ERS Information

News on agriculture, food, the environment, and rural America

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Recent Growth Patterns in the U.S. Organic Foods Market *(AIB-777)*

www.ers.usda.gov/publications/aib777
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Burgeoning consumer interest in organically grown foods has opened new market opportunities for producers and is leading to a transformation in the organic foods industry. Once a niche product sold in a limited number of retail outlets, organic foods are currently sold in a wide variety of venues including farmers markets, natural product supermarkets, conventional supermarkets, and club stores.

Since the early 1990s, certified organic acreage has increased as producers strive to meet increasing demand for organic agricultural and food products in the United States. The dramatic growth of the industry spurred Federal policy to facilitate organic product marketing and is leading to new government activities in research and education on organic farming systems.

This report summarizes growth patterns in the U.S. organic sector in recent years, by market category, and traces the marketing channels for major organic commodity groups. The report describes various research, regulatory, and other ongoing programs on organic agriculture in the U.S. Department of Agriculture.

• The U.S. organic food industry crossed a threshold in 2000: for the first time, more organic food was purchased in conventional supermarkets than in any other venue.

• Growth in retail sales has equaled 20 percent or more annually since 1990. Organic products are now available in nearly 20,000 natural foods stores, and are sold in 73 percent of all conventional grocery stores.

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Rural America at a Glance *(RDRR-94-1)*

www.ers.usda.gov/publications/rdrr94-1
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The economic expansion of the 1990s greatly benefited rural economies, raising earnings, increasing incomes, and reducing poverty. Rural areas attracted both urban residents and immigrants; almost 8 percent of nonmetro counties, many in the West, increased in population at more than twice the national average. Still, areas of the Great Plains and western Corn Belt lost population as they dealt with declining agricultural employment and the lack of replacement jobs in other industries. High poverty and unemployment persisted in rural pockets, particularly in Appalachia, the Mississippi Delta, and the Rio Grande Valley.

In late summer 2000, manufacturing went into a downturn. Afterward, in March 2001, the longest U.S. economic expansion on record ended as the economy slipped into recession. Although the National Bureau of Economic Research has not yet declared the recession over, the economy appears to be in recovery. The labor market continues to be soft, with elevated unemployment rates and slow employment growth. In general, however, the impacts of the recent recession have been mild relative to past recessions, although the manufacturing downturn disproportionately affected nonmetro counties.

This report contains the most current indicators of social and economic conditions in rural areas, for use in developing policies and programs to assist rural people and their communities.

Inside

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- a globally competitive agricultural production system
- a safe and secure food production system
- a healthy and well-nourished public
- harmony between agriculture and the environment
- enhanced economic opportunity and quality of life for rural Americans

The ultimate beneficiaries of ERS programs are the American people, whose well-being is improved by informed public and private decisionmaking.

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Organic Foods *(from page 1)*

• According to the most recent USDA estimates, U.S. certified organic cropland doubled between 1992 and 1997, to 1.3 million acres.

• The new U.S. Department of Agriculture standards for organic food, slated to be fully implemented by October 2002, are expected to facilitate further growth in the organic foods industry.

• Fresh produce is the top-selling organic category, followed by nondairy beverages, breads and grains, packaged foods (frozen and dried prepared foods, baby food, soups, and desserts), and dairy products. During the 1990s, organic dairy was the most rapidly growing segment, with sales up over 500 percent between 1994 and 1999.

• Nine USDA agencies have expanded research, regulatory, and other programs on organic agriculture.

• The main regulatory program is the creation, implementation, and administration of the USDA organic standard. Other programs include crop insurance for organic farmers, information provision, and promotion of organic exports.

• USDA also funds projects for international market development and for natural resource conservation. Funding is also extended to projects assisting adoption of organic practices and exploration of new farming systems, methods, and educational opportunities.

• USDA research includes agronomic studies on soil management, biological control of pests and weeds, livestock issues, and post-harvest fruit treatment. Economic research focuses on tracking growth in the organic sector, demand for organic products, and organic farmers' risk management strategies.

Issues in Food Assistance *(FANRR 26)*

www.ers.usda.gov/publications/fanrr26

The Issues in Food Assistance series addresses topics related to the USDA food assistance programs. Previous briefs covered changes in the Child and Adult Care Food Program, food insecurity, the standard deduction in the food stamp benefit formula. Upcoming briefs will cover: how unemployment affects the Food Stamp Program, self-sufficiency among former food assistance receivers, and whether food assistance programs improve the well-being of low-income families.

