

## 1997 Planting Intentions...U.S. Egg Industry...Ag Markets in Middle East & N. Africa...& USDA's Water Quality Program

### Soybean & Corn Planting Intentions Up

*Soybeans and corn* are the field crops showing the greatest jump from 1996 in planted acreage, while wheat and sorghum show the largest decline, according to USDA's March 1997 *Prospective Plantings* report. Soybean planting intentions in 1997 at 68.8 million acres are up 7 percent from last year's planted acreage. A significant increase in soybean acreage for 1997 had been widely anticipated, given tight supplies of U.S. soybeans and higher prices. Corn planting intentions are bolstered by prices that remain higher than in much of the 1990's. Total wheat planting intentions are down 8 percent; however, the recent runup in wheat prices, may push actual plantings above early-season intentions.

### U.S. Egg Production Cracking

*U.S. egg production* has grown every year since 1989 and is expected to reach nearly 79 billion in 1997. Some of the growth has been driven by a 46-percent increase in hatching eggs to supply an expanding broiler industry. Strong growth of egg use in processed food products has also provided an expanding outlet and has helped to slow the long-term decline in U.S. table-egg use per capita. Finally, phenomenal growth in U.S. egg exports in the past 3 years has resulted in an ever-increasing share of domestic production destined for foreign markets.

### USDA's Water Quality Program

*USDA's Water Quality Program (WQP)* promotes adoption of voluntary alternative management practices by farmers, in an effort to protect the nation's waters from agricultural chemicals and waste products. Out of experience with the WQP, established in 1990, and past USDA water quality programs, several lessons have emerged that provide important guidance for future programs. Among the lessons: cost-effectiveness is enhanced when program activities are targeted to watersheds where agriculture is the primary source of water quality impairment.



### Assessing Integrated Pest Management

*USDA's National Initiative* on Integrated Pest Management calls for a broad assessment that documents the economic, environmental, and public-health impacts of IPM adoption. Analysts face a number of challenges in developing assessments of the impacts of pesticide use and alternative pest management practices. First, gaps exist in the data needed to evaluate impacts in areas of potential concern. Second, analysts must determine which environmental and public-health impacts to assess, how to quantify improvements, and the weights to assign to different impacts. In addition, a unifying framework is needed to assess tradeoffs among economic, environmental, and public-health impacts of alternative pest management technologies.

### Strong Market in Middle East & North Africa

*U.S. farm exports* to the Middle East and North Africa grew by over a third from calendar year 1990 to 1996. Rising incomes, urbanization, strong population growth, and trade policy changes are likely to spur additional import growth,

particularly in livestock products, oilseeds, some feedstuffs, and high-value products. In 1996, U.S. agricultural shipments to the region tallied \$4.5 billion (7.5 percent of the U.S. ag total), just under the record \$4.6 billion of 1995.

### Insuring Limited-Resource Farms

*Recent changes in Federal* farm programs have focused attention on the need for U.S. farmers to manage risks of crop loss and price declines and to re-examine available risk management options. ERS research on the risk management needs of farmers with limited-resources indicates that these farmers tend not to purchase crop insurance nor to participate in current insurance-type programs operated by USDA.

The most likely factors in participation are the type and size of farmers' operations and their general reliance on off-farm sources of household income. Program changes and additions currently under study, especially coverage of additional crops and expanded outreach and educational efforts by USDA's Risk Management Agency, may prompt limited-resource farmers to make greater use of crop insurance and other risk management strategies.

### Contracting—A Business Option For Many Farmers

*Contracting has become* a common business practice on all sizes of farms, in all areas of the country. In 1993, contractual arrangements accounted for \$47 billion—almost one-third of the U.S. farm value of production. Producing under contract is an integral part of the production and marketing of livestock commodities, especially broilers, turkeys, eggs, and milk. Contracts for crops, especially fruits and vegetables, peanuts, and cotton, are also common. For farmers, contracts increase income stability and, depending on the arrangement, permit concentration of management efforts on a particular part of the production process. For processors, contracts enhance uniformity of products to suit consumers, which also lowers costs of processing, packing, and grading.