

Agricultural Economy



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Field Crops Overview

Despite crop progress being delayed because of late planting, this year's U.S. corn production is projected to be the third highest on record while soybean production is projected to be the second highest. As of early December, over 95 percent of corn and soybeans had been harvested. The higher production has permitted stocks to rebuild to more normal levels and has caused prices to ease from the highs reached during the spring.

Because several other grain exporting and importing countries also have higher production in 1996/97, U.S. wheat and coarse grains exports are projected to decline. Nevertheless, grain supplies for 1996/97 will remain tight relative to the early 1990's. Season-average farm prices for grains are projected to fall from the record levels of 1995/96 but continue to remain relatively strong.

U.S. corn production is projected up 26 percent in 1996/97 at 9.3 billion bushels, the third highest on record behind 1994 and 1992. Nearly ideal weather conditions in the latter stages of the growing season boosted yields in the Corn Belt, helping to overcome last spring's excessive precipitation that delayed planting.

Despite higher supplies, U.S. corn exports are projected to drop 15 percent in 1996/97 because of increased foreign competition in global coarse grain markets and reduced import demand. The major coarse grain exporting countries of Argentina and Canada are both expected to export more than a year ago, while the major corn importing countries of Mexico and South Korea are both projected to import less.

The greater availability of feed wheat on world markets during 1996/97 will allow South Korea to substitute feed wheat for corn. Also, Mexico's 1996/97 domestic corn and sorghum output is projected to be higher.

As a result, U.S. coarse grain exports are projected to decline from the levels of the past 2 years but remain strong compared with the early 1990's. Even with lower projected corn exports, total U.S. corn use is projected up marginally in 1996/97, due primarily to increased feed usage. Ending stocks are projected to more than double from 1995/96 on the strength of larger corn output. However, 1996/97 ending stocks are still projected to remain 22 percent below the 1994/95 level.

The larger production and reduced exports have dampened corn prices relative to a year earlier. Farm prices are forecast to average \$2.50-\$2.80 per bushel, compared with \$3.24 in 1995/96.

U.S. Field Crops—Market Outlook

	Area		Yield	Output	Total supply	Domestic use	Exports	Ending stocks	Farm price
	Planted	Harvested							
	— Mil. acres —		Bu/acre	— Mil. bu —				\$/bu	
Wheat									
1995/96	69.1	60.9	35.8	2,183	2,757	1,140	1,241	376	4.55
1996/97	75.6	62.9	36.3	2,282	2,728	1,343	950	435	4.20-4.40
Corn									
1995/96	71.2	65.0	113.5	7,374	8,948	6,294	2,228	426	3.24
1996/97	79.6	73.3	126.5	9,265	9,702	6,645	1,900	1,157	2.50-2.80
Sorghum									
1995/96	9.5	8.3	55.6	460	532	316	198	18	3.19
1996/97	13.3	12.0	68.4	820	839	529	225	85	2.15-2.45
Barley									
1995/96	6.7	6.3	57.3	360	513	351	62	100	2.89
1996/97	7.2	6.8	58.5	397	536	401	35	100	2.50-2.70
Oats									
1995/96	6.3	3.0	54.7	162	343	275	2	66	1.68
1996/97	4.7	2.7	57.8	155	312	240	3	69	1.75-1.95
Soybeans									
1995/96	62.6	61.6	35.3	2,177	2,516	1,482	851	183	6.77
1996/97	64.3	63.4	37.9	2,403	2,590	1,510	900	180	6.30-7.00
Rice									
			Lbs./acre		Mil. cwt (rough equiv.)				\$/cwt
1995/96	3.12	3.09	5,621	173.9	212.7	105.5	82.3	25.0	9.15
1996/97	2.94	2.91	5,981	174.0	206.7	107.1	74.0	25.6	8.75-9.75
Cotton									
			Lbs./acre		Mil. bales				c/lb.
1995/96	16.9	16.0	537	17.9	21.0	10.6	7.7	2.6	75.4
1996/97	14.2	12.8	704	18.7	21.8	11.0	6.2	4.6	*

Based on December 12, 1996 World Agricultural Supply and Demand Estimates.
 *USDA is prohibited from publishing cotton price projections.
 See table 17 for complete definition of terms.

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Sorghum prices are forecast to drop further, with farm prices averaging \$2.15-\$2.45 per bushel compared with \$3.19 in 1995/96. The U.S. sorghum supply is projected to rise over 50 percent from a year earlier—producers in the Southern Plains sharply expanded acreage this spring, and yields are forecast up significantly in the major producing states of Kansas, Nebraska, Oklahoma, and Missouri.