Reforming Welfare: What Does It Mean for Rural Areas? (26-4)

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 dramatically altered the social safety net for poor Americans. But there is reason to believe that welfare reform outcomes may be different for many of the 7 million people living in poverty in rural areas. In rural areas, employment is more concentrated in low-wage industries; unemployment and underemployment are greater; and work support services, such as formal paid child care and public transportation, are less available. These potential barriers suggest that welfare reform could be less successful in moving rural low-income adults into the workforce and out of poverty.

This issue brief addresses two broad questions. What is the evidence from recent research about rural-urban differences in the effects of welfare reform on program participation, employment, earnings, and poverty? And how can welfare policy better address the different needs of rural and urban low-income families?
Leslie Whitener; (202) 694-5444; whitener@ers.usda.gov

Private Provision of Food Aid: The Emergency Food Assistance System (26-5)

Although Federal programs provide the bulk of food assistance in the United States, with benefits worth more than $32 billion in 2000, many needy households also utilize private, nonprofit, charitable organizations that provide emergency food in their communities. Yet policymakers have had limited information available to them on these organizations, which comprise the emergency food assistance system (EFAS). This issues brief reports findings from the first comprehensive government study of the EFAS.

The study provides detailed information about the system's operations and about each of the major types of organizations involved in the system. The research also examines how the EFAS fits within the context of important government nutrition assistance programs, such as the Food Stamp Program (FSP) and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), and describes the role of Federal commodity assistance programs in the system. It updates past studies of the EFAS, extending these studies to provide a broader, more nationally representative view of the system. *Laura Tiehen; (202) 694-5417; ltiehen@ers.usda.gov*

Effects of Changes in Food Stamp Expenditures Across the U.S. Economy (26-6)

The Food Stamp Program (FSP) is one of the Federal Government's primary countercyclical assistance programs, providing assistance to more households during a recession and to fewer households during an economic expansion. These countercyclical changes in FSP expenditures can also have beneficial stabilizing effects on the economy, stimulating economic activity during a recession and slowing demand during an expansion. The extent of the program's economywide stabilizing effect depends on how the program is financed. The Budget Enforcement Act requires that all Federal programs be funded through budget-neutral means (balanced budget) except in emergencies as determined by Congress. The Food Stamp Program provides an economic stimulus during a recession only if emergency-type-2 financing is used.

Determining the ultimate stimulative effect of the Food Stamp Program on economywide consumption, production, and income requires simultaneous analysis of the effect of budgeting requirements, government spending, household spending patterns, labor supply, and the level and distribution of production.
Kenneth Hanson; (202) 694-5427; khanson@ers.usda.gov

The Emergency Food Assistance System

Findings from the Provider Survey *(FANRR-16)*

Vol. I: Executive Summary

(FANRR-16-1)

www.ers.usda.gov/publications/fanrr16-1
Laura Tiehen; 202-694-5417; ltiehen@ers.usda.gov

Findings of the first comprehensive government study of the Emergency Food Assistance System (EFAS) suggest that public and private food assistance may work in tandem to provide more comprehensive services than either could provide by itself. Five major types of organizations (emergency kitchens, food pantries, food banks, food rescue organizations, and emergency food organizations) that operate in the EFAS were studied. The research provides detailed information about the system's operations and about each of these five types of organizations. ***This report summarizes the results of the study.***

The EFAS helps ensure adequate nutrition for low-income Americans who may not have the resources to purchase sufficient food in stores and who may not be able to acquire sufficient food through government programs. Across the country, thousands of emergency kitchens and food pantries provide food assistance to people throughout the year. Regional and national organizations, such as food banks and the food banks' national-level representatives, help the provider agencies obtain food and other resources necessary to accomplish their mission. The EFAS provides meals and food supplies that, for many recipients, complement existing government food assistance programs.

The study was conducted when the effects of the 1996 national welfare reform were becoming visible throughout the country. It examined how the EFAS is operating within the larger context of changes in America's low-income assistance policies and how the EFAS fits within the context of important government nutrition assistance programs. It updates past studies of the EFAS and extends them to provide a broader, more nationally representative view of the system.

Key findings:

• About 5,300 emergency kitchens and 32,700 food pantries participate in the EFAS. The kitchens provide more than 173 million meals. The pantries distribute an estimated 2.9 billion pounds of food per year, which translates into roughly 6 million meals per day, or 2,200 million meals per year.

