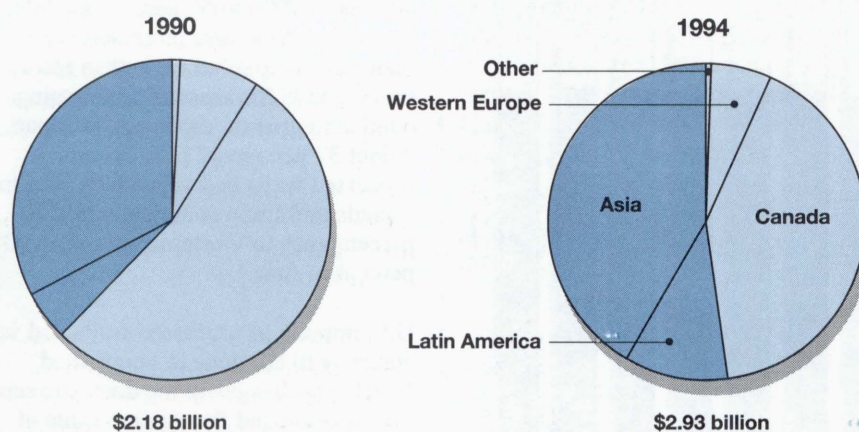
### 1995 Tobacco Quota Increased After Buyout

Marketing quotas for flue-cured and burley tobacco have been increased for 1995, unlike 1994 when quotas for both kinds of tobacco were cut the maximum 10 percent permitted by law because of weak demand and large loan holdings. With a large inventory of loan stocks in 1995, there was a potential for quota cuts of 45 percent or more, but drastic cuts were averted by a manufacturers' buyout of loan stocks.

In December 1994, cigarette manufacturers agreed to a 7-year plan to purchase about 700 million pounds of surplus flue-cured and burley loan stocks held by grower cooperatives. These buyout agreements cover all loan stocks (excess leaf not purchased by cigarette manufacturers or exporters) from 1990-93 crops. Manufacturers committing to and making specified purchases from future crops will receive additional discounts from current inventory prices.

Despite the quota increases for 1995, the outlook for U.S.-grown tobacco during the remainder of the 1990's is still pessimistic—cigarette production for domestic consumption and leaf exports will likely fall. Cigarette exports and exports of bulk smoking tobacco could grow, but not enough to offset the decline in domestic consumption and exports of leaf. Consequently, leaf pro-

Asia and Latin America Are Growth Markets for U.S. Fresh Produce



Total U.S. fresh fruit and vegetable exports



## Agricultural Economy

duction will likely decline during the remainder of the 1990's. The extent of the decline in U.S. cigarette consumption will depend on a number of factors such as increases in excise taxes, social acceptance of cigarette smoking, publicity about smoking and health issues, and restrictions on smoking in public places.

Several factors are behind the expected drop in U.S. leaf exports during the next several years. A number of countries have increased production of leaf, and foreign leaf supplies are ample, often priced lower than U.S.-grown leaf. Many exporting countries are improving the quality of their tobacco, and technological developments in U.S. manufacturing have reduced leaf quality requirements necessary to produce an acceptable cigarette.

This, together with the trend toward cheaper cigarettes worldwide, hurts the U.S. competitive position that had relied strongly on higher quality, higher priced leaf. As a result, leaf imports by U.S. manufacturers have increased sharply because prices are lower for burley and flue-cured leaf produced in countries such as Brazil, Malawi, and Zimbabwe.

A dispute-settlement panel has determined that the 75-percent domestic content rule for U.S. cigarette manufacturers is inconsistent with the existing General Agreement on Tariffs and Trade (GATT) accord. A provision in the Omnibus Budget Reconciliation Act of 1993 (OBRA) specified that beginning on January 1, 1994, U.S. cigarette manufacturers must use at least 75 percent U.S.-grown tobacco in cigarettes to avoid being assessed severe penalties. In 1993, about 45 percent of tobacco used in cigarettes was imported (30 percent imported flue-cured and burley, and 15 percent Oriental tobacco). In order to comply with this law, domestic manufacturers had to consider sharply reducing the import share in their blends, or shift major portions of their output to overseas factories.

Implementing legislation for the GATT Uruguay Round Agreement contains provisions ending the domestic content requirement once the President proclaims a Tariff Rate Quota (TRQ) on certain tobaccos. The TRQ is being

negotiated in conformance with existing GATT requirements and would be a GATT-consistent alternative to the domestic content provision of the OBRA.

[John Love (202) 219-0388]

### For further information, contact:

Dennis Shields, and Diane Bertelsen, fruit and tree nuts; Gary Lucier, vegetables; Peter Buzzanell, sweeteners; Doyle Johnson, greenhouse/nursery; Verner Grise, tobacco. All are at (202) 219-0882. Lewrene Glaser, industrial crops (202) 219-0085. **AO**

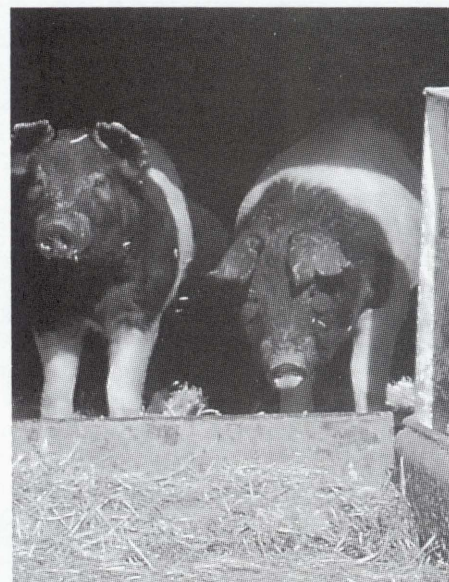
### March Releases—USDA's Agricultural Statistics Board

The following reports are issued at 3 PM ET unless otherwise indicated.

#### March

- 1 Broiler Hatchery
- 3 Dairy Products  
Egg Products  
Poultry Slaughter
- 8 Broiler Hatchery
- 10 Crop Production
- 14 Livestock Slaughter, Annual  
Potato Stocks  
Turkey Hatchery
- 15 Broiler Hatchery  
Milk Production
- 17 Cattle on Feed  
Sheep
- 21 Agricultural Chemical Usage,  
Field Crops
- 22 Broiler Hatchery  
Cold Storage
- 23 Catfish Processing
- 24 Chickens & Eggs  
Cotton Ginnings  
Hop Stocks  
Livestock Slaughter
- 28 Peanut Stocks & Processing
- 29 Broiler Hatchery  
Wool & Mohair
- 30 Agricultural Prices
- 31 Grain Stocks (8:30 AM)  
Prospective Plantings  
(8:30 AM)  
Rice Stocks (8:30 AM)  
Hogs and Pigs

## Commodity Spotlight



National Pork Producers Council

## Rapid Changes In the U.S. Pork Industry

The U.S. pork industry has changed dramatically over the past 25 years—some call it a revolution. Change was especially rapid over the last decade. Pork production has been transformed since the 1970's from traditional supplemental enterprises located mostly on corn and soybean farms, to larger, more capital-intensive and specialized operations.

The push toward larger production units and specialized operations came from higher costs, competition from other meats, especially poultry, and declining prices for hogs after adjusting for inflation. Production and marketing patterns today are more continuous throughout the year and much less seasonal.

Structural changes in the pork industry are likely to continue to affect many economic aspects of production. For one, economies of size are becoming increasingly important in determining costs and returns. Changes will affect not only producers but other participants



## Commodity Spotlight

as well, such as those that supply inputs and other services. For example, the need for input distributors could decrease as large operators purchase directly from manufacturers.

The hog industry today contrasts markedly with the setting of more than a century ago. In the decades following the Civil War, most rural households in the continental U.S. had a few hogs. The hogs provided pork for food, and lard for cooking, soap making, and lubricating. In 1867, the total number of hogs and pigs in the U.S. was about 35 million head. By the turn of the century, the hog population had risen to about 52 million, and by 1919 it exceeded 64 million.

At the turn of the century, on-farm hog operations were managed fairly alike. Hogs were usually left to forage on pasture and fed home-grown products, and producers occasionally sold a few hogs. Home-grown grain, farm byproducts, and family labor provided the inputs for the hog enterprise. This basic pattern, with hog production as a supplemental farm enterprise, continued through the 1960's.

In the 1970's and 1980's, hog operations became larger and more specialized, and production technologies became more capital-intensive. The new, highly mechanized method of hog raising involves sheltering the animals in buildings where feeding, watering, and waste disposal are carried out largely by automated equipment.

Hog numbers have remained relatively constant since 1920—ranging from 50 to 69 million—except during the Great Depression, when hog numbers fell, and near the end of World War II, when numbers reached 84 million. The latest inventory in December 1994 showed the hog population at 59.6 million head..

### *Hog Operations Are Fewer & Larger*

Hog operations with less than 100 head still account for 60 percent of all U.S. hog operations. But these operations hold a rapidly declining share of the U.S. hog inventory, and according to a December 1994 survey, accounted for only 5 percent, down from 11 percent a decade ago. Over half the U.S. hog inventory is located on operations with at least 1,000 head.

The share of the U.S. hog inventory held by operations with 2,000 head or more jumped from 33 percent in 1993 to 37 percent in 1994. This size category represented only 2 percent of all hog farms, according to the December 1994 survey.

Smaller operators are being squeezed by lower efficiency and a higher cost structure. The number of hog farms dropped 7 percent in 1994 from 1993, to 208,700, as small operators continued to exit the industry. Total operations have fallen to about half the number reported 10 years earlier, with most of the decline among the smallest producers.

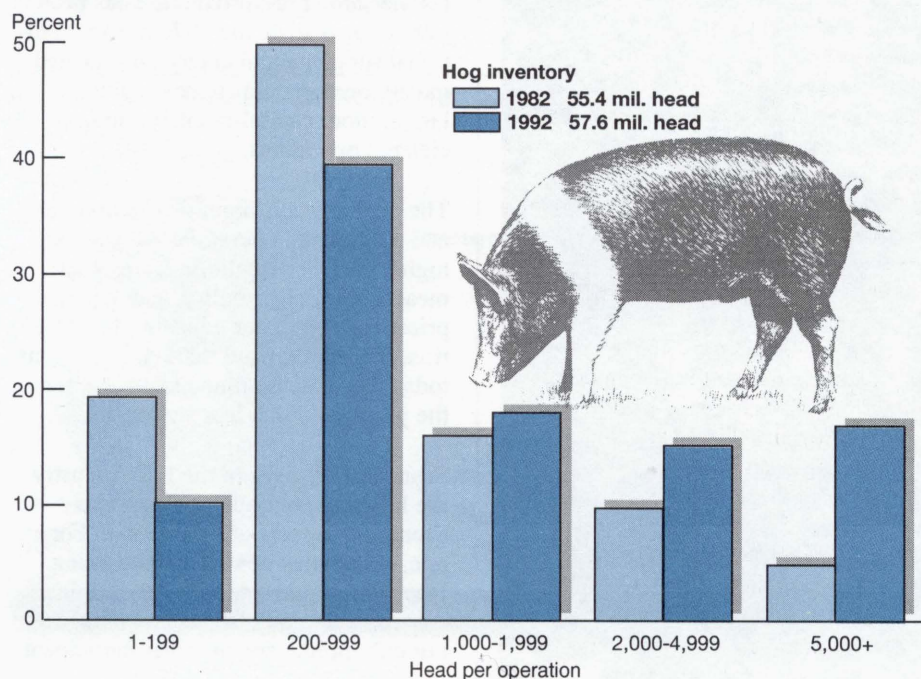
Hog producers generally fall into four categories of operation. About 70 percent are farrow-to-finish operations, which cover all phases of hog production—from breeding to growing hogs to market weight. The remaining 30 percent of hogs are in specialized units that concentrate on the three phases of production: the breeding facility that produces baby pigs, the nursery that holds the animals from about 3 weeks old until they reach 50 to 60 pounds, and the finishing operation. In finishing operations, the pigs are fed until they reach a slaughter weight of around 240 to 260 pounds.

Farrow-to-finish operations require a more even balance of labor and feed inputs than do feeder pig and finishing operations. Labor is an important input in feeder pig operations, and feed is a major input in hog finishing operations.

Increased specialization of hog producing facilities is becoming the trend. While farrow-to-finish operations remain the dominant mode of production, the share of all operating units that are "finish only" has risen 3 percent since 1992 when statistics first became available. Only Kansas and South Dakota reported a lower proportion of finish-only facilities over the past 3 years, while gaining in farrow-to-finish production.

Increased specialization may explain recent improvements in the survival rate within hog herds. Improved nutrition and health continued to boost the num-

**Pork Industry Moves Toward Larger Production Units**





## Commodity Spotlight

ber of pigs saved per litter. Annual increases in recent years have averaged about 1.5 percent, with some of the largest gains reported for the smallest operations. However, the average gains by size group still favor the largest operations, which save about one more pig per litter.

### ***Production Shifts To Southeast***

Since the Civil War, hog production has been concentrated in the north central and southeastern states. The proportion of the inventory in the north central states rose from about two-thirds in the late 1800's to four-fifths in the late 1980's, and has since declined slightly. Over the same period, the southeastern states' share of all hogs declined from about 30 percent to 12-15 percent, but has since risen to about a fifth. The increase in hog numbers in the Southeast reflects lower land and labor costs and a farm community that is looking for alternative income to substitute for declining demand for tobacco.

The December 1994 *Hogs and Pigs* survey showed continued shifts in hog production outside the dominant North Central region. But the leading hog producing states of 5 years ago were still in the top 10, accounting for over 80 percent of U.S. hog inventories. Rankings among the top 10 states did change, but this was due mainly to North Carolina's shift from eighth to second place. Iowa remains the chief hog producer, although its share of the total U.S. breeding inventory fell from 24 percent in 1993 to 20 percent.

The North Central region remains a major production area, despite continuing inventory gains in the western Corn Belt and the Southeast. However, expansion in the Southeast may slow in the future. In particular, environmental concerns and the higher cost of controlling odor and handling manure from large operations may curtail the rapid growth in North Carolina, in favor of other regions with lower rainfall and/or lower population density.

### **The Hog Cycle**

Hog production historically has been cyclical, moving up and down as producers reacted to profits and losses. When production is profitable, producers are encouraged to add to their breeding inventories. Given the time required to breed and raise hogs, pork production begins to increase about a year after the start of herd expansion.

Cutting production can be done in a shorter time period than increasing it. When production turns unprofitable, producers begin to liquidate their breeding inventories and sell off the animals for slaughter. While production may increase initially, it declines later when herd liquidation is complete.

Producers normally do not make breeding inventory adjustments immediately; about 6 months of sustained profit or loss are usually needed to trigger a response. Since 1950, there have been 11 complete cycles of herd expansion/liquidation, varying in length from 2 to 7 years. The most common length has been about 4 years.

Evidence since the mid-1970's suggests that hog cycles have become longer and more irregular. Changes in the hog cycle are likely related to the altered nature of hog production from a small, supplemental enterprise on many farms to a larger, more capital-intensive primary enterprise on fewer farms. As the transition occurred, many small producers exited the industry and their production was replaced by larger, more capital-intensive producers.

Fixed costs make up a greater part of the total cost of production for larger enterprises than for smaller producers, who make production decisions based primarily on feed expenses and other variable costs. Expansion by large producers is more complex and costly than for smaller producers because it often entails making expensive capital improvements. For significant capacity expansion, a lead time of 2-3 years is required to plan, finance, staff, and start up the units.

### ***Contract Production Likely To Increase***

Starting in the early 1980's, hog production under contract became more widespread, especially in the Southeast, where larger companies followed the integrated broiler production model. Contracting is also growing in the Midwest, although this arrangement is relatively new there.

The farm financial crisis in the early 1980's contributed to the rise in contract production. For farmers with limited capital, especially those who owned production facilities, contracting was a way to save their farms.

Currently, about 10-15 percent of all hogs are grown under contract arrangements or marketing agreements. This share could increase rapidly, as several

agribusiness firms are aggressively moving to sign up producers.

Contract arrangements can be advantageous for both the producer and the contractor. For the producer, contracting provides an opportunity to use existing facilities without having to pay for the breeding herd, feed, and veterinary services. Since hog production is on a fee basis, with incentives for superior performance, the producer is shielded from any price risk.

At the same time, control over the breeding stock and methods of production enables the contractor to receive hogs of more uniform quality. In addition, contractors can avoid the costs of investment in facilities and labor, which are provided by the producer. Feed mills that produce hogs under contract find a ready market for their feedstuffs.



## Commodity Spotlight

As hog production becomes more specialized, more feeder pigs are likely to be grown under contract. At present, feeder pig contracts are common in the Southeast, but are still rare in the Midwest. Under traditional production methods, feeder pig prices could swing widely—prices have varied by as much as a factor of 5 or more between high and low within a 4-year hog cycle—depending upon supply and demand conditions.

Policymakers may be confronted with new issues to resolve, however, as contract arrangements become more prevalent. These include questions of equity and the balance of bargaining power between large firms, with strong financial reserves, and financially weaker farmers.

[Leland Southard and Steve Reed (202) 219-0713] **AO**

## Upcoming Reports—USDA's Economic Research Service

The following reports will be issued on dates and at times (ET) indicated.

## March

- 10 Cotton & Wool Outlook (4 PM)\*
- 13 Feed Outlook (4 PM)\*  
Oil Crops Update (4 PM)\*  
Rice Outlook (4 PM)\*  
Wheat Outlook (4 PM)\*
- 15 Aquaculture (3 PM)\*\*
- 17 Sugar & Sweeteners (3 PM)\*\*
- 20 Agricultural Outlook (3 PM)\*\*
- 23 Livestock, Dairy & Poultry (9 AM)
- 24 U.S. Agricultural Trade Update (3 PM)\*

\*Available electronically only.

\*\*Release of summary.

## World Agriculture &amp; Trade



Sea-Land Service, Inc.

## FSU—Top Market for U.S. Poultry

Sharp increases in 1993 and 1994 poultry meat imports by the former Soviet Union (FSU) have made this region one of the top markets for U.S. exports. In 1994, the FSU became the number-one importer of U.S. poultry meat, with imports at around 400,000 tons, almost triple the 1993 level. Total 1994 FSU poultry imports (from all suppliers) are approximately 500,000 tons.

## Behind the Shortrun Surge

Russia is the principal FSU poultry importer, accounting for 95 percent of total imports since 1993. The increase in the purchasing power of the Russian ruble has helped make the FSU a major market for U.S. dark meat poultry parts. Other factors are lower domestic FSU production, competitive U.S. prices, growing demand and rising quality-consciousness among FSU consumers, and U.S. export programs during fiscal 1991-93.

U.S. poultry exports to the FSU were largely insignificant until 1990, when the U.S. supplied 50 percent of the FSU's imports. Previously, nearly all Soviet poultry imports were supplied by Eastern Europe (Hungary, Bulgaria, Romania) and Western Europe (France and the Netherlands). The U.S. has noticeably increased its market share during 1993 and 1994 by providing a low-cost, high-quality product that meets Russian preferences for convenient packaging of dark meat parts, which are considered secondary products (relative to white meat) in the domestic U.S. market.

The FSU will likely remain a top market for U.S. poultry exports over the next few years. USDA's Economic Research Service (ERS) projects that the region's total poultry meat imports during that period will remain close to the 1994 estimate of around 500,000 tons.

The recent surge in FSU poultry imports can be attributed to the following factors:

- **Decline in domestic poultry meat production.** High input costs (relative to farmgate prices) resulting from price liberalization have dampened output. Moreover, productivity has not kept pace with cost increases, keeping retail prices high while quality remains low. Since recovery of the FSU poultry sector is not expected in the shortrun, imports will likely continue to meet a large share of consumer demand.
- **Sharp appreciation of the real ruble/dollar exchange rate.** Domestic demand, while still at historically low levels, was boosted as the dollar value of average monthly wages in Russia increased tenfold from January 1992 to mid-1994, and threefold since January 1993. This trend stems from appreciation of the real ruble exchange rate against the dollar, which lowers real prices of goods imported from the U.S. The short-term outlook for the ruble's real exchange rate is uncertain, given problems with formulating the 1995 Russian budget, the

Most  
been  
poul  
\$4-m  
vate

U.S. F

Mil. to  
3.5

3.0

2.5

2.0

1.5

1.0

0.5

0



## World Agriculture &amp; Trade

military conflict in Chechnya, and concerns that the reform process is slowing.

- **An increase in poultry meat consumption.** While total FSU meat consumption has remained fairly stable after falling sharply in 1992, consumers are substituting poultry for beef and pork, which are relatively more expensive protein sources. Consumers are also replacing domestically produced poultry with competitively priced imported meat—a higher quality, better packaged, and easier-to-prepare product. This trend is expected to continue in the near term.
- **Significant levels of U.S. export financing and food aid.** During fiscal 1991-93, U.S. export programs facilitated U.S. poultry meat sales and developed a market for high-quality, repackaged, frozen dark poultry meat. Introduced in the FSU during the Bush administration, the meat was referred to in the Russian mass media as “Bush legs.”

Most recently, export assistance has not been a major factor in facilitating U.S. poultry exports. With the exception of a \$4-million GSM-102 allocation to private traders in Russia for meat purchases

(beef, pork, or poultry), program levels in fiscal 1994 and those announced to date in fiscal 1995 have been lower than those of the early 1990's.

Recently imposed FSU import barriers have had little effect on U.S. exports to this point. In 1994, Russia instituted a 20-percent tariff on poultry imports to protect domestic producers and to dampen the sharp rise in poultry meat imports. However, Russia's three main urban areas, located in deficit agricultural regions that rely heavily on food imports, requested exemption from the tariffs.

While no official decision has been announced, these cities have apparently managed to avoid stringent application of the tariffs. Moreover, given the importance placed on maintaining food security in these areas, it is possible that these regions may actually be receiving funding from federal and/or municipal budgets to provide traders with credit to help finance imports.

### Exports To Level Off In Long Term

The FSU's import demand for poultry meat is likely to decline over the next 10-15 years. Productivity in the FSU

poultry sector is expected to rise sufficiently to meet most of the domestic demand.

A number of issues will shape future FSU production of poultry meat, demand for poultry imports, and the U.S. market share. The FSU poultry sector is expected to recover in the long run and become more competitive with imported poultry. While FSU producers currently suffer from low productivity and high input costs, there is potential for significant improvements in feeding efficiencies, labor and fuel productivity, infrastructure, and marketing. Growth in foreign investment and the transfer of western technology and expertise (e.g., nutrition and breeding) will help promote these changes.

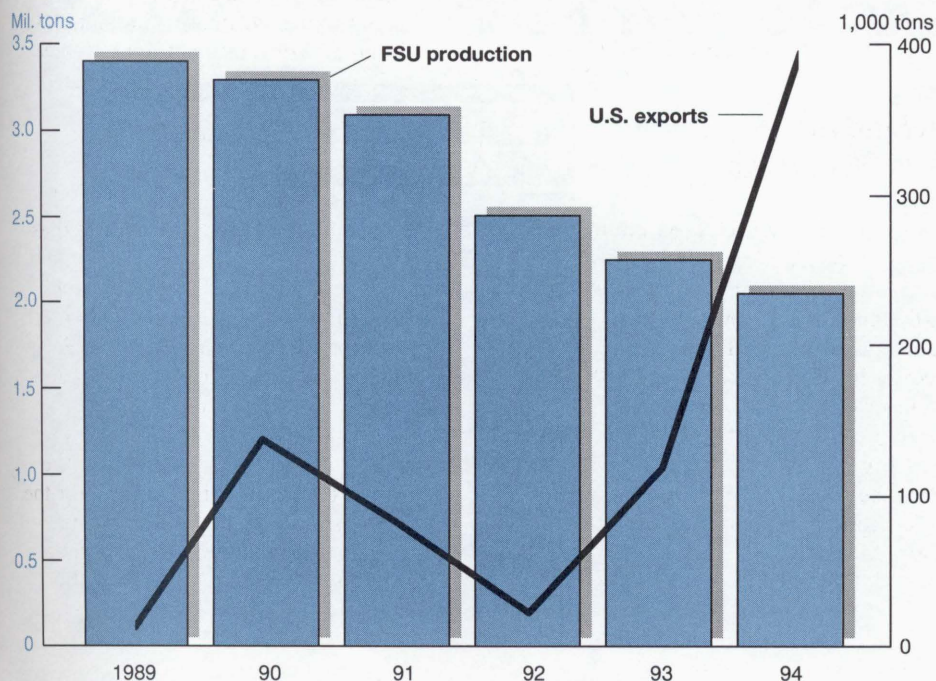
Real income recovery in the FSU will drive demand for poultry meat and other high-value foods, thereby sustaining some import demand. Movement of the real exchange rate will also affect import levels. While Russia will most likely remain the FSU's largest poultry meat importer, potential growth markets include Ukraine, Kazakhstan, Uzbekistan, and Turkmenistan (which currently ranks second in FSU imports from the U.S.).

While U.S. price and quality competitiveness could weaken over the long term as FSU producers reduce costs and improve quality, competition from other suppliers could also displace some U.S. exports. In the short run, the European Union (EU) should remain a competitor through subsidy programs and by modifying shipping lot sizes to reduce shipping costs (proximity already permits low shipping costs relative to the U.S.).

But over the long term, EU export subsidies are projected to be substantially lower under the GATT agreement, which will likely hurt EU competitiveness in the FSU market. The U.S. could face increased competition from Eastern Europe over the long run, given continued progress in economic reform, or from other exporters such as Brazil and Thailand.

[Sharon S. Sheffield (202) 219-0019 and Christian J. Foster (202) 219-0625] **AO**

U.S. Poultry Exports to FSU Have Soared





## World Agriculture &amp; Trade

# Agricultural Trade-Weighted Exchange Rate Indexes: Revisions

**A**gricultural Outlook (AO) contains a monthly table of indexes of trade-weighted exchange rates, which can be used to assess shifts in the competitiveness of U.S. agricultural products as the value of the dollar changes relative to other currencies. Trade patterns in international commodity markets have changed markedly during the last 10 years, and the AO table "Indexes of Real Trade-Weighted Dollar Exchange Rates" has been revised to reflect these changes.

Agricultural trade is more sensitive to changes in exchange rates than trade of most other sectors, because of the homogeneous nature of agricultural goods (i.e., wheat from supplier A is nearly substitutable for wheat from supplier B). The performance of the U.S. agricultural sector is therefore closely tied to movements in the value of the dollar.

This applies to the dollar's value relative to currencies of countries that import U.S. agricultural goods, as well as the currencies of countries that compete with the U.S. in international agricultural markets. When the relative value of

the dollar rises, U.S. goods may become more expensive for some importers—thus less competitive. If the dollar's value rises relative to the currency of a competitor, importers may turn to these countries to procure goods.

## What Is a Trade-Weighted Exchange Rate?

Suppose the dollar rises against the currency of one importer or competitor nation and falls against another. Is the dollar rising or falling? A trade-weighted exchange rate provides a *single* measure of the overall value of a currency against the currencies of all other countries that are either significant importers of its products or significant trade competitors. The indexes in AO's table 25 are calculated for total trade, agricultural trade, and four commodities (corn, cotton, soybeans, and wheat).

The indexes for "U.S. markets" reflect the real value of the U.S. dollar against the currencies of countries that import a significant amount of the farm commodities or aggregates in the table. The

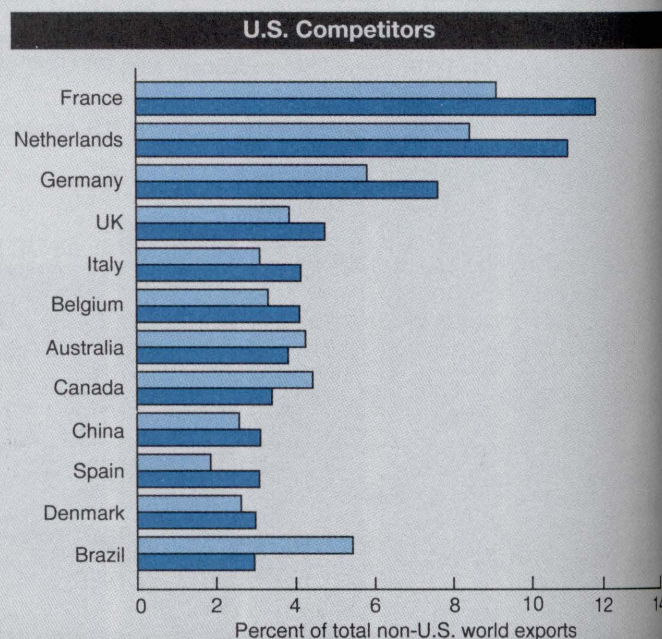
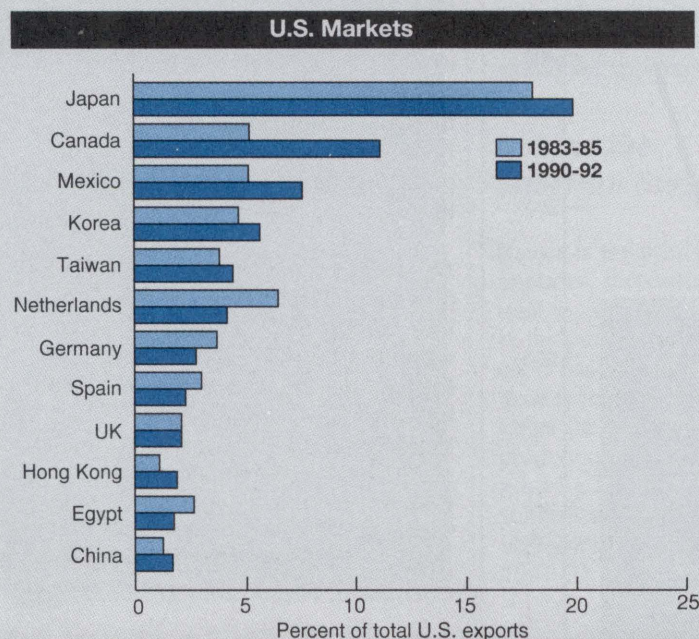
indexes for "U.S. competitors" reflect the real value of the dollar against the currencies of major competitors of the U.S. in international agricultural markets. The "total U.S. trade index" uses the Federal Reserve Board of Governors Index to represent the real value of the dollar against currencies of 10 major trading partners.

## How the Indexes Are Calculated

The AO trade-weighted exchange rate indexes are constructed by first calculating the *real* exchange rate for each country represented in the index. This is done by multiplying the *nominal* exchange rates (in foreign currency per dollar) by the ratio of the U.S. Consumer Price Index (CPI) to each foreign country's CPI.

Next, the percentage change from a base year is calculated for the real exchange rate of foreign currency per dollar. Then, for each commodity and aggregate, the change in the real exchange rate is *weighted* by multiplying each

### Agricultural Trade Patterns Have Shifted Since 1983-85



Countries are the top 12 markets and competitors; total will be less than 100 percent. Data on competitor nations include intra-EU trade.

Sources: *Foreign Agricultural Trade of the U.S.*, USDA (for U.S. markets); U.N. Food and Agriculture Organization (for U.S. competitors).