U.S. soybean production for 1996/97 is projected to be the second highest on record and 10 percent above last year's output. Similar to corn, soybeans benefited from the very favorable weather conditions in the latter stages of the growing season, particularly in the eastern Corn Belt. As a result, harvested yields increased above 1995.

Despite the larger output, soybean prices are expected to remain firm because of higher exports in 1996/97. The farm price for soybeans is projected to average \$6.30-\$7 per bushel, compared with \$6.77 in 1995/96. Even with greater exportable supplies expected from Argentina and Brazil, stronger import demand from China in 1996/97 is expected to push U.S. exports higher.

Soybean crushings are also projected to rise in 1996/97 because of greater soybean meal demand, both domestically and internationally. U.S. soybean meal consumption is projected to increase as both hog and poultry producers are expected to expand production into 1997 to take advantage of much lower feed costs. Soybean meal exports are projected to be 5 percent higher in 1996/97, as U.S. export sales have risen to China, the Philippines, and Thailand. The average U.S. soybean meal prices are projected at \$215-\$235 per short ton in 1996/97, compared with \$236 in 1995/96.

Despite a higher soybean crush, U.S. soybean oil production is projected to increase only marginally during 1996/97, as the cool summer temperatures of 1996 lessened the oil content of the soybeans, reducing the oil extraction rate. However, with beginning stocks of soybean oil more than 75 percent higher than a year ago, greater domestic usage is still expected in 1996/97.

World Commodity Market Outlook					
	Year	Production ¹	Exports ²	Consumption ^{1,3}	Carryover ¹
<i>Million tons</i>					
Wheat	1995/96	536.9	93.2	551.7	103.2
	1996/97	579.6	90.1	571.3	111.5
Corn	1995/96	513.9	66.0	543.6	63.3
	1996/97	572.6	61.3	555.4	80.5
Barley	1995/96	141.6	12.4	150.0	17.7
	1996/97	155.2	13.6	149.9	23.1
Rice	1995/96	370.7	18.8	370.0	50.4
	1996/97	376.8	18.0	376.3	50.8
Oilseeds ⁴	1995/96	255.7	43.5	216.1	22.3
	1996/97	255.3	44.3	212.7	20.2
Soybeans ⁴	1995/96	124.4	31.8	112.1	17.1
	1996/97	132.6	33.9	113.3	16.8
Soybean meal ⁴	1995/96	88.9	32.6	88.8	4.2
	1996/97	89.9	32.6	90.3	4.0
Soybean oil ⁴	1995/96	20.2	5.4	19.7	2.3
	1996/97	20.4	5.7	20.3	2.3
<i>Million bales</i>					
Cotton	1995/96	91.8	27.2	84.3	36.2
	1996/97	85.9	26.3	85.3	37.0

1. Aggregate of local marketing years. 2. Wheat, July-June; coarse grains, October-September; cotton, August-July. Rice trade is for the second calendar year. All trade includes trade among countries of the former Soviet Union. All grain trade excludes intra-EU trade; oilseed and cotton trade include intra-EU trade. 3. Crush only for soybeans and oilseeds. 4. Brazil and Argentina adjusted to October-September.

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U.S. soybean oil exports are projected to increase over 75 percent from a year earlier, but are expected to remain well below 1994/95's level as competition from palm oil exporters increases. Although both domestic usage and exports of soybean oil are projected to be greater in 1996/97, ending stocks are projected to remain high with a large carry-in. Average U.S. soybean oil prices are projected to be 22-24 cents per pound compared with 24.75 cents in 1995/96.

U.S. wheat exports are projected to decline 23 percent from 1995/96, because of increased competition in international markets. Increased output by several major exporters (Australia, Argentina, Canada, and the EU) and importers (China and North Africa) is expected to reduce import demand and heighten export competition. In recent months,

both Argentina and Australia have been particularly aggressive at marketing their wheat in international markets. Global wheat production for 1996/97 is currently projected to be the second highest on record after 1990/91, and wheat prices have tumbled from record highs of this past spring.

Partially offsetting the projected decline in U.S. wheat exports will be higher domestic feed and residual use, which is projected to more than double in 1996/97. Ending stocks are projected up 16 percent from 1995/96, but are expected to remain among the lowest on record. Since domestic supplies are anticipated to remain relatively tight during the next few months, U.S. farm prices are still projected to average a strong \$4.20-\$4.40 per bushel in 1996/97, compared with \$4.55 last year.