• Despite the substantial amounts of food distributed by the system, the EFAS remains much smaller in scale than the Federal programs that provide food assistance to the poor.

• The EFAS is mostly locally based, with a wide variety of program structures and innovative practices that meet differing local needs and that use differing local resources and local opportunities.

• Many direct service providers in the EFAS—65 percent of emergency kitchens and 67 percent of food pantries—are faith-based organizations.

• The EFAS extensively uses volunteers. Although most kitchens and pantries do not turn away people because of lack of food, they do limit their food distribution. In about 40 percent of pantries, households are limited to receiving food once per month or less, and one-third of kitchens serve meals only one day per week.

• During the 12 months before our survey, about 25 percent of kitchens and 33 percent of pantries turned away people who requested services, mostly because the individuals in question were disruptive, had substance abuse problems, or failed to meet residency requirements or income guidelines. Most kitchens and pantries did not turn away people because of lack of food.

• About one-fourth of both emergency kitchens and food pantries perceived that there are unmet needs for their services. More than half of food banks and food rescue organizations reported facing unmet needs.

• In contrast to the geographic distribution of the low-income population, emergency kitchens are disproportionately available in metropolitan (versus nonmetropolitan) settings. For example, only 15 percent of kitchens are located in nonmetropolitan areas, whereas 21 percent of America's poor population live in these areas.

Furthermore, kitchens in nonmetropolitan areas tend to serve fewer people than kitchens in metropolitan areas.

• The EFAS may not provide consistent coverage across different parts of the day or days of the week.

• About 89 percent of kitchens and 87 percent of pantries believed they could deal with a 5-percent increase in the need for their services, and about one-third thought that they could deal effectively with as much as a 20-percent increase in need.

Vol. II: Final Report

(FANRR-16-2)

www.ers.usda.gov/publications/fanrr16-2
Laura Tiehen; 202-694-5417; ltiehen@ers.usda.gov

This report presents the study results in detail.

Vol. III: Survey Methodology

(FANRR-16-3)

www.ers.usda.gov/publications/fanrr16-3
Laura Tiehen; 202-694-5417; ltiehen@ers.usda.gov

This report summarizes the survey methodology for the study. It is only available electronically.

Food Assistance Landscape, September 2002 *(FANRR 28-1)*

www.ers.usda.gov/publications/fanrr28-1
Victor Oliveira; (202) 694-5434;
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Nearly 1 in 6 Americans is served by 1 or more of the 15 domestic food assistance programs administered by the U.S. Department of Agriculture (USDA) at some point during the year. These programs give needy persons access to a more nutritious diet, provide opportunities to improve the eating habits of the Nation's children, and help America's farmers by creating an outlet for the distribution of food purchased under farmer assistance authorities.

Each food assistance program targets specific populations with different nutritional needs. These programs work individually and in concert to ensure a nutrition safety net for children and low-income adults.

The Economic Research Service (ERS) is responsible for conducting studies and evaluations of USDA's food assistance programs, with a focus on nutrition outcomes, how benefits are targeted and delivered, and program dynamics and administration.

This report looks at food assistance trends at the midpoint of fiscal 2002, and discusses a recent congressionally mandated ERS study on one food assistance program—the Child and Adult Care Food Program.

Poor Weather Reduces 2002 U.S. Apple Crop

This year's U.S. apple crop will be smaller for the third consecutive year due to adverse weather. Apple production is forecast to decline to 9.2 billion pounds—the smallest crop since 1988. With production down significantly in the Eastern and Central States, even an increase in production in the Western region (with 60 percent of U.S. production) will not prevent overall declines. *Agnes Perez; (202) 694-5255; acperez@ers.usda.gov*

Organic Food Industry Taps Growing American Market

U.S. consumer interest in organically grown foods has opened new market opportunities for producers, leading to a transformation in the organic foods industry. Once a niche product sold in a limited number of retail outlets, organic food is now sold in a wide variety of venues. Since the early 1990s, certified organic acreage in the United States has increased to meet growing demand for organic food. New national organic standards will facilitate the marketing of organic products as more U.S. growers move into organic production and more processors and distributors add organic selections to their product lines. *Carolyn Dimitri; (202) 694-5252; cdimitri@ers.usda.gov*