## World Agriculture &amp; Trade

Dollar Peaked in 1985 Relative to Currencies of Major Trading Partners

	Major agricultural markets					Major agricultural competitors					Total trade
	Corn	Cotton	Soybeans	Wheat	All agriculture	Corn	Cotton	Soybeans	Wheat	All agriculture	
	1990=100										
1976	113.8	87.9	112.1	80.5	104.6	82.0	78.6	79.0	97.9	103.9	113.0
1977	108.2	84.3	108.5	77.3	102.6	82.1	77.1	80.6	99.6	101.0	108.1
1978	96.7	79.0	98.9	74.0	94.7	75.2	74.1	72.5	94.9	93.3	97.8
1979	101.9	84.3	98.0	80.0	97.4	69.7	73.3	64.6	92.1	89.9	96.5
1980	105.3	86.8	101.0	81.2	100.0	67.7	73.4	63.4	91.9	90.8	98.5
1981	107.2	92.2	111.3	86.0	105.7	82.3	79.0	68.8	103.3	106.6	117.0
1982	121.4	101.2	126.6	93.8	118.8	101.3	90.0	95.7	116.0	119.2	129.7
1983	122.2	105.8	133.6	95.6	122.4	108.8	94.7	111.8	121.6	127.3	136.2
1984	125.0	111.5	140.8	100.4	126.5	119.7	101.7	117.4	130.3	138.7	149.5
1985	130.6	117.7	144.6	104.2	130.0	129.3	112.2	132.8	138.3	145.2	153.7
1986	110.3	108.3	120.6	95.9	115.0	112.1	103.0	119.1	121.5	121.5	120.4
1987	100.6	103.3	107.7	92.1	105.9	103.7	99.6	118.2	110.6	109.4	105.5
1988	92.7	94.7	100.3	85.5	97.4	100.5	97.8	111.3	105.7	105.6	102.5
1989	95.3	94.1	103.8	88.1	99.2	107.5	103.9	124.2	110.1	110.8	109.8
1990	99.9	99.7	100.3	99.1	100.0	100.0	99.9	99.5	100.2	100.2	100.5
1991	100.3	102.0	98.6	110.3	99.4	98.5	100.6	87.6	97.9	101.2	100.6
1992	96.0	99.7	94.0	106.9	96.5	92.9	108.1	84.0	97.7	97.9	97.0
1993	92.3	97.7	95.6	103.4	96.2	94.5	111.5	78.8	105.0	104.2	104.6
1994	90.2	98.8	93.6	105.5	96.1	100.1	125.1	73.2	106.3	103.4	103.0

Annual index levels are averages of monthly levels, resulting in some rounding errors.

country's share of U.S. imports, or in the case of a competitor, its percentage contribution to non-U.S. world exports. Finally, all of the appropriate weighted exchange rates are summed to produce a single index number for each commodity and aggregate for both customers and competitors. The indexes reflect the value of the dollar relative to the currencies of U.S. customers and competitors.

### Revisions to the Indexes

Since October 1988, the indexes have been calculated using weights based on the dollar trade value of each represented commodity and aggregate for the average of the 3 years 1983-85. The new indexes, *appearing for the first time in this issue*, are weighted using the dollar trade values for the 3-year average 1990-92 (this monthly data is available from the Economic Research Service in a series dating back to 1976). In addition, the new index uses 1990 as a base year (1990=100), while the old index used 1985.

Each country included in the new indexes must have imported at least 1 percent of total U.S. exports or have competed against the U.S. by exporting at least

1 percent of the non-U.S. world total of an included commodity or aggregate in 1990-92. On average, 15 currencies are used in calculating each market and competitor index. Although U.S. agricultural exports to the former Soviet Union ranked fourth in the world in 1990-92, the region was dropped from the new weighting scheme due to difficulties in determining reliable exchange rates for the new republics.

### Trade Patterns Have Shifted

Because the weights used in the indexes are based on various countries' shares of trade, it is important that the weights reflect current trade patterns. For example, the three major importers of U.S. agricultural goods, based on trade data from 1990-92, are Japan, Canada, and Mexico. Compared with 1983-85, their combined share of U.S. agricultural exports has risen sharply from 28 to 39 percent.

Japan continued to be the number-one importer—buying 20 percent of U.S. agricultural exports, and leading in purchases of U.S. corn, cotton, soybeans, and wheat. Canada, the second-largest importer, doubled its share of U.S. agri-

cultural sales in less than 10 years, growing from 5 percent to 11 percent.

Mexico's importance as a U.S. agricultural market continues to grow. In 1983-85, it was the fourth-largest importer. By 1990-92, Mexico's share of U.S. sales had grown to 8 percent from 5 percent in the earlier period, putting it in the number-three position.

The largest U.S. competitors in agricultural exports—France, the Netherlands, and Germany—have increased their combined world market share from 23 percent in 1983-85 to 30 percent in 1990-92. Other European countries, such as the United Kingdom, Italy, and Belgium, have increased their presence in the world market by 1 percentage point on average.

China, which was not included in the 1983-85 indexes, exported slightly over 2.5 percent of world agricultural products in the earlier period, rising to 3 percent in 1990-92. Canada's share, on the other hand, slid to 3 percent from 4 percent. Brazil showed the most significant decline, falling from the fourth-largest competitor, with a 5-percent share, to 12th, with a 3-percent share.

[Douglas Rhoades (202) 219-0754] AO



## U.S. Expands Fish Sales To Japan

In 1993, Japan purchased \$14 billion of fishery products—30 percent of global marine imports—making it the world's largest importer. This compares with \$32 billion spent by Japan on imports of traditional agricultural products.

Japan's fishery product imports have grown markedly since the early 1960's, when Japan liberalized imports of most major fish species previously subject to quotas. Japan was still a net exporter of fish and fish products in 1970. But two events in particular—the imposition of exclusive economic zones (EEZ's) worldwide in 1977, giving coastal nations jurisdiction over natural resources within 200 nautical miles, and the yen's steep appreciation in 1985—accelerated growth in Japan's fish imports.

The U.S. has run a positive balance of trade with Japan in fishery products since 1977, and has been Japan's leading seafood provider since 1978. U.S. sales of fish and shellfish to Japan in 1993 amounted to \$2.4 billion, 17 percent of Japan's fish imports from all sources. The value of U.S. fish exports exceeded the value of U.S. exports to Japan in 1993 of beef and veal, pork, and poultry meat combined, by almost \$700 million.

Taiwan, China, Thailand, and South Korea also ranked among the top five suppliers of fish and shellfish to Japan in 1993. Other important suppliers include Indonesia, Russia, Canada, Norway, India, Australia, Chile, and the European Union.

Since 1977, the value of U.S. fish and shellfish sales to Japan has leaped more than tenfold, and between 1985 and 1993 the value of Japan's imports from all sources tripled. Japan is the largest global market for U.S. fish exports, accounting for 62 percent of total U.S.

edible fish product exports in 1993. Japan also took about 88 percent (by value) of all U.S. fish shipped to Asia in 1993.

Japan is an especially large market for U.S. salmon, taking 65 percent of total U.S. salmon exports. Japan is also a lucrative market for U.S. crabs, Alaska pollack, sablefish, sea urchins, fishsticks, abalone, shrimp, tuna, squid, octopus, and surimi (a processed fish product made from Alaska pollack). Surimi is one of the most important U.S. fish product exports, with sales to Japan valued at \$253 million in 1993.

### *Fish Is Key Part Of Japanese Diet*

Japan has traditionally relied on fish as a major source of animal protein. For centuries, Japan looked to the seas to supplement food grown on its limited land area, harvesting whales, dolphins, squid, sea urchins, sea cucumber, seaweed, and a wide variety of other fish and shellfish.

Fish, rice, vegetables, and soybean products have been the traditional mainstays of the Japanese diet, while livestock products have become important rela-

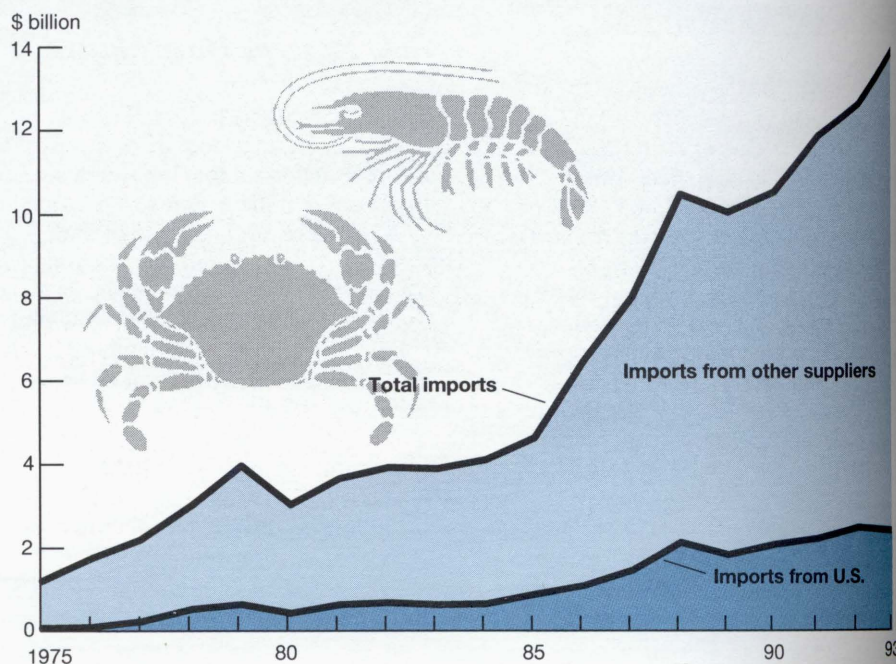
tively recently. In fact, before the opening of Japan to the West in the second half of the 19th century, meat consumption was considered taboo and was virtually nonexistent—cattle used as draft animals were buried after their death. Meat consumption, which began among the upper classes, spread slowly, but did not really take off until after World War II, surging roughly twelvefold from 1955 to the present.

Japan's red meat and poultry consumption is still low compared with that of the U.S.—65 pounds per person versus 174, using 1992 data. Given high per capita incomes and a continued shift to a more westernized diet, meat consumption is likely to continue to grow in the future, although much less rapidly than in the past.

Fish remains a key part of the Japanese diet, with per capita consumption of fish and shellfish still higher than meat. Despite rapid growth in meat consumption over the last two decades, per capita fish intake in Japan grew modestly, from nearly 70 pounds in 1970 to 80 pounds in 1992.

A decline in per capita fish consumption in some years was likely due to a shift from fish to meat as fish prices rose

U.S. Has Tapped the Rising Japanese Fish and Shellfish Market





faster relative to meat. For example, per capita consumption fell in 1977 when fish prices soared as a result of newly enforced global fishing limits. But consumers also substituted medium and lower priced fish and fish products for high-priced species such as tuna, yellowtail, and shrimp, so that overall fish consumption remained fairly steady and even rose slightly from 1977 to 1992.

### Global Fishing Limits Scale Back Harvests

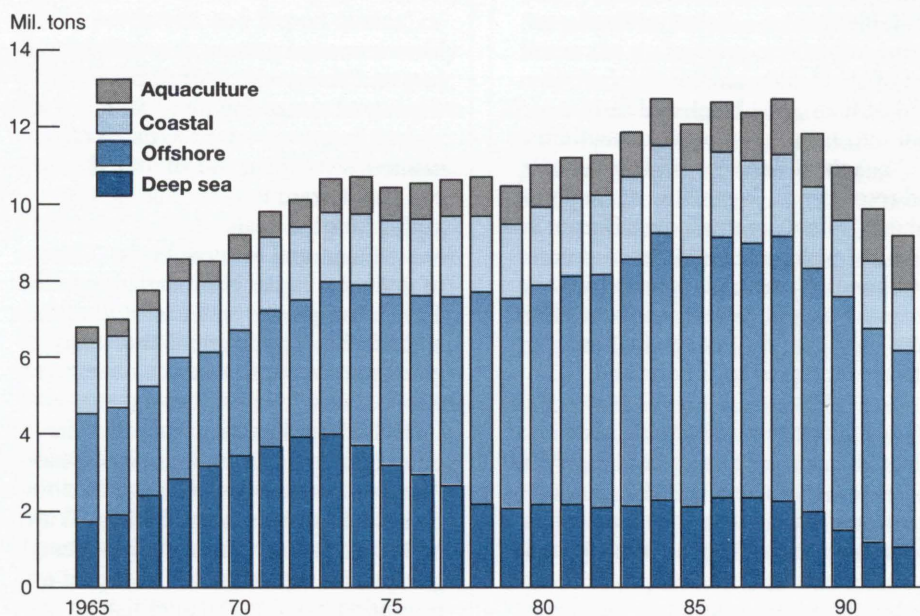
Marine (coastal, offshore, and deep-sea) fishing remains the principal source of Japan's domestic fish supplies, although aquaculture's share has increased from about 5 percent in 1960 to 15 percent in 1993. Inland water fishing makes up only about 1 percent. During the mid-to late 1970's, Japan's total fish catch flattened as many countries began enforcing 200-mile exclusive fishery zones, limiting Japan's deep-sea or pelagic fishing hauls from foreign waters. In addition, fuel costs rose with the surge in oil prices due to the oil crisis in 1973-74.

Japan's total fish catch rose slowly during the 1980's to an all-time high of 12.8 million tons in 1984. The nation's catch fell sharply after 1988, dropping by almost one-third to 8.7 million tons by 1993. Until 1988, Japan was the world's leading harvester of fishery products, surpassing other major producers such as China, Peru, Chile, the FSU, and the U.S. China has been the world's top producer since 1989.

Japan was able to ease the impact of EEZ enforcement by negotiating quota agreements with several countries. After the imposition of foreign fishing limits, Japan negotiated with the U.S., the FSU, China, North Korea, Australia, New Zealand, Canada, South Africa, Mauritania, and other countries for the right to fish within their respective 200-mile zones.

Negotiations with the FSU were difficult. A lengthy dispute arose over Japanese fishing rights around the Kurile island chain northeast of Japan, which the FSU included in its 200-mile EEZ. Japan agreed to provide fishing

Japan's Fish Catch Drops from 1984 Peak



Inland water catch is negligible (1 percent of total catch in 1990-92).

equipment, including salmon hatchery facilities, as fees for fishing privileges. The FSU has occupied four of these islands, still claimed by Japan, since the end of World War II. (The ongoing territorial dispute has stalled the conclusion of a peace treaty between the two neighboring countries for 50 years and, in recent years, has deterred Japan from granting large-scale financial aid to the FSU.)

In return for fishing privileges in foreign waters, Japan provided certain trade concessions, fishing fees, or a combination of both. Beginning in 1984, however, the U.S. and the FSU, with jurisdiction over Japan's largest fishing zones, decreased fish allocations each year to Japanese vessels. By 1988, fish allocations to foreign vessels within the U.S. 200-mile EEZ were completely phased out. Japan's pelagic harvests peaked at 4 million tons in 1973, but dropped to just over 1 million tons by 1992 (the latest available data).

The decreased allocations especially affected Japan's Alaska pollack production, which fell almost 70 percent between 1984 and 1992. Alaska pollack, previously Japan's largest and most important marine catch, accounted for roughly one-third of the total in 1972,

the peak production year for pollack. Alaska pollack is the major fish ingredient found in surimi paste, used in the production of traditional Japanese processed fish products, such as kamaboko (boiled fish paste) and chikuwa (baked fish paste), and in newer products like imitation crab legs.

### Fishing Industry Restructures

Introduction of 200-mile fishing zones in 1977 and the subsequent lowering and eventual phase-out of fish allocations have hurt Japan's fishing industry. Large firms sold off vessels, reduced crews, and redirected their efforts toward importing fish to supply their processing needs; small firms often went out of business, scrapping their vessels.

To help ease the impact of fishing limits on the domestic fishing industry, Japan set up joint ventures in foreign 200-mile zones, mainly in the U.S. and the FSU. Japanese firms invested in many countries to develop their fishing and processing industries to ensure a steady flow of supplies to Japan's fishing industry. For example, Japanese firms set up subsidiary plants in Alaska to process surimi.



## World Agriculture & Trade

To offset the reduced pelagic catch—which contained the most valuable and desirable species—Japan initiated programs to increase production of coastal and offshore fish, such as skipjack (a kind of tuna), mackerel, and sardines. In addition, Japan promoted aquaculture as well as inland fisheries (in lakes, rivers, and reservoirs). Japan also opened new fishing grounds in the Indian Ocean, and tried to develop technologies to process common fish and krill, plentiful in Antarctic waters. However, these efforts were only partially successful, and imports increased to fill demand.

While aquaculture's share of Japan's total fish catch increased from 9 percent in 1977 to 15 percent in 1992, production from inland waters declined by about one-fourth (from an already small base) because of pollution problems. Moreover, because sardines (the species accounting for the largest share of Japan's total catch) do not appeal to the younger generation, most of the sardine catch is processed into fish meal for use as animal feed or aquaculture feed. Other abundant fish, such as mackerel and krill, are not considered tasty to younger consumers.

Additional challenges arose when the yen appreciated in 1985, causing Japan's fishing industry to lose its competitive edge, and spurring import demand. The industry was again forced to adjust: many fishing companies, especially canners, built automated production facilities in Japan and set up shrimp and prawn farms in countries with lower labor costs, such as Thailand, Malaysia, and the Philippines.

The loss of Japan's fish allocations in pelagic waters was compounded by international environmental concerns that have resulted in further restrictions on fish harvesting. In the early 1980's, environmental groups persuaded the International Whaling Commission to call a halt to commercial whaling, starting in 1985. Whale meat was an important traditional source of protein in the Japanese diet. Japan initially declined to comply with the ban, but agreed to end whaling in 1988. Japan now harvests a small number of whales each year for scientific purposes. After the ban, per capita consumption of whale meat,

which had peaked in the early 1960's, fell to negligible amounts.

Environmental groups also called for a ban on fishing with drift-nets—nylon mesh nets measuring up to 40 miles long and 40 feet deep—used to catch tuna, salmon, swordfish, and squid. The nets can be a hazard to other marine life, such as turtles, seals, sharks, dolphins, and whales, and to some birds. The use of drift-nets in the North Atlantic in the 1950's had proved so harmful to salmon and other fish populations that many governments disallowed their use.

In 1989, New Zealand, Australia, and 13 other South Pacific nations signed the "Tarawa Declaration," which called for a regional ban on drift-net fishing. With continued pressure from environmental groups, the United Nations adopted a resolution banning drift-net fishing starting in 1992.

In 1991, Japan, the U.S., the FSU, China, South Korea, and Poland agreed to ban salmon and Alaska pollack fishing indefinitely in the North Pacific, especially in the Bering Sea region, starting in 1992. This led to a sharp decline in Japan's salmon catch that year, and contributed to the continued fall in pollack production.

At the 1992 Convention on International Trade in Endangered Species, Sweden proposed a ban on harvesting West Atlantic bluefin tuna and restrictions on East Atlantic bluefin tuna. While the proposal was ultimately rejected, it indicates a strong and growing desire among nations to protect fish and wildlife species.

The outlook is promising for increased U.S. sales of fish and shellfish to Japan. Japan's worldwide imports of fishery products are expected to increase to fill the gap created by rising demand and a sharply reduced catch. The U.S. is in a favorable position to expand seafood sales to the lucrative Japanese market. The U.S. catch, particularly from the Pacific coast and Alaska, is rich in species highly desired by Japanese consumers, such as salmon, tuna, crabs, and Alaska pollack.

[Fawzi Taha (202) 501-8451] **AO**

## Farm Bill '95



## Conservation, Environment, & the 1995 Farm Bill

**D**ebate on the 1995 farm bill begins with a great degree of uncertainty about the role of environmental programs in the new legislation. The next year will determine the outcome of debate over the new direction for agroenvironmental policies.

Generally, every 5 years Congress reauthorizes the comprehensive legislation that governs agricultural policy. The crafting of the "farm bill" engenders intense debate, as the ensuing legislation allocates billions of Federal dollars and has far-reaching implications for a host of issues such as rural land use, farm income, international competitiveness, commodity supply, the structure of agriculture, rural community viability, and national and international food security.

Among the important issues to be debated during the writing of the 1995 farm bill is how to address the environmental consequences of agricultural production. Conservation programs, focusing primarily on the on-site problem of soil

erosion  
Bowl  
Howe  
(1985  
enviro  
stepped  
servat  
Annual  
enviro  
\$2 bill  
conce  
ness o

The en  
with a  
potent  
ground  
degrad  
impair  
vary c  
from c  
manif  
ronme  
tion, v

The va  
intens  
reflect  
critica  
ical ba  
the lan  
and de  
bodies  
are th  
includ  
prise  
used.

Third  
social  
manag  
operat  
These  
nearly  
treme  
region  
agroec

**The**

Curre  
conse  
tal qu  
source  
and e  
partic  
Fund  
two g  
gory,



erosion, have existed since the Dust Bowl days of the Great Depression. However, the two most recent Farm Acts (1985 and 1990) expanded the range of environmental problems addressed and stepped up the level of funding for conservation and environmental programs. Annual expenditures on conservation/environmental programs have exceeded \$2 billion in recent years, generating a concern to scrutinize the cost-effectiveness of these programs.

The environmental issues associated with agricultural production include potential pollution of air, surface-, and ground water; loss of wildlife habitat; degradation of soil productivity; and impaired food safety. These concerns vary considerably in type and magnitude from one region to another, making the manifestation of a particular agroenvironmental problem, as well as its solution, very site-specific.

The variation in type, combination, and intensity of environmental impacts reflects the combined influence of three critical factors. The first is the geophysical base—the specific characteristics of the land being farmed such as soil type and depth, slope, proximity to water bodies, and amount of rainfall. Second are the production possibilities, which include the types of crops grown, enterprise mixes, and production systems used.

Third is the human element, in which social and economic objectives and the managerial abilities of individual farm operators shape production decisions. These three variables can combine in nearly limitless ways, contributing to the tremendous variation across microregions in the type and intensity of agroenvironmental problems.

### ***The Role of Farm Programs***

Current farm commodity programs and conservation policies affect environmental quality and the utilization of resources by providing farmers guidance and economic incentives to undertake particular enterprises and practices. Fundamentally, farm programs fall into two general categories. In the first category, the programs support prices by

restricting the supply of specific commodities (for example, acreage controls, direct purchases, and import quotas) or by stabilizing prices through commodity loans. Programs in the second category, such as deficiency payments for program commodities, support income directly through cash transfers to farm operators.

Collectively, these price support, supply control, and deficiency payment policies have over time discouraged adoption of more environmentally sustainable farming systems. For example, deficiency payments, which depend on a farm's base acreage and program yields (frozen at 1985 levels) encourage specialized production of a limited number of supported crops. Thus, the incentives facing farmers encourage intensive use of agricultural chemicals and water in the production of the supported crops and discourage the adoption of beneficial multiyear crop rotations and use of biological and cultural means of pest control.

Environmental impacts associated with farm policies, then, are affected by the incentive effects on the quantity, quality, intensity, mix, and location of crops and livestock, and the associated demands for both manufactured and natural inputs used in the production process. Natural inputs include resources such as water and soil, which may be inadvertently contaminated by agricultural activities.

Farm legislation in the past 15 years has attempted to address environmental effects of commodity programs by introducing new policies aimed at resource conservation and environmental protection. The 1980 Farm Act contained a title explicitly covering conservation programs as well as the Farmland Protection Policy Act designed to monitor Federal actions for adverse effects on farmland.

The Conservation Reserve Program (CRP) initiated in the 1985 Food Security Act (FSA) provided rental payments for the long-term (10-15 years) retirement of environmentally vulnerable land. Also instituted in the innovative 1985 Farm Act were "conservation compliance" provisions linking eligibility for receipt of commodity program benefits to compliance with specific conservation measures, as well as the swampbuster and sodbuster provisions (designed to halt the conversion of wetlands and grasslands to agricultural use).

In 1990, the Food, Agriculture, Conservation, and Trade Act (FACTA) added a Wetlands Reserve Program to the policy mix, providing for compensation to landowners for restoration of wetlands. The 1990 farm legislation also introduced two new measures—the Water Quality Incentives Project (WQIP) and the Integrated Farm Management Program—to assist producers with integrated plans to improve water quality and overall farm management.

Policies other than the farm bill also affect agriculture and the environment. For example, the Federal government has sponsored substantial public investment in projects such as irrigation and floodplain management which, along with subsidized water, have helped shift the location and increase the intensity of production (such as cotton in the West).

Cost-sharing for producer investments in wetlands, forestry, and conservation management are other examples. Finally, publicly funded research and education programs produce new knowledge and technologies affecting agriculture and the environment.

### ***The Direction of Environmental Policy***

What are the agricultural policy options being considered? A few general possibilities have emerged—the first simply an extension or slight modification of the status quo.

***Extension of current programs.*** Maintaining the status quo in the face of uncertainty or conflicting interests often

Next month in  
***Agricultural Outlook . . .***

More on the **Farm Bill**—  
environmental and other  
issues



## Farm Bill '95

proves to be the most feasible solution. This scenario suggests an extension of existing commodity programs (perhaps pared back for budget reasons), and continuation of the current environmental provisions in the FACTA. These include the CRP, compliance measures, the sod-buster and swampbuster programs, WQIP, and ICM (Integrated Crop Management).

A modification of this approach would offer a compromise of reduced price and income support for the farm sector, balanced (at least from the perspective of some in the farm sector) by a reduction in environmental demands on the sector.

**"Green" payments and decoupling.** A different approach is to pay farmers for environmental services, whether conserving land, instituting water quality improvement plans, restoring wetlands, or enhancing natural habitats. Payments could take many forms, such as cost-sharing for new technologies, or per-acre payments for the adoption of environmentally friendly production practices and/or long-term to permanent easements for environmentally vulnerable land.

A key issue in the design of the overall farm support/environmental policy package is the extent to which environmental provisions should be linked to commodity production. Currently, compliance measures imposed on highly erodible land encourage the adoption of environmental provisions by farmers. If commodity program participation drops, presumably these measures diminish in importance as well, raising the question of what other incentives will ensure environmental protection. "Green" payments are envisioned, in part, as a way to maintain farm income support while "decoupling"—separating benefit levels from commodity production.

In order to combine environmental and income support objectives in one policy instrument, the target populations would have to be similar. In other words, the farms generating environmental problems would have to be the same as those needing income support. There is some evidence that this overlap of target populations is limited. The dilemma is how to avoid creating a new mix of winners

and losers in substituting green payments for commodity program support payments.

**State block grants.** Also under discussion is the possibility of turning over more environmental program design and implementation responsibilities to the states, provided that funds are made available to carry them out. The Clean Water Act provides one model of a partnership between Federal, state, and local levels of government that might generate some new thinking about state roles in agroenvironmental policy and program design and implementation.

Shifting program responsibilities to state and local jurisdictions can result in programs more tailored to site-specific agroenvironmental problems. However, differences in the ways various jurisdictions address these problems could generate a patchwork approach to their solution. The challenge in a heterogeneous, state-driven approach is to maintain interstate commerce, manage cross-state environmental problems, and assure environmental protection.

### **Factors Shaping Environmental Initiatives**

Several factors could sharpen this year's farm bill debate and possibly redirect the type, scope, and funding of future agroenvironmental initiatives. Five critical factors will help shape the realm of the possible.

**Change in leadership.** The outcome of this farm bill process is difficult to predict, in part because for the first time in 40 years, Republicans will control the legislative process. This introduces new players (Senate and House leadership, committee and subcommittee chairs and staff) and philosophical orientation on the role of government.

**The budget deficit.** The budget deficit and the budget process itself will exert an enormous influence on the type of environmental legislation included in the farm bill. Continued concern over the deficit, compounded by the call for a balanced budget, heightens the vulnerability of agricultural programs to additional cuts. The budget rules impose a

budgetary baseline, and funding for programs that exceed the established baseline must be offset by a saving somewhere in the budget. The need for Congress to find an offsetting cut for any expenditures constrains the potential for new programs, however worthy.

**Debate over property rights.** At the heart of debate over the role of environmental initiatives is the question of whether environmental regulations represent an unconstitutional "taking" by infringing upon resource owners' economic opportunities. Many view this as pitting society's right to a clean environment against an individual farmer's right to farm as he or she wishes. The issue of "takings" is not central to farm bill legislation, as participation in farm programs is voluntary. However, the controversy over the rights of individuals versus the rights of society nonetheless influences the range and extent of environmental initiatives considered.

**The evolving knowledge base.** The base of knowledge about how agricultural practices contribute to agroenvironmental problems continues to evolve, but is still incomplete. This complicates the apportioning of responsibility for creating these problems. The relationship between the inputs and management practices used on a farm and the resulting environmental pollution is complex.

Furthermore, the manifestation of pollution resulting from agricultural practices is frequently off-site and far removed from the individual farmer's field, making it difficult to link the two. The fact that the understanding of these complex relationships is still evolving contributes to the uncertainty, but it also raises hopes that policies and programs could be made more cost-effective through improved targeting.

The wide variation in type and severity of agroenvironmental problems in the U.S. makes it imperative to establish environmental priorities. Limited financial and technical resources dictate that the most critical environmental problems be addressed first. Identifying and targeting priority agroenvironmental problems and areas is partly a technical/scientific issue. However, the establish-



ment of priorities is also an economic and political issue, requiring society to make difficult choices between competing demands for scarce resources.

**International trade accords.** The recent international trade accords—GATT (General Agreement on Tariffs and Trade) and NAFTA (North American Free Trade Agreement)—create global pressure to reform domestic farm programs that distort markets. Trade liberalization, however, could exert contradictory influences on the environment.

In those competitive sectors where additional production might be anticipated in freer markets, additional acreage might be planted. On the other hand, rising incomes expected to result from freer trade could lead to demands for enhanced environmental quality. Finally, the multilateral trade agreements begin the process of addressing diverse and sometimes contradictory sanitary and phytosanitary regulations (animal and plant health measures as well as food safety regulations) among member

nations. Some of these have indirect effects on the environment.

The GATT accord establishes the framework for a World Trade Organization which would address the relationships among international trade, the environment, and divergent environmental laws and regulations. Prospects are on the horizon for more international activity in this area, suggesting that the U.S. may play a lead role in designing policy and implementation plans, in an attempt to have U.S. interests represented.

**The rural connection.** Rural communities and residents have numerous interests in the natural environment, ranging from consumption of ground water supplies as drinking water, to the amenity values of rural landscapes, to increasingly, the economic returns from recreation associated with the rural environment (e.g., hunting and fishing, golfing, backpacking).

At the same time, rural residents and communities have traditional links to

agriculture and, at least indirectly, to agricultural policies. Such policies influence the structure of agriculture, farm income, agriculture's input mix (e.g. through acreage reduction programs), and investment in research and education implied by the public research agenda authorized in the farm bill.

It is likely that rural communities will watch carefully the formulation of Federal farm and resource policies for potential impacts on farm acreage and production mix (and thus, demand for inputs of land, capital, and labor fueling the rural economy). Rural areas also will be monitoring any policies (not just farm legislation) affecting rural property rights. The outcome of the "takings" issue, in which the community's right to enjoy the social benefits associated with habitat preservation or endangered species recovery is set against the property use rights of individuals who wish to farm as they please, will influence the character of economic development in many rural areas around the country.  
[Carol Kramer (202) 219-0453 and Sarah Lynch (202) 219-0414] **AO**

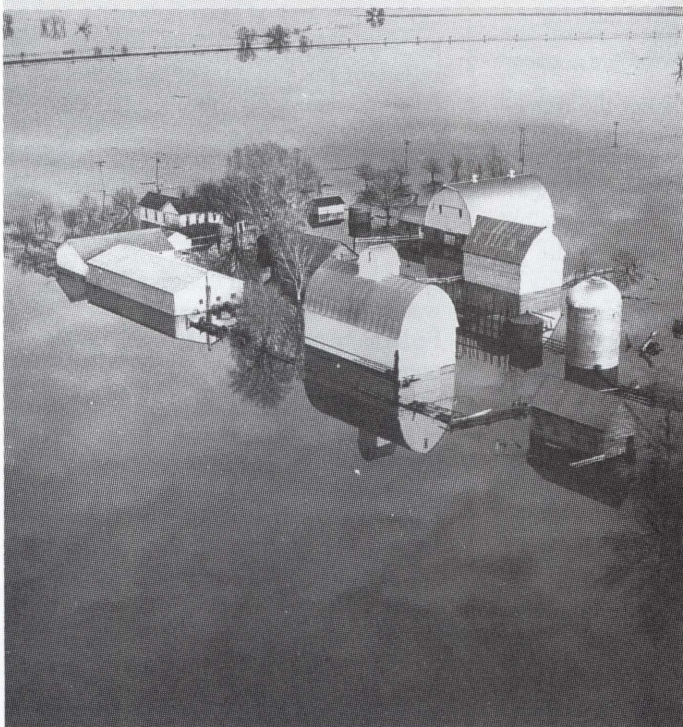
---

## Coming in *Agricultural Outlook . . .*

- Mexico's peso devaluation—the impact on U.S. exports
  - Key issues for the next farm bill
  - Effects of new poultry regulations
  - Addressing environmental goals—the economic lessons
-



## Special Article



## Federal Crop Insurance Reform: How Does It Work?

**T**he Federal Crop Insurance Reform Act of 1994, signed into law by the President in October 1994, comes at a time when the costs of agricultural programs are under intense scrutiny. This major overhaul of the crop insurance program, effective for 1995 crops, is designed to provide catastrophic yield protection to all producers of insurable crops for a nominal processing fee. Currently, 51 crops are insured by USDA's Consolidated Farm Service Agency, which administers the Federal crop insurance program.

