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Safety Nets: An Issue in Global Agricultural Trade Liberalization

Global trade liberalization is expected to benefit many countries, including those developing countries that are net agricultural exporters and are able to respond to expanded market opportunities. Other low-income countries, however, could experience greater food insecurity as trade liberalization leads to higher and perhaps more variable prices for some food commodities. The international safety nets that presently exist, including food aid, are inadequate to stabilize food supplies for vulnerable countries. New safety net proposals are being assessed that could help stabilize grain import prices or manage import costs. Recent estimates of selected proposals suggest that the costs could be much less than those of current programs. Improving international safety net programs may not only temper food security concerns, but also generate support among low-income countries for further trade liberalization.

Food Aid: How Effective in Addressing Food Security?

How effective have food aid programs been in addressing the needs of recipient countries? What does this imply for future effectiveness? Analysts at USDA's Economic Research Service (ERS) evaluated food security situations in 67 developing countries by first projecting the gaps between estimated food consumption and several consumption targets through the next decade. The ERS food security assessment took into account each country's physical access to food (ability to produce and import) and economic access (ability to purchase). ERS then calculated the food gaps that would remain after food aid allocations, using the most recently available food aid data for the projections. Among the findings is that food aid is most effective in reducing the "distribution gap," which captures the impact of unequal purchasing power in the countries studied, and estimates the number of people consuming below consumption targets.



Peanut Consumption Rebounding Amidst Market Uncertainties

In the U.S., most peanuts are consumed directly as food (peanuts and peanut products) rather than as vegetable oil or in animal feed. Food use has rebounded from a decline in the early 1990s, and is forecast at record levels in 2001/02. Even so, new challenges since the mid-1990s have put downward pressure on average farm prices and brought cash receipts in 1999 and 2000 to the lowest levels in almost two decades. These challenges include increased access for peanut imports under trade agreements, strong competition in export markets (notably from China), and changes in domestic support policy under the 1996 Farm Act. The prospect of major changes to the peanut program under new farm bill proposals is also a source of uncertainty for peanut producers.

Middle East/North Africa Region: A Major Market for U.S. Feeds

The 20 countries of the Middle East and North Africa (MENA) region provide a substantial market for U.S. coarse grains, oilseeds, and meals. Prospects are for this market to continue growing. During the

1990s, the MENA region became increasingly dependent upon feed imports to support its expanding livestock and poultry production. In 2000, MENA was the largest foreign market for U.S. barley and soybean meal and the second-largest market for U.S. corn. Feed imports are expected to expand further in the future for most MENA countries because of population and income growth coupled with restrictions on imports of red meat and poultry. The U.S. will continue to be a major supplier, but will face price competition from other countries, notably Argentina and Brazil.

Farm Income, Finance, & Credit Outlook for 2002

The overall financial state of the U.S. agricultural sector is sound, as evidenced by continuing increases in asset values and equity levels. Net cash income before government payments is expected to increase for the third straight year and exceed \$40 billion for the first time since 1998. The level of government payments will have a large impact on the economic outlook for 2002. The article includes an analysis of payment levels above those implied by current law, estimating their potential impact on 2002 farm income.

Fresh Snap Beans: No Strings Attached

On any given day, about 2 percent of Americans consume fresh snap beans, popularly known as green beans or string beans. Per capita use of fresh-market snap beans has been on the rise over the past decade, reaching 2.1 pounds in 2000. Fresh-market production, which has risen during the 1990s, accounted for about 25 percent of the 2.1 billion pounds of snap beans produced in the U.S. during 1998-2000. Spurred by strong demand, particularly from the fresh market, total snap bean production in 1998-2000 was higher than in 1988-1990. Consumer interest in nutrition and healthy lifestyles should support further growth in fresh snap bean consumption.