

Farm policy & trade commitments . . . Plant breeding activity . . .  
Economic outlook . . . Tobacco industry . . . Livestock in Eastern Europe

### Aligning U.S. Farm Policy with World Trade Commitments

*The U.S. and other countries* made commitments in 1994 under the Uruguay Round Agreement on Agriculture (URAA) to reduce the total amount of trade-distorting domestic subsidies provided to producers, to reduce export subsidies, and to increase import access to domestic markets. Thus far, the U.S. has been able to comply with its URAA commitments and still provide significant income support to producers. But surges in direct payments to producers after 1997 have caused domestic subsidy levels to approach the U.S. ceiling commitment. U.S. support is expected to remain below its ceiling under current farm programs, but increases in support under new programs, if not carefully crafted to utilize exemptions, could present a problem for compliance with URAA commitments.

### U.S. Recession, Slow World Growth Leave Mixed Picture for Farm & Rural Economy

*By November 2001* it was official. The U.S. economy was in recession—and had been since March. The recession ended a decade-long expansion, the most durable on record. World economic growth—both in 2001 and 2002—is expected to be sluggish, posting the lowest back-to-back growth rates since the world debt crisis of 1981-82.

### Public-Sector Plant Breeding In a Privatizing World

*Since 1970, the balance* between public and private plant breeding activity in industrialized countries has shifted from the public to the private sector. Traditionally, the private sector has relied on public-sector research results. Today this is no longer the case; the public sector instead may utilize private-sector research results in some areas of biotechnology. Funding mechanisms, as well as institutional cooperation and competition, are often quite complex. This has led to debate on appropriate roles for public- and private-sector



activity. However, it is clear that public-sector plant breeding will yield the largest social returns if it continues to focus on research in carefully identified problem areas, with clear public-goods components.

### Traceability for Food Marketing & Safety: What's the Next Step?

*Traceability systems* are recordkeeping systems used primarily to help keep foods with different attributes separate. When information about a particular attribute of a food product is systematically recorded, from creation through marketing, traceability for that attribute is established. Food suppliers and government have several motives for documenting the flow of food and food products through production and distribution channels—and a number of reasons for differentiating types of foods by characteristics and source. However, the area where traceability seems to be getting the most attention lately—government-mandated tracking of genetically engineered crops and food—is *not* among the practical or efficient uses of traceability. Recently, the European Union proposed government-mandated traceability to help distinguish genetically engineered crops and foods.

### Pressures for Change in Eastern Europe's Livestock Sectors

*Twelve years after the fall* of Communism in Central and Eastern Europe (CEE), the meat and dairy processing sectors of CEE countries are undergoing rapid concentration and modernization. The process is most evident in Poland and Hungary, but similar trends can be observed in all the CEE countries. This restructuring has been accelerated by the pending CEE accession to the European Union (EU), both because of pressure to meet EU sanitary standards and because of assistance provided by the EU to the food processing industry.

### Tobacco Industry Downsizing, Restructuring

*A recent dramatic shift* from auctioning to contract selling in the tobacco market is changing the character of the industry. By contracting directly with leaf producers, cigarette manufacturers have more influence over which qualities of leaf are available. In addition, already-existing restrictions on smoking areas and advertising and growing consciousness of the health risks of smoking are having a long-term effect on the industry.

### U.S. Sheep Industry Continues to Consolidate

*The U.S. sheep industry* continues a long decline marked by shrinkage in inventories, prices, and revenues. The industry also bears the brunt of heightened concerns about sheep-borne animal diseases, as well as recent removal of a tariff-rate quota (TRQ) on imported lamb meat from Australia and New Zealand. And while 5 years have passed since the 3-year phase-out of the National Wool Act, the industry still feels the loss of the Act's price support programs. However, there are several positive currents: domestic lamb and mutton consumption has held fairly steady for the past decade, while production in major lamb exporting countries is on the decline.