The reform program is aimed at streamlining the past dual system of crop insurance and ad hoc disaster assistance into a catastrophic-coverage insurance program, eliminating the potential for double payments to farmers. In addition, producers will be required to provide documentation on planted acres and yields in order to receive any reform-related payments, reducing abuses that at times occurred under the ad hoc disaster assistance program. The Reform Act provides a noninsured assistance program for crops that are not currently insurable.

### *Reform Aimed at Raising Insurance Participation*

An important component of the Reform Act (P.L. 103-354) is the repeal of "emergency" designation status for crop losses. In previous years, this "emergency" status meant that the costs of ad hoc disaster programs for crops were not subject to budgetary offsets in other Federal programs. With the repeal of this status under reform, future outlays for emergency crop losses will be "on-budget" rather than "off-budget," and will require an offset in spending elsewhere in the budget. Ad hoc disaster assistance could still be legislated for yield-loss catastrophes, but now it will come at a cost to other Federal programs. By making this change, reform aims at making crop insurance the primary form of disaster aid to farmers.

A key issue, however, is participation in the crop insurance program. Historically, participation has been in the range of 30-40 percent of eligible acreage. To reduce the potential need for ad hoc assistance, and for crop insurance reform to succeed, it is believed that participation in the crop insurance program must be at considerably higher than historical levels.

To achieve this, the reform program is linked to certain other farm program benefits. Producers who sign up for the annual commodity programs, obtain farm ownership, operating, or emergency loans from the Farmers Home Administration (FmHA), or have any new Conservation Reserve Program (CRP) contracts, must buy at least the catastrophic (CAT) level of crop insurance coverage on all insurable crops that account for 10 percent or more of their farms' crop production value. Crops that meet this "10-percent" rule are referred to as being "economically significant." The CAT coverage requirement is not retroactive for FmHA loans or CRP contracts held before passage of the Reform Act.

CAT coverage involves no premium payment, but farmers must pay a processing fee of \$50 per crop. CAT coverage compensates farmers for crop yield losses exceeding 50 percent of their average historical yield (in effect, there's a 50-percent deductible), at 60 percent of the expected market price (or "price election"). The cap on the processing fee for CAT coverage is \$200 per farmer per county and \$600 per farmer in total (if the farmer operates in more than three counties). Processing fees will be waived for limited-resource farmers—those who had gross incomes (from all sources) of \$20,000 or less for the 2 preceding years.

Suppose, for example, an Iowa farmer produces corn and soybeans, and signs up for the annual commodity program for corn (which allows farmers to be eligible for 9-month loans on corn, and for corn deficiency payments). Also, suppose that corn contributes 60 percent to the farmer's value of crop production, that soybeans contribute 40 percent, and that the farmer's production is in one county. The farmer's average historical corn yield (or "APH" yield—see Glossary) is 130 bushels an acre, and the projected corn price for the crop year is \$2.30 per bushel.



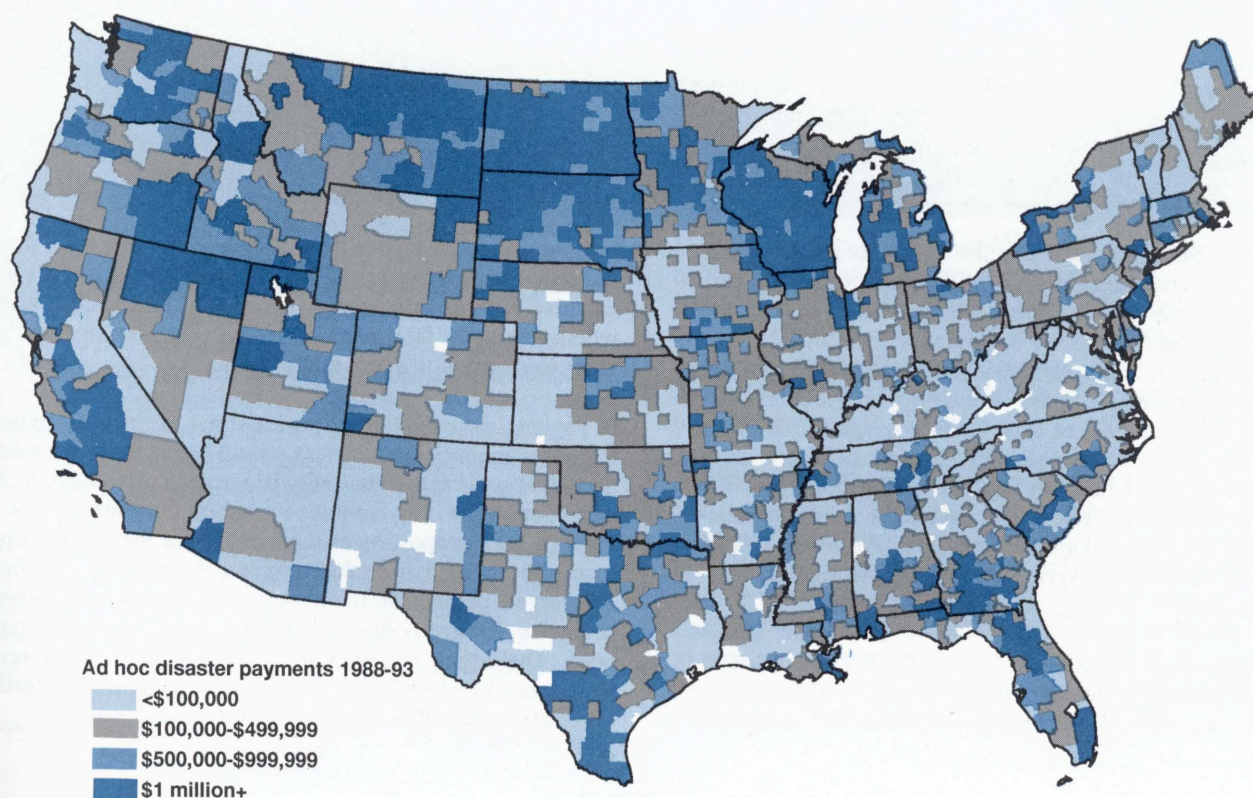
Because of linkage to the commodity programs, as well as the "economic significance" requirement, the farmer must buy at least CAT coverage for both crops, and pay a total processing fee of \$100. Suppose his corn yield in that year is only 60 bushels an acre. Because CAT coverage guarantees this producer 0.50 x 130, or 65 bushels an acre, the farmer receives an indemnity payment equal to 65 minus 60, or 5 bushels an acre, multiplied by 0.6 times the \$2.30 price election. His total payment is 5 bushels x \$1.38, or \$6.90 per acre. Similar calculations would apply for soybeans if the farmer had a yield below 50 percent of his or her historical average soybean yield.

Farmers may instead buy "additional" insurance coverage, providing up to 75-percent yield coverage at 100 percent of the price election. (The Act allows 85-percent yield coverage to be offered, although it will not be available until at least crop-year 1996.) To receive coverage at higher than the CAT level, the producer must pay a processing fee and a premium, which depends on the coverage level and price election, the producer's average yield history, and the riskiness of production in the producer's county. While CAT coverage can be obtained through either a private insurance company or the local USDA office of the Consolidated Farm Service Agency (CFSA), "added" coverage can be purchased only through private insurance companies. The premium on "added" coverage is partially subsidized by the Federal government.

The "CAT" and "added coverage" provisions discussed above apply only to crops that are currently covered by USDA's CFSA, which administers the program. Crops that are not currently insurable will be covered under "non-insured assistance program" (NAP) provisions of the Reform Act. NAP requires a 35-percent area loss to trigger individual payments. Once the area-level threshold is reached, farmers in the area will be paid for individual crop yield losses in excess of 50 percent of their average historical yields, at 60 percent of the average market price.

Because of the linkage requirements to other farm programs, participation in the crop insurance program is expected to be significantly higher than the 30-40 percent of eligible acreage enrolled in past years. In particular, high participation in the commodity programs—currently at least 75 percent for all program crops except oats—is expected to be the major link to greater crop insurance participation. The linkage effects of FmHA loans are expected to be small—probably resulting in no more than a 1-2 percent increase in crop insurance participation. The linkage to any new CRP contracts is also expected to be small, as a large portion of farmers who have had CRP contracts in the past, and continue to have land in crops, also typically enroll in the commodity programs.

#### Disaster Payments for Non-insured Crops Have Gone Largely to Northern Plains States





## Special Article

### A Brief Look at Crop Insurance Reform

	Catastrophic coverage (CAT)	Additional or "buy-up" coverage	Non-insured Assistance Program (NAP)
When does it start?	Effective for 1995 crops	Effective for 1995 crops	Effective for 1995 crops
Who is eligible?	Producers of 51 currently insurable crops (not all 51 are insurable in every county)	Producers of 51 currently insurable crops (not all 51 are insurable in every county)	Producers of crops not currently insurable—primarily specialty crops & hay
What does it provide?	Guarantees payment for 50% of the producer's historical crop yield (or APH), at 60% of the expected market price (or price election)	Coverage for crop yields up to 75% of APH, at 100% of the expected market price	If a 35% areawide yield loss trigger is reached, protection for individual yield losses over 50% of historical yield, at 60% of the average market price
Fee or premium	Processing fee of \$50 per crop Cap of \$200 per farmer per county, \$600 per farmer total	Processing fee (may be less than \$50) plus gov't.-subsidized premium Premium depends on average yield history, coverage level, price election, & risk associated with location	No fee or premium—not an insurance program
Requirements	Applicants must sign up, pay fee, and report acreage & historical yields (or be assigned a proxy yield)	Applicants must sign up, pay fee & premium, & report acreage & historical yields (or be assigned a proxy yield)	Applicants must report acreage & historical yields
Linkage to farm program benefits	Must obtain at least CAT coverage for all insurable crops that account for 10% or more of the farm's crop production value, if the farmer: * signs up for annual commodity programs, * obtains certain FmHA loans, or * signs a new CRP contract	Purchase of either CAT or the additional coverage satisfies the linkage requirement	Not applicable
Where to obtain	Through a private insurance agent, or local CFSA office	Only through private insurance agents	Local CFSA office

Specifically, USDA estimates that the aggregate participation rate in the crop insurance program will be about 80 percent under reform. This estimate was developed based on the acres participating in the commodity programs in recent years (wheat, feed grains, cotton, and rice programs). Under reform, a farmer who participates in the commodity program for one or more crops must purchase at least CAT coverage for all of the farmer's crops that are "economically significant" (contribute at least 10 percent of the farmer's value of crop production). The purchase of either CAT coverage or additional coverage satisfies the farm program linkage requirement. Producers who purchase the additional coverage do not need to sign up for CAT coverage.

USDA's Farm Costs and Returns Survey (FCRS) was used to estimate the percent of acreage that is "economically significant" for each crop on farms that participate in the commodity

programs for at least one crop. These estimates were developed not only for program crops, but also for soybeans. The soybean calculations take into account economic significance, as well as whether or not a farm producing soybeans also received government payments for a program crop.

In general, the calculations indicate that the greatest expected increases in participation rates would occur for crops where participation in the commodity programs is relatively high, participation in the crop insurance program currently is low, and where a high proportion of the acreage for the given crop is located on farms where that crop is economically significant. The largest percentage increases in participation are expected to occur for rice and cotton—crops for which all three criteria hold. The largest increases in absolute acreage would occur for soybeans and wheat, which account for a significant portion of U.S. acreage eligible for crop insurance.



## Returns on CAT: What Producers Can Expect

To further investigate the impacts of reform, a simulation model was used to estimate the returns a farmer would expect under "pre-reform" scenarios, compared with expected returns including the CAT coverage portion of crop insurance reform. The simulations were based on 30 years of farm-level yields from 93,000 farm units. The results indicate that, when market returns and deficiency payments are included in the calculations, CAT provides a similar (although slightly lower) per-acre return in comparison to ad hoc disaster assistance (assuming no prorate on disaster assistance). While per-acre returns are expected to be slightly lower when CAT is compared with ad hoc assistance, the offset will be greater certainty in realizing financial returns for losses.

Using wheat as an example, the simulation results indicate that a producer could expect on average a return of \$128.80 per acre for CAT coverage (including market returns and deficiency payments), and \$130.50 per acre for ad hoc assistance (including market returns and deficiency payments). Similar results appear for other crops in terms of relative returns.

When a comparison is made between scenarios, two factors tend to lower U.S. average CAT payments relative to ad hoc payments. First, the lower coverage level realized by certain producers under CAT is an issue. In recent years, farmers have been eligible for ad hoc payments if their actual yield was less than 65 percent of their *farm program payment yield* (for those with crop insurance and using program crops as an example), or less than 60 percent (for producers without crop insurance). For CAT, the coverage level is less—at 50 percent of the farmer's *APH yield*.

Second, and perhaps more importantly, the lower payment rate under CAT coverage tends to reduce CAT payments when compared with payments including ad hoc disaster assistance. For producers enrolled in the annual commodity programs, the payment rate under ad hoc assistance has been 65 percent of the *target price*. For CAT coverage, the payment rate is 60 percent of the *price election*. For example, the payment rate used in the modeling of ad hoc assistance losses for wheat, at \$2.60 (or,  $0.65 \times \$4$ , the *wheat target price* since 1990), is higher than the average CAT payment rate of \$1.95 ( $0.60 \times \$3.25$ , the expected *season-average price* for wheat used in the simulations). In general, 65 percent of the target price is expected to be greater than 60 percent of the price election in nearly all years.

There is one major factor that works to support total returns in the CAT scenario compared with the ad hoc assistance scenario. A farmer cannot receive ad hoc disaster payments and deficiency payments on the same bushels for program crops. In contrast, CAT payments do not in any way reduce deficiency payments. This helps boost the return including CAT, but not in most cases by enough to offset the payment rate and coverage

level issues noted above. This cross-program effect between deficiency and ad hoc payments is one reason it is important to look at total returns—including market returns, deficiency payments, and CAT (or ad hoc) payments—and not just at per-acre payments for CAT versus ad hoc assistance.

The somewhat lower returns under CAT coverage—due to the payment rate and coverage level factors discussed above—are a source of Federal savings under reform. Another source of savings under reform is the elimination of the potential for dual payments—before reform, producers could receive both ad hoc assistance and crop insurance on the same loss bushels.

At the individual farm level, a variety of factors affects expected returns and risk, and can produce results that differ from the aggregate results presented here. For example, farmers whose average historical yields are higher than their farm program payment yields are likely to gain relatively more from reform than from ad hoc assistance. In addition, a higher price election would increase returns for CAT coverage relative to ad hoc assistance. Further, for those years in which sizable deficiency payments are realized, greater benefits would be provided under reform. This is because deficiency payments and ad hoc disaster payments cannot be paid on the same bushels; under CAT coverage, no such offsets are in effect.

Finally, under reform, farmers in areas that experience a high degree of yield variability will receive the largest average payments. They will also collect payments more frequently. For the processing fee, farmers are guaranteed basic protection—at 50 percent yield coverage—against catastrophic losses.

In areas with low yield risk, the probability of collection in any given year would be considerably lower because the likelihood of a yield loss in excess of 50 percent would be small. For example, the simulation results indicate that the expected per-acre CAT payment for corn is about \$1.20 per acre in Iowa, a major producing state with generally low corn yield variability.

In areas where corn yield variability is on average greater, such as North Carolina, the average per-acre payment under CAT coverage is higher, estimated at about \$1.90 per acre in the simulation. The generally low variability in Iowa corn yields, compared with the North Carolina case, is a major factor generating this result. For the U.S. as a whole, the average expected CAT payment for corn is \$1.70.

Although expected per-acre payments are estimated to be higher in areas with higher yield risk than those with lower risk, it is also important to consider aggregate state-level benefits. Corn-planted acres in a state such as Iowa, estimated at 13 million acres in 1994, far exceed the 1 million acres planted in North Carolina. Assuming 80-percent enrollment of eligible acreage in each state (the aggregate estimate for the U.S.), the expected payments to Iowa, on average, would total \$12.5 million annually, and to North Carolina, about \$1.5 million.



## Special Article

### Glossary

**Actual production history (APH) yield**—The producer's average historical yield, based on 4 to 10 years of the producer's own individual records, which serve as the starting point for determining the producer's yield guarantee. For example, if a producer has an APH yield of 100 bushels per acre, and chooses the 75-percent coverage level, he or she is guaranteed 75 bushels per acre. An actual yield below 75 bushels will result in an indemnity payment to the producer.

**"Additional" or added coverage**—Generally used term referring to coverage that equals or exceeds a 50-percent yield guarantee at 100 percent of the price election. Farmers must pay a processing fee and a premium in order to receive added coverage. "Additional" coverage is also referred to as "buy-up" coverage.

**Ad hoc disaster assistance**—Requires legislation, and compensates producers who experience yield shortfalls in severe loss years. The 1994 Federal Crop Insurance Reform Act makes ad hoc assistance for yield losses "on budget," meaning that passage would require an offset elsewhere in the Federal budget. Ad hoc assistance has been passed for yield losses covering each year between 1988 and 1994. Virtually all crops have been eligible for assistance, and producers have not paid directly for coverage.

**Catastrophic (CAT) coverage**—Provides a yield guarantee of 50 percent of the producer's historical (APH) yield at 60 percent of the price election under crop insurance reform. Producers pay a processing fee of \$50 per crop, capped at \$200 per farmer per county, and \$600 per farmer in total (across all counties). Producers who participate in one or more of the annual commodity programs, who take out certain FmHA loans, or who have any new CRP contracts must buy at least CAT coverage for all crops that contribute at least 10 percent of the value of crop production.

**Excess losses**—The difference between indemnities paid and total premiums.

**Farm program payment (formerly ASCS) yield**—A farm-specific yield that reflects yield per harvested acre. Farm program payment yields are frozen at 1985 levels, and are recorded for corn, wheat, sorghum, barley, oats, rice, and cotton.

**Indemnity**—The total amount a farmer receives as settlement on a loss claim. It is calculated by multiplying the price election by the quantity of loss.

**Premium**—The per-acre amount a producer is charged for the purchase of crop insurance for additional coverage. A farmer's premium depends on the farmer's production history and the selection of coverage. Under reform, premiums are charged only for coverage above the CAT level.

**Price election**—The dollar amount that a producer is paid for each unit of loss, generally measured in bushels. Price elections are estimated yearly for each crop, and generally reflect USDA's projection of the season-average market price for the crop. The farmer's total indemnity payment equals the price election (or a specific fraction of the price election) multiplied by the quantity of loss.

**Yield guarantee**—The yield trigger on which payments are based. If the producer's yield guarantee is 75 bushels per acre, he or she receives an indemnity payment for each bushel short of a yield of 75 bushels per acre. The yield guarantee for CAT coverage is 50 percent; any higher guarantee falls within the "additional" coverage category.

### "Added" Coverage Offers Greater Risk Protection

The simulation results also indicate that farmers who obtain 65-percent coverage (historically the most common coverage level chosen) are expected to realize slightly higher per-acre returns under reform than under the pre-reform program. This is because the value of the maximum Federal premium subsidy under reform—41 percent (for 65 percent coverage at 100 percent of the price election)—is higher than the 30-percent subsidy offered under the pre-reform program.

However, the major incentive for purchase of added coverage is in the added risk protection—the greater income stability—offered to producers. That is, in order to trigger a payment, a producer who buys added coverage need not realize as large a loss to qualify for a payment than if that producer had CAT coverage. For example, a farmer who buys 65-percent coverage and has an average (or APH) yield of 100 bushels per acre receives a payment if his or her yield falls below 65 bushels per acre. With only CAT coverage, that producer would need to realize a yield of less than 50 bushels in order to receive a payment. Protection is received on an added 15 bushels of potential yield loss when the producer buys up to 65-percent coverage.



In essence, the farmer who buys additional coverage at the 65-percent level is guaranteeing that, in years of moderately low yield losses—losses between 35 and 50 percent—he or she will receive protection on up to an added 15 percentage points of yield loss. Since moderate yield losses are more common than severe losses (over 50 percent), the protection on the additional bushels results in producers experiencing fewer “boom or bust” years—and greater income stability over time.

Because of the greater risk protection offered by coverage at the higher protection levels, as well as the larger premium subsidy under reform, many farmers are likely to “buy up” from CAT-level coverage. In the early years of reform, total crop insurance participation is expected to be near 80 percent of eligible acres, with about half consisting of buy-up participation. USDA expects that, as producers become more familiar with the protection offered by added coverage, particularly in the absence of ad hoc disaster assistance, buy-up participation will increase, to nearly two-thirds of total participation.

### ***Non-insured Assistance Program Depends on Area Trigger***

The non-insured assistance program (NAP) is available for crops that are not currently insured by the CFSA. Both insured and non-insured crops have been eligible for ad hoc disaster payments since 1988. With ad hoc payments now involving a real budgetary cost, provisions for noninsurable crops are important. NAP provides protection for crops that otherwise would not receive any yield protection benefits from the Federal government.

NAP requires a 35-percent area loss to trigger farm-level payments. Once the area-level threshold is reached, farmers will be paid for individual crop losses in excess of 50 percent of a predetermined average farm yield, at 60 percent of the average market price. The area trigger associated with NAP coverage is expected to result in major savings on Federal outlays.

NAP is not an insurance program. Producers pay no premiums or processing fees, although they must report acreage and historical yields to be eligible for NAP benefits. The added coverage available to CAT participants is not available under NAP. The noninsurable crops covered under NAP include primarily specialty crops (fruits and vegetables) and hay.

Crops and areas that would benefit most from NAP can be analyzed using ad hoc disaster payment data for the years 1988-93. Payments for hay losses (which in some cases are insurable) have been large in the Northern Plains and Wisconsin, while fruit and vegetable payments have been sizable in Florida, Michigan, New Jersey, Texas, and certain areas in the West and Northwest.

A key issue associated with NAP payments is the area trigger. Under an area trigger, farmers would receive the largest payments in years of very severe and widespread losses. In years

of very severe losses, such as in the 1988 Corn Belt drought or the cold, wet weather experienced in that area in 1993, many producers in a given area would be likely to realize low yields, and the area trigger could be met easily. By contrast, in years when few producers in an area had losses—for instance, due to hail damage—the area trigger may not be met.

To investigate potential NAP performance, ERS compared expected payments under an area-triggered program for hay—a major crop likely to be affected by NAP provisions—to the actual ad hoc disaster payments made for hay losses between the years 1988-93. Using a 35-percent trigger, and assuming that the “area” is defined as the county, the results indicate that the area-triggered program would have paid about 60 percent of the total ad hoc payments actually made in those counties in 1988, a severe loss year. Between 1989 and 1993, the area-triggered program would have paid between 13 and 25 percent of actual, individually based payments made in those years for hay losses.

These considerations may generate pressure on the CFSA to make insurance available for crops that are not currently eligible. With the availability of insurance for a crop, all producers of that crop who realize yield losses may receive payments regardless of the losses realized by the area as a whole.

### ***Costs & Benefits of The Reform Program***

According to USDA projections, the reform program is expected to cost about \$1.4 billion for crop-year 1995. By crop-year 2000, the cost is expected to increase to about \$1.8 billion, due largely to a shift in participation from the CAT coverage level to added coverage. The added coverage levels involve not only a higher premium subsidy, but also added payments by the Federal government for delivery reimbursements to private companies that sell and service policies. In comparison, the annual costs if the pre-reform crop insurance program continued are estimated at about \$0.8 billion, with \$1 billion for ad hoc disaster payment assistance.

In short, USDA estimates that Federal savings are expected to accrue in the early years of reform. This is because of savings from the elimination of dual payments for crop insurance and ad hoc disaster assistance, the area trigger requirement for NAP payments, and other factors discussed earlier. Over the longer run, greater participation, and a higher proportion of participation at the added coverage levels, are expected to increase costs to near pre-reform levels.

The aggregate annual Federal costs of \$1.4-\$1.8 billion noted above include the premium subsidy, excess losses (the excess of indemnities over premiums) delivery costs to private companies, NAP payments estimated at \$60 million annually), and



## Special Article

### Background on the Federal Crop Insurance Program

Federal crop insurance, offered and administered by USDA, provides yield protection for a wide variety of natural disasters. The program has been administered by the Federal Crop Insurance Corporation (FCIC), which is now part of USDA's new Consolidated Farm Service Agency (CFSA). Since the beginning of the program in 1938, drought has been by far the major cause of loss for which indemnities have been paid.

Prior to the 1994 Federal Crop Insurance Reform Act, crop insurance was not linked to the Federal commodity programs, although farmers who received ad hoc disaster assistance were required to buy crop insurance in the following year. But in many cases, farmers could choose whether or not to purchase insurance in each year.

Farmers who opted to buy insurance paid a premium that varied by the level of coverage they selected and the risk of loss in their particular location. Under the pre-reform program, a farmer could choose coverage at 35, 50, 65, or 75 percent of the farm's actual average yield over the past 4 to 10 years (the "actual production history" or APH yield).

The APH concept, referred to as the farmer's "average historical yield," is also used as the basis for the yield guarantee under the reform program. If the producer does not have at least 4 years of his or her own data verifying yields, adjusted farm program payment yields or other proxy yields are used in "missing" years to develop a series of at least 4 years.

Farmers who purchase insurance receive payments based on individual yield shortfalls, regardless of whether their county had been declared a disaster. For example, suppose a farmer chooses the 75-percent coverage option, and has a 4-year average yield of 100 bushels per acre. If the farmer's yield falls below 75 bushels per acre, an indemnity is paid. The indemnity is calculated by multiplying the yield loss (the difference between the guarantee and the lower yield experienced by the farmer) by a predetermined "price election" determined by FCIC.

The program has been—and will continue to be—delivered primarily through private insurance companies, which typically provide insurance for farmers' property and other needs as well. A large portion of the risk of loss is borne by the CFSA, which provides reinsurance to the private companies. Under reform, CAT coverage can be purchased either through a local CFSA office or a private company; added coverage can be purchased only through a private company.

other expenses. When NAP payments are excluded, outlays to producers—premium subsidies and excess losses—are expected to account for 65-70 percent of total crop insurance outlays between crop years 1995 and 2000. Payments to the private companies, including delivery reimbursements, are expected to account for 25-30 percent of the total, with other costs (including salaries and other expenses), accounting for the remainder.

From the producer's perspective, crop insurance reform is expected to provide greater certainty and equity than does ad hoc disaster assistance. And from the taxpayer's perspective, it avoids the potential for double payments (crop insurance and ad hoc disaster payments on the same bushels) to producers. Several important points highlight the benefits of reform.

- Unlike ad hoc disaster assistance, reform provides guaranteed assistance, at a pre-determined payment rate, in the event of significant crop losses. While per-acre net returns will be slightly lower when compared with ad hoc assistance, the offset will be greater certainty in realizing financial returns for losses.
- Crop insurance reform provides greater equity than does ad hoc disaster assistance. For example, in 1985, parts of Montana and North Dakota realized severe losses due to drought, but ad hoc assistance did not materialize. With crop insurance reform, all areas will have protection from disaster losses, with no uncertainty as to the availability of assistance.
- Under reform, the government is not expected to make payments to an individual for both ad hoc disaster assistance and crop insurance indemnities on the same bushels. By eliminating this potential for a "double payment," overall returns to individual producers for disaster protection will likely be lower under the reform program. However, increases in overall participation will cause total program costs to rise over time.
- The Federal government will have greater control over payments with crop insurance reform. Payment rates and other program variables will be known with certainty in any given year. Because producers must sign up for coverage (both for insurance and NAP coverage), the likelihood of fraud and abuse by certain producers will be lessened.

The performance of crop insurance reform will be known over the next several years. Enrollment for 1995 crops, the first crops covered under the reform program, is underway currently. Factors affecting the longrun viability of the program include continued high participation in the commodity programs, the elimination of widespread ad hoc disaster assistance, and significant enrollment at the additional coverage levels.

[Joy Harwood (202) 501-8554, Mario Miranda (614) 292-6280, Mitch Morehart (202) 219-0100, Robert Dismukes (202) 219-0028, and Keith Coble (202) 219-0847] **AO**



---



## Global Farm Statistics Available Electronically

***World Agricultural Supply and Demand Estimates*** (WASDE) can be yours each month electronically via CALL-ERS-NASS, the bulletin board service of USDA's economics agencies. Enjoy the benefits and convenience of having the most current U.S. and global statistics right at your computer. Subscribers can access the report by 9:00 a.m. EST the morning after release.

WASDE provides the most current USDA information on global supply-use balances of major grains, soybeans and products, and cotton, and U.S. supply and use of sugar and livestock products.

*World Agricultural Supply and Demand Estimates* (electronic)  
**Stock # WASDE-BB. \$30. 12 issues**

Also available on paper!  
*World Agricultural Supply and Demand Estimates* (paper). Expedited delivery.  
**Stock # WASDE. \$30. 12 issues**

Call ERS-NASS at 1-800-999-6779 to start your subscription today. Visa or Mastercard accepted.