French Fries Driving Globalization of Frozen Potato Industry

Driven largely by the growing global popularity of Western-style cuisine, frozen french fries and other frozen potato products are generating billions of dollars in sales worldwide each year. Global frozen potato production capacity is estimated to be at least 9.6 million metric tons a year. Worldwide exports of frozen potato products in 2000 were valued at $1.9 billion. The rapid global expansion of fast food restaurants is key to the tremendous growth in worldwide consumption and trade of frozen potato products. *Charles Plummer; (202) 694-5256; cplummer@ers.usda.gov*

U.S. Agricultural Exports to Rise $4 Billion in 2003

Sharply higher prices for grains and soybeans, reflecting drought-reduced U.S. production, are expected to boost the value of U.S. agricultural exports to $57.5 billion in fiscal year 2003, a 7.5-percent gain over 2002. Bulk commodity exports are likely to lead the gains, although high-value product (HVP) exports also are expected to increase. In contrast to the higher export value, bulk export volume will be down in 2002, mainly from lower soybean volume. *Carol Whitton; (202) 694-5287; cwhitton@ers.usda.gov*

EU Revisits Agricultural Policy Reform with Bold New Proposals

The Commission of the European Union (EU) is proposing bold changes to its Common Agricultural Policy (CAP). The core proposal is a single annual whole-farm payment, not requiring production by farmers, in contrast to the current payments that are linked to production of specific commodities. Farmers would have greater flexibility in choosing what to produce, and support for large farms would be cut for the first time. Greater emphasis would be placed on rural development, food safety, animal welfare, and environmental regulations. The proposals also have implications for WTO negotiations and EU enlargement. Nonetheless, for many commodities, traditional CAP price support and stabilization mechanisms would be maintained. *David Kelch; (202) 694-5151; dkelch@ers.usda.gov*

Food Price Inflation to Moderate in 2002 & 2003

The U.S. Consumer Price Index (CPI) for all food is forecast to increase 2.1 percent in 2002 and 2.0-2.5 percent in 2003, compared with a 3.1-percent increase in 2001. Record beef, pork, and poultry supplies, along with dampening of consumer demand by the lackluster domestic economy, are holding down meat prices this year. Smaller potato supplies pushed up the fresh vegetable CPI more than 7 percent in 2002. *Annette L. Clauson; (202) 694-5389; aclauson@ers.usda.gov*

Farm Numbers: Largest Growing Fastest

Declining farm numbers, increasing farm size, and concentration of production have captured the interest of the media, the general public, and lawmakers for decades. Average farm size has grown as farms consolidated. A smaller share of farms accounts for a growing proportion of agricultural production, but the proportion of very small farms is also growing. Acreage and sales-class data show a trend toward large farm operations with at least 500 acres or with annual sales of at least $250,000 in farm products. *Robert A. Hoppe; (202) 694-5572; rhoppe@ers.usda.gov*

A Role for Technology in 21st Century Global Agriculture

Technological advances have the potential to enhance agricultural productivity, incomes, and the quality of life in all countries. However, some regions of the world have gained little from the discoveries and innovations made in agriculture and from global agricultural markets, partly because private research investment tends to be directed toward meeting the market demands of developed-country consumers rather than the needs of less developed countries. One way that the agricultural community and public sector could meet these needs is to strengthen the technological infrastructure in developing countries and facilitate the transfer of appropriate technologies. *Margriet Caswell; (202) 694-5529; mcaswell@ers.usda.gov*

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

NAFTA, the North American Free Trade Agreement, has generally benefited U.S. agriculture and related industries. U.S. agricultural trade with Canada and Mexico more than doubled during the 1990s, a development to which NAFTA contributed. Most U.S. barriers to Canadian and Mexican exports were low prior to NAFTA, and dismantling of tariffs under the agreement is in general proceeding on schedule. Beyond direct trade impacts, the agreement has established rules and institutions that mitigate potential trade frictions, promote foreign direct investment, and facilitate public discourse about environmental issues. *Steven Zahniser; (202) 694-5230; zahniser@ers.usda.gov*

Also Off Press

Find the latest ERS outlook reports on the web at: **www.ers.usda.gov/publications/outlookreports.htm**
In addition to the reports fully summarized in this issue of ERS Information, the following reports were recently released.