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Winter wheat plantings were largely completed by the end of November, with most of the crop rated in good to fair condition. Moisture conditions improved in both Kansas and Texas this year after a prolonged drought severely affected winter wheat production in these states during late 1995 through the spring of 1996. The lateness of the corn and soybean harvest in the eastern Corn Belt caused delays in wheat seeding and left some acres unplanted. The winter wheat crop is now in dormancy, and most of the influence of weather on yields will not occur until the spring. USDA issues its initial projection of U.S. winter wheat planted area for 1997 in January.

With record yields, U.S. rice production is projected at 174 million cwt (rough), slightly above last year's harvest despite a 6-percent drop in acreage. Acreage declined in response to reduced government support, greater planting flexibility, and high corn and soybean prices, stimulating substitution of these crops for rice in some states. Rice yields in 1996 are forecast to exceed the 1994 record, due to record-setting yields in Arkansas and record-matching yields in Mississippi.

With the U.S. supply forecast down 3 percent in 1996/97 because of low beginning stocks, ending stocks are projected to remain tight and prices are expected to remain relatively firm. Season-average farm prices are projected to average \$8.75-\$9.75 per cwt, compared with \$9.15 in 1995/96.

U.S. rice exports are projected to decline in 1996/97 due to tight U.S. supplies and increased competition from Thailand and Vietnam. However, rough rice exports to Latin America are expected to remain strong, and medium-grain exports are expected to increase as Japan seeks to meet its Uruguay Round commitments and traditional U.S. medium grain importers continue to buy U.S. rice.

U.S. cotton production increased in 1996, despite lower acreage. Higher projected yields in the southwest states have offset lower acreage, boosting U.S. cotton production 5 percent over 1995/96. Both

production and yields are the third highest on record. As of December 1, 87 percent of the U.S. cotton crop had been harvested, matching the 5-year average.

Total cotton use this season is projected down from 1995/96 as a drop in exports more than offsets stronger domestic use. Exports are projected down nearly 20 percent for 1996/97 as global imports contract (especially by China) and U.S. prices become less competitive in international markets compared with other exporters. Domestic use is projected up in 1996/97 due to abundant supplies and an improved retail consumer demand outlook for cotton products. Ending stocks are projected to be 76 percent higher than the 1995/96 level because of reduced exports and higher production. [Mark Simone (202) 219-0823; msmone@econ.ag.gov]

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Upcoming Reports—USDA's Economic Research Service

The following reports will be issued electronically on dates and at times (ET) indicated.

January

- 13 *Feed Outlook (4 pm)***
- Oil Crops Outlook (4 pm)***
- Rice Outlook (4 pm)***
- Wheat Outlook (4 pm)***
- 15 *Livestock, Dairy & Poultry (12 noon)*
- 17 *Europe**
- 21 *U.S. Agricultural Trade Update (3 pm)*

*Release of summary, 3 pm.

**Available electronically only.

Livestock, Dairy, & Poultry Overview

Beef cow slaughter remains well above a year earlier, rising seasonally as the calf crop is weaned. Continued weak prices for the calf crop and concerns about the hay supply are likely to encourage even more culling of the cow herd and to discourage the retention of heifers for the breeding herd. Although steer slaughter was down more than 1 percent from a year earlier for the first three-quarters, slaughter of heifers was up nearly 4 percent, and beef cow slaughter was up 27 percent.

Total cow slaughter (both beef and dairy cows) is estimated to be 16 percent higher in 1996 than a year earlier, but may decline 12 to 15 percent in 1997. First-quarter 1997 cow slaughter is expected to be less than the first-quarter 1996 level, but 10 to 12 percent above the 1992-95 first-quarter averages.

The November *Cattle on Feed* report covering feedlots with over 1,000 head of capacity indicated inventories in the seven monthly reporting states were up 1 percent from a year earlier. Increased placement of cattle into feedlots since early summer, and their heavy placement weights, are likely to push up slaughter levels even as export demand for higher quality beef remains very sluggish.

Marketings will rise as the summer-placement cattle are marketed, but the greatest pressure should be in early 1997. However, the wet, cold weather that occurred in many feeding areas in late fall may reduce the rate of weight gain of the cattle, and this, along with lower feeding costs, could temper the pace of early 1997 marketings.