---



# Statistical Indicators

## Summary Data

Table 1—Key Statistical Indicators of the Food &amp; Fiber Sector

	1994					1995				
	I	II	III	IV	Annual	I F	II F	III F	Annual F	
Prices received by farmers (1990-92=100*)	105	102	97	95	100	98	--	--	--	
Livestock & products	98	100	93	90	95	93	--	--	--	
Crops	110	106	101	99	105	102	--	--	--	
Prices paid by farmers, (1990-92=100*)										
Production items	106	108	105	105	106	105	--	--	--	
Commodities & services, interest, taxes, & wages	106	107	106	106	106	107	--	--	--	
Cash receipts (\$ bil.) 1/	178	171	196	--	--	--	--	--	--	
Livestock (\$ bil.)	90	82	98	--	--	--	--	--	--	
Crops (\$ bil.)	88	89	99	--	--	--	--	--	--	
Market basket (1982-84=100)										
Retail cost	145	145	145	146	145	--	--	--	--	
Farm value	107	103	99	98	102	--	--	--	--	
Spread	166	168	170	172	169	--	--	--	--	
Farm value/retail cost (%)	26	25	24	24	25	--	--	--	--	
Retail prices (1982-84=100)										
Food	143	144	145	146	144	--	--	--	--	
At home	143	145	146	145	144	--	--	--	--	
Away from home	145	145	146	147	146	--	--	--	--	
Agricultural exports (\$ bil.) 2/	11.1	10.3	10.2	12.0	43.5	14.1	--	--	48.5	
Agricultural imports (\$ bil.) 2/	6.6	6.6	6.6	6.7	26.4	7.0	--	--	28.5	
Commercial production										
Red meat (mil. lb.)	10,083	10,431	10,838	11,178	42,530	10,600	10,569	10,958	43,119	
Poultry (mil. lb.)	6,837	7,313	7,562	7,394	29,107	7,417	7,739	7,967	30,965	
Eggs (mil. doz.)	1,509	1,521	1,550	1,597	6,177	1,560	1,565	1,560	6,275	
Milk (bil. lb.)	37.7	40.0	38.4	38.1	154.1	39.1	41.0	39.3	158.2	
Consumption, per capita										
Red meat and poultry (lb.)	50.5	52.2	54.2	55.2	212.2	53.4	53.6	55.3	218.5	
Corn beginning stocks (mil. bu.) 3/	2,113.0	5,936.5	3,995.7	2,359.9	2,113.0	850.1	8,080.7	--	850.1	
Corn use (mil. bu.) 3/	2,518.1	1,948.8	1,642.1	1,511.1	7,620.1	--	--	--	9,300.0	
Prices 4/										
Choice steers--Neb. Direct (\$/cwt)	73.11	67.53	65.83	67.63	68.53	68-70	66-70	63-69	66-70	
Barrows & gilts--IA, So. MN (\$/cwt)	45.70	42.87	40.5	31.03	39.67	36-38	37-39	38-42	37-39	
Broilers--12-city (cts./lb.)	55.1	60.0	55.9	51.8	55.6	51-53	51-55	52-56	51-54	
Eggs--NY gr. A large (cts./doz.)	71.5	63.3	67.0	67.2	67.3	66-68	59-63	63-69	64-68	
Milk--all at plant (\$/cwt)	13.57	13.03	12.53	13.03	13.04	12.45-12.75	11.60-12.20	11.45-12.35	11.95-12.65	
Wheat--KC HRW ordinary (\$/bu.)	3.81	3.63	3.74	4.27	3.86	--	--	--	--	
Corn--Chicago (\$/bu.)	2.97	2.75	2.24	2.14	2.52	--	--	--	--	
Soybeans--Chicago (\$/bu.)	6.77	6.73	5.79	5.43	6.18	--	--	--	--	
Cotton--Avg. spot 41-34 (cts./lb.)	70.7	77.4	71.0	73.8	66.1	--	--	--	--	
	1986	1987	1988	1989	1990	1991	1992	1993	1994 F	
Farm real estate values 5/										
Nominal (\$ per acre)	640	599	632	661	668	681	684	699	744	
Real (1982 \$)	568	518	530	533	517	505	487	485	503	

1/ Quarterly data seasonally adjusted at annual rates. 2/ Annual data based on Oct.-Sept. fiscal years ending with year indicated. 3/ Sept.-Nov. first quarter; Dec.-Feb. second quarter; Mar.-May third quarter; Jun.-Aug. fourth quarter; Sept.-Aug. annual. Use includes exports & domestic disappearance. 4/ Simple averages, Jan.-Dec. 5/ 1990-94 values as of January 1. 1986-89 values as of February 1. F = forecast, -- = not available.

\* Beginning January 1995, New Base 1990-92=100.



## U.S. &amp; Foreign Economic Data

Table 2—U.S. Gross Domestic Product &amp; Related Data

	Annual			1993	1994			
	1992	1993	1994	IV	I	II	III R	IV P
\$ billion (quarterly data seasonally adjusted at annual rates)								
Gross domestic product	6,020.2	6,343.3	6,736.9	6,478.1	6,574.7	6,689.9	6,791.7	6,891.1
Gross national product	6,025.8	6,347.8	—	6,476.2	6,574.0	6,682.5	6,779.6	—
Personal consumption expenditures	4,136.9	4,378.2	4,627.0	4,469.6	4,535.0	4,586.4	4,657.5	4,728.9
Durable goods	492.7	538.0	590.9	562.8	576.2	580.3	591.5	615.6
Nondurable goods	1,295.5	1,339.2	1,393.8	1,355.2	1,368.9	1,381.4	1,406.1	1,418.9
Clothing & shoes	227.7	235.4	246.5	240.7	241.9	243.9	247.8	252.4
Food & beverages	626.8	649.7	679.1	660.8	667.9	675.5	683.7	689.3
Services	2,348.7	2,501.0	2,642.2	2,551.6	2,589.9	2,624.7	2,659.9	2,694.5
Gross private domestic investment	788.3	882.0	1,037.5	922.5	966.6	1,034.4	1,055.1	1,093.9
Fixed investment	785.2	866.7	979.8	913.5	942.5	967.0	992.5	1,017.1
Change in business inventories	3.0	15.4	57.7	9.0	24.1	67.4	62.6	76.8
Net exports of goods & services	-30.3	-65.3	-102.1	-71.2	-86.7	-97.6	-109.6	-114.3
Government purchases of goods & services	1,125.3	1,148.4	1,174.5	1,157.2	1,159.8	1,166.7	1,188.8	1,182.6
1987 \$ billion (quarterly data seasonally adjusted at annual rates)								
Gross domestic product	4,979.3	5,134.5	5,342.3	5,218.0	5,261.1	5,314.1	5,367.0	5,426.8
Gross national product	4,985.7	5,140.3	—	5,218.7	5,262.7	5,310.5	5,359.9	—
Personal consumption expenditures	3,349.5	3,458.7	3,578.5	3,506.2	3,546.3	3,557.8	3,584.7	3,625.1
Durable goods	452.6	489.9	531.5	510.8	521.7	522.2	529.6	552.4
Nondurable goods	1,057.7	1,078.5	1,109.3	1,088.0	1,098.3	1,104.3	1,113.4	1,121.1
Clothing & shoes	193.2	197.8	208.8	202.4	203.8	204.9	210.2	216.6
Food & beverages	514.7	524.0	535.2	528.1	531.9	536.1	535.7	537.0
Services	1,839.1	1,890.3	1,937.8	1,907.4	1,926.3	1,931.4	1,941.8	1,951.7
Gross private domestic investment	725.3	819.9	955.5	862.5	898.9	950.9	967.3	1,004.9
Fixed investment	722.9	804.6	903.1	851.7	873.4	891.7	910.2	936.9
Change in business inventories	2.5	15.3	52.4	10.8	25.4	59.2	57.1	68.0
Net exports of goods & services	-32.3	-73.9	-114.2	-82.2	-104.0	-111.8	-117.0	-124.1
Government purchases of goods & services	936.9	929.8	922.5	931.5	919.9	917.1	932.0	920.9
GDP implicit price deflator (% change)	2.8	2.2	2.1	1.3	2.9	2.9	1.9	1.6
Disposable personal income (\$ bil.)	4,505.8	4,688.7	4,959.3	4,777.6	4,832.8	4,913.5	4,990.3	5,100.7
Disposable per. income (1987 \$ bil.)	3,648.1	3,704.1	3,835.4	3,747.8	3,779.2	3,811.5	3,840.9	3,910.1
Per capita disposable per. income (\$)	17,636	18,153	19,002	18,421	18,588	18,853	19,095	19,468
Per capita dis. per. income (1987 \$)	14,279	14,341	14,696	14,451	14,535	14,625	14,697	14,924
U.S. population, total, incl. military abroad (mil.) 1/	255.4	258.1	260.7	259.1	259.7	260.2	260.9	261.6
Civilian population (mil.) 1/	253.5	256.4	258.9	257.3	257.9	258.5	259.2	259.9
	Annual			1993	1994			
	1992	1993	1994	Dec	Sept	Oct	Nov	Dec
Monthly data seasonally adjusted								
Industrial production (1987=100)	108.0	112.9	119.7	116.1	120.9	121.4	122.6	123.9
Leading economic indicators (1987=100)	98.2	98.8	101.7	100.3	102.3	102.2	102.5	102.6
Civilian employment (mil. persons) 2/	117.6	119.3	123.1	120.7	123.6	124.1	124.4	124.6
Civilian unemployment rate (%) 2/	7.3	6.7	6.4	6.4	5.8	5.7	5.6	5.4
Personal income (\$ bil. annual rate)	5,154.3	5,375.1	5,701.8	5,516.7	5,768.4	5,843.6	5,840.5	5,887.4
Money stock—M2 (daily avg.) (\$ bil.) 3/	3,515.3	3,583.7	3,613.5	3,583.7	3,611.9	3,608.0	3,593.6	3,613.5
Three-month Treasury bill rate (%)	3.45	3.02	4.29	3.08	4.64	4.96	5.25	5.64
AAA corporate bond yield (Moody's) (%)	8.14	7.22	7.97	6.93	8.34	8.57	8.68	8.46
Housing starts (1,000) 4/	1,200	1,288	1,453	1,612	1,509	1,436	1,545	1,529
Business inventory/sales ratio	1.50	1.45	—	1.42	1.40	1.40	1.39	—
Sales of all retail stores (\$ bil.) 5/	1,959.1	2,081.6	2,237.3	180.9	189.0	191.8	192.0	191.9
Nondurable goods stores (\$ bil.)	1,251.8	1,297.0	1,350.7	110.0	114.0	114.1	114.2	114.7
Food stores (\$ bil.)	382.4	392.4	405.4	33.4	34.0	34.1	34.4	34.2
Eating & drinking places (\$ bil.)	200.6	211.0	224.3	17.9	19.0	19.1	19.0	19.3
Apparel & accessory stores (\$ bil.)	104.1	106.1	107.1	8.9	8.9	9.1	9.2	9.2

1/ Population estimates based on 1990 census. 2/ Data for 1994 are not directly comparable with data for 1993 and earlier years. 3/ Annual data as of December of the year listed. 4/ Private, including farm. 5/ Annual total. P = preliminary. — = not available.

Information contact: David Johnson (202) 219-0355.



Table 3—World Economic Growth

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993 E	1994 F	1995 F	Average 1984-83
Real GDP, annual percent change													
World	4.3	3.3	2.7	3.1	4.4	3.3	2.2	0.7	1.7	1.4	2.8	3.3	2.7
World, less U.S.	3.6	3.4	2.7	3.1	4.6	3.6	2.7	1.2	1.3	0.8	2.3	3.2	2.7
Developed	4.3	3.2	2.7	3.1	4.4	3.3	2.4	0.9	1.7	1.0	2.6	2.9	2.7
Developed, less U.S.	3.2	3.4	2.7	3.2	4.5	3.6	3.5	1.9	1.1	-0.1	1.9	2.7	2.7
United States	6.0	3.0	2.6	3.0	3.9	2.6	0.8	-0.7	2.6	3.1	4.0	3.3	2.7
Canada	6.4	4.7	3.3	4.1	4.7	2.5	0.4	-1.7	0.6	2.2	4.1	3.5	2.7
Japan	4.3	5.0	2.7	4.1	6.2	4.7	5.2	4.3	1.4	0.0	0.5	2.0	3.8
Western Europe	2.4	2.5	2.7	2.6	3.7	3.2	2.8	1.1	0.9	-0.5	2.4	3.0	2.2
European Union	2.3	2.4	2.7	2.7	3.9	3.3	2.9	1.5	1.1	-0.3	2.4	3.0	2.2
Germany	2.8	1.9	2.2	1.4	3.7	3.6	5.7	4.5	1.9	-1.1	2.8	3.2	2.6
Central Europe	4.2	2.4	2.9	2.2	2.2	-0.5	-6.8	-11.4	-4.4	0.4	2.3	3.4	-0.9
Former Soviet Union	4.1	1.7	3.6	2.8	5.3	3.0	-2.0	-11.6	-18.2	-12.6	-13.9	-3.5	-2.4
Russia	2.6	2.6	3.4	2.1	5.6	2.5	-2	-9	-19	-12	-12	-3	-2.9
Developing	4.3	3.8	3.6	4.2	4.4	3.5	3.4	3.8	5.2	5.4	5.5	5.4	4.1
Asia	7.4	6.2	6.3	7.4	9.1	5.6	6.1	5.1	7.6	7.8	7.9	7.4	6.9
Pacific-Asia	9.4	6.7	7.3	9.0	9.5	6.1	6.6	6.4	9.0	9.2	9.1	8.3	7.9
China	14.4	12.3	8.2	11.0	10.7	4.3	5.4	6.4	13.0	13.4	11.8	10.0	9.9
South Asia	3.9	5.6	4.9	4.8	9.4	5.1	5.5	1.8	4.0	4.3	4.6	4.7	4.9
India	3.7	5.4	4.1	4.9	9.7	5.0	5.8	1.3	4.3	4.6	4.9	5.0	4.9
Latin America	3.7	3.0	4.9	3.2	0.7	0.9	0.0	3.4	2.8	3.2	3.2	3.5	2.6
Mexico	3.7	2.7	-3.9	1.8	1.2	3.4	4.5	3.6	2.8	0.4	3.2	1.0	2.0
Caribbean/Central	3.0	6.5	1.0	4.6	-0.9	-0.2	0.6	0.1	0.2	2.2	2.0	2.2	1.7
South America	3.9	2.3	8.4	3.2	0.9	0.4	-1.4	3.5	2.9	4.2	3.5	4.4	2.8
Brazil	5.4	7.9	8.0	3.3	-0.2	3.3	-4.2	0.9	-0.9	4.1	3.6	4.5	2.8
Middle East	0.3	-0.9	-6.9	-2.3	-2.5	2.3	3.1	1.9	7.5	4.5	3.2	3.8	0.7
Africa	1.0	3.1	2.2	1.7	2.4	3.1	1.3	1.7	0.3	1.2	2.4	2.8	1.8
North Africa	2.8	3.3	-0.3	0.2	1.5	3.8	2.2	2.8	1.4	1.6	2.3	2.7	1.9
Sub-Saharan	-0.1	2.9	3.8	2.6	2.9	2.6	0.8	1.0	-0.5	1.0	2.5	2.6	1.7
Middle East & N. Africa	1.1	0.5	-4.7	-1.4	-1.1	2.8	2.8	2.2	5.4	3.6	2.9	3.5	1.1

E = Estimate. F = forecast.

Information contact: Alberto Jerardo, (202) 501-8318.

## Farm Prices

Table 4—Indexes of Prices Received &amp; Paid by Farmers, U.S. Average

	Annual			1994						1995
	1992	1993	1994 P	Jan	Aug	Sept	Oct	Nov	Dec	Jan P
1990-92 = 100										
Prices received										
All farm products	98	101	100	105	97	97	95	95	99	98
All crops	101	102	105	110	101	102	99	100	108	102
Food grains	113	105	118	122	108	117	121	120	121	117
Feed grains & hay	98	98	106	117	99	97	92	90	96	97
Feed grains	88	89	109	103	110	109	108	114	121	128
Cotton	101	101	101	105	92	102	104	106	105	105
Tobacco	100	108	110	120	100	99	95	97	100	98
Oil-bearing crops	99	92	89	80	97	100	97	81	71	72
Fruit & nuts, all	—	—	—	—	—	—	—	—	—	—
Fresh market 1/	—	—	—	—	—	—	—	—	—	—
Commercial vegetables	111	116	107	111	94	103	118	121	161	130
Fresh market	—	—	—	—	—	—	—	—	—	—
Potatoes & dry beans	88	106	111	112	122	93	88	92	92	91
Livestock & products	97	100	95	98	94	91	90	90	90	83
Meat animals	96	100	90	95	90	84	83	83	83	89
Dairy products	100	98	100	105	96	98	100	100	99	97
Poultry & eggs	97	105	106	102	106	108	106	104	103	101
Prices paid										
Commodities & services, interest, taxes, & wage rates	101	103	106	106	106	106	106	106	106	107
Production items	101	103	106	106	105	105	105	104	104	105
Feed	99	99	105	109	—	—	98	—	—	96
Livestock & poultry	96	104	95	100	—	—	87	—	—	92
Seeds	99	105	109	107	—	—	110	—	—	110
Fertilizer	100	97	106	100	—	—	111	—	—	114
Agricultural chemicals	103	107	112	110	—	—	114	—	—	116
Fuels	96	92	84	75	—	—	87	—	—	82
Farm supplies & repairs	104	107	110	108	—	—	111	—	—	111
Autos & trucks	102	109	115	115	—	—	116	—	—	119
Farm machinery	104	106	110	109	—	—	108	—	—	109
Other machinery	—	—	—	—	—	—	—	—	—	—
Building materials	101	105	109	108	—	—	111	—	—	112
Farm services	104	109	112	112	—	—	113	—	—	114
Cash rent	104	100	108	108	—	—	108	—	—	108
Int. payable per acre on farm real estate debt	93	88	92	92	—	—	92	—	—	101
Taxes payable per acre on farm real estate	104	107	112	112	—	—	112	—	—	115
Wage rates (seasonally adjusted)	105	108	111	113	—	—	112	—	—	112
Production items, interest, taxes, & wage rates	101	103	106	106	—	—	104	—	—	106
Ratio, prices received to prices paid (%) 2/	98	98	94	99	92	92	90	93	92	92
Prices received (1910-14=100)	626	642	634	664	617	614	605	605	626	620
Prices paid, etc. (parity index) (1910-14=100)	1,329	1,355	1,394	1,394	—	—	1,386	—	—	1,397
Parity ratio (1910-14=100) (%)2/	47	47	46	48	44	44	44	44	45	44

1/ Fresh market for noncitrus; fresh market & processing for citrus. 2/ Ratio of index of prices received for all farm products to index of prices paid for commodities & services, interest, taxes, & wage rates. Ratio uses the most recent prices paid index. Prices paid data are quarterly & will be published in January, April, July, & October. R = revised. P = preliminary. — = not available.

Information contact: David Johnson (202) 219-0355.



Table 5—Prices Received by Farmers, U.S. Average

	Annual 1/			1994						1995
	1992	1993	1994 P	Jan	Aug	Sept	Oct	Nov	Dec R	Jan P
<b>CROPS</b>										
All wheat (\$/bu.)	3.24	3.26	3.50	3.58	3.24	3.56	3.77	3.76	3.73	3.60
Rice, rough (\$/cwt)	5.89	7.98	6.25	8.92	6.87	6.89	6.47	6.53	6.56	6.60
Corn (\$/bu.)	2.07	2.50	2.20	2.70	2.16	2.19	2.06	1.99	2.13	2.17
Sorghum (\$/cwt)	3.38	4.13	3.65	4.70	3.73	3.56	3.35	3.38	3.53	3.70
All hay, baled (\$/ton)	74.30	84.70	86.50	86.10	82.90	82.00	86.50	86.50	85.10	84.80
Soybeans (\$/bu.)	5.56	6.40	5.35	6.72	5.58	5.47	5.30	5.36	5.41	5.36
Cotton, upland (cts./lb.)	53.7	58.1	67.4	62.7	66.8	65.9	65.5	68.9	73.2	76.2
Potatoes (\$/cwt)	5.52	6.22	5.36	6.02	6.99	5.03	4.57	4.80	4.86	4.71
Lettuce (\$/cwt) 2/	12.40	16.00	15.55	8.05	10.90	17.10	22.30	20.60	37.50	16.50
Tomatoes fresh (\$/cwt) 2/	35.80	31.60	27.52	41.50	33.50	22.70	27.10	30.70	37.20	40.10
Onions (\$/cwt)	13.00	15.80	14.46	29.80	9.13	9.55	10.80	12.00	12.10	12.90
Dry edible beans (\$/cwt)	19.90	24.60	21.70	25.90	25.40	21.30	23.20	22.70	22.50	22.90
Apples for fresh use (cts./lb.)	19.5	18.2	17.4	18.7	20.3	21.7	20.0	16.7	17.9	20.2
Pears for fresh use (\$/ton)	378.00	280.00	261.00	235.00	294.00	345.00	256.00	285.00	290.00	274.00
Oranges, all uses (\$/box) 3/	5.50	3.11	3.96	3.94	4.56	2.53	2.62	2.60	2.91	3.05
Grapefruit, all uses (\$/box) 3/	6.23	2.60	2.92	3.54	3.67	4.39	5.96	2.84	2.60	2.19
<b>LIVESTOCK</b>										
Beef cattle (\$/cwt)	71.33	73.38	66.55	70.00	65.90	63.50	63.10	64.40	64.40	67.70
Calves (\$/cwt)	89.38	95.92	87.16	94.00	84.50	80.10	78.40	80.30	81.90	84.00
Hogs (\$/cwt)	41.82	45.40	39.48	43.50	41.80	35.30	31.90	28.00	30.80	35.50
Lambs (\$/cwt)	60.78	64.60	64.86	60.80	75.00	73.00	68.20	71.30	68.70	68.20
All milk, sold to plants (\$/cwt)	13.15	12.86	13.04	13.70	12.50	12.80	13.10	13.10	12.90	12.70
Milk, manuf. grade (\$/cwt)	11.91	11.80	11.88	12.30	11.40	11.90	12.30	12.10	11.50	11.40
Broilers (cts./lb.)	30.8	34.2	35.0	33.4	35.1	35.5	34.7	32.7	32.5	32.6
Eggs (cts./doz.) 4/	56.2	62.7	60.9	61.9	59.9	60.5	57.6	62.5	63.0	62.0
Turkeys (cts./lb.)	37.6	39.0	40.7	36.8	41.7	42.6	44.3	44.8	42.3	39.3

1/ Season average price by crop year for crops. Calendar year average of monthly prices for livestock. 2/ Excludes Hawaii. 3/ Equivalent on-tree returns.

4/ Average of all eggs sold by producers including hatching eggs &amp; eggs sold at retail. P = preliminary. R = revised.

-- = not available.

Information contact: David Johnson (202) 210-0355.

## Producer & Consumer Prices

Table 6—Consumer Price Indexes for All Urban Consumers, U.S. Average (not seasonally adjusted)

	Annual	1994								1995
	1994	Jan	June	July	Aug	Sept	Oct	Nov	Dec	Jan
		1982-84=100								
Consumer Price Index, all items	148.2	146.2	148.0	148.4	149.0	149.4	149.5	149.7	149.7	150.3
Consumer Price Index, less food	149.0	146.6	148.8	149.1	149.8	150.2	150.4	150.6	150.2	150.8
<b>All food</b>	<b>144.3</b>	<b>143.7</b>	<b>143.5</b>	<b>144.2</b>	<b>144.8</b>	<b>145.0</b>	<b>145.0</b>	<b>145.3</b>	<b>146.8</b>	<b>147.5</b>
Food away from home	145.7	144.5	145.5	145.6	145.9	146.2	146.4	146.8	147.1	147.4
Food at home	144.1	143.8	142.9	144.0	144.7	145.0	144.8	145.1	147.3	148.2
Meats 1/	135.4	136.1	135.4	134.7	135.1	135.0	135.0	134.6	133.7	134.9
Beef & veal	136.0	137.3	136.1	134.4	134.9	135.1	135.3	134.5	134.7	135.8
Pork	133.9	133.9	134.6	134.7	134.7	134.8	133.7	133.4	130.1	132.2
Poultry	141.5	140.5	143.6	144.1	141.7	143.3	141.5	140.2	140.4	140.2
Fish	163.7	163.2	162.6	163.2	163.6	164.9	164.8	167.0	166.9	169.0
Eggs	114.3	118.5	110.8	109.2	115.5	113.9	110.4	115.4	116.4	115.4
Dairy products 2/	131.7	131.6	132.2	131.8	131.8	131.3	131.5	131.7	131.6	132.7
Fats & oils 3/	133.5	131.3	133.5	135.1	134.1	134.2	135.0	134.3	134.2	136.4
Fresh fruit	201.2	207.2	193.3	199.6	201.9	203.9	199.1	199.5	213.1	214.2
Processed fruit	133.1	134.6	132.6	133.8	132.1	132.4	133.3	132.5	133.3	134.4
Fresh vegetables	172.3	181.7	168.7	170.2	163.7	163.5	167.0	178.4	212.7	209.4
Potatoes	174.3	169.4	185.7	194.1	190.4	168.8	157.3	154.2	154.2	157.1
Processed vegetables	136.6	135.8	137.3	138.4	138.5	137.7	136.8	134.0	134.7	138.0
<b>Cereals &amp; bakery products</b>	<b>163.0</b>	<b>160.3</b>	<b>163.4</b>	<b>163.9</b>	<b>164.7</b>	<b>164.8</b>	<b>164.6</b>	<b>163.7</b>	<b>164.2</b>	<b>164.6</b>
Sugar & sweets	135.2	134.9	134.9	135.2	135.1	135.4	135.6	134.5	134.5	135.5
<b>Beverages, nonalcoholic</b>	<b>123.2</b>	<b>116.1</b>	<b>115.8</b>	<b>122.8</b>	<b>131.3</b>	<b>132.1</b>	<b>132.7</b>	<b>132.4</b>	<b>131.7</b>	<b>133.3</b>
<b>Apparel</b>										
Apparel, commodities less footwear	131.2	127.5	131.4	128.1	128.4	132.3	133.5	132.1	127.9	126.3
Footwear	126.0	125.9	127.3	125.0	124.5	125.1	125.5	125.7	123.6	124.0
Tobacco & smoking products	220.0	217.6	220.6	221.3	221.7	220.8	221.3	221.4	222.0	222.2
Beverages, alcoholic	151.5	151.0	151.7	151.6	151.3	151.4	151.6	151.9	151.8	152.0

1/ Beef, veal, lamb, pork, &amp; processed meat. 2/ Includes butter. 3/ Excludes butter.

Information contact: David Johnson (202) 219-0355



Table 7—Producer Price Indexes, U.S. Average (not seasonally adjusted)

	Annual			1993	1994					
	1991	1992	1993	Dec	July	Aug R	Sept	Oct	Nov	Dec
	1982 = 100									
All commodities	116.5	117.2	118.9	118.6	120.6	121.2	120.9	120.9	121.5	121.8
Finished goods 1/	121.7	123.2	124.7	124.1	126.0	126.5	125.5	125.8	126.1	126.2
All foods 2/	122.2	120.9	123.7	126.2	124.0	125.0	124.5	123.9	125.6	126.6
Consumer foods	124.1	123.3	125.7	127.2	126.2	126.6	126.4	126.1	126.8	128.5
Fresh fruit & melons	129.9	84.0	84.5	95.0	83.5	80.8	84.5	74.9	71.2	83.5
Fresh & dried vegetables	103.8	115.0	135.2	171.3	120.6	111.4	111.7	117.5	133.3	215.2
Dried fruit	111.8	114.6	117.9	119.4	121.6	122.3	119.6	118.9	119.1	118.6
Canned fruit & juice	128.6	134.5	126.2	126.4	126.2	125.6	125.5	125.8	125.5	125.0
Frozen fruit & juice	116.3	125.9	110.7	115.9	110.0	110.0	110.7	110.5	111.2	111.3
Fresh veg. excl. potatoes	100.2	116.4	126.6	167.0	104.8	95.7	107.1	113.0	128.1	244.7
Canned veg. & juices	112.9	109.5	110.5	112.6	119.4	118.1	116.2	115.7	114.0	112.4
Frozen vegetables	117.6	116.4	120.9	124.7	127.0	126.4	126.7	125.6	125.5	125.1
Potatoes	125.7	118.4	144.9	178.8	151.1	154.0	107.5	106.9	104.6	101.0
Eggs for fresh use (1991=100)	3/	78.6	86.6	86.0	73.7	81.6	81.4	74.4	85.0	85.9
Bakery products	146.6	152.5	156.6	158.1	160.3	160.2	160.5	160.9	161.6	161.9
Meats	113.5	106.7	110.6	106.2	101.2	105.0	102.2	100.5	100.5	99.9
Beef & veal	112.2	109.5	112.9	106.4	96.8	103.3	101.1	99.9	102.8	101.3
Pork	113.4	98.9	105.7	102.1	101.6	103.2	97.5	94.0	90.1	90.1
Processed poultry	109.9	109.0	111.7	113.5	116.8	114.6	115.9	114.9	111.0	109.1
Fish	149.5	156.1	156.5	155.5	159.1	160.5	162.2	161.3	165.5	162.2
Dairy products	114.6	117.9	118.1	121.0	117.3	118.2	118.8	118.2	119.5	118.5
Processed fruits & vegetables	119.6	120.8	118.2	120.4	122.2	121.6	120.9	120.5	120.0	119.4
Shortening & cooking oil	116.5	115.1	122.9	133.7	132.8	131.2	136.6	136.9	141.6	144.4
Soft drinks	125.5	125.6	126.2	125.3	126.7	126.1	126.2	126.8	126.7	127.4
Consumer finished goods less foods	118.7	120.8	121.7	119.4	122.5	123.4	122.0	122.0	122.3	121.7
Beverages, alcoholic	123.7	126.1	126.0	125.8	124.2	123.8	124.4	124.5	124.3	124.9
Apparel	119.6	122.2	123.2	123.1	123.4	123.5	123.5	123.7	123.4	123.6
Footwear	128.6	132.0	134.4	135.1	135.3	135.3	135.9	136.0	135.9	136.4
Tobacco products	249.7	275.3	260.3	224.2	224.7	224.1	223.9	223.7	224.2	224.9
Intermediate materials 4/	114.4	114.7	116.2	116.0	118.5	119.5	120.0	120.0	120.9	121.1
Materials for food manufacturing	115.3	113.9	115.6	118.8	116.4	117.8	118.6	116.5	118.0	117.5
Flour	96.8	109.5	108.9	114.6	101.8	103.1	111.1	114.8	113.1	113.9
Refined sugar 5/	121.6	119.8	118.2	118.3	118.9	118.5	118.3	118.7	119.3	119.3
Crude vegetable oils	103.0	97.1	110.5	135.8	123.5	122.8	133.0	129.7	141.3	141.5
Crude materials 6/	101.2	100.4	102.4	101.0	102.1	101.9	99.5	98.6	99.4	99.9
Foodstuffs & feedstuffs	105.5	105.1	108.4	112.1	104.0	101.8	101.2	98.8	100.2	101.7
Fruits & vegetables & nuts 7/	114.7	96.9	106.9	126.4	100.1	95.3	96.9	99.3	115.4	136.7
Grains	92.0	97.3	94.5	116.4	96.4	90.2	94.2	91.1	91.2	95.3
Livestock	107.9	104.7	107.0	99.2	94.3	96.8	91.3	88.1	89.6	91.6
Poultry, live	111.2	112.6	122.0	118.4	131.0	119.9	128.3	125.0	114.4	114.2
Fibers, plant & animal	115.1	89.8	91.3	98.1	114.5	118.7	122.1	111.1	120.4	132.6
Fluid milk	89.5	96.1	94.1	98.6	93.6	92.1	94.1	95.7	93.9	94.2
Oilseeds	106.4	107.5	115.9	127.1	117.2	107.7	107.6	99.0	105.3	106.5
Tobacco, leaf	101.1	101.0	100.3	105.5	98.9	91.1	102.8	104.8	106.1	107.4
Sugar, raw cane	113.7	112.1	113.2	115.3	117.3	115.0	114.4	113.2	113.2	116.0

1/ Commodities ready for sale to ultimate consumer. 2/ Includes all raw, intermediate, & processed foods (excludes soft drinks, alcoholic beverages, & manufactured animal feeds). 3/ New index beginning Dec. 1991. 4/ Commodities requiring further processing to become finished goods. 5/ All types & sizes of refined sugar. 6/ Products entering market for the first time that have not been manufactured at that point. 7/ Fresh & dried. R = revised.

Information contact: David Johnson (202) 219-0355.