Agricultural Income and Finance Outlook (9/26)
Net value added is forecast at $82.4 billion for 2002, down $8.5 billion (9.3 percent) from 2001. Average farm household income for 2002 is forecast at $63,237, down just over 1 percent from last year. For 2002, net farm income is forecast to be $36.2 billion, down 21 percent from 2001.

Sugar and Sweeteners Outlook (9/26)
On August 1, USDA made preliminary forecasts of fiscal year 2003 consumption, reasonable carryover stocks, carry-in stocks, production, and imports in accordance with provisions of the 2002 Farm Act. These forecasts were re-evaluated following the release of more current market information. On August 27, the Commodity Credit Corporation announced the overall allotment quantity for sugar for FY 2003 was set at 7.700 million short tons, raw value.

Tobacco Outlook (9/18)
U.S. tobacco production for the 2002 season was forecast at 887.0 million pounds as of September 1. The crop is 10.5 percent lower than last year's 991.5 million pounds. Acreage in 2002 is projected at 435,460 acres, up less than 1 percent from 2001's 432,400 acres.

Fruit and Tree Nuts Outlook (9/17)
Growers received higher prices for most of their fruit this summer compared with a year ago. The July-August 2002 grower price index for fruit and nuts averaged 2 percent above the July-August 2001 index. Grower prices averaged higher for 2001 fall crop apples and pears and this year's harvests of grapes, peaches, and fresh-market grapefruit. This fall, U.S. apple and pear crops are forecast smaller, likely resulting in continued stronger prices into 2002/03.

Livestock, Dairy & Poultry Outlook (9/18)
Milk production continues to post sizable increases from the weak levels of a year earlier, despite the lowest returns since the early 1990s. Much lower milk prices and higher feed prices will reduce milk producers' returns during the rest of 2002 and 2003. Feed prices will be sharply higher during the rest of this year and at least most of next year. Farm milk prices in 2002 are projected to fall an average of almost $3 per cwt from 2001's strong showing. Farmers are expected to receive only slightly higher prices in 2003.

Wheat Outlook 9/16)
Projected U.S. 2002/03 ending stocks of wheat are down 60 million bushels from last month due to expanding use and lower imports. Projected imports are reduced 20 million bushels due to the extremely tight supplies of spring wheat in Canada. However, the smaller spring wheat imports are partially offset by projected imports of 7 million bushels of feed wheat. Projected exports are up 50 million bushels from last month because of reduced competition, while projected food use is down 10 million bushels.

Feed Outlook (9/16)
There were very few changes made to the domestic feed grains situation this month. A fractional decrease in the 2002 corn crop was partially offset by a small increase in sorghum production. These production changes were reflected in ending stocks. Forecast 2002/03 world coarse grain production declined slightly this month, as increases in production prospects for the former Soviet Union and Argentina were more than offset by reductions for Canada, Australia, and the European Union (EU).

Cotton and Wool Outlook (9/13)
The latest USDA cotton forecast for 2002/03 indicates that world cotton production and stocks will decline further from last season. World production was reduced 1 percent this month to 88.6 million bales, 10 percent below last season's record and the lowest in 3 years. Both foreign and U.S. crops are forecast lower in September and are currently 10 and 11 percent below their respective 2001/02 levels.

Rice Outlook (9/13)
The U.S. 2002/03 rough rice crop remains projected at 206.3 million cwt, down 3 percent from a year earlier. The crop is the second highest on record. A 39-pound increase in yield—projected at a record 6,432 pounds per acre—offset a 20,000-acre drop in harvested area. Louisiana accounts for all of the yield revision. Crop projections were lowered this month for all reporting States except California, where production was raised 10 percent.

Oil Crops Outlook (9/13)
U.S. soybean production is forecast at 2,656 million bushels, which is 28 million higher than last month's forecast. With more available supplies than indicated by the August forecast, U.S. soybean exports for 2002/03 are expected to reach 850 million bushels and exceed the August forecast of 820 million bushels.

Floriculture and Nursery Crops Outlook (9/4)
U.S. floriculture and nursery crop sales, based on growers' wholesale receipts, are projected at $14 billion in 2002, a 1-percent increase from 2001. This growth by the industry is in line with a weaker U.S. economy. Floriculture and nursery sales correspond largely to growth in key economic indicators: new private housing units completed, the number of U.S. households, and disposable income.

ERSnippets

Farm operators across the Nation are about to participate in the **2002 Census of Agriculture** this December. Collected only once every 5 years, the data from the census are used to help chart the future of agriculture.

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