Marketings are expected to rise about 3 percent from a year earlier in first-quarter 1997 as the large late-summer and early-fall feedlot placements are marketed. Fall placement numbers have been revised upward due to poor wheat pasture

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U.S. Livestock and Poultry Products—Market Outlook

		Beginning stocks	Production	Imports	Total supply	Exports	Ending stocks	Consumption		Primary market price
								Total	Per capita	
								Million lbs.	Lbs.	\$/cwt
Beef	1996	519	25,592	2,089	28,200	1,857	475	25,868	67.7	64.99
	1997	475	25,482	2,050	28,007	2,185	475	26,032	67.5	64-69
Pork	1996	396	17,170	620	18,186	904	420	16,862	49.3	53.58
	1997	420	17,538	605	18,563	1,064	400	17,099	49.5	51-55
Broilers*	1996	560	26,244	0	26,804	4,553	600	21,650	70.8	61.3
	1997	600	27,673	0	28,372	5,075	640	22,657	73.5	54-59
Turkeys	1996	271	5,399	0	5,671	451	300	4,920	18.5	66.4
	1997	300	5,509	0	5,809	510	300	4,999	18.7	64-69
Eggs**	1996	11.2	6,376.1	5.4	6,392.7	259.9	12.0	5,258.0	237.6	88.1
	1997	12.0	6,600.0	4.0	6,616.0	280.0	12.0	5,414.0	242.4	81-87

Based on December 12, 1996 World Agricultural Supply and Demand Estimates.

*Cold storage stocks previously classified as "other chicken" are now included with broiler stocks. **Total consumption does not include eggs used for hatching. See tables 10 and 11 for complete definition of terms.

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conditions, resulting in only slightly lower 1997 second-quarter marketings. Third-quarter marketings may only recover to be 3 to 5 percent above the very low summer 1996 levels. Marketings in the fourth quarter of 1997 could rise marginally from the continued low 1996 levels.

For all of 1997, beef production could be down 1 percent, but the slaughter mix will shift to a larger proportion of fed cattle, and consequently, heavier average slaughter weights.

Prices for fed cattle peaked near \$71-\$72 per cwt in September-November. Prices in early December had fallen to the mid-\$60's due to some increase in supply and continued weak export demand. Fed-cattle prices are expected to average in the mid-\$60's through much of 1997 as fed-beef supplies continue to rise. Larger supplies and a very uncertain export market will hold down price gains, as will larger supplies of competing meats at relatively lower prices.

Prices for feeder steers will return to a premium over fed-cattle prices, but not until the 1997 grain crop is safely in the ground and forage supplies are replenished. After languishing in the upper

\$50's to low \$60's for much of 1996, prices for 750- to 800-pound feeder steers at Oklahoma City are likely to move into the mid- to upper \$60's in second-half 1997.

If world export demand for beef remains sluggish over the next couple of quarters as supplies increase, more production will have to be absorbed domestically, possibly along with larger beef imports as other exporting countries seek alternative markets for their beef. Third-quarter 1996 U.S. beef exports were down 13 percent from a year ago, the first quarter-year-to-year decline since fall 1993.

Russia has become the world's second-largest meat importer as agricultural restructuring altered its mix of food imports. What is the outlook for U.S. meat shipments to Russia?

Commodity Spotlight
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Tight U.S. supplies of higher quality beef, and higher prices, undoubtedly contributed to this decline. In addition *E. coli* problems in Japan remain a concern, and the dollar remains strong against Korea's won.

Imports of beef were up 3 percent from a year earlier in third-quarter 1996, and up 5 percent from the second quarter. Canadian exports to the U.S. of beef and slaughter cattle remained large, while U.S. supplies of higher quality beef were tight and prices were strong. Imports from Canada will slow as U.S. supplies rise through spring, and imports from Southern Hemisphere countries will likely have declined by the fourth quarter.

U.S. per capita beef consumption will continue near 1995's 67.5 pounds in 1996, up half a pound from 1994, but decline about 2 pounds per capita in 1997 as cow slaughter slows. However, larger supplies of competing meats in second-half 1997 will hold down retail beef price gains.

For 1996, prices for Choice beef may average near \$2.80 a pound, down about 4 cents from 1995. Prices in 1997 are likely to average in the mid \$2.80's for

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much of the year, with modest strength through the year. Increased cow slaughter and supplies of "other beef" have been sufficiently large to lower last fall's price for "all fresh beef" by nearly 10 cents, but it is expected that the retail price for "all fresh beef" will rise for 1997 as cow slaughter declines in the last three quarters.