## Farm-Retail Price Spreads

Table 8—Farm-Retail Price Spreads

	Annual			1993						
	1992	1993	1994	Jan	July	Aug	Sept	Oct	Nov	Dec
Market basket 1/										
Retail cost (1982-84=100)	138.4	141.9	145.4	141.0	145.3	145.2	145.4	145.2	145.6	148.0
Farm value (1982-84=100)	103.2	104.9	101.6	103.6	98.4	99.7	98.8	97.1	97.5	99.4
Farm-retail spread (1982-84=100)	157.4	161.9	168.9	161.1	170.6	169.8	170.5	171.2	171.5	174.2
Farm value-retail cost (%)	26.1	25.9	24.5	25.7	23.7	24.0	23.8	23.4	23.5	23.5
Meat products										
Retail cost (1982-84=100)	130.7	134.6	135.4	132.3	134.7	135.1	135.0	135.0	134.6	133.7
Farm value (1982-84=100)	104.5	107.2	96.1	106.4	92.5	96.6	92.6	88.5	87.3	86.3
Farm-retail spread (1982-84=100)	157.5	162.8	175.7	158.9	178	174.6	178.6	182.8	183.1	182.3
Farm value-retail cost (%)	40.5	40.3	35.9	40.7	34.8	36.2	34.7	33.2	32.9	32.7
Dairy products										
Retail cost (1982-84=100)	128.5	129.4	131.7	129.5	131.8	131.8	131.3	131.5	131.7	131.6
Farm value (1982-84=100)	95.8	93.0	94.5	92.6	89.9	89.8	92.3	93.3	94.1	94.8
Farm-retail spread (1982-84=100)	158.7	162.9	166.1	163.5	170.5	170.6	167.3	166.8	166.4	165.5
Farm value-retail cost (%)	35.8	34.5	34.4	34.3	32.7	32.7	33.7	34.0	34.3	34.6
Poultry										
Retail cost (1982-84=100)	131.4	136.9	141.5	134.6	144.1	141.7	143.3	141.5	140.2	140.4
Farm value (1982-84=100)	104.0	111.5	114.6	102.7	120.0	115.3	116.8	115.5	110.3	108.5
Farm-retail spread (1982-84=100)	163.0	166.2	172.6	171.3	171.9	172.1	173.8	171.5	174.6	177.1
Farm value-retail cost (%)	42.4	43.6	43.3	40.9	44.6	43.6	43.6	43.7	42.1	41.4
Eggs										
Retail cost (1982-84=100)	108.3	117.1	114.3	116.2	109.2	115.5	113.9	110.4	115.4	116.4
Farm value (1982-84=100)	77.8	88.9	83.5	92.6	74.6	80.6	82.0	76.5	87.0	89.7
Farm-retail spread (1982-84=100)	163.2	167.8	169.4	158.6	171.4	178.2	171.3	171.3	166.5	164.4
Farm value-retail cost (%)	46.1	48.8	47.0	51.2	43.9	44.8	46.2	44.5	48.4	49.5
Cereal & bakery products										
Retail cost (1982-84=100)	151.5	156.6	164.2	153.4	163.9	164.7	164.8	164.6	164.6	163.7
Farm value (1982-84=100)	94.2	91.8	102.6	91.6	92.9	93.8	99.1	101.8	101.8	102.3
Farm-retail spread (1982-84=100)	159.5	165.6	171.5	162.0	173.8	174.6	174.0	173.4	173.4	172.3
Farm value-retail cost (%)	7.6	7.2	7.7	7.3	6.9	7.0	7.4	7.6	7.6	7.7
Fresh fruits										
Retail cost (1982-84=100)	189.6	195.8	208.8	199.0	207.4	208.6	212.5	208.0	208.3	222.8
Farm value (1982-84=100)	122.4	134.8	119.4	132.4	115.7	119.6	124.7	126.3	114.9	118.8
Farm-retail spread (1982-84=100)	220.6	224.0	250.1	229.8	249.7	249.7	253.1	245.7	251.4	270.8
Farm value-retail cost (%)	20.4	21.7	18.1	21.0	17.6	18.1	18.5	19.2	17.4	16.8
Fresh vegetables										
Retail costs (1982-84=100)	157.9	168.4	172.3	172.4	170.2	163.7	163.5	167.0	178.4	212.7
Farm value (1982-84=100)	120.6	127.1	121.1	129.7	117.0	115.0	104.6	97.9	114.9	146.2
Farm-retail spread (1982-84=100)	177.1	189.7	198.6	194.4	197.5	188.7	193.8	202.5	211.0	246.9
Farm value-retail cost (%)	25.9	25.6	23.9	25.5	23.3	23.9	21.7	19.9	21.9	23.3
Processed fruits & vegetables										
Retail cost (1982-84=100)	133.7	131.5	134.5	131.6	135.7	134.7	134.5	134.7	133.0	133.8
Farm value (1982-84=100)	128.6	107.0	112.5	108.3	113.7	113.6	112.5	113.0	112.7	112.0
Farm-retail spread (1982-84=100)	135.3	139.2	141.3	138.9	142.6	141.3	141.4	141.5	139.3	140.6
Farm value-retail costs (%)	22.9	19.3	19.9	19.6	19.9	20.0	19.9	19.9	20.1	19.9
Fats & oils										
Retail cost (1982-84=100)	129.8	130.0	133.5	130.2	135.1	134.1	134.2	135.0	134.3	134.2
Farm value (1982-84=100)	93.1	107.5	125.5	102.0	114.2	112.5	118.6	120.8	132.6	136.2
Farm-retail spread (1982-84=100)	143.4	138.2	136.5	140.6	142.8	142.1	140.0	140.2	134.9	133.5
Farm value-retail cost (%)	19.3	22.3	25.3	21.1	22.7	22.6	23.8	24.1	26.6	27.3
	Annual			1994						
	1992	1993	1994	Jan	Aug	Sept	Oct	Nov	Dec	Jan
Beef, Choice										
Retail price 2/ (cts./lb.)	284.6	293.4	282.9	286.8	278.4	280.0	277.9	280.2	279.4	282.6
Wholesale value 3/ (cts.)	179.6	182.5	166.7	172.4	166.6	162.0	159.2	163.8	164.3	171.7
Net farm value 4/ (cts.)	161.8	164.1	145.5	154.4	140.8	136.8	136.8	141.7	142.0	150.0
Farm-retail spread (cts.)	122.8	129.3	137.4	132.4	137.6	143.2	141.1	138.5	137.4	132.6
Wholesale-retail 5/ (cts.)	105.0	110.9	116.2	114.4	111.8	118.0	118.7	116.4	115.1	110.9
Farm-wholesale 6/ (cts.)	17.8	18.4	21.2	18.0	25.8	25.2	22.4	22.1	22.3	21.7
Farm value-retail price (%)	57	56	51	54	51	49	49	51	51	53
Pork										
Retail price 2/ (cts./lb.)	198.0	197.6	198.0	201.2	199.1	197.3	197.3	195.0	188.4	191.4
Wholesale value 3/ (cts.)	98.9	102.8	98.9	106.4	100.5	95.5	91.6	86.6	88.9	91.1
Net farm value 4/ (cts.)	67.8	72.5	62.9	69.7	66.6	55.9	50.7	44.0	50.7	59.0
Farm-retail spread (cts.)	130.2	125.1	135.1	131.5	132.5	141.4	146.6	151.0	137.7	132.4
Wholesale-retail 5/ (cts.)	99.1	94.8	99.1	94.8	98.6	101.8	105.7	108.4	99.5	100.3
Farm-wholesale 6/ (cts.)	31.1	30.3	36.0	36.7	33.9	39.6	40.9	42.6	38.2	32.1
Farm value-retail price (%)	34	37	32	35	33	28	26	23	27	31

1/ Retail costs are based on CPI-U of retail prices for domestically produced farm foods, published monthly by BLS. The farm value is the payment for the quantity of farm equivalent to the retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale & may include marketing charges such as grading & packing for some commodities. The farm-retail spread, the difference between the retail price & the farm value, represents charges for assembling, processing, transporting, distributing. 2/ Weighted average price of retail cuts from pork & choice yield grade 3 beef. Prices from BLS. 3/ Value of wholesale (boxed beef) & wholesale cuts (pork) equivalent to 1 lb. of retail cuts adjusted for transportation costs & byproduct values. 4/ Market value to producer for live animal equivalent to 1 lb. of retail cuts, minus value of byproducts. 5/ Charges for retailing & other marketing services such as wholesaling, & in-city transportation. 6/ Charges for livestock marketing, processing, & transportation.

Information contacts: Howard Elitzak (202) 219-1254, Larry Duewer (202) 219-1269.



Table 9—Price Indexes of Food Marketing Costs

	Annual			1993		1994			
	1992	1993	1994	III	IV	I	II	III	IV P
	1967=100*								
Labor—hourly earnings & benefits	418.4	432.1	443.6	432.5	436.0	440.9	442.8	442.8	447.7
Processing	435.7	448.2	460.6	449.4	451.4	456.9	460.0	460.0	465.6
Wholesaling	458.5	476.5	488.6	477.4	480.6	485.0	487.6	488.7	493.2
Retailing	383.4	396.4	406.6	395.6	400.8	405.4	405.9	405.4	409.5
Packaging & containers	370.1	371.1	385.3	368.4	376.1	377.1	378.8	385.5	399.7
Paperboard boxes & containers	324.8	322.9	338.0	322.4	321.4	324.4	328.2	339.6	359.8
Metal cans	478.1	487.7	519.0	477.7	516.9	520.3	518.6	518.6	518.6
Paper bags & related products	387.8	387.3	397.0	385.1	381.0	379.7	385.8	395.9	426.5
Plastic films & bottles	309.9	307.9	311.9	304.9	310.3	308.3	306.0	310.2	323.0
Glass containers	444.4	446.8	452.8	450.3	449.1	449.0	452.3	454.5	455.6
Metal foil	241.0	238.8	238.3	238.5	238.9	236.1	235.1	240.5	241.4
Transportation services	426.1	425.9	434.9	426.2	426.0	430.0	434.4	437.8	437.3
Advertising	468.4	487.4	507.7	488.6	490.6	506.0	506.6	508.2	510.0
Fuel & power	654.6	671.7	660.7	676.9	672.3	657.1	654.6	671.0	660.0
Electric	514.0	522.3	519.6	549.4	513.0	506.5	515.0	540.5	516.4
Petroleum	639.9	638.9	596.5	609.5	636.3	585.4	581.1	608.6	611.0
Natural gas	1,061.1	1,132.9	1,152.1	1,139.0	1,164.7	1,173.6	1,157.8	1,131.9	1,132.6
Communications, water & sewage	266.8	270.0	276.9	270.3	272.2	275.0	276.6	277.9	278.2
Rent	278.3	273.1	274.1	272.3	271.5	272.6	273.9	275.0	275.0
Maintenance & repair	454.8	465.2	472.5	467.4	464.5	467.3	472.0	474.3	476.5
Business services	441.9	459.9	475.2	463.1	466.7	468.9	474.1	478.0	479.6
Supplies	318.1	321.3	326.0	321.6	322.1	319.9	322.9	326.8	334.5
Property taxes & insurance	496.7	512.9	529.5	514.8	518.4	522.8	526.7	532.0	536.6
Interest, short-term	74.4	64.7	96.4	64.8	65.9	71.7	92.5	102.0	119.5
Total marketing cost index	414.6	424.1	434.9	424.8	427.1	430.6	432.9	435.8	440.4

\* Indexes measure changes in employee earnings & benefits & in prices of supplies & services used in processing, wholesaling, & retailing U.S. farm foods purchased for at-home consumption. P = preliminary.

Information contact: Howard Elitzak (202) 219-1254.



## Livestock & Products

Table 10—U.S. Meat Supply &amp; Use

	Beg. stocks	Produc- tion 1/	Imports	Total supply	Exports	Ending stocks	Consumption		Primary market price 3/
							Total	Per capita 2/	
Beef									
1992	419	23,086	2,440	25,945	1,324	360	24,261	66.5	75.36
1993	360	23,049	2,401	25,810	1,275	529	24,006	65.1	76.36
1994	529	24,389	2,392	27,310	1,581	557	25,172	67.5	68.55
1995 F	557	24,732	2,635	27,924	1,735	450	25,739	68.4	66-70
Pork									
1992	388	17,234	645	18,267	407	385	17,475	53.1	43.03
1993	385	17,088	740	18,213	435	359	17,419	52.3	46.10
1994	359	17,719	744	18,822	540	430	17,852	53.1	40.03
1995 F	430	17,983	730	19,143	495	375	18,273	53.8	37-39
Veal 5/									
1992	7	310	0	317	0	5	312	1.0	89.38
1993	5	285	0	290	0	4	286	0.9	95.92
1994	4	301	0	305	0	6	299	1.0	87.21
1995 F	6	302	0	308	0	5	303	1.0	80-84
Lamb & mutton									
1992	6	348	50	404	8	8	388	1.4	61.00
1993	8	337	53	398	8	8	381	1.3	65.85
1994	8	312	51	371	9	11	351	1.2	68.54
1995 F	8	293	50	354	8	9	337	1.1	66-71
Total red meat									
1992	820	40,978	3,135	44,933	1,739	758	42,436	121.9	—
1993	758	40,759	3,194	44,711	1,718	900	42,092	119.6	—
1994	900	42,721	3,187	46,808	2,130	1,004	43,674	122.8	—
1995 F	1,004	43,310	3,415	47,729	2,238	839	44,652	124.3	—
Broilers									
1992	300	20,904	0	21,204	1,489	368	19,347	66.8	52.6
1993	368	22,015	0	22,383	1,966	358	20,059	68.3	55.2
1994	358	23,658	0	24,016	2,845	459	20,712	69.8	55.7
1995 F	459	25,209	0	25,668	3,050	490	22,128	73.8	51-54
Mature chicken									
1992	10	520	0	530	41	10	479	1.9	—
1993	10	515	0	525	56	8	461	1.8	—
1994	8	509	0	516	90	14	413	1.6	—
1995 F	14	522	0	535	100	10	425	1.6	—
Turkeys									
1992	264	4,777	0	5,041	171	272	4,599	18.0	60.2
1993	272	4,798	0	5,069	212	249	4,608	17.8	62.6
1994	249	4,940	0	5,189	236	260	4,694	18.0	65.7
1995 F	260	5,235	0	5,495	250	300	4,945	18.8	59-63
Total poultry									
1992	575	26,201	0	26,775	1,701	650	24,425	86.4	—
1993	650	27,328	0	27,977	2,234	615	25,128	87.9	—
1994	615	29,107	0	29,722	3,171	732	25,818	89.4	—
1995 F	732	30,965	0	31,698	3,400	800	27,498	94.2	—
Red meat & poultry									
1992	1,395	67,179	3,135	71,708	3,440	1,408	66,861	208.4	—
1993	1,408	68,087	3,194	72,688	3,953	1,515	67,221	207.6	—
1994	1,515	71,828	3,187	76,530	5,301	1,736	69,492	212.2	—
1995 F	1,736	74,275	3,415	79,427	5,638	1,639	72,150	218.5	—

1/ Total including farm production for red meats & federally inspected plus nonfederally inspected for poultry. 2/ Retail weight basis. (The beef carcass-to-retail conversion factor was 70.5). 3/ Dollars per cwt for red meat; cents per pound for poultry. Beef: Medium # 1, Nebraska Direct 1,100-1,300 lb.; pork: barrows & gilts, Iowa, Southern Minnesota; veal: farm price of calves; lamb & mutton: Choice slaughter lambs, San Angelo; broilers: wholesale 12-city average; turkeys: wholesale NY 8-16 lb. young hens. 4/ Carcass weight for red meats & certified ready-to-cook for poultry. 5/ Beginning in 1989, veal trade is no longer reported separately. F = forecast. — = not available.

Information contacts: Leland Southard (202) 219-0767.



Table 11—U.S. Egg Supply &amp; Use

	Beg. stocks	Pro- duc- tion	Im- ports	Total supply	Ex- ports	Hatch- ing use	Ending stocks	Consumption		Wholesale price*
								Total	Per capita	
								Million dozen		
1988	14.4	5,803.4	5.3	5,823.1	141.8	606.0	15.2	5,060.1	247.8	62.1
1989	15.2	5,620.9	25.2	5,661.3	91.6	641.8	10.7	4,917.2	238.6	81.9
1990	10.7	5,687.0	9.1	5,706.8	100.8	678.5	11.6	4,915.8	236.0	82.2
1991	11.6	5,800.6	2.3	5,814.5	154.5	708.6	13.0	4,938.5	234.5	77.5
1992	13.0	5,905.0	4.3	5,922.3	157.0	732.0	13.5	5,019.8	235.8	65.4
1993	13.5	6,003.1	4.7	6,021.2	158.9	769.3	10.7	5,082.3	236.2	72.5
1994 P	10.7	6,176.6	3.7	6,191.0	190.0	801.9	15.0	5,184.1	238.5	67.3
1995 F	15.0	6,275.0	4.0	6,294.0	190.0	835.0	12.0	5,257.0	239.5	64-68

\* Cartoned grade A large eggs, New York. F = forecast. P = preliminary.

Information contact: Milton Madison (202) 219-0771.

Table 12—U.S. Milk Supply & Use<sup>1</sup>

Production	Farm use	Commercial		Total commercial supply	CCC net removals	Commercial		All milk price 1/	CCC net removals			
		Farm marketings	Beg. stock			Imports	Ending stocks		Disappearance	Skim solids basis	Total solids basis 2/	
		Billion pounds (milkfat basis)							\$/cwt	Billion pounds		
1986	143.1	2.4	140.7	4.5	2.7	147.9	10.8	4.1	133.0	12.51	14.3	12.9
1987	142.7	2.3	140.5	4.1	2.5	147.1	8.8	4.6	135.7	12.54	9.3	8.3
1988	145.2	2.2	142.9	4.6	2.4	149.9	9.1	4.3	136.5	12.26	5.5	6.9
1989	144.2	2.1	142.2	4.3	2.5	149.0	9.4	4.1	135.4	13.56	0.4	4.0
1990	148.3	2.0	146.3	4.1	2.7	153.1	9.0	5.1	138.9	13.68	1.6	4.6
1991	148.5	2.0	146.5	5.1	2.6	154.3	10.4	4.5	139.4	12.24	3.9	6.5
1992	151.6	1.9	149.7	4.5	2.5	156.7	10.0	4.7	142.1	13.09	2.0	5.4
1993	151.0	1.9	149.0	4.7	2.8	156.5	6.7	4.6	145.2	12.86	4.2	5.2
1994	154.0	1.9	152.1	4.6	3.0	159.7	4.7	4.2	150.8	13.05	4.2	4.4

1/ Delivered to plants & dealers; does not reflect deductions. 2/ Arbitrarily weighted average of milkfat basis (40 percent) & skim solids basis (60 percent). F = forecast.

Information contact: Jim Miller (202) 219-0770.

Table 13—Poultry &amp; Eggs

	Annual			1993	1994					
	1992	1993	1994	Dec	July	Aug	Sept	Oct	Nov	Dec
Broilers										
Federally inspected slaughter, certified (mil. lb.)	21,052.4	22,178.1	23,837.6	1,877.4	1,875.6	2,214.4	2,070.5	2,062.9	1,986.4	1,970.6
Wholesale price, 12-city (cts./lb.)	52.6	55.2	55.7	53.2	57.3	54.7	55.8	54	50.5	50.9
Price of grower feed (\$/ton)	208	209	214	217	211	213	209	198	198	197
Broiler-feed price ratio 1/	3.1	3.3	3.3	3.1	3.5	3.3	3.4	3.5	3.3	3.3
Stocks beginning of period (mil. lb.)	300.4	367.9	357.9	352.1	400.0	405.3	411.2	419.6	429.8	438.0
Broiler-type chicks hatched (mil.) 2/	6,892.8	7,218.3	7,569.3	623.2	650.1	658.1	630.0	621.2	596.8	658.5
Turkeys										
Federally inspected slaughter, certified (mil. lb.)	4,828.9	4,847.7	4,992.2	375.3	405.6	483.6	447.7	459.1	453.9	397.5
Wholesale price, Eastern U.S., 8-16 lb. young hens (cts./lb.)	60.2	62.6	65.7	68.2	65.3	66.4	69.0	73.1	74.0	70.4
Price of turkey grower feed (\$/ton)	240	249	257	247	258	261	258	253	256	256
Turkey-feed price ratio 1/	3.1	3.1	3.2	3.3	3.2	3.2	3.3	3.5	3.5	3.3
Stocks beginning of period (mil. lb.)	264.1	271.7	249.1	290.6	545.3	598.2	623.4	648.6	636.2	280.7
Poults placed in U.S. (mil.)	307.8	308.9	317.0	25.3	28.2	26.4	23.8	23.4	24.6	25.5
Eggs										
Farm production (mil.)	70,860	72,037	74,119	6,264	6,205	6,272	6,125	6,377	6,265	6,517
Average number of layers (mil.)	279	285	292	289	288	290	293	295	297	299
Rate of lay (eggs per layer on farms)	253.9	253.0	254.1	21.7	21.6	21.6	20.9	21.6	21.1	21.8
Cartoned price, New York, grade A large (cts./doz.) 3/	65.4	72.5	67.3	72.2	66.2	68.0	66.7	63.8	68.5	69.3
Price of laying feed (\$/ton)	200	202	211	207	204	207	205	202	202	203
Egg-feed price ratio 1/	5.7	6.2	5.8	6.1	5.6	5.8	5.9	5.7	6.2	6.2
Stocks, first of month										
Shell (mil. doz.)	0.63	0.45	0.3	0.18	0.24	0.42	0.42	0.27	0.21	0.09
Frozen (mil. doz.)	12.3	13.0	10.4	10.3	11.7	14.4	15.0	13.5	15.2	14.5
Replacement chicks hatched (mil.)	391	406	378	30.5	30.3	31.5	30.9	31.8	25.4	28.6

1/ Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight. 2/ Placement of broiler chicks is currently reported for 15 States only; henceforth, hatch of broiler-type chicks will be used as a substitute. 3/ Price of cartoned eggs to volume buyers for delivery to retailers.

Information contact: Milton Madison (202) 219-1192.



Table 14—Dairy

	Annual			1993	1994					
	1992	1993	1994	Dec	July	Aug	Sept	Oct	Nov	Dec
Milk prices, Minnesota-Wisconsin, 3.5% fat (\$/cwt) 1/	11.88	11.80	12.00	12.51	11.41	11.73	12.04	12.29	11.86	11.38
Wholesale prices										
Butter, grade A Chl. (cts./lb.)	82.5	74.4	67.4	69.7	66.9	71.5	71.5	71.5	71.5	67.0
Am. cheese, Wls. assembly pt. (cts./lb.)	131.9	131.5	131.5	133.7	129.1	132.2	135.6	135.4	127.9	121.3
Nonfat dry milk (cts./lb.) 2/	107.1	112.0	107.9	112.7	105.6	106.5	106.6	107.4	107.1	106.9
USDA net removals 3/										
Total milk equiv. (mil. lb.) 4/	9,936.0	6,653.9	4,813.6	467.6	96.1	-316.9	-21.4	68.4	282.3	489.5
Butter (mil. lb.)	439.5	288.8	204.5	20.7	3.2	-16.0	-3.2	0.1	10.9	20.7
Am. cheese (mil. lb.)	14.4	8.3	6.9	0.2	0.2	0.2	1.7	1.8	1.9	0.3
Nonfat dry milk (mil. lb.)	136.7	304.3	302.3	20.7	29.0	28.5	23.2	28.3	32.4	26.8
Milk										
Milk prod. 22 States (mil. lb.)	129,613	129,577	132,240	---	11,260	11,102	10,689	10,970	10,624	11,090
Milk per cow (lb.)	15,764	15,893	16,334	---	1,389	1,369	1,318	1,354	1,312	1,370
Number of milk cows (1,000)	8,222	8,153	8,096	---	8,104	8,108	8,109	8,104	8,098	8,094
U.S. milk production (mil. lb.)	150,885	150,582	153,622	6/ 12,423	6/ 13,020	6/ 12,837	6/ 12,360	6/ 12,730	6/ 12,329	6/ 12,869
Stock, beginning										
Total (mil. lb.)	15,841	14,215	9,570	10,438	11,180	10,367	9,049	7,882	6,293	5,862
Commercial (mil. lb.)	4,461	4,688	4,550	4,579	5,413	5,255	4,886	4,611	4,374	4,198
Government (mil. lb.)	11,379	9,526	5,020	5,860	5,766	5,113	4,162	3,271	2,549	1,664
Imports, total (mil. lb.)	2,524	2,807	---	335	254	231	243	245	299	---
Commercial disappearance (mil. lb.)	141,318	144,976	---	12,159	13,175	12,593	12,743	12,983	12,366	---
Butter										
Production (mil. lb.)	1,365.2	1,315.2	1,297.2	120.3	86.2	88.7	90.6	101.5	101.8	118.7
Stocks, beginning (mil. lb.)	539.4	447.7	234.7	276.3	275.1	245.9	206.6	163.4	124.6	84.5
Commercial disappearance (mil. lb.)	944.2	1,040.6	---	102.5	85.8	105.4	96.4	108.5	92.5	---
American cheese										
Production (mil. lb.)	2,936.6	2,957.3	2,983.3	246.3	254.0	241.8	245.2	243.1	240.1	255.5
Stocks, beginning (mil. lb.)	318.7	346.7	358.7	362.5	386.9	375.4	327.9	311.5	313.4	310.2
Commercial disappearance (mil. lb.)	2,902.7	2,945.5	---	250.6	267.6	290.5	261.5	240.1	242.8	---
Other cheese										
Production (mil. lb.)	3,551.7	3,570.9	3,730.0	312.6	295.8	311.0	318.7	330.8	320.9	321.6
Stocks, beginning (mil. lb.)	97.5	120.9	107.0	100.5	134.6	131.1	147.2	141.7	135.2	124.5
Commercial disappearance (mil. lb.)	3,795.4	3,884.3	---	346.7	327.6	320.6	351.0	363.5	364.2	---
Nonfat dry milk										
Production (mil. lb.)	872.1	948.1	1,198.0	94.0	97.8	86.5	79.9	86.0	86.0	113.5
Stocks, beginning (mil. lb.)	214.8	81.2	89.6	66.4	149.0	159.8	152.4	135.5	132.4	121.4
Commercial disappearance (mil. lb.)	720.5	642.3	---	48.8	67.9	83.5	79.2	62.5	57.5	---
Frozen dessert										
Production (mil. gal.) 5/	1,195.8	1,198.3	1,202.7	78.4	120.5	118.8	96.0	85.3	---	---
	Annual			1993			1994			
	1992	1993	1994	II	III	IV	I P	II P	III P	IV P
Milk production (mil. lb.)	150,885	150,582	153,622	39,321	37,238	36,509	37,560	39,916	38,217	37,928
Milk per cow (lb.)	15,574	15,704	16,128	4,092	3,891	3,828	3,951	4,188	4,007	3,982
No. of milk cows (1,000)	9,688	9,589	9,525	9,610	9,570	9,537	9,506	9,530	9,539	9,524
Milk-feed price ratio	1.69	1.64	1.62	1.67	1.62	1.66	1.65	1.60	1.57	1.68
Returns over concentrate costs (\$/cwt milk)	9.95	9.54	9.65	9.55	9.35	9.95	10.10	9.60	9.15	9.75

1/ Manufacturing grade milk. 2/ Prices paid f.o.b. Central States production area. 3/ Includes products exported through the Dairy Export Incentive Program (DEIP). 4/ Milk equivalent, fat basis. 5/ Hard ice cream, ice milk, & hard sherbet. 6/ Estimated. --- = not available. P = preliminary.

Information contact: LaVerne T. Williams (202) 219-1268.

Table 15—Wool

	Annual			1993		1994			
	1992	1993	1994	III	IV	I	II	III	IV
U.S. wool price, (cts./lb.) 1/	204	137	212	136	132	153	219	238	238
Imported wool price, (cts./lb.) 2/	210	142	216	128	150	171	192	200	222
U.S. mill consumption, scoured									
Apparel wool (1,000 lb.)	136,143	139,941	NA	35,502	34,419	36,452	35,605	32,695	33,942
Carpet wool (1,000 lb.)	14,695	15,665	NA	2,650	3,925	4,380	3,414	3,570	3,036

1/ Wool price delivered at U.S. mills, clean basis, Graded Territory 64's (20.60-22.04 microns) staple 2-3/4" & up. 2/ Wool price, Charleston, SC warehouse, clean basis, Australian 60/62's, type 64A (24 micron). Duty since 1982 has been 10.0 cents. NA = not available.

Information contact: John Lawler (202) 501-8525.



Table 16—Meat Animals

	Annual			1994						
	1992	1993	1994	Dec	Jul	Aug	Sep	Oct	Nov	Dec
Cattle on feed (7 States)										
Number on feed (1,000 head) 1/	8,397	9,163	9,370	9,397	7,654	7,463	7,486	7,840	8,629	8,914
Placed on feed (1,000 head)	20,508	20,474	19,992	1,490	1,594	1,846	2,060	2,478	1,854	1,585
Marketings (1,000 head)	18,548	19,048	19,602	1,431	1,730	1,767	1,656	1,633	1,498	1,540
Other disappearance (1,000 head)	1,194	1,219	895	86	55	56	50	56	71	94
Market prices (\$/cwt)										
Slaughter Cattle										
Choice steers, 1,100–1,300 lb.										
Texas	75.35	76.36	68.84	71.00	64.86	66.42	66.21	65.89	68.67	68.34
Neb. Direct	75.71	77.02	69.60	72.42	66.58	68.04	66.79	66.51	69.43	69.35
Boning utility cows, Sioux Falls	44.84	47.52	42.51	42.38	44.00	43.74	40.56	37.06	36.69	36.30
Feeder steers										
Medium no. 1, Oklahoma City										
600–650 lb.	—	91.72	83.24	87.42	82.34	82.95	76.63	75.28	78.88	79.88
750–800 lb.	—	86.45	77.72	85.33	78.00	77.45	73.66	72.40	75.19	76.63
Slaughter hogs										
Barrows & gilts, 230–250 lb.										
Iowa, S. Minn.	43.03	46.10	40.03	40.88	42.93	42.72	35.86	32.44	28.51	32.14
6 markets	42.31	45.38	39.57	40.14	42.42	42.33	35.46	32.18	28.03	31.48
Feeder pigs										
S. Mo. 40–50 lb. (per head)	31.71	40.66	31.47	32.60	26.83	29.38	24.71	20.61	18.54	18.63
Slaughter sheep & lambs										
Lambs, Choice, San Angelo	61.00	65.85	66.77	68.44	75.33	79.50	76.08	69.96	73.60	67.50
Ewes, Good, San Angelo	35.24	37.46	40.47	39.08	39.50	39.00	38.44	37.04	42.45	43.25
Feeder lambs										
Choice, San Angelo	62.21	69.32	69.70	72.00	70.75	70.08	67.94	67.08	78.30	74.38
Wholesale meat prices, Midwest										
Boxed beef cut-out value										
Choice, 700–800 lb.	116.02	117.71	106.73	108.06	103.78	106.04	102.16	100.85	104.56	105.50
Select, 700–800 lb.	111.66	113.53	102.08	104.34	98.63	99.63	96.72	95.04	97.72	98.10
Canner & cutter cow beef	93.85	95.43	84.39	89.50	85.90	82.31	79.82	74.51	72.21	73.17
Pork cutout, No. 2	58.37	62.19	57.29	56.98	57.74	59.33	54.61	52.38	50.82	51.66
Pork loins, 14–18 lb.	101.41	107.47	101.50	92.33	109.79	112.86	105.34	95.65	80.00	89.50
Pork bellies, 12–14 lb.	30.39	41.62	40.00	46.21	38.64	39.60	31.50	31.33	29.09	29.29
Hams, skinned, 20–26 lb.	66.67	66.90	55.60	57.45	54.56	54.92	49.22	46.51	52.10	50.74
All fresh beef retail price	266.79	273.43	265.99	273.55	263.92	264.75	264.86	264.29	262.24	262.79
Commercial slaughter (1,000 head) 2/										
Cattle	32,874	33,324	34,201	2,775	2,821	3,060	2,944	2,949	2,809	2,871
Steers	17,138	17,222	18,027	1,411	1,586	1,685	1,563	1,507	1,366	1,453
Heifers	9,236	9,358	9,593	768	775	821	839	854	801	788
Cows	5,846	6,086	5,941	545	410	490	484	535	590	580
Bulls & stags	653	659	641	51	50	64	58	53	52	50
Calves	1,371	1,195	1,268	106	95	108	109	116	117	124
Sheep & lambs	5,496	5,182	4,936	443	318	400	401	397	406	426
Hogs	94,889	93,068	95,717	8,397	7,099	8,190	8,390	8,799	8,737	8,786
Barrows & gilts	89,964	88,387	90,749	7,992	6,669	7,744	7,969	8,365	8,274	8,313
Commercial production (mil. lb.)										
Beef	22,968	22,942	24,282	1,948	2,027	2,215	2,136	2,117	1,978	2,021
Veal	299	267	283	24	21	24	23	25	25	26
Lamb & mutton	343	329	304	28	19	24	23	23	24	26
Pork	17,184	17,030	17,662	1,554	1,294	1,493	1,540	1,632	1,639	1,642

	Annual			1993			1994			
	1992	1993	1994	III	III	IV	I	II	III	IV
Cattle on feed (13 States)										
Number on feed (1,000 head) 1/	10,135	10,974	11,196	8,847	9,543	9,691	11,196	10,734	9,124	9,252
Placed on feed (1,000 head)	24,256	24,082	23,436	6,107	6,341	7,076	5,372	4,675	6,305	7,089
Marketings (1,000 head)	21,981	22,376	22,979	5,766	5,918	5,246	5,559	5,951	5,986	5,483
Other disappearance (1,000 head)	1,436	1,484	1,055	268	275	325	275	334	191	260
Hogs & pigs (16 States) 3/										
Inventory (1,000 head) 1/	53,130	52,730	54,280	47,145	53,245	53,730	53,730	52,150	55,315	56,820
Breeding (1,000 head) 1/	6,410	6,440	6,175	5,735	6,520	6,500	6,440	6,460	6,735	6,705
Market (1,000 head) 1/	46,720	46,290	48,105	41,410	46,725	47,230	46,290	45,690	48,580	49,915
Farrowings (1,000 head)	11,154	10,843	11,126	2,363	2,682	5,383	2,603	3,067	2,794	2,662
Pig crop (1,000 head)	90,139	87,720	91,050	19,267	21,660	21,703	21,028	25,334	22,927	21,761

1/ Beginning of period. 2/ Classes estimated. 3/ Quarters are Dec. of preceding year–Feb. (I), Mar.–May (II), June–Aug. (III), & Sept.–Nov. (IV). — = not available.  
 \*Intentions.

