

EU enlargement. . . China's fruit & vegetable trade. . .
Pulses in the Farm Act. . . Outlook for rice, cotton, & sweet potatoes

U.S. Rice Market Facing Record Supplies, Low Prices

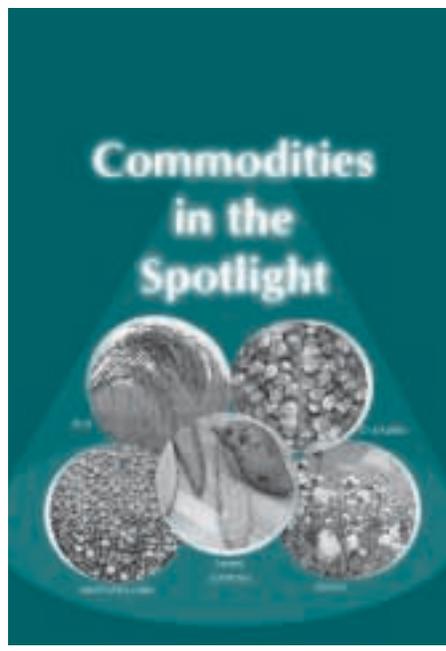
Rice prices in the U.S. are at their lowest level in more than 15 years, the result of weak global prices and a second consecutive year of record supplies at home. Despite a bearish price outlook and expectations of a huge carryover, U.S. rice producers cut plantings just 3 percent in 2002. The projected 2002/03 (August-July) U.S. season-average farm price of \$3.50-\$4 per hundredweight is down from \$4.17 a year earlier and the lowest since 1986/87. U.S. rice exports in 2002/03 are projected to be strong, up 3 percent from 2001/02, due in part to expanding global rice trade since 2000.

Price Recovery Elusive for Cotton

Commodity prices around the world have been relatively low since the late 1990s, and 2002 cotton prices remain about 30 percent below the 1990-94 average. While prices of some major field crops have recovered from their recent lows, cotton and rice have been left behind. Global ending stocks for cotton, rice, wheat, corn, and soybeans are all expected to fall during 2002/03, but cotton and rice prices defy the rising trend currently enjoyed by other crops. Stocks are contracting substantially more for wheat, corn, and soybeans than for cotton, particularly in the U.S. China's role in world cotton and rice consumption is greater than for the other crops, and China appears likely to continue the cotton stock reductions initiated several years ago.

Sweet Potatoes: Getting to the Root of Demand

For many Americans, sweet potatoes have a strong holiday connection (Thanksgiving, Christmas/Hanukkah, and Easter), but this root crop remains a popular vegetable year-round in the American South and in Asia, Africa, and Brazil. The U.S. is the world's 10th-largest producer of sweet potatoes. Production in 2001 was the third highest since 1965. Over the 1999-2001 period, U.S. sweet potato growers produced an average of 13.5 mil-



lion hundredweight from 90,500 harvested acres, and farm cash receipts averaged \$214 million.

Will the Farm Act Get Pulses Racing?

Dry peas, lentils, and small chickpeas—pulse crops—are relatively minor in acreage, supply, and use in the U.S. compared with corn, soybeans, and wheat. However, pulses could be poised for expansion due to their inclusion in the 2002 Farm Act. New marketing loan benefits, combined with agronomic advantages and a growing number of processors, may increase the attractiveness of planting pulses.

EU Enlargement: The End Game Begins

Ten Central and East European (CEE) countries are negotiating with the European Union (EU) for eventual membership. Accession could bring significant changes in production and trade for the CEEs. Impacts on world trade are likely to be small, but enlargement could alter U.S. exports to the region. U.S. grain exports to the CEEs have already dwindled, but the U.S. could lose much of its share of the large poultry market as EU sanitary requirements are adopted. Rising

CEE incomes resulting from EU membership could create opportunities for U.S. exports of other high-value products.

China's Increasing Presence in Global Trade of Vegetables & Fruits

China has raised its profile in the global market for vegetables and fruits, increasing its export value of those products by 33 percent between 1992-94 and 1998-2000, from \$2.3 billion to \$3.1 billion. With improvements in production, marketing, and transportation technologies, China strengthened its competitive position to eighth place in the world vegetable and fruit export market. Though a relatively low-volume importer, China expanded its import value of vegetables and fruits more than fourfold to reach \$413 million during the same period.

U.S. Organic Farming: A Decade of Expansion

American farmland under organic management has grown steadily for the last decade, with acreage for major crops more than doubling between 1992 and 1997, and again between 1997 and 2001. Certified organic pasture (including rangeland) also doubled between 1997 and 2001. Even so, some European countries are ahead of the U.S. in organic production. USDA's national organic standards, which took effect in October 2002, incorporate an ecological approach to farming and are expected to generate further interest in organic products.

Precision Agriculture Adoption Continues to Grow

Precision agriculture (PA) incorporates modern information technologies into the management of agricultural inputs and production practices. PA technologies fall into two broad categories: spatial and/or temporal sensing (e.g., yield monitors), and application control, also known as variable-rate technology (VRT). Corn and soybean farmers have been the most rapid adopters of PA sensing technologies. Fertilization of corn and soybeans has been the most widespread use of VRT.