

New baseline projections... China & the WTO... Exchange rates & the cotton sector... Farm household savings... Manure nutrient management

USDA Longrun Projections to 2011: Global Developments Play Key Role

In USDA's new longrun, 10-year baseline projections, a recovery in global economic growth following the slowdown of 2001-02 leads to stronger U.S. exports, gains in agricultural commodity prices, and rising farm incomes over the next decade. Slow U.S. and global economic growth in 2001-02 and a strong U.S. dollar provide a weak setting in the near term for the agricultural sector. In the longer run, projected improvement in world economic growth, particularly in developing countries, provides a foundation for gains in global trade and in U.S. agricultural exports.

WTO Accession Will Increase China's Agricultural Imports

China's accession to the WTO and further integration into the world economy is expected to lead to a wealthier and more stable international food system. Under terms of accession, China's agricultural trade regime will be more open and responsive to international markets. WTO accession is the latest initiative in a process of liberalization in China's economy that will also benefit U.S. agricultural exports. A modest increase in China's imports of important bulk commodities in the next few years should result from the new trade regime under the WTO, but most benefits to U.S. farmers will occur several years down the road. Accession must be viewed in the context of China's broader economic development and its transition from a planned to a market economy.

Calculating Damages in WTO Trade Disputes

Since its inception in 1995, the World Trade Organization (WTO) dispute settlement system has received over 200 notifications of trade disputes. While most disputes have been settled, in only three cases has the Dispute Settlement Board (DSB) had to approve damage awards. The system is designed to encourage the parties to settle disputes bilaterally. And although no explicit methodology is men-



tioned in the WTO agreements for calculating damages, these three cases suggest the DSB has adopted an approach that measures damages simply and transparently and in a way that minimizes incentives for WTO member countries to violate their agreements.

Imports & Lackluster Demand Pressure Catfish Prices

In the last 2 years, catfish imports have increased dramatically, in contrast to the 1990s when U.S. catfish production was a domestically focused industry. This rise in imports, combined with relatively flat per capita seafood consumption and increased inventories of catfish products, has put downward pressure on domestic catfish prices. Nevertheless, producers whose feeds are primarily grain-based should be able to take advantage of expected relatively low grain prices.

U.S. Cotton & the Appreciation of the Dollar

The dollar's strength has undoubtedly exacerbated the difficulties facing the U.S. textile industry during the recent slowdown in U.S. and world economic growth. It has also been a factor in lowering cot-

ton prices. Unlike textiles, cotton production in the U.S. accounts for about the same proportion of world production as in 1995 and slightly more than in 1990, and its share of world trade has surged. However, the dollar-denominated world price of cotton has fallen by an inflation-adjusted 56 percent between marketing year 1990 and February 2002.

Farm Families' Savings: Findings from the ARMS Survey

Savings play a direct role in helping to maintain farm households' standard of living from year to year as well as complementing other risk management strategies. If farmers save during "good times" and draw on the reserves, there might be less perceived need for large government outlays for disaster assistance and other unearned compensation to decrease income variability. Using data from the Agricultural Resources Management Study (ARMS) survey, USDA's Economic Research Service examined the influence of several factors on the types and level of farm household saving. These factors include size and type of farm, receipt of government payments, purchase of insurance, and major source of income (farm vs. off-farm).

Proposed Requirements for Manure Nutrient Management: Potential Sector Impacts

When manure from animal feeding operations (AFOs) exceeds land application needs for crop production, the runoff can enter waterways and impair water quality. The U.S. Environmental Protection Agency has proposed bringing additional AFOs under regulation and requiring implementation of nutrient management plans (NMPs) by all regulated AFOs, with a decision expected by December 2002. USDA's Economic Research Service estimated the potential national/regional impacts of the proposed NMPs on all regulated AFOs. In general, the results suggest that the proposed NMPs will not be highly disruptive to livestock and poultry production and may even increase returns to the overall industry.