Information contact: Leland Southard (202) 219-0767.



## Crops &amp; Products

Table 17—Supply & Utilization<sup>1,2</sup>

	Area				Production	Total supply <sup>4/</sup>	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price <sup>5/</sup>
	Set aside <sup>3/</sup>	Planted	Harvested	Yield								
	Mil. acres		Bu./acre					Mil. bu.				\$/bu.
Wheat												
1989/90	9.6	76.6	62.2	32.7	2,037	2,761	139	853	1,232	2,224	536	3.72
1990/91	7.5	77.0	69.1	39.5	2,730	3,303	482	883	1,069	2,435	868	2.61
1991/92	15.9	69.9	57.8	34.3	1,980	2,889	244	887	1,282	2,414	475	3.00
1992/93*	7.3	72.2	62.8	39.3	2,467	3,012	194	933	1,354	2,481	531	3.24
1993/94*	5.7	72.2	62.7	38.2	2,396	3,036	274	966	1,228	2,467	568	3.26
1994/95*	5.2	70.4	61.8	37.6	2,321	2,979	250	973	1,300	2,523	456	3.40-3.50
Rice												
	Mil. acres		Lb./acre					Mil. cwt (rough equiv.)				\$/cwt
1989/90	1.2	2.73	2.69	5,749	154.5	185.6	—	6/ 82.1	77.2	159.3	26.3	7.35
1990/91	1.0	2.90	2.82	5,529	156.1	187.2	—	6/ 91.7	70.9	162.6	24.6	6.68
1991/92	0.9	2.88	2.78	5,731	159.4	189.2	—	6/ 95.5	66.4	161.8	27.4	7.58
1992/93*	0.4	3.18	3.13	5,736	179.7	213.2	—	6/ 96.7	77.0	173.7	39.4	5.89
1993/94*	0.7	2.92	2.83	5,510	156.1	202.5	—	6/ 97.0	79.4	176.4	26.0	8.09
1994/95*	0.3	3.35	3.32	5,964	197.8	231.8	—	6/ 102.0	89.0	191.0	40.8	6.00-7.00
Corn												
	Mil. acres		Bu./acre					Mil. bu.				\$/bu.
1989/90	10.8	72.3	64.8	116.3	7,532	9,464	4,396	1,356	2,368	8,120	1,344	2.36
1990/91	10.7	74.2	67.0	118.5	7,934	9,282	4,663	1,373	1,725	7,761	1,521	2.28
1991/92	7.4	76.0	68.8	108.6	7,475	9,016	4,877	1,454	1,584	7,915	1,100	2.37
1992/93*	5.3	79.3	72.1	131.5	9,477	10,584	5,296	1,511	1,663	8,471	2,113	2.07
1993/94*	10.9	73.2	62.9	100.7	6,336	8,470	4,704	1,588	1,328	7,620	850	2.50
1994/95*	2.4	79.2	72.9	138.6	10,103	10,958	5,650	1,700	1,950	9,300	1,658	2.10-2.30
Sorghum												
	Mil. acres		Bu./acre					Mil. bu.				\$/bu.
1989/90	3.3	12.6	11.1	55.4	615	1,055	517	15	303	835	220	2.10
1990/91	3.3	10.5	9.1	63.1	573	793	410	9	232	651	143	2.12
1991/92	2.5	11.1	9.9	59.3	585	727	374	8	292	674	53	2.25
1992/93*	2.0	13.2	12.1	72.6	875	928	469	8	277	753	175	1.89
1993/94*	2.3	9.9	8.9	59.9	534	709	453	8	202	662	48	2.31
1994/95*	1.6	9.8	9.0	73.0	655	703	400	8	220	628	75	1.95-2.15
Barley												
	Mil. acres		Bu./acre					Mil. bu.				\$/bu.
1989/90	2.3	9.1	8.3	48.6	404	614	193	175	84	453	161	2.42
1990/91	2.9	8.2	7.5	56.1	422	596	205	176	81	461	135	2.14
1991/92	2.2	8.9	8.4	55.2	464	624	225	176	94	496	129	2.10
1992/93*	2.3	7.8	7.3	62.5	455	595	192	171	80	444	151	2.04
1993/94*	2.5	7.8	6.8	58.9	398	621	241	175	66	482	139	1.99
1994/95*	2.7	7.2	6.7	56.2	375	574	225	175	70	470	104	2.00-2.05
Oats												
	Mil. acres		Bu./acre					Mil. bu.				\$/bu.
1989/90	0.4	12.1	6.9	54.3	374	538	266	115	1	381	157	1.49
1990/91	0.2	10.4	5.9	60.1	358	578	286	120	1	407	171	1.14
1991/92	0.6	8.7	4.8	50.6	244	490	235	125	2	362	128	1.21
1992/93*	0.7	7.9	4.5	65.4	294	477	233	125	6	364	113	1.32
1993/94*	0.8	7.9	3.8	54.4	207	427	193	125	3	321	106	1.36
1994/95*	0.6	6.6	4.0	57.2	230	435	200	125	1	326	109	1.20-1.25
Soybeans												
	Mil. acres		Bu./acre					Mil. bu.				\$/bu.
1989/90	0.0	60.8	59.5	32.3	1,924	2,109	7/ 101	1,146	623	1,870	239	5.69
1990/91	0.0	57.8	56.5	34.1	1,926	2,168	7/ 95	1,187	557	1,839	329	5.74
1991/92	0.0	59.2	58.0	34.2	1,987	2,319	7/ 103	1,254	684	2,041	278	5.58
1992/93*	0.0	59.1	58.2	37.6	2,188	2,468	7/ 127	1,279	770	2,176	292	5.56
1993/94*	0.0	60.1	57.3	32.6	1,871	2,170	7/ 100	1,272	589	1,961	209	6.40
1994/95*	0.0	61.9	61.1	41.9	2,558	2,775	7/ 115	1,365	785	2,265	510	5.20-5.50
Soybean oil												
								Mil. lbs.				¢/ Cts./lb.
1989/90	—	—	—	—	13,004	14,741	—	12,083	1,353	13,436	1,305	22.30
1990/91	—	—	—	—	13,408	14,730	—	12,164	780	12,944	1,786	21.00
1991/92	—	—	—	—	14,345	16,132	—	12,245	1,648	13,893	2,239	19.10
1992/93*	—	—	—	—	13,778	16,027	—	13,053	1,419	14,472	1,555	21.40
1993/94*	—	—	—	—	13,907	15,528	—	12,896	1,529	14,425	1,103	27.10
1994/95*	—	—	—	—	15,162	16,280	—	13,000	2,050	15,050	1,230	25.5-28.5
Soybean meal												
								1,000 tons				¢/ \$/ton
1989/90	—	—	—	—	27,719	27,900	—	22,263	5,319	27,582	318	186.48
1990/91	—	—	—	—	28,325	28,688	—	22,934	5,469	28,403	285	181.40
1991/92	—	—	—	—	29,831	30,183	—	23,008	6,945	29,953	230	189.20
1992/93*	—	—	—	—	30,364	30,687	—	24,251	6,232	30,483	204	193.75
1993/94*	—	—	—	—	30,417	30,691	—	25,185	5,356	30,541	150	193.00
1994/95*	—	—	—	—	32,340	32,550	—	26,350	5,950	32,300	250	145-165

See footnotes at end of table.



Table 17—Supply &amp; Utilization (continued)

	Area			Yield	Production	Total supply 4/	Feed and residual	Other domestic use	Ex-ports	Total use	Ending Stocks	Farm price 5/
	Set Aside 3/	Planted	Harvested									
	Mil. acres		Lb./acre				Mil. bales				Cts./lb.	
Cotton 10/												
1989/90	3.5	10.6	9.5	614	12.2	19.3	—	8.8	7.7	16.5	3.0	66.20
1990/91	2.0	12.3	11.7	634	15.5	18.5	—	8.7	7.8	16.5	2.3	67.10
1991/92	1.2	14.1	13.0	652	17.6	20.0	—	9.6	6.7	16.3	3.7	58.10
1992/93*	1.7	13.2	11.1	700	16.2	19.9	—	10.3	5.2	15.5	4.7	54.90
1993/94*	1.4	13.4	12.8	606	16.1	20.8	—	10.4	6.9	17.3	3.5	59.00
1994/95*	1.7	13.7	13.3	710	19.7	23.3	—	11.1	9.6	20.7	2.7 11/	70.00

\*Feb. 10, 1995 Supply & Demand Estimates. 1/ Marketing year beginning June 1 for wheat, barley, & oats, August 1 for cotton & rice, September 1 for soybeans, corn, & sorghum, October 1 for soybean meal & soybean oil. 2/ Conversion factors: Hectare (ha.) = 2.471 acres, 1 metric ton = 2204.622 pounds, 36.7437 bushels of wheat or soybeans, 39.3679 bushels of corn or sorghum, 45.9296 bushels of barley, 68.8944 bushels of oats, 22.046 cwt of rice, & 4.59 480-pound bales of cotton. 3/ Includes diversion, acreage reduction, 50-92, & 0-92 programs. 0/92 & 50/92 set-aside includes idled acreage & acreage planted to minor oilseeds, sesame, and crabs. 4/ Includes imports. 5/ Marketing-year weighted average price received by farmers. Does not include an allowance for loans outstanding & Government purchases. 6/ Residual included in domestic use. 7/ Includes seed. 8/ Simple average of crude soybean oil, Decatur. 9/ Simple average of 48 percent, Decatur. 10/ Upland & extra long staple. Stocks estimates based on Census Bureau data, resulting in an unaccounted difference between supply & use estimates & changes in ending stocks. 11/ Weighted average for August-December, not a projection for the marketing year. — = not available or not applicable.

Information contacts: Wheat, rice & feed grains, Jenny Gonzales (202) 501-8552; soybeans, soybean products & cotton, Mae Dean Johnson (202) 501-8522.

Table 18—Cash Prices, Selected U.S. Commodities

	Marketing year 1/				1993		1994			
	1990/91	1991/92	1992/93	1993/94	Dec	Aug	Sept	Oct	Nov	Dec
Wheat, No. 1 HRW, Kansas City (\$/bu.) 2/	2.94	3.77	3.67	3.60	4.15	3.70	4.05	4.31	4.24	4.27
Wheat, DNS, Minneapolis (\$/bu.) 3/	3.06	3.82	3.91	5.02	5.45	4.00	4.27	4.40	4.41	4.37
Rice, S.W. La. (\$/cwt) 4/	15.25	16.50	13.30	20.25	26.25	14.30	14.65	14.15	14.00	13.25
Corn, no. 2 yellow, 30 day, Chicago (\$/bu.)	2.41	2.52	2.22	2.68	2.96	2.24	2.17	2.06	2.11	2.24
Sorghum, no. 2 yellow, Kansas City (\$/cwt)	4.08	4.36	3.74	4.37	4.91	3.73	3.72	3.55	3.60	3.81
Barley, feed, Duluth (\$/bu.) 5/	2.13	2.17	2.11	2.05	2.14	1.99	2.04	1.95	2.04	2.00
Barley, malting, Minneapolis (\$/bu.)	2.42	2.38	2.37	2.48	2.57	2.46	2.57	2.81	2.90	2.81
U.S. price, SLM, 1-1/16 in. (cts./lb.) 6/	74.8	56.7	54.1	66.1	60.3	70.3	71.1	67.6	72.0	81.9
Northern Europe prices index (cts./lb.) 7/	82.9	62.9	56.9	70.7	59.8	76.7	75.0	74.1	77.3	87.1
U.S. M 1-3/32 in. (cts./lb.) 8/	88.2	66.3	62.5	73.1	64.5	77.3	77.6	76.9	80.9	92.1
Soybeans, no. 1 yellow, 30 day, Chicago (\$/bu.)	5.76	5.75	5.96	5.61	6.84	5.75	5.58	5.27	5.47	5.54
Soybean oil, crude, Decatur (cts./lb.)	21.00	19.10	21.40	25.18	28.18	24.50	26.15	26.60	29.41	30.37
Soybean meal, 48% protein, Decatur (\$/ton) 9/	181.40	189.20	193.75	161.10	206.20	178.60	174.50	168.50	161.30	156.90

1/ Beginning June 1 for wheat & barley; Aug. 1 for rice & cotton; Sept. 1 for corn, sorghum & soybeans; Oct. 1 for soybean meal & oil. 2/ Ordinary protein. 3/ 14% protein. 4/ Long grain, milled basis. 5/ Beginning Mar. 1987 reporting point changed from Minneapolis to Duluth. 6/ Average spot market. 7/ Liverpool Cotlook "A" Index; average of five lowest prices of 13 selected growths. 8/ Memphis territory growths. 9/ Note change to 48% protein.

Information contacts: Wheat, rice, & feed grains, Jenny Gonzales (202) 501-8552; Soybeans, soybean products, & cotton, Mae Dean Johnson (202) 501-8522.



Table 19—Farm Programs, Price Supports, Participation, &amp; Payment Rates

	Payment rates						Effective base acres 2/	Program 3/	Participation rate 4/
	Target price	Basic loan rate	Findley or announced loan rate 1	Paid land diversion		Total deficiency			
				Mandatory	Optional				
				\$/bu.			Mil. acres	Percent of base	Percent of base
Wheat									
1989/90	4.10	2.58	2.06	0.32	---	---	82.3	10/0/0	78
1990/91 5/	4.00	2.44	1.95	1.28	---	---	80.5	6/ 5/0/0	83
1991/92	4.00	2.52	2.04	*1.35	---	---	79.2	15/0/0	85
1992/93	4.00	2.58	2.21	0.81	---	---	78.9	5/0/0	83
1993/94	4.00	2.86	2.45	1.03	---	---	78.5	0/0/0	88
1994/95	4.00	2.72	2.58	**0.95	---	---	78.1	0/0/0	87
1995/96	4.00	---	---	***0.70	---	---	---	0/0/0	---
				\$/cwt					
Rice									
1989/90	10.80	6.50	7/ 6.00	3.56	---	---	4.2	25/0/0	94
1990/91 5/	10.71	6.50	7/ 5.40	4.16	---	---	4.2	20/0/0	95
1991/92	10.71	6.50	7/ 5.85	3.07	---	---	4.2	5/0/0	95
1992/93	10.71	6.50	7/ 4.70	4.21	---	---	4.1	0/0/0	96
1993/94	10.71	6.50	7/ 5.75	3.98	---	---	4.1	5/0/0	97
1994/95	10.71	6.50	7/ ---	**3.89	---	---	4.2	0/0/0	95
1995/96	10.71	6.50	7/ ---	***4.21	---	---	---	5/0/0	---
				\$/bu.					
Corn									
1989/90	2.84	2.06	1.65	0.58	---	---	82.7	10/0/0	79
1990/91 5/	2.75	1.96	1.57	0.51	---	---	82.6	10/0/0	78
1991/92	2.75	1.89	1.62	0.41	---	---	82.7	7.5/0/0	77
1992/93	2.75	2.01	1.72	0.73	---	---	82.1	5/0/0	76
1993/94	2.75	1.99	1.72	0.28	---	---	81.8	10/0/0	81
1994/95	2.75	1.99	1.89	**0.60	---	---	81.5	0/0/0	82
1995/96	2.75	---	---	***0.40	---	---	---	7.5/0/0	---
				\$/bu.					
Sorghum									
1989/90	2.70	1.96	1.57	0.66	---	---	16.2	10/0/0	71
1990/91 5/	2.61	1.86	1.49	0.56	---	---	15.4	10/0/0	70
1991/92	2.61	1.80	1.54	0.37	---	---	13.5	7.5/0/0	77
1992/93	2.61	1.91	1.63	0.72	---	---	13.6	5/0/0	79
1993/94	2.61	1.89	1.63	0.25	---	---	13.5	5/0/0	82
1994/95	2.61	1.89	1.80	**0.61	---	---	13.5	0/0/0	81
1995/96	2.61	---	---	***0.39	---	---	---	0/0/0	---
				\$/bu.					
Barley									
1989/90	2.44	1.68	1.34	0.00	---	---	12.3	10/0/0	67
1990/91 5/	2.36	1.60	1.28	0.20	---	---	11.9	10/0/0	68
1991/92	2.36	1.54	1.32	0.62	---	---	11.5	7.5/0/0	76
1992/93	2.36	1.64	1.40	0.56	---	---	11.1	5/0/0	75
1993/94	2.36	1.62	1.40	0.67	---	---	10.8	0/0/0	83
1994/95	2.36	1.62	1.54	**0.52	---	---	10.7	0/0/0	84
1995/96	2.36	---	---	***0.40	---	---	---	0/0/0	---
				\$/bu.					
Oats									
1989/90	1.50	1.06	0.85	0.00	---	---	7.6	5/0/0	18
1990/91 5/	1.45	1.01	0.81	0.32	---	---	7.5	5/0/0	09
1991/92	1.45	0.97	0.83	0.35	---	---	7.3	0/0/0	38
1992/93	1.45	1.03	0.88	0.17	---	---	7.2	0/0/0	40
1993/94	1.45	1.02	0.88	0.11	---	---	7.1	0/0/0	46
1994/95	1.45	1.02	0.97	**0.20	---	---	6.8	0/0/0	40
1995/96	1.45	---	---	***0.05	---	---	---	0/0/0	---
				\$/bu.					
Soybeans 9/									
1989/90	---	---	4.53	---	---	---	---	---	---
1990/91 5/	---	---	4.50	---	---	---	---	---	---
1991/92	---	---	5.02	---	---	---	---	---	---
1992/93	---	---	5.02	---	---	---	---	---	---
1993/94	---	---	5.02	---	---	---	---	---	---
1994/95	---	---	4.92	---	---	---	---	---	---
1995/96	---	---	4.92	---	---	---	---	---	---
				Cts./lb.					
Upland cotton									
1989/90	73.4	50.00	11/ 50.00	13.1	---	---	14.6	25/0/0	89
1990/91 5/	72.9	50.27	11/ 50.27	7.3	---	---	14.4	12.5/0/0	86
1991/92 12/	72.9	50.77	11/ 47.23	10.1	---	---	14.6	5/0/0	84
1992/93	72.9	52.35	11/ 43.80	20.3	---	---	14.9	10/0/0	89
1993/94	72.9	52.35	11/ 49.00	18.6	---	---	15.1	7.5/0/0	91
1994/95	72.9	50.00	11/ ---	** 6.5	---	---	15.3	11/0/0	89
1995/96	72.9	51.92	11/ ---	***3.7	---	---	---	0/0/0	---

1/ There are no Findley loan rates for rice or cotton. See footnotes 7/ and 11/. 2/ National effective crop acreage base as determined by CFSA. Net of CRP.

3/ Program requirements for participating producers (mandatory acreage reduction program/mandatory paid land diversion/optional paid land diversion). Acres idled must be devoted to a conserving use to receive program benefits. 4/ Percentage of effective base acres enrolled in acreage reduction programs. 5/ Payments & loans were reduced by 1.4 percent in 1990/91 due to Gramm-Rudman-Hollings. Budget Reconciliation Act reductions to deficiency payments rates were also in effect in that year. Data do not include these reductions. 6/ Under 1990 modified contracts, participating producers plant up to 105 percent of their wheat base acres. For every acre planted above 95 percent of base, the acreage used to compute deficiency payments was cut by 1 acre. 7/ A marketing loan has been in effect for rice since 1985/86. Loans may be repaid at the lower of: a) the loan rate or b) the adjusted world market price (announced weekly). However, loans cannot be repaid at less than a specified fraction of the loan rate. Data refer to market-year average loan repayment rates. 8/ The sorghum, oats, & barley programs are the same as for corn except as indicated. 9/ There are no target prices, base acres, acreage reduction programs, or deficiency payment rates for soybeans. 10/ Nominal percentage of program crop base acres permitted to shift into soybeans without loss of base. 11/ A marketing loan has been in effect for cotton since 1986/87. In 1987/88 & after, loans may be repaid at the lower of: a) the loan rate or b) the adjusted world market price (announced weekly; Plan B). Starting in 1991/92, loans cannot be repaid at less than 70 percent of the loan rate. Data refer to annual average loan repayment rates. 12/ A marketing certificate program was implemented on Aug. 1, 1991. --- = not available.

\* For wheat, the 1991/92 rate is the total deficiency payment rate for the "regular" program. For the winter wheat option, the rate is \$1.25.

\*\* For wheat, corn, sorghum, barley and oats, regular deficiency payment rate based on the 5-month price. For rice and upland cotton, total deficiency payment rate.

\*\*\* Estimated total deficiency payment rate based on Fiscal Year 1996 President's Budget.

Note: 1994 effective base acres and participation rates are from the December 30 Preliminary Compliance Report for 1994.

Information contact: Consolidated Farm Service Agency (202) 690-0840.



Table 20—Fruit

	1987	1988	1989	1990	1991	1992	1993	1994	1995 P
Citrus 1/ Production (1,000 ton)	11,993	12,761	13,186	10,860	11,285	12,452	15,274	14,508	15,933
Per capita consumpt. (lbs.) 2/	23.9	25.4	23.5	21.4	19.1	24.4	26.0	23.4	24.2
Noncitrus 3/ Production (1,000 tons)	16,011	15,893	16,365	15,657	15,748	17,116	16,566	16,861	—
Per capita consumpt. (lbs.) 2/	72.5	72.4	73.1	71.1	70.6	73.9	74.0	—	—
	1994								
	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
F.o.b. shipping point prices									
Apples (\$/carton) 4/	15.6	14.4	13.5	13.1	20.3	21.7	20.0	16.7	17.9
Pears (\$/box) 5/	9.1	8.6	8.8	16.3	14.7	17.3	12.8	14.3	14.5
Grower prices									
Oranges (\$/box) 6/	5.2	5.53	5.15	4.44	4.56	2.53	2.62	2.60	2.91
Grapefruit (\$/box) 6/	2.66	1.85	2.30	1.49	3.67	4.39	5.96	2.84	2.60
Stocks, ending									
Fresh apples (mil. lbs.)	1,582.8	1,021.9	567.4	260.1	69.4	3,874.3	6,163.3	5,198.8	4,479.2
Fresh pears (mil. lbs.)	122.0	55.6	14.8	44.2	198.7	588.8	487.7	387.3	323.4
Frozen fruits (mil. lbs.)	761.2	737.1	812.1	981.5	1,039.6	1,056.5	1,439.4	1,341.2	1,251.4
Frozen orange juice (mil. lbs.)	1,499.6	1,615.2	1,521.8	1,449.1	1,257.5	1,119.6	1,026.1	1,054.4	1,361.5

1/ 1992 indicated 1991/92 season. 2/ Fresh per capita consumption. 3/ Calendar year. 4/ Red delicious, Washington, extra fancy, carton tray pack, 125's. 5/ D'Anjou, Washington, standard box wrapped, U.S. no. 1, 135's. 6/ U.S. equivalent on-tree returns. P = preliminary. — = not available.

Information contact: Diane Bertelsen (202) 219-0887

Table 21—Vegetables

	Calendar year									
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994 P
Production										
Total vegetables (1,000 cwt)	453,030	448,629	478,381	468,779	542,437	561,704	564,581	677,975	674,940	746,676
Fresh (1,000 cwt) 1/ 3/	203,549	203,165	220,539	228,397	239,281	239,104	229,505	378,503	373,604	378,702
Processed (tons) 2/ 3/	12,474,040	12,273,200	12,892,100	12,019,110	15,157,790	16,130,020	16,753,820	14,973,630	15,066,800	18,398,680
Mushrooms (1,000 lbs) 4/	587,956	614,393	631,819	667,759	714,992	749,151	746,832	776,357	754,783	780,000
Potatoes (1,000 cwt)	406,609	361,743	389,320	356,438	370,444	402,110	417,622	425,367	428,693	459,342
Sweetpotatoes (1,000 cwt)	14,573	12,368	11,611	10,945	11,358	12,594	11,203	12,005	11,053	13,081
Dry edible beans (1,000 cwt)	22,298	22,960	26,031	19,253	23,729	32,379	33,765	22,615	21,913	29,187
	1994									
	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov
Shipments (1,000 cwt)										
Fresh	17,809	24,149	22,043	24,714	33,842	18,145	18,743	14,284	14,740	19,245
Iceberg lettuce	3,407	4,615	3,849	4,119	4,774	3,891	4,205	3,543	3,427	4,267
Tomatoes, all	3,074	3,876	3,114	2,830	3,999	2,898	2,818	2,478	2,610	2,461
Dry-bulb onions	2,282	3,450	3,368	2,864	3,482	3,000	3,643	3,623	3,644	4,060
Other 5/	9,046	12,208	11,712	14,901	21,587	8,356	8,077	4,640	5,059	8,457
Potatoes, all	12,953	20,075	18,218	15,166	13,447	8,703	10,944	10,082	10,342	15,726
Sweetpotatoes	211	347	165	163	135	83	132	215	265	690

1/ Includes fresh production of asparagus, broccoli, carrots, cauliflower, celery, sweet corn, lettuce, honeydews, onions, & tomatoes through 1991. 2/ Includes processing production of snap beans, sweet corn, green peas, tomatoes, cucumbers (for pickles), asparagus, broccoli, carrots, & cauliflower. 3/ Data after 1991 not comparable to previous years because commodity estimates reinstated in 1992 are included. 4/ Fresh & processing agaricus mushrooms only. Excludes specialty varieties. Crop year July 1 - June 30. 5/ Includes snap beans, broccoli, cabbage, carrots, cauliflower, celery, sweet corn, cucumbers, eggplant, bell peppers, squash, cantaloupes, honeydews, & watermelons. P = preliminary.

Information contacts: Gary Lucier (202) 219-0117 or John Love (202) 219-0388.

Table 22—Other Commodities

	Annual					1993		1994		
	1989	1990	1991	1992	1993	July-Sept	Oct-Dec	Jan-Mar	Apr-June	July-Sept
Sugar										
Production 1/	6,841	6,334	7,145	7,501	7,775	735	3,913	2,207	628	870
Deliveries 1/	8,340	8,661	8,704	8,936	9,031	2,491	2,270	2,116	2,278	2,555
Stocks, ending 1/	2,947	2,729	3,039	3,225	3,486	1,673	3,486	3,980	2,631	1,315
Coffee										
Composite green price N.Y. (cts./lb.)	95.17	76.93	70.09	55.30	64.31	69.47	72.21	76.08	110.44	197.51
Imports, green bean equiv. (mil. lbs.) 2/	2,685	2,715	2,553	2,989	2,498	575	570	561	448	550
	Annual					1994				
	1991	1992	1993	Sept	Apr	May	June	July	Aug	Sept
Tobacco										
Avg. price to grower 3/										
Flue-cured (\$/lb.)	172.3	172.6	168.8	172.0	—	—	—	150.0	160.0	177.0
Burley (\$/lb.)	178.8	181.5	181.5	—	—	—	—	—	—	—
Domestic consumption 4/										
Cigarettes (bil.)	516.3	509.5	462.9	37.4	37.8	41.6	48.8	36.9	48.5	39.6
Large cigars (mil.)	2,231.9	2,217.1	2,237.8	203.7	177.2	198.9	241.6	164.3	217.9	225.5

1/ 1,000 short tons, raw value. Quarterly data shown at end of each quarter. 2/ Net imports of green & processed coffee. 3/ Crop year July-June for flue-cured, Oct.-Sept. for burley. 4/ Taxable removals. — = not available.

Information contacts: Sugar, Peter Buzzanell (202) 219-0888, Coffee, Fred Gray (202) 219-0013, Tobacco, Verner Grise (202) 219-0890.