Wholesale egg prices have increased more than expected this holiday season. Prices rose 20 cents per dozen leading up to Thanksgiving, and have continued to be 10 cents per dozen above last year. November prices averaged above \$1 per dozen for the first time ever, and the December price was expected to average above \$1 for only the second time. This price strength is due partially to strong exports and demand from manufacturers of egg products. Shell-egg movement through retail outlets has also been strong and shell-egg consumption was expected to increase in 1996 for the first time since 1979.

Some of the increase in both egg-product and shell-egg consumption is probably due to the rising trend in eating breakfast away from home. Studies have indicated that takeout breakfasts increased 24 percent between 1989 and 1993, and the egg content of breakfasts eaten away from home is much higher than breakfasts eaten at home. Also, the American Egg Board reports that a 1995 survey showed 12 percent of food-service operators increasing egg use at lunch and 6 percent increasing use at dinner.

Record wholesale and retail egg prices for 1996, and lower feed cost expectations, are encouraging increased table-egg production, to an expected 5,575 million dozen in 1997, 3 percent above 1996. This production increase would bring an increase in per capita egg consumption of nearly 5 eggs, with most of the increase coming from additional egg-product consumption.

Export contracts under the Dairy Export Incentive Program (DEIP) picked up in November, after domestic markets loosened and international demand firmed. During July-October, only 632 metric tons of dry milk was sold under DEIP, less than 1 percent of the GATT limit for July 1996-June 1997. However, contracts under DEIP jumped to almost 6,000 tons of dry milk in November.

Increased availability of dry milk on the U.S. domestic market led to the DEIP sales. DEIP exports had been severely limited by exporters' inability to obtain supply commitments. Although international market demand has firmed somewhat, importers still are not aggressively buying dairy products.

International market demand through the first half of 1997 probably will be firmer than during most of 1996, but may still be soft. Algeria and Mexico are expected to re-enter the market soon, although Mexico may not match the 100,000 tons it bought a year earlier during December to March.

Relatively little can be done to boost DEIP sales in a weak market. In fact, aggressive use of overly generous subsidies tends to reduce—not increase—exports in the short run, as buyers hold out for an even better bargain. Even so, DEIP contracts probably will be larger than a year earlier. Increased milk production should make more U.S. products available, and the U.S. may take a larger market share of world trade.

Late-1996 and first-half 1997 DEIP exports will help bolster U.S. milk prices by draining away some skim solids. However, substantial price effects would occur only if a major buyer began to seek much larger-than-expected amounts or if international supplies changed suddenly.

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Specialty Crops Overview

Florida tomato growers have access to a new tool this winter to increase their competitiveness in the U.S. fresh tomato market. An agreement, effective November 1, 1996, between the U.S. Department of Commerce and Mexico's principal growers and exporters, sets a minimum reference price at the U.S. border for Mexican fresh tomatoes entering U.S. markets.

The agreement intends to prevent economic injury from fresh tomato imports and to prevent Mexico—which accounts for more than 90 percent of U.S. imports—from undercutting prices in the U.S. market. The reference price, set initially at \$5.17 per 25-pound carton, or 20.68 cents per pound, can be adjusted periodically to accommodate changes in the U.S. market. The reference price is not a tariff or duty and does not necessarily limit import volume.

Because the reference price has been set below prices resulting from normal supply-and-demand conditions, the agreement is likely to have little or no effect on U.S. consumer prices for tomatoes. A grower price of \$5.17 per carton is consistent with a retail price of about \$1 per pound, and consumers have been paying over \$1.25 per pound on average for fresh tomatoes during the last 2 years (U.S. grower prices have averaged 27 cents per pound). Consumers would feel the effects only if Mexico were to harvest a bumper crop—the sharply lower prices resulting from such an event would not reach U.S. consumers.

In exchange for signing the agreement, the U.S. Department of Commerce suspended its investigation of the alleged "dumping" by Mexican growers which was initiated in April 1996. The Department of Commerce had determined that fresh tomatoes from Mexico are likely to

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sell in the U.S. at less than "fair value." As long as the reference price is honored, the dumping investigation remains suspended.

The initial reference price, set for November 1996-October 1997, is based on the lowest monthly price observed at the U.S.-Mexico border during 1992 to 1994. But the import price of Mexican tomatoes could be pressured lower by the U.S. market if the volume shipped by U.S. producers is well above average. For example, the U.S. Customs Service reported average import prices of Mexican tomatoes were less than \$5.17 per carton during June-October 1990 and August-November 1991. In these two periods—when Mexican winter-season production was not a factor—U.S. growers shipped large volumes, and domestic grower prices dipped to between \$5 and \$6 per carton.