## World Agriculture

Table 23—World Supply &amp; Utilization of Major Crops, Livestock &amp; Products

	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95 P
	Million units						
Wheat							
Area (hectares)	217.4	225.8	231.4	222.4	222.9	222.0	215.4
Production (metric tons)	495.0	533.2	588.0	542.6	561.9	558.9	524.1
Exports (metric tons) 1/	102.4	102.8	101.2	109.3	112.5	99.5	96.2
Consumption (metric tons) 2/	524.3	532.2	563.2	558.5	543.9	563.8	552.1
Ending stocks (metric tons) 3/	120.5	121.5	146.3	130.3	148.3	143.4	115.4
Coarse grains							
Area (hectares)	323.4	321.1	314.4	318.2	318.9	310.7	310.0
Production (metric tons)	721.0	791.3	821.8	803.0	863.0	786.7	863.9
Exports (metric tons) 1/	95.5	103.9	88.3	94.4	90.2	84.6	87.9
Consumption (metric tons) 2/	785.0	814.3	809.7	805.4	833.7	829.1	854.7
Ending stocks (metric tons) 3/	151.0	128.5	140.6	138.1	167.5	125.1	134.3
Rice, milled							
Area (hectares)	145.5	146.6	146.7	146.1	145.2	144.5	144.8
Production (metric tons)	330.1	343.1	350.7	349.5	352.6	350.9	353.3
Exports (metric tons) 4/	13.9	11.7	12.1	14.1	14.7	15.9	15.4
Consumption (metric tons) 2/	327.7	338.2	345.9	351.5	355.1	356.7	356.0
Ending stocks (metric tons) 3/	47.9	53.9	58.7	56.7	54.2	48.4	45.7
Total grains							
Area (hectares)	686.3	693.5	692.5	686.7	687.0	677.2	670.2
Production (metric tons)	1546.1	1,667.6	1,760.5	1,695.1	1,777.5	1,696.5	1,741.3
Exports (metric tons) 1/	211.8	218.4	201.6	217.8	217.4	200.0	199.5
Consumption (metric tons) 2/	1637.0	1,684.7	1,718.8	1,715.4	1,732.7	1,749.6	1,762.8
Ending stocks (metric tons) 3/	319.4	303.9	345.6	325.1	370.0	316.9	295.4
Oilseeds							
Crush (metric tons)	164.5	171.7	176.6	185.1	183.7	186.8	198.0
Production (metric tons)	201.6	212.4	215.7	224.4	227.5	227.5	253.6
Exports (metric tons)	31.5	35.6	33.4	37.6	37.7	37.1	43.4
Ending stocks (metric tons)	22.1	23.7	23.4	21.8	23.3	20.0	30.6
Meals							
Production (metric tons)	111.1	116.8	119.2	125.0	124.3	128.1	135.5
Exports (metric tons)	37.4	39.8	40.7	43.2	41.7	43.9	45.5
Oils							
Production (metric tons)	53.3	57.1	58.1	60.6	60.9	62.4	65.7
Exports (metric tons)	18.1	20.4	20.5	21.1	21.0	22.5	23.5
Cotton							
Area (hectares)	33.8	31.6	33.2	34.8	32.6	30.6	32.3
Production (bales)	84.4	79.7	87.0	96.0	82.7	76.9	84.0
Exports (bales)	33.4	31.3	29.7	28.1	25.4	26.8	28.6
Consumption (bales)	85.3	86.6	85.5	84.5	85.7	84.9	85.0
Ending stocks (bales)	31.4	25.8	28.1	40.1	37.3	30.1	30.2
	1988	1989	1990	1991	1992	1993 P	1994 F
Red meat							
Production (metric tons)	110.5	112.3	113.3	114.9	115.8	116.6	118.4
Consumption (metric tons)	108.3	110.9	111.4	112.2	113.2	114.2	116.4
Exports (metric tons) 1/	8.0	8.2	7.8	8.1	7.4	7.4	8.1
Poultry 5/							
Production (metric tons)	32.0	32.4	33.8	35.7	37.6	39.3	41.6
Consumption (metric tons)	31.4	31.8	32.6	34.5	36.6	38.0	40.1
Exports (metric tons) 1/	1.7	1.7	2.7	3.0	3.3	3.8	4.4
Dairy							
Milk production (metric tons) 6/	—	387.4	395.3	385.3	379.6	379.9	381.1

1/ Excludes intra-EC trade. 2/ Where stocks data not available (excluding USSR), consumption includes stock changes. 3/ Stocks data are based on differing marketing years & do not represent levels at a given date. Data not available for all countries; includes estimated change in USSR grain stocks but not absolute level. 4/ Calendar year data. 1989 data correspond with 1988/89, etc. 5/ Poultry excludes the Peoples Republic of China before 1986. 6/ Data prior to 1989 no longer comparable. P = preliminary. F = forecast. — = not available.

Information contacts: Crops, Carol Whitton (202) 219-0825; red meat & poultry, Shayle Shagam (202) 219-0360; dairy, James Miller (202) 219-0770.



## U.S. Agricultural Trade

Table 24—Prices of Principal U.S. Agricultural Trade Products

	Annual			1993		1994					
	1992	1993	1994	Dec	July	Aug	Sept	Oct	Nov	Dec	
<b>Export commodities</b>											
Wheat, f.o.b. vessel, Gulf ports (\$/bu.)	4.13	3.83	4.09	4.33	3.75	4.03	4.33	4.55	4.42	4.48	
Corn, f.o.b. vessel, Gulf ports (\$/bu.)	2.66	2.62	2.74	3.10	2.50	2.44	2.47	2.43	2.44	2.61	
Grain sorghum, f.o.b. vessel, Gulf ports (\$/bu.)	2.63	2.56	2.69	3.07	2.49	2.44	2.36	2.43	2.54	2.67	
Soybeans, f.o.b. vessel, Gulf ports (\$/bu.)	6.01	6.53	6.52	7.18	6.29	5.96	5.91	5.69	5.94	6.04	
Soybean oil, Decatur (cts./lb.)	19.16	22.83	27.78	28.19	24.50	24.49	26.14	26.57	29.41	30.37	
Soybean meal, Decatur (\$/ton)	177.79	199.18	182.63	206.81	181.81	178.95	174.48	167.73	161.02	156.90	
Cotton, 7-market avg. spot (cts./lb.)	53.90	55.36	73.24	60.29	71.87	70.32	71.10	67.58	72.00	81.92	
Tobacco, avg. price at auction (cts./lb.)	172.58	172.16	174.81	181.47	172.04	160.08	176.99	180.55	185.04	183.54	
Rice, f.o.b. mill, Houston (\$/cwt)	16.80	16.12	19.14	25.50	17.25	15.80	15.50	13.90	13.75	13.75	
Inedible tallow, Chicago (cts./lb.)	14.37	14.89	17.56	14.74	17.28	19.00	19.50	19.63	19.75	22.88	
<b>Import commodities</b>											
Coffee, N.Y. spot (\$/lb.)	0.50	0.59	1.38	0.63	2.15	1.89	2.13	1.90	1.68	1.56	
Rubber, N.Y. spot (cts./lb.)	46.25	45.00	59.71	44.75	62.49	66.35	67.15	73.46	71.76	77.35	
Cocoa beans, N.Y. (\$/lb.)	0.47	0.47	0.59	0.57	0.66	0.65	0.62	0.61	0.60	0.59	

Information contact: Mary Teymourian (202) 501-8516.

Table 25—Indexes of Real Trade-Weighted Dollar Exchange Rates

	1994										1995
	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov P	Dec P	JanP
1990 = 100											
Total U.S. trade	106.3	106.1	104.3	103.3	100.7	100.9	99.7	98.0	99.3	101.3	101.0
Agricultural trade											
U.S. markets	97.1	97.4	97.0	96.9	95.3	95.2	94.3	93.7	94.1	96.5	96.4
U.S. competitors	107.1	107.3	105.5	104.2	101.3	101.0	99.9	98.2	99.0	100.1	99.5
Wheat											
U.S. markets	105.0	106.5	107.3	107.9	106.4	105.4	104.5	103.8	103.0	103.1	102.3
U.S. competitors	108.5	109.3	108.0	107.1	105.5	105.4	104.3	103.2	103.8	104.8	104.4
Soybeans											
U.S. markets	96.0	95.5	94.5	94.2	91.9	91.6	90.8	89.9	90.5	93.0	92.8
U.S. competitors	77.9	77.8	77.7	76.8	71.8	70.2	68.6	67.3	66.4	65.9	64.2
Corn											
U.S. markets	90.5	90.9	91.2	91.7	89.9	89.5	88.7	88.4	88.3	90.0	89.8
U.S. competitors	102.0	102.8	101.9	100.7	98.7	98.4	97.5	96.4	97.2	98.0	97.6
Cotton											
U.S. markets	100.1	100.1	99.9	99.7	98.1	97.8	97.3	96.7	96.6	97.3	96.9
U.S. competitors	128.6	128.1	126.8	125.4	122.7	123.8	122.7	121.5	121.1	120.9	120.2

Real indexes adjust nominal exchange rates to avoid the distortion caused by different levels of inflation among countries. A higher value means the dollar has appreciated. "Total U.S. trade" Index uses the Federal Reserve Board index of trade-weighted value of the U.S. dollar against 10 major currencies. Weights are based on relative importance of major U.S. customers & competitors in world financial markets. P = preliminary.

Information contact: Douglas Rhoades (202) 219-0754.

This month's table reflects changes in calculations of the indexes. The new indexes are weighted using 1990-92 annual average dollar trade values, with 1990 as the base year. See page 16 for discussion.

Table 26—Trade Balance

	Fiscal year 1/									Feb
	1987	1988	1989	1990	1991	1992	1993	1994	1995 F	
\$ million										
Exports										
Agricultural	27,876	35,316	39,590	40,220	37,609	42,430	42,589	43,511	48,500	
Nonagricultural	202,911	258,656	301,269	326,059	356,682	383,517	390,784	425,506	--	
Total 2/	230,787	293,972	340,859	366,279	394,291	425,947	433,373	469,017	--	
Imports										
Agricultural	20,650	21,014	21,476	22,560	22,588	24,323	24,454	26,365	28,500	
Nonagricultural	367,374	409,138	441,075	458,101	463,720	488,556	537,584	605,332	--	
Total 3/	388,024	430,152	462,551	480,661	486,308	512,879	562,038	631,697	--	
Trade balance										
Agricultural	7,226	14,302	18,114	17,660	15,021	18,107	18,135	17,146	20,000	
Nonagricultural	-164,463	-150,482	-139,806	-132,042	-107,038	-105,039	-146,800	-179,826	--	
Total	-157,237	-136,180	-121,692	-114,382	-92,017	-86,932	-128,665	-162,680	--	

1/ Fiscal years begin October 1 & end September 30. Fiscal year 1994 began Oct. 1, 1993 & ended Sept. 30, 1994. 2/ Domestic exports including Department of Defense shipments (F.A.S. value). 3/ Imports for consumption (customs value). F = forecast. -- = not available.

Information contact: Joel Greene (202) 219-0816.



Table 27—U.S. Agricultural Exports &amp; Imports

	Fiscal year*			Nov	Fiscal year*			Nov
	1993	1994	1995 F	1994	1993	1994	1995 F	1994
	1,000 units				\$ million			
EXPORTS								
Animals, live (no.) 1/	1,107	1,162	—	134	358	469	—	81
Meats & preps., excl. poultry (mt)	1,160	1,316	2/ 1,100	138	3,349	3,503	—	367
Dairy products (mt) 1/	211	188	—	11	762	709	800	51
Poultry meats (mt)	986	1,377	1,600	151	1,031	1,420	—	161
Fats, oils, & greases (mt)	1,362	1,341	1,300	167	519	515	—	78
Hides & skins incl. furskins	—	—	—	—	1,288	1,439	—	122
Cattle hides, whole (no.) 1/	19,786	20,065	—	1,585	1,062	1,128	—	98
Mink pelts (no.) 1/	3,119	3,197	—	66	56	79	—	2
Grains & feeds (mt)	103,701	88,090	—	10,183	14,103	13,130	3/ 15,300	1,403
Wheat (mt)	36,039	31,145	33,500	2,926	4,737	4,026	4/ 5,000	413
Wheat flour (mt)	1,075	1,024	1,000	90	217	201	—	19
Rice (mt)	2,710	2,433	2,900	424	766	889	800	108
Feed grains, incl. products (mt)	50,701	40,441	57,000	5,692	5,260	4,744	6,000	572
Feeds & fodders (mt)	11,500	11,380	5/ 12,100	931	2,147	2,231	—	202
Other grain products (mt)	1,676	1,667	—	120	976	1,039	—	91
Fruits, nuts, & preps. (mt)	3,398	3,597	—	353	3,409	3,827	4,400	378
Fruit juices incl.								
froz. (1,000 hectoliters) 1/	7,845	7,018	—	529	423	467	—	38
Vegetables & preps. (mt)	2,790	2,920	—	279	3,220	3,489	—	399
Tobacco, unmanufactured (mt)	231	196	—	22	1,443	1,260	1,300	142
Cotton, excl. linters (mt)	1,125	1,566	2,200	155	1,526	2,287	3,400	241
Seeds (mt)	529	490	—	36	648	601	600	53
Sugar, cane or beet (mt) 1/	337	392	—	25	106	130	—	9
Oilseeds & products (mt)	29,190	24,051	—	3,116	7,211	6,856	7,600	804
Oilseeds (mt)	21,044	16,958	—	2,272	4,981	4,559	—	529
Soybeans (mt)	20,400	16,364	21,400	2,136	4,606	4,161	4,500	457
Protein meal (mt)	6,545	5,406	—	607	1,262	1,085	—	108
Vegetable oils (mt)	1,601	1,687	—	237	968	1,213	—	166
Essential oils (mt)	13	15	—	1	185	206	—	19
Other	92	132	—	14	3,008	3,203	—	310
Total	145,125	125,671	156,600	14,651	42,589	43,511	48,500	4,654
IMPORTS								
Animals, live (no.) 1/	3,461	3,141	—	300	1,569	1,360	1,300	134
Meats & preps., excl. poultry (mt)	1,128	1,159	—	82	2,726	2,721	—	187
Beef & veal (mt)	793	776	900	55	1,919	1,822	2,100	118
Pork (mt)	276	318	300	22	663	744	700	54
Dairy products (mt) 1/	231	260	—	26	860	955	900	99
Poultry & products 1/	—	—	—	—	137	133	—	11
Fats, oils, & greases (mt)	44	40	—	3	30	26	—	2
Hides & skins, incl. furskins 1/	—	—	—	—	181	195	—	16
Wool, unmanufactured (mt)	59	56	—	5	173	152	—	17
Grains & feeds (mt)	4,912	10,009	6,500	772	1,639	2,328	1,700	212
Fruits, nuts, & preps., excl. juices (mt)	6,089	6,259	6,500	477	2,988	2,996	—	229
Bananas & plantains (mt)	3,737	3,836	4,000	313	1,083	1,057	1,100	85
Fruit juices (1,000 hectoliters) 1/	27,053	32,001	30,000	2,830	640	686	—	60
Vegetables & preps. (mt)	2,733	2,866	—	214	2,440	2,642	2,900	214
Tobacco, unmanufactured (mt)	386	319	300	32	1,101	912	900	70
Cotton, unmanufactured (mt)	12	16	—	2	11	17	—	2
Seeds (mt)	189	309	300	13	214	255	300	15
Nursery stock & cut flowers 1/	—	—	—	—	629	685	—	70
Sugar, cane or beet (mt)	1,569	1,619	2,100	61	591	616	—	30
Oilseeds & products (mt)	2,484	3,219	3,300	281	1,204	1,479	1,500	140
Oilseeds (mt)	373	895	—	95	130	273	—	28
Protein meal (mt)	618	760	—	65	89	108	—	9
Vegetable oils (mt)	1,492	1,564	—	121	985	1,098	—	103
Beverages excl. fruit								
juices (1,000 hectoliters) 1/	14,014	15,710	—	1,377	1,975	2,122	—	224
Coffee, tea, cocoa, spices (mt)	2,244	2,013	2,200	144	3,018	3,622	5,300	419
Coffee, incl. products (mt)	1,185	969	1,200	70	1,502	2,019	3,700	283
Cocoa beans & products (mt)	770	748	800	45	1,028	1,077	1,100	83
Rubber & allied gums (mt)	981	1,001	1,000	71	839	885	1,100	86
Other	—	—	—	—	1,489	1,578	—	143
Total	—	—	—	—	24,454	26,365	28,500	2,380

\*Fiscal years begin Oct. 1 & end Sept. 30. Fiscal year 1994 began Oct. 1, 1993 & ended Sept. 30, 1994. 1/ Not included in total volume.

2/ Forecasts for footnoted items 2/-5/ are based on slightly different groups of commodities. Totals for fiscal 1993 forecast commodities were 2/ 1.025 million tons. 3/ \$13,285 million. 4/ \$4,228 million, includes flour. 5/ 12.046 million tons. F = forecast. — = not available.

Information contact: Joel Greene (202) 219-0816.



Table 28—U.S. Agricultural Exports by Region

Region & country	Fiscal year*			Nov	Change from year* earlier			Nov
	1993	1994	1995 F	1994	1993	1994	1995 F	1994
	\$ million			Percent				
WESTERN EUROPE	7,499	7,077	7,700	792	-3	-6	9	-1
European Union	7,022	6,557	7,100	697	-2	-7	8	-8
Belgium-Luxembourg	482	504	—	44	5	5	—	-33
France	613	466	—	58	-1	-24	—	-7
Germany	1,146	1,028	—	91	5	-10	—	1
Italy	568	564	—	65	-17	-1	—	-11
Netherlands	1,801	1,609	—	158	-1	-11	—	-15
United Kingdom	916	931	—	106	4	2	—	-16
Portugal	223	224	—	15	-7	0	—	-30
Spain, incl. Canary Islands	829	780	—	111	-13	-6	—	18
Other Western Europe	477	519	600	94	-13	9	16	112
Switzerland	152	154	—	31	-19	1	—	163
EASTERN EUROPE	468	312	400	48	111	-33	28	30
Poland	230	111	—	3	368	-52	—	-77
Former Yugoslavia	47	98	—	17	-6	107	—	213
Romania	107	50	—	19	42	-53	—	136
Former Soviet Union	1,561	1,486	1,200	91	-42	-5	-19	-68
ASIA	17,832	19,390	21,400	2,116	0	9	10	33
West Asia (Mideast)	1,922	1,698	1,900	258	9	-12	12	55
Turkey	369	240	—	48	7	-35	—	147
Iraq	1	3	—	0	150	116	—	0
Israel, incl. Gaza & W. Bank	382	361	500	48	10	-6	39	315
Saudi Arabia	463	500	500	51	-16	8	0	-5
South Asia	641	556	—	91	20	-13	—	144
Bangladesh	52	120	—	32	-58	131	—	267
India	226	130	—	8	93	-43	—	19
Pakistan	236	212	400	43	4	-10	89	106
China	322	877	1,700	70	-53	172	94	41
Japan	8,461	9,208	9,600	848	1	9	4	10
Southeast Asia	1,551	1,789	—	213	6	15	—	35
Indonesia	327	408	—	49	-7	25	—	18
Philippines	512	554	600	65	16	8	8	17
Other East Asia	4,935	5,262	6,700	636	0	7	27	53
Taiwan	1,999	2,103	2,500	251	4	5	19	30
Korea, Rep.	2,041	2,055	2,700	256	-7	1	31	83
Hong Kong	880	1,103	1,500	126	8	25	36	50
AFRICA	2,671	2,237	2,500	254	16	-16	12	54
North Africa	1,659	1,470	1,800	195	18	-11	22	80
Morocco	310	167	—	8	98	-46	—	-69
Algeria	458	608	600	45	-4	33	-1	-27
Egypt	756	613	1,100	126	7	-19	79	614
Sub-Saharan	1,012	766	700	59	13	-24	-9	4
Nigeria	158	111	—	7	413	-30	—	-50
Rep. S. Africa	383	113	—	14	17	-70	—	208
LATIN AMERICA & CARIBBEAN	6,883	7,252	7,100	777	7	5	-2	47
Brazil	231	228	600	128	61	-1	163	979
Caribbean Islands	1,015	952	—	88	5	-6	—	14
Central America	675	729	—	62	15	8	—	-10
Colombia	234	258	—	25	65	10	—	11
Mexico	3,660	4,133	3,600	372	0	13	-13	53
Peru	172	205	—	22	-4	19	—	-14
Venezuela	502	410	400	35	27	-18	-2	-18
CANADA	5,220	5,261	5,700	521	8	1	8	14
OCEANIA	456	497	600	56	7	9	21	32
TOTAL	42,589	43,511	48,500	4,654	0	2	11	19
Developed countries	22,337	22,453	24,100	2,272	2	1	7	9
Developing countries	18,357	18,683	21,100	2,217	8	2	13	48
Other countries	1,896	2,375	3,300	165	-56	25	39	-50

\* Fiscal years begin Oct. 1 & end Sept. 30. Fiscal year 1994 began Oct. 1, 1993 & ended Sept. 30, 1994. F = forecast. --- = not available.  
 Note: Adjusted for transshipments through Canada.

Information contact: Joel Greene (202) 219-0816.



## Farm Income

Table 29—Farm Income Statistics

	Calendar year										
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994 F	1995 F
	\$ billion										
1. Farm receipts	150.1	140.0	148.5	158.4	168.9	177.5	176.6	179.0	183.9	186.3	179 to 189
Crops (incl. net CCC loans)	74.3	63.7	65.9	71.7	77.0	80.1	82.1	84.9	84.5	90.1	88 to 92
Livestock	69.8	71.6	76.0	79.4	84.1	89.8	86.7	86.3	90.6	88.2	84 to 88
Farm related 1/	6.0	5.7	6.6	7.3	7.8	7.6	7.8	7.8	8.8	8.0	7 to 9
2. Direct Government payments	7.7	11.8	16.7	14.5	10.9	9.3	8.2	9.2	13.4	7.9	10 to 12
Cash payments	7.6	8.1	6.6	7.1	9.1	8.4	8.2	9.2	13.4	7.9	10 to 12
Value of PIK commodities	0.1	3.7	10.1	7.4	1.7	0.9	0.0	0.0	0.0	0.0	0 to 1
3. Gross cash income (1+2) 2/	157.9	152.8	165.1	172.9	179.8	186.8	184.9	188.2	197.2	194.2	189 to 201
4. Nonmoney income 3/	5.6	5.5	5.6	6.3	8.1	8.0	7.7	7.8	7.9	8.1	7 to 9
5. Value of inventory change	-2.3	-2.2	-2.3	-3.4	4.8	3.4	-0.3	4.3	-3.6	5.3	-3 to 1
6. Total gross farm income (3+4+5)	161.2	156.1	168.5	175.8	192.8	198.2	192.3	200.2	201.4	207.7	193 to 211
7. Cash expenses 4/	110.7	105.0	109.4	119.0	125.6	131.8	131.7	130.8	138.7	143.5	140 to 148
8. Total expenses	132.4	125.1	128.8	137.8	144.9	151.3	151.2	150.1	158.0	163.1	160 to 168
9. Net cash income (3-7)	47.1	47.8	55.8	53.9	54.2	55.1	53.2	57.4	58.5	50.8	49 to 53
10. Net farm income (6-8)	28.8	31.0	39.7	38.0	47.9	46.9	41.1	50.1	43.4	44.6	33 to 43
Deflated (1987\$)	30.5	32.0	39.7	37.3	43.3	41.1	34.9	41.5	34.9	35.3	24 to 34

1/ Income from machine hire, custom work, sales of forest products, & other miscellaneous cash sources. 2/ Numbers in parentheses indicate the combination of items required to calculate a given item. 3/ Value of home consumption of self-produced food & imputed gross rental value of farm dwellings. 4/ Excludes capital consumption, perquisites to hired labor, & farm household expenses. Total may not add because of rounding. P = preliminary. F = forecast.

Note: 1988-92 accounts (primarily expenses) have been revised to reflect improved methods for estimating farm income. Call contact for information.

Information contact: John Jenkins (202) 219-0798.

Table 30—Average Income to Farm Operator Households

	Calendar year					
	1990	1991	1992	1993	1994 F	1995 F
	\$ per operator household					
Farm income to household 1/	5,742	5,810	7,180	5,125	4,748	4,200 to 5,000
Self-employment farm income	4,973	4,458	5,172	4,710	—	—
Other farm income to household	768	1,352	2,008	415	—	—
Plus: Total off-farm income	33,265	31,638	35,731	33,176	34,370	34,600 to 36,600
Income from wages, salaries, and non-farm businesses	24,778	23,551	27,022	23,868	—	—
Income from interest, dividends, transfer payments, etc.	8,487	8,087	8,709	9,308	—	—
Equals: Farm operator household income	39,007	37,447	42,911	38,300	39,118	38,800 to 41,600

1/ Farm income to the household equals self-employment income plus amounts that operators pay themselves & family members to work on the farm, income from renting out acreage, & net income from a farm business other than the one being surveyed. Data for 1990 are based on a survey that did not fully account for small farms. Data for 1991 include an additional 350,000 farms, many with gross sales under \$10,000 & negative net farm incomes. P = preliminary. F = forecasts. — = not available at this time.

Information contact: Susan Bentley (202) 219-0931.



Table 31—Balance Sheet of the U.S. Farming Sector

	Calendar year 1/										
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
	\$ billion										
Assets											
Real estate	586.2	542.3	578.9	595.5	615.7	628.2	623.2	633.1	656.3	682	677 to 687
Non-real estate	186.5	182.1	193.7	205.6	214.1	220.2	219.2	228.4	231.8	235	230 to 240
Livestock & poultry	46.3	47.8	58.0	62.2	66.2	70.9	68.1	71.0	72.8	74	73 to 75
Machinery & motor vehicles	82.9	81.5	80.0	81.2	85.1	85.4	85.8	85.6	85.2	88	86 to 90
Crops stored 2/	22.9	16.3	17.5	23.3	23.4	22.8	22.0	24.1	23.4	26	25 to 27
Purchased inputs	1.2	2.1	3.2	3.5	2.6	2.8	2.7	3.9	4.2	3	2 to 4
Financial assets	33.3	34.5	35.1	35.4	36.8	38.3	40.6	43.1	46.2	47	46 to 48
Total farm assets	772.7	724.4	772.6	801.1	829.7	848.4	842.2	861.5	888.0	917	912 to 922
Liabilities											
Real estate debt 3/	100.1	90.4	82.4	77.6	75.4	74.1	74.5	75.0	76.0	77	77 to 81
Non-real estate debt 4/	77.5	66.6	62.0	61.7	61.9	63.2	64.3	63.6	65.9	71	70 to 72
Total farm debt	177.6	157.0	144.4	139.4	137.2	137.4	138.8	138.6	141.9	148	149 to 153
Total farm equity	595.1	567.4	628.2	661.7	692.6	711.0	703.6	722.9	746.2	769	760 to 770
	Percent										
Selected ratios											
Debt-to-assets	23.0	21.7	18.7	17.4	16.5	16.2	16.5	16.1	16.0	16.2	16 to 17
Debt-to-equity	29.8	27.7	23.0	21.1	19.8	19.3	19.7	19.2	19.0	19.3	19 to 21
Debt-to-net cash income	377	328	259	256	251	249.4	261	242	243	292	297 to 301

1/ As of Dec. 31. 2/ Non-CCC crops held on farms plus value above loan rates for crops held under CCC. 3/ Excludes debt on operator dwellings, but includes CCC storage and drying facilities loans. 4/ Excludes debt for nonfarm purposes. F = forecast.

Information contacts: Ken Erickson, (202) 219-0799, Jim Ryan (202) 219-0796.

Agricultural

Table

Region  
StateNORTH  
Maine  
New H  
Vermont  
MassachusettsRhode  
Connecticut  
New York  
New Jersey  
PennsylvaniaNORTH  
Ohio  
Indiana  
Illinois  
MichiganWisconsin  
Minnesota  
Iowa  
MissouriNorth Dakota  
South Dakota  
Nebraska  
KansasSOUTH  
Delaware  
Maryland  
Virginia  
West VirginiaNorth Carolina  
South Carolina  
Georgia  
Florida  
Kentucky  
TennesseeAlabama  
Mississippi  
Arkansas  
Louisiana  
Oklahoma  
TexasWEST  
Montana  
Idaho  
Wyoming  
ColoradoNew Mexico  
Arizona  
Utah  
NevadaWashington  
Oregon  
California  
Alaska  
Hawaii

UNITED STATES

1/ Same  
period.Information  
or BDU



Table 32—Cash Receipts from Farm Marketings, by State

995F	Region & State	Livestock & products				Crops 1/				Total 1/			
		1992	1993	Oct 1994	Nov 1994	1992	1993	Oct 1994	Nov 1994	1992	1993	Oct 1994	Nov 1994
		\$ million 2/											
0 687	NORTH ATLANTIC												
0 240	Maine	253	274	24	24	204	198	21	25	457	472	45	49
0 75	New Hampshire	65	65	5	6	81	99	16	14	146	164	21	20
0 90	Vermont	388	403	33	32	72	81	11	13	460	484	44	45
0 27	Massachusetts	126	122	10	10	361	375	48	64	487	497	59	74
0 4													
0 48	Rhode Island	13	12	1	1	60	67	5	5	73	79	6	6
0 922	Connecticut	254	258	22	24	253	263	24	22	507	521	45	46
	New York	1,907	1,888	150	151	1,010	930	90	81	2,917	2,818	240	232
0 81	New Jersey	190	199	17	17	463	508	43	46	653	707	60	63
0 72	Pennsylvania	2,554	2,621	216	212	1,044	1,091	89	112	3,598	3,712	304	325
0 153													
0 770	NORTH CENTRAL												
	Ohio	1,550	1,673	126	118	2,558	2,720	483	321	4,108	4,393	608	440
	Indiana	1,824	1,931	145	159	2,639	3,186	663	436	4,463	5,117	808	595
	Illinois	2,253	2,248	158	153	5,395	5,834	813	752	7,648	8,082	971	905
	Michigan	1,311	1,376	112	108	1,910	1,991	241	262	3,221	3,367	353	370
0 17													
0 21	Wisconsin	4,312	4,164	323	316	1,158	1,086	109	197	5,470	5,250	432	513
0 301	Minnesota	3,610	3,774	301	289	3,413	2,799	333	673	7,023	6,573	634	962
	Iowa	5,600	5,829	433	419	4,809	4,173	668	841	10,409	10,002	1,101	1,260
	Missouri	2,186	2,270	165	170	1,987	1,783	316	200	4,173	4,053	480	370
	North Dakota	749	706	57	62	2,234	2,227	224	295	2,983	2,933	281	357
	South Dakota	1,960	2,173	190	184	1,198	1,147	211	240	3,158	3,320	402	424
	Nebraska	5,675	5,842	444	448	3,107	3,067	339	529	8,782	8,909	783	977
	Kansas	4,783	4,870	423	375	2,387	2,493	338	302	7,170	7,363	761	677
	SOUTHERN												
	Delaware	451	463	40	36	177	159	24	17	628	622	64	52
	Maryland	789	806	65	65	576	560	61	60	1,365	1,366	126	125
	Virginia	1,362	1,385	118	118	778	683	118	66	2,140	2,068	236	184
	West Virginia	267	328	37	31	76	77	7	9	343	405	44	40
	North Carolina	2,798	3,201	280	274	2,379	2,256	386	162	5,177	5,457	666	436
	South Carolina	545	603	58	53	652	618	62	45	1,197	1,221	120	99
	Georgia	2,305	2,572	204	192	1,781	1,639	292	179	4,086	4,211	497	372
	Florida	1,160	1,202	85	92	4,932	4,548	221	359	6,092	5,750	306	451
	Kentucky	1,640	1,720	98	230	1,563	1,656	111	321	3,203	3,376	209	551
	Tennessee	1,058	1,012	70	68	1,063	1,027	138	215	2,121	2,039	208	284
	Alabama	2,047	2,184	161	159	769	726	147	87	2,816	2,910	309	246
	Mississippi	1,355	1,577	147	125	1,280	1,028	224	214	2,635	2,605	371	340
	Arkansas	2,710	2,902	223	247	1,950	1,480	430	305	4,660	4,382	653	552
	Louisiana	611	688	46	47	1,299	1,069	228	214	1,910	1,757	274	261
	Oklahoma	2,552	2,762	213	206	1,112	1,108	113	134	3,664	3,870	326	340
	Texas	7,524	8,342	738	616	3,937	4,275	543	811	11,461	12,617	1,281	1,427
	WESTERN												
	Montana	898	938	140	89	808	843	98	145	1,706	1,781	238	234
	Idaho	1,173	1,167	101	89	1,601	1,680	212	242	2,774	2,847	313	331
	Wyoming	607	657	117	93	169	160	20	53	776	817	137	146
	Colorado	2,746	2,879	262	224	1,055	1,204	115	165	3,801	4,083	377	389
	New Mexico	1,039	1,135	99	101	492	486	48	50	1,531	1,621	147	151
	Arizona	893	885	63	69	947	1,037	88	124	1,840	1,922	151	193
	Utah	558	626	66	57	195	177	21	22	753	803	87	79
	Nevada	202	187	20	12	74	102	10	10	276	289	30	22
	Washington	1,548	1,561	140	148	2,888	3,013	398	248	4,436	4,574	538	395
	Oregon	798	739	60	61	1,662	1,737	243	186	2,460	2,476	303	247
	California	5,056	5,246	483	426	13,841	14,604	1,812	1,862	18,897	19,850	2,295	2,288
	Alaska	6	6	0	0	20	20	2	2	26	26	2	2
	Hawaii	88	85	7	7	431	406	36	34	519	491	43	41
	UNITED STATES	86,349	90,555	7,497	7,213	84,852	84,497	11,291	11,771	171,202	175,052	18,787	18,983

1/ Sales of farm products include receipts from commodities placed under nonrecourse CCC loans, plus additional gains realized on redemptions during the period. 2/ Estimates as of end of current month. Totals may not add because of rounding.

Information contact: Roger Strickland (202) 219-0806. To receive current monthly cash receipts via postal mail or e-mail contact Bob Dubman at (202) 219-0809 or BDUBMAN@ERS.BITNET.



Table 33—Cash Receipts from Farming

	Annual					1994					
	1989	1990	1991	1992	1993	Nov	July	Aug	Sept	Oct	Nov
	\$ million										
Farm marketings & CCC loans*	161,142	169,974	168,795	171,202	175,052	17,919	13,024	13,608	14,463	18,787	18,983
Livestock & products	84,122	89,843	86,735	86,350	90,555	7,854	6,885	7,546	6,720	7,497	7,213
Meat animals	46,857	51,911	51,089	48,467	51,364	4,318	3,287	4,298	3,488	4,269	3,855
Dairy products	19,396	20,149	18,037	19,835	19,316	1,587	1,587	1,564	1,534	1,579	1,524
Poultry & eggs	15,372	15,243	15,122	15,480	17,241	1,631	1,636	1,484	1,467	1,460	1,515
Other	2,498	2,540	2,487	2,569	2,635	319	376	200	231	188	319
Crops	77,020	80,131	82,060	84,853	84,497	10,065	6,139	6,061	7,743	11,291	11,771
Food grains	8,247	7,517	7,414	8,455	8,221	761	1,364	932	1,151	988	835
Feed crops	17,054	18,671	19,491	19,782	19,338	2,335	1,254	1,167	1,277	1,933	3,408
Cotton (lint & seed)	5,033	5,489	5,236	5,192	5,015	1,107	34	90	233	689	1,285
Tobacco	2,415	2,741	2,886	2,961	2,949	341	65	538	466	299	341
Oil-bearing crops	11,866	12,258	12,709	13,277	13,046	1,466	504	274	1,035	3,585	1,790
Vegetables & melons	11,592	11,449	11,561	11,767	12,656	703	1,146	1,442	1,311	1,224	704
Fruits & tree nuts	9,157	9,420	9,909	10,123	9,927	1,526	1,007	868	1,121	1,363	1,581
Other	11,657	12,586	12,854	13,297	13,345	1,827	767	751	1,149	1,210	1,827
Government payments	10,887	9,298	8,214	9,169	13,174	1,698	76	75	97	1,704	90
Total	172,029	179,272	177,009	180,371	188,226	19,617	13,100	13,683	14,560	20,491	19,073

\*Sales of farm products include receipts from commodities placed under nonrecourse CCC loans, plus additional gains realized on redemptions during the period. — = not available.

Information contact: Roger Strickland (202) 219-0806. To receive current monthly cash receipts via mail contact Bob Dubman at (202) 219-0809 or BDUBMAN@ERS.BITNET.

Table 34—Farm Production Expenses

	Calendar year									
	1986	1987	1988	1989	1990	1991	1992	1993 P	1994 F	1995 F
	\$ million									
Feed purchased	17,472	17,463	20,246	20,744	20,387	19,331	20,132	21,433	22,848	20,000 to 24,000
Livestock & poultry purchased	9,758	11,842	12,764	13,138	14,833	14,274	13,868	14,949	13,818	12,000 to 18,000
Seed purchased	3,188	3,259	4,060	4,397	4,518	5,113	4,913	5,162	5,341	4,000 to 6,000
Farm-origin inputs	30,418	32,564	37,069	38,278	39,738	38,718	38,913	41,545	42,007	39,000 to 43,000
Fertilizer & lime	6,820	6,453	7,679	8,176	8,208	8,667	8,333	8,398	8,542	7,000 to 10,000
Fuels & oils	5,310	4,957	4,800	4,772	5,790	5,608	5,299	5,364	5,490	4,000 to 7,000
Electricity	1,795	2,158	2,360	2,648	2,607	2,634	2,611	2,677	2,658	2,000 to 4,000
Pesticides	4,324	4,512	4,148	5,012	5,362	6,319	6,469	6,718	7,010	6,000 to 8,000
Manufactured inputs	18,249	18,078	18,987	20,607	21,967	23,228	22,712	23,157	23,699	22,000 to 26,000
Short-term interest	7,367	6,767	6,712	6,740	6,656	6,124	5,395	5,334	5,439	4,000 to 7,000
Real estate interest 1/	9,131	8,205	7,581	7,190	6,740	5,963	5,772	5,501	5,689	5,000 to 7,000
Total interest charges	16,498	14,972	14,293	13,930	13,395	12,088	11,167	10,836	11,137	9,000 to 13,000
Repair & maintenance 1/	6,426	6,759	7,717	8,407	8,553	8,630	8,469	9,154	9,305	8,000 to 10,000
Contract & hired labor	9,484	9,975	10,911	12,034	14,120	14,012	14,008	15,005	15,908	14,000 to 18,000
Machine hire & custom work	2,099	2,105	3,112	3,380	3,565	3,520	3,836	4,411	4,540	4,000 to 6,000
Marketing, storage, & transportation	3,652	4,078	3,516	4,206	4,211	4,719	4,541	5,591	6,975	6,000 to 8,000
Misc. operating expenses 1/ 2/	9,759	11,171	11,991	11,998	12,725	13,536	12,835	14,099	12,352	11,000 to 15,000
Other operating expenses	31,420	34,088	37,248	40,025	43,173	44,417	43,690	48,260	51,125	49,000 to 54,000
Capital consumption 1/	17,788	17,091	17,610	18,168	18,267	18,249	18,317	18,422	18,668	17,000 to 21,000
Taxes 1/	4,612	4,853	4,954	5,213	5,687	5,615	5,834	6,259	6,537	6,000 to 8,000
Net rent to nonoperator landlords	6,099	7,124	7,619	8,667	9,049	8,879	9,507	9,551	10,004	9,000 to 11,000
Other overhead expenses	28,499	29,069	30,183	32,048	33,003	32,743	33,658	34,233	35,209	34,000 to 37,000
Total production expenses	125,084	128,772	137,780	144,888	151,277	151,194	150,139	158,030	163,178	160,000 to 168,000

1/ Includes operator dwellings. 2/ Beginning in 1982, miscellaneous operating expenses include other livestock purchases, dairy assessments & feeding fees paid by nonoperators. Totals may not add because of rounding. P = preliminary. F = forecast.

Information contacts: Chris McGath (202) 219-0808, Robert McElroy (202) 219-0802.



Table 35—CCC Net Outlays by Commodity &amp; Function

COMMODITY/PROGRAM	Fiscal year									
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995 E
	\$ million									
<b>COMMODITY/PROGRAM</b>										
Feed grains										
Corn	10,524	12,346	8,227	2,863	2,435	2,387	2,105	5,143	635	1,678
Grain sorghum	1,185	1,203	764	467	349	243	190	410	133	179
Barley	471	394	57	45	-94	71	174	186	237	149
Oats	26	17	-2	1	-5	12	32	16	6	20
Corn & oat products	5	7	7	8	8	9	9	10	8	0
Total feed grains	12,211	13,967	9,053	3,384	2,693	2,722	2,510	5,765	1,019	2,026
Wheat	3,440	2,836	678	53	796	2,805	1,719	2,185	1,972	2,015
Rice	947	906	128	631	667	867	715	887	756	1,031
Upland cotton	2,142	1,786	666	1,461	-79	382	1,443	2,239	1,496	384
Tobacco	253	-346	-453	-367	-307	-143	29	235	641	71
Dairy	2,337	1,166	1,295	679	505	839	232	253	237	227
Soybeans	1,597	-476	-1,676	-86	5	40	-29	109	-162	-38
Peanuts	32	8	7	13	1	48	41	-13	38	86
Sugar	214	-65	-246	-25	15	-20	-19	-35	-25	-32
Honey	89	73	100	42	47	19	17	22	10	4
Wool	123	152	1/ 5	93	104	172	191	179	210	114
Operating expense 3/	457	535	614	620	618	625	6	6	7	7
Interest expenditure	1,411	1,219	425	98	632	745	532	129	57	27
Export programs 4/	102	276	200	-102	-34	733	1,459	2,193	1,804	1,397
1989/95 Disaster/Tree/	0	0	0	3,919	2/ 161	121	1,054	944	3,047	1,080
livestock assistance	486	371	1,665	110	647	155	-162	949	685	1,387
Other										
Total	25,841	22,408	12,461	10,523	6,471	10,110	9,738	16,047	11,792	9,786
<b>FUNCTION</b>										
Price-support loans (net)	13,628	12,199	4,579	-926	-399	418	584	2,065	621	321
Direct payments 5/										
Deficiency	6,166	4,833	3,971	5,798	4,178	6,224	5,491	8,607	4,360	5,047
Diversion	64	382	8	-1	0	0	0	0	0	0
Dairy termination	489	587	260	168	189	96	2	0	0	0
Loan Deficiency	27	60	0	42	3	21	214	387	483	76
Other	0	0	0	0	0	0	140	149	137	75
Disaster	0	0	6	4	0	0	0	0	0	0
Total direct payments	6,746	5,862	4,245	6,011	4,370	6,341	5,847	9,143	4,980	5,198
1988-95 crop disaster	0	0	0	3,386	2/ 5	6	960	872	2,946	1,000
Emergency livestock/tree/										
forage assistance	0	0	31	533	156	115	94	72	102	80
Purchases (net)	1,670	-479	-1,131	116	-48	646	321	525	508	249
Producer storage										
payments	485	832	658	174	185	1	14	9	13	13
Processing, storage,										
& transportation	1,013	1,659	1,113	659	278	240	185	136	94	110
Operating expense 3/	457	535	614	620	618	625	6	6	7	7
Interest expenditure	1,411	1,219	425	98	632	745	532	129	57	27
Export programs 4/	102	276	200	-102	-34	733	1,459	2,193	1,804	1,397
Other	329	305	1,727	-46	708	240	-264	897	660	1,384
Total	25,841	22,408	12,461	10,523	6,471	10,110	9,738	16,047	11,792	9,786

1/ Fiscal 1988 wool & mohair program outlays were \$130,635,000 but include a one-time advance appropriation of \$126,108,000, which was recorded as a wool program receipt by Treasury. 2/ Approximately \$1.5 billion in benefits to farmers under the Disaster Assistance Act of 1989 were paid in generic certificates in FY 90 & were not recorded directly as disaster assistance outlays. 3/ Does not include CCC Transfers to General Sales Manager. 4/ Includes Export Guarantee Program, Direct Export Credit Program, CCC Transfers to the General Sales Manager, Market Promotion Program, starting in fiscal 1991 & starting in fiscal 1992 the Export Guarantee Program - Credit Reform, Export Enhancement Program, Dairy Export Incentive Program, and Technical Assistance to Emerging Democracies. 5/ Includes cash payments only. Excludes generic certificates in FY 86-94. E = Estimated in the FY 1995 Mid-Session Review Budget which was released July 14, 1994 based on June, 1994 supply & demand estimates. Minus (-) indicates a net receipt (excess of repayments or other receipts over gross outlays of funds).

Information contact: Richard Pazdalski (202) 720-5148.



## Food Expenditures

Table 36—Food Expenditures

	Annual			1994		1994 year-to-date		1995
	1992	1993	1994 P	Nov	Dec P	Nov	Dec P	Jan P
	\$ billion							
Sales 1/ Off-premise use 2/ Meals & snacks 3/	319.7 237.9	327.0 251.2	338.5 265.1	28.6 21.7	32.8 23.6	305.8 241.5	338.5 265.1	25.2 20.8
	1993 \$ billion							
Sales 1/ Off-premise use 2/ Meals & snacks 3/	326.8 242.1	327.0 251.2	327.9 260.4	27.5 21.2	31.1 23.0	296.8 237.4	327.9 260.4	23.7 20.2
	Percent change from year earlier (\$ bil.)							
Sales 1/ Off-premise use 2/ Meals & snacks 3/	0.4 3.6	2.3 5.6	3.4 5.5	4.5 6.2	4.9 9.4	3.3 5.2	3.4 5.5	-4.1 11.9
	Percent change from year earlier (1993 \$ bil.)							
Sales 1/ Off-premise use 2/ Meals & snacks 3/	-0.8 1.6	0.1 3.7	0.2 3.7	1.4 4.2	0.9 7.2	0.1 3.3	0.2 3.7	-6.9 9.7

1/ Food only (excludes alcoholic beverages). Not seasonally adjusted. 2/ Excludes donations & home production. 3/ Excludes donations, child nutrition subsidies, & meals furnished to employees, patients, & inmates. P = preliminary.

NOTE: This table differs from Personal Consumption Expenditures (PCE), table 2, for several reasons: (1) this series includes only food, excluding alcoholic beverages & pet food which are included in PCE; (2) this series is not seasonally adjusted, whereas PCE is seasonally adjusted at annual rates; (3) this series reports sales only, but PCE includes food produced & consumed on farms & food furnished to employees; (4) this series includes all sales of meals & snacks. PCE includes only purchases using personal funds, excluding business travel & entertainment. For a more complete discussion of the differences, see "Developing an Integrated Information System for the Food Sector," Agr. Econ. Rpt. No. 575, Aug. 1987.

Information contact: Alden Manchester (202) 219-0756.

## Transportation

Table 37—Rail Rates; Grain & Fruit-Vegetable Shipments

	Annual			1993	1994					
	1992	1993	1994	Dec	July	Aug	Sept	Oct	Nov	Dec
Rail freight rate index 1/ (Dec. 1984=100)										
All products	109.9	110.9	111.9	111.3	111.9	111.9	111.8 P	111.8 P	111.8 P	111.8 P
Farm products	111.1	113.7	114.5	114.5	113.5	113.2	114.1 P	115.9 P	115.3 P	115.3 P
Grain	111.4	114.7	115.5	115.7	114.3	114.3	114.6 P	116.9 P	116.7 P	116.6 P
Food products	108.7	109.0	111.0	109.6	110.9	111.9	111.9 P	111.9 P	111.0 P	111.1 P
Barge freight rate index 1/ (Dec. 1984=100)										
Grain	105.8	101.2	111.6	76.1	94.7	88.9	152.6	184.5	160.3	154.4
Grain shipments										
Rail carloadings (1,000 cars) 2/	27.4	27.4	25.7	25.5	24.3 P	26.1 P	25.8 P	30.4 P	29.5 P	27.9 P
Barge shipments (mil. ton) 3/	3.4	2.6	2.6	2.8	3.3	3.1	2.0	2.9	3.6	3.1
Fresh fruit & vegetable shipments 4/ 5/										
Piggy back (mil. cwt)	1.6	1.4	1.4	1.2	1.6	1.3	1.3	1.0	1.1	1.2
Rail (mil. cwt)	2.6	2.2	2.3	2.8	2.2	1.6	2.2	2.2	2.6	3.0
Truck (mil. cwt)	44.0	44.8	43.8	42.7	40.2	38.0	36.4	40.6	39.7	42.8
Cost of operating trucks hauling produce 4/										
Fleet operation (cts./mile)	124.1	127.2	128.0	127.4	127.5	128.0	128.0	128.0	129.1	128.6

1/ Department of Labor, Bureau of Labor Statistics. 2/ Weekly average; from Association of American Railroads. 3/ Shipments on Illinois & Mississippi waterways. U.S. Corps of Engineers. 4/ Agricultural Marketing Service, USDA. 5/ Preliminary data for 1994. P = preliminary.

Information contact: T.Q. Hutchinson (202) 219-0353.



## Indicators of Farm Productivity

Table 38—Indexes of Farm Production, Input Use, & Productivity<sup>1</sup>

	1983	1984	1985	1986	1987	1988	1989	1990	1991 1/	1992 2/
	1982=100									
Farm output	84	101	105	102	104	97	108	112	112	---
All livestock products	102	100	103	103	106	108	110	112	114	---
Meat animals	102	100	99	99	100	102	102	102	105	---
Dairy products	103	99	105	106	105	107	106	109	109	---
Poultry & eggs	100	103	108	112	122	125	130	138	144	---
All crops	71	100	106	99	101	88	105	112	109	---
Feed crops	31	108	125	119	101	63	116	113	113	---
Food grains	84	93	87	77	77	70	77	99	76	---
Oil crops	75	87	96	88	88	71	87	87	92	---
Cotton and cotton seed	68	111	113	83	127	133	103	138	140	---
Tobacco	75	89	77	58	61	69	71	83	85	---
Vegetables and melons	97	103	109	110	117	111	114	123	122	---
Fruits and nuts	100	100	99	95	109	117	111	113	105	---
Other crops	101	110	111	120	132	137	141	141	148	---
Farm input	96	98	95	92	89	87	87	89	89	---
Farm Labor	95	97	89	87	84	86	82	87	88	---
Farm real estate	92	97	97	94	91	90	91	90	89	---
Durable equipment	95	91	86	80	74	70	67	65	63	---
Energy	97	100	90	84	93	93	91	90	89	---
Agricultural chemicals	93	106	101	111	100	90	93	90	94	---
Feed, seed, and livestock purchases	99	101	106	105	101	98	99	105	104	---
Other purchased inputs	107	108	99	89	92	90	96	97	100	---
Farm output per unit of input	88	103	111	111	117	112	124	127	126	---
Output per unit of labor										
Farm 3/	88	104	118	117	123	114	131	129	127	---
Nonfarm 4/	102	105	106	108	109	110	109	109	110	114

1/ New data and methods were used to calculate the 1991 indexes and to revise them back to 1948. 2/ Preliminary. 3/ Economic Research Service.  
4/ Bureau of Labor Statistics. --- = not available.

Information contact: Rachel Evans (202) 501-8362.



## Food Supply & Use

Table 39—Per Capita Consumption of Major Food Commodities<sup>1</sup>

Commodity	1985	1986	1987	1988	1989	1990	1991	1992	1993 P
Pounds									
Red meats 2/3/4/	124.9	122.2	117.4	119.5	115.9	112.3	111.9	114.1	111.9
Beef	74.6	74.4	69.6	68.6	65.4	64.0	63.1	62.8	61.5
Veal	1.5	1.6	1.3	1.1	1.0	0.9	0.8	0.8	0.8
Lamb & mutton	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Pork	47.7	45.2	45.6	48.8	48.4	46.4	46.9	49.5	48.7
Poultry 2/3/4/	45.2	47.1	50.7	51.7	53.6	56.0	58.0	60.0	61.1
Chicken	36.1	37.0	39.1	39.3	40.5	42.2	43.9	45.9	47.1
Turkey	9.1	10.2	11.6	12.4	13.1	13.8	14.1	14.2	14.1
Fish & shellfish 3/	15.0	15.4	16.1	15.1	15.6	15.0	14.8	14.7	14.9
Eggs 4/	32.9	32.6	32.7	31.6	30.4	30.1	30.0	30.2	30.1
Dairy products									
Cheese (excluding cottage) 2/5/	22.5	23.1	24.1	23.7	23.8	24.6	25.0	26.0	26.3
American	12.2	12.1	12.4	11.5	11.0	11.1	11.1	11.3	11.4
Italian	6.5	7.0	7.6	8.1	8.5	9.0	9.4	10.0	9.8
Other cheese 6/	3.9	4.0	4.1	4.1	4.3	4.5	4.6	4.7	5.0
Cottage cheese	4.1	4.1	3.9	3.9	3.6	3.4	3.3	3.1	2.9
Beverage milks 2/	229.7	228.6	226.5	222.4	224.3	221.7	221.2	218.7	214.2
Fluid whole milk 7/	123.4	116.5	111.9	105.7	97.6	90.4	87.4	84.2	80.5
Fluid lowfat milk 8/	93.7	98.6	100.6	100.5	106.5	108.4	109.9	109.5	107.0
Fluid skim milk	12.6	13.5	14.0	16.1	20.2	22.9	23.9	25.0	26.7
Fluid cream products 9/	6.7	7.0	7.1	7.1	7.3	7.1	7.3	7.5	7.6
Yogurt (excluding frozen)	4.1	4.4	4.4	4.7	4.3	4.1	4.2	4.3	4.3
Ice cream	18.1	18.4	18.4	17.3	16.1	15.8	16.3	16.3	16.1
Ice milk	6.9	7.2	7.4	8.0	8.4	7.7	7.4	7.1	6.9
Frozen yogurt	—	—	—	—	2.0	2.8	3.5	3.1	3.5
All dairy products, milk equivalent, milkfat basis 10/	593.7	591.5	601.2	582.9	565.2	570.7	565.3	564.9	572.2
Fats & oils — Total fat content	64.3	64.4	62.9	63.0	60.4	62.2	63.8	65.6	65.0
Butter & margarine (product weight)	15.7	16.0	15.2	14.8	14.6	15.3	14.8	15.2	15.3
Shortening	22.9	22.1	21.4	21.5	21.5	22.2	22.4	22.4	22.9
Lard & edible tallow (direct use)	3.7	3.5	2.7	2.6	2.1	2.5	3.1	4.1	3.8
Salad & cooking oils	23.5	24.2	25.4	25.8	24.0	24.2	25.2	25.6	24.3
Fresh fruits 11/	111.0	117.7	120.6	121.5	123.2	117.1	113.0	122.7	124.3
Canned fruit 12/	16	16.5	16.6	16.3	16.6	16.5	15.4	17.8	16.1
Dried fruit	3.0	2.8	3.1	3.3	3.2	3.4	3.1	2.8	3.2
Frozen fruit	3.0	3.4	3.6	3.3	3.7	3.5	3.4	3.6	3.5
Selected fruit juices 13/	67.6	69.4	71.5	71.8	67.3	60.0	69.0	63.6	73.2
Vegetables 11/									
Fresh	102.1	100.4	107.0	110.8	114.9	112.3	109.6	114.0	113.0
Canning	95.3	95.6	95.2	91.2	98.9	107.2	109.4	107.2	107.9
Freezing	19.6	18.6	19.3	21.2	20.9	20.5	21.8	21.0	22.8
Potatoes, all 11/	122.4	126.0	126.0	122.4	127.1	127.7	130.4	132.4	135.7
Sweetpotatoes 11/	5.4	4.4	4.4	4.1	4.1	4.6	4.0	4.3	3.9
Peanuts (shelled)	6.3	6.4	6.4	6.9	7.0	6.0	6.5	6.2	6.0
Tree nuts (shelled)	2.5	2.2	2.2	2.3	2.4	2.6	2.3	2.4	2.3
Flour & cereal products 14/	156.1	162.0	170.7	175.4	175.2	183.3	185.6	187.0	189.2
Wheat flour	124.6	125.6	129.8	131.7	129.4	135.6	136.6	138.1	139.4
Rice (milled basis)	9.0	11.6	14.0	14.3	15.2	16.2	16.8	16.9	17.5
Caloric sweeteners 15/	131.5	129.7	134.5	135.5	135.9	139.6	140.6	143.8	147.1
Coffee (green bean equiv.)	10.5	10.5	10.2	9.8	10.1	10.3	10.4	10.3	10.0
Cocoa (chocolate liquor equiv.)	3.7	3.8	3.8	3.8	4.0	4.3	4.6	4.6	4.6

1/ In pounds, retail weight unless otherwise stated. Consumption normally represents total supply minus exports, nonfood use, & ending stocks.

Calendar-year data except fresh citrus fruits, peanuts, tree nuts, & rice, which are on crop-year basis. 2/ Totals may not add due to rounding.

3/ Boneless, trimmed weight. Chicken series revised to exclude amount of ready-to-cook chicken going to pet food as well as some water leakage that occurs when chicken is cut up before packaging. 4/ Excludes shipments to the U.S. territories. 5/ Whole & part-skim milk cheese.

Natural equivalent of cheese & cheese products. 6/ Includes Swiss, Brick, Munster, cream, Neufchatel, Blue, Gorgonzola, Edam, & Gouda. 7/ Plain & flavored. 8/ Plain & flavored & buttermilk. 9/ Heavy cream, light cream, half & half, & sour cream & dip. 10/ Includes condensed & evaporated milk & dry milk products. 11/ Farm weight. 12/ Excludes pineapples & berries. 13/ Single strength equivalent. 14/ Includes rye, corn, oat, & barley products. Excludes quantities used in alcoholic beverages, corn sweeteners, & fuel. 15/ Dry weight equivalent. — = not available.

P = preliminary.

Information contact: Judy Jones Putnam (202) 219-0862.



*The Agricultural Issues*  
*Vital to You:*

## Issues for the 1990's

ERS' most unique series, *Issues for the 1990's*, is now available under one cover. Previously published as separate reports, this series of 2-page factsheets streamlines research topics, graphically presents the latest USDA data and analyses, and targets the most important agricultural issues you'll face this decade.

The series gives you 70 factsheets dealing with the following issues:

Trade	Food and nutrition
Conservation	Rural economy
Commodity programs	Environment
Marketing	Technology

All this for only \$24.50. For foreign addresses (including Canada), the price is just \$31.00.

To order *Issues for the 1990's*, just dial the ERS-NASS order desk at 1-800-999-6779 and ask for AIB-664. Visa and MasterCard accepted. Outside the U.S., please call 1-800-834-0125.



## Introducing the New Commodity Outlooks... And How To Get Them

To meet customer requests for more timely information and stay within increasing budget constraints, the Economic Research Service (ERS) has shifted the format and frequency of its field crop Situation and Outlook reports--Cotton, Wheat, Rice, Feed, and Oil Crops. Effective January 1, ERS began issuing--**in electronic form only**--monthly 8- to 10-page *Outlook* reports for each of these commodities. The new reports are available after 4 pm on the day following release of the *World Agricultural Supply and Demand Estimates* (the *Cotton Outlook* appears a day earlier). In addition, ERS will publish--in printed form--a yearbook for each commodity containing comprehensive supply, use, and price data, together with a review of the past year.

Through June, the *Wheat, Feed, Rice, and Oil Crops Outlooks* are scheduled for electronic release on March 13, April 12, May 12, and June 13. The *Cotton Outlook* is scheduled for March 10, April 11, May 11, and June 12.

You can access the new commodity outlooks **free** from several sources:

- **CALL-ERS/NASS.** This electronic bulletin board supports up to 9600 baud communications (N,8,1) on 1-800-821-6229 and 1-202-219-0377. Call using your computer and modem, follow the login prompts, and select "C" from the main menu. For assistance, call 202-219-0304.
- **ERS AutoFAX.** Use the telephone attached to your FAX machine to call 1-202-219-1107 or 1-202-219-0296. Follow the voice prompts.
- **Internet.** ERS reports are available through the USDA Cooperative Research, Education, and Extension Service gopher at [es.usda.gov](http://es.usda.gov). Select "USDA and Other Federal Agency Information" from the main menu. Beginning in April, ERS reports will be available through e-mail subscriptions. Watch the electronic issues for more information.
- **USDA's AgNewsFAX.** Use the telephone attached to your FAX machine to call 1-202-690-3944. Follow the voice prompts and ask for the appropriate document number.

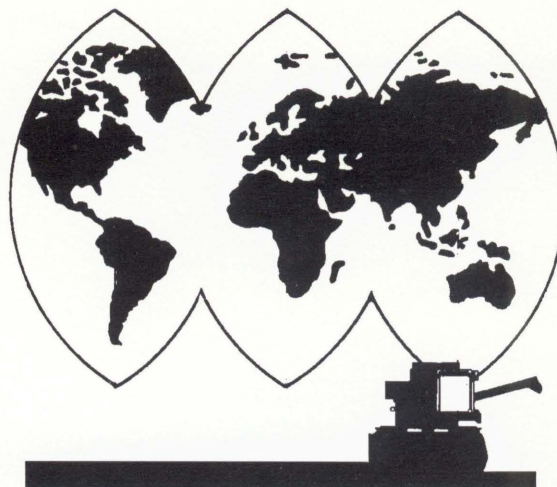
The reports will also be available for a fee from:

- **USDA'S Computerized Information Delivery Service (CIDS).** For details, call 1-202-720-9045.

**If you have questions about the publication schedule,** please call Allen Johnson on 1-202-501-8544. For further information about electronic access, please call Bob Williams on 1-202-219-0395.



# Global Environmental Policies Affect Agricultural Trade



*The global community has recently become more concerned about the environment, making it one of the leading issues of the 1990's. Environmental issues include water quality, soil erosion, deforestation, product safety, and the protection of wildlife and biodiversity. These reports address how policy measures adopted to deal with environmental issues may affect agricultural trade.*

---

## **Environmental Policies: Implications for Agricultural Trade.**

145 pp. June 1994.

This report, consisting of 14 separate articles, analyzes linkages between environmental policies and agricultural trade. Topics covered include a global inventory of environmental policies, the implications of environmental policies on U.S. and world agricultural trade, the implications for environmental policy in the context of multilateral and regional trade negotiations, and the effects of global climate change on agricultural trade.

**Stock # FAER-252**

**\$15.00**

To order these  
reports, please call  
1-800-999-6779  
(outside the U.S. and  
Canada, please call  
1-703-834-0125). VISA  
and MasterCard  
accepted.

## **Global Review of Resource and Environmental Policies: Water Resource Development and Management.**

90 pp. June 1994.

This report reviews how 30 countries develop and manage their water resources. Because the focus of the report is on agriculture, particular attention is given to irrigation. The study found that differing climatic conditions, demand for water, and historical situations led to diverse laws, policies, and administrative structures across countries.

**Stock # FAER-251**

**\$12.00**

---



**United States**  
**Department of Agriculture**  
1301 New York Avenue, NW  
Washington, DC 20005-4788

**Official Business**  
Penalty for Private Use, \$300

UNIVERSITY OF MINNESOTA



3 1951 D00 361 682 D

**FIRST CLASS**  
**POSTAGE & FEES PAID**  
**USDA**  
**PERMIT NO. G-145**

**Moving?** Send this sheet with label intact, showing new address to: ERS Publications, Rm. 236, 1301 New York Avenue, NW, Washington, DC 20005-4788.

## Agricultural Outlook

- ☐ NEW subscription  
☐ RENEWAL

### 1 Year

Domestic: ☐ \$42.00



Foreign: ☐ \$52.50

#### Mailing address (for renewals, attach mailing label here)

Name		
Address		
City	State	Zip code
Daytime phone (     )		

Use purchase orders, checks drawn on U.S. banks (and in U.S. funds), cashier's checks, or international money orders. Make payable to **ERS-NASS**. **PLEASE DO NOT SEND CASH.**

#### Payment method

<input type="checkbox"/> Check	<input type="checkbox"/> 	<input type="checkbox"/> 	Amount \$	Credit card number		
<input type="checkbox"/> Purchase order				Card expiration date	Month	Year
<input type="checkbox"/> Money order						

Return this form to: ERS-NASS, 341 Victory Drive, Herndon, VA 22070.  
**For fastest service, call our toll-free order desk 1-800-999-6779**  
**in the U.S. and Canada; other areas please call 703-834-0125.**  
**Or FAX this order form to 703-834-0110.**

Attention current *Agricultural Outlook* subscribers: The top line of your mailing label may contain renewal information. This expiration reminder appears in one of two formats: DEC95 (expiration date is December 1995) or 1-AGO-2 (two issues of your subscription remain).