Florida growers have discussed ways to prevent a reduction in the reference price. The Florida Tomato Growers Exchange, an agricultural marketing cooperative which handles over 90 percent of the fresh tomatoes sold in Florida, has reached an agreed-upon floor price of \$5 per 25-lb carton. The Exchange would impose a fine (\$1 per carton) on members who sold tomatoes for less than this price. (Under the Capper-Volstead Act of 1922, farmers have the right to form cooperatives that are largely exempt from U.S. antitrust statutes. Cooperatives can increase returns to farmers by jointly sharing marketing costs and increasing market power.)

Florida tomato growers have been losing share in the U.S. market for the last 5 years. In the 1991/92 season (October-June), when stormy weather in Mexico drastically reduced the tomato crop, Florida's market share reached 66 percent. But since then, tropical storms and freezes have buffeted Florida's tomato crop, and its climate is ill-suited to adopting the extended-shelf-life varieties which are widely grown now in Mexico. In addition, the Mexican peso devaluation in December 1994 helped spur Mexico's exports for the last two seasons. As a

U.S. Fresh Fruits and Vegetables—Market Outlook

		Utilized production	Imports	Total supply*	Exports	Consumption		Average ret. price index 1982-84 =100
						Total	Per capita	
		Million lbs.					Lbs.	
Oranges	1994/95	4,453.6	39.8	4,493.4	1,270.1	3,223.3	12.25	218
	1995/96	4,872.2	38.0	4,910.2	1,200.0	3,710.2	13.98	240
	1996/97	4,628.6	47.5	4,676.1	1,068.0	3,608.1	13.47	220
Apples	1994/95	6,366.2	286.9	6,653.1	1,526.7	5,126.4	19.57	175
	1995/96	5,836.4	383.4	6,219.8	1,217.2	5,002.6	18.93	197
	1996/97	6,420.0	460.1	6,880.1	1,338.9	5,541.2	20.67	203
Grapes	1994/95	1,617.3	778.9	2,396.2	477.4	1,918.8	7.33	N/a
	1995/96	1,737.8	771.5	2,509.3	489.9	1,019.4	7.64	N/a
	1996/97	1,650.9	617.2	2,268.1	538.9	1,729.2	6.45	N/a
Potatoes	1994	12,688.9	642.8	13,331.7	655.0	12,676.7	48.63	174
	1995	13,244.5	684.9	13,929.4	583.9	13,345.4	50.74	175
	1996	12,671.9	1,005.0	13,676.9	600.0	13,076.9	49.36	180
Tomatoes	1994	3,663.6	873.0	4,536.6	340.7	4,195.8	16.10	174
	1995	3,284.0	1,368.9	4,652.9	289.2	4,363.7	16.59	188
	1996	3,200.0	1,384.6	4,584.6	290.6	4,294.0	16.18	195
Lettuce	1994	6,741.8	20.7	6,762.5	438.7	6,323.8	24.26	170
	1995	5,998.9	51.7	6,050.6	377.8	5,672.8	21.57	221
	1996	6,100.0	29.5	6,129.5	400.9	5,728.6	21.58	180

1996/97 and 1996 forecasts. Season begins in November for oranges, in August for apples, and in July for grapes. Others are calendar years.

N/a = Not available.

*Includes beginning stocks for potatoes.

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result, Florida's market share declined steadily since 1991/92 to about 34 percent in 1995/96 (AO June 1996).

Canada, Belgium, and the Netherlands account for most other U.S. fresh tomato imports (about 7 percent in 1995/96) and compete in the U.S. tomato market mainly with greenhouse-grown tomatoes shipped during the spring months. U.S. imports of greenhouse tomatoes tripled from 21 million pounds in 1991 to 65 million in 1995. When the price of field-grown tomatoes shoots up, consumers readily switch to the better quality greenhouse tomato. During spring 1996, after a Florida freeze tripled the price of imported Mexican tomatoes (field-grown), imports from Canada, Belgium, and the Netherlands nearly doubled.

U.S. greenhouse production has been growing, with the majority of production area devoted to tomatoes. Greenhouse area for all vegetables is expected to hit 600 acres in 1996, up from 450 acres in 1995, according to agricultural extension specialists. Most of the increase comes from a few expanding operations in areas where the amount of sunlight can support production in the winter months. Several large firms in Arizona, Colorado, and Texas have facilities with 40 to 85 acres of greenhouse vegetables.

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