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Recent Trends in American Agribusiness (米国アグリビジネスの最近の動向)

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Agribusiness is defined to include all of agriculture—farm inputs, production and marketing.

Production Agriculture continues to become more efficient. Farms are being consolidated and becoming larger yet on the fringe many new and smaller intensive operations are coming into existence. Fewer farms are producing more food, but the decline in the number of people involved in production agriculture has stopped at least temporarily.

The input purchase volume is stable to declining. In aggregate, US farmers are using less fertilizer, fewer pesticides and herbicides and smaller tractors. The use of fertilizer continues to decline. This is due to fewer acres, a change in crop mix and the high price of fertilizer. It is also because of the move toward more organic production technology. The trend toward larger and larger tractors stopped in the early 1980's. As farm income weakened farmers purchased fewer and smaller new tractors. Limited Input Sustainable Agriculture (LISA) is being studied and considered more seriously as an alternative to current practices of using large amounts of purchased inputs. The price of food in the US might be higher under a LISA system but the price will more appropriately include or recognize the external costs of continuing to pollute the environment.

Food marketing is getting more complex. A greater variety of consumer products are being produced. Food manufacturing is becoming more efficient using less labor, biotechnology and better communication techniques are enabling manufacturers to produce a greater variety of food items and market them in more efficient ways. Retailing is becoming more complex with more options from large super stores of over 90,000 square feet with over 25,000 different items to small convenience stores with a limited selection, under 1,000.

Of increasing importance is the amount of generic or commodity advertising supported by producer funds collected under state and federal legislated commodity promotion and research check-off programs—over \$800 million now. Most important generic advertising is for dairy products, beef, pork, citrus and raisins, cotton and apples.

Largest and earliest impact of biotechnology will be in animal agriculture and in the food processing industry. Very little has happened in grain sector. Biotechnology is an issue to consumers because of food safety fears and to producers because of potential impact on supplies and prices. In reality biotechnology will likely benefit consumers the most and producers the least. Producers will benefit to the extent cost reductions exceed the decrease in producer prices. Biotechnology makes it possible to design foods that will satisfy unique and individual tastes of small groups of people—different ethnic

groups, those on special diets for health reasons, etc.

bST is one product of biotechnology that is currently the most controversial in the US. Scientists state that the element appears in milk naturally. And that little increase is observed in milk from cows treated with bST. In addition there is no significant difference in milk composition. Our research results on bST suggest that product may not have a significant impact on dairy production if milk production is balanced with demand before and during the introduction of bST. In fact, depending upon the price of bST, low and even average producing herds may not find bST to be a very profitable input. (Tauer, J. Iowa Acad of Sci 95 (1) : 27-31, 1988)

The Administrations Farm Bill for 1990 contains the following.

① Loan rates at 75-80% of 5-year moving average market price-no change from current-the safety net concept. ② Target price omitted by intent to be left up to congress. Tied into the Graham Ruddman bill. ③ Planting flexibility concept introduced-Can plant acreage quota of any of the crops under program (feed grains, wheat, oil seeds, cotton and rice) as long as set aside the ARP acreage. Can exceed base by up to 5 percent if also give up an equivalent acreage of Deficiency payments under target price program. ④ Converts farmer owned reserve into a subsidized storage program. Payment can start in Feb or March and continue for 12 months. Limit on total reserves are 300 mil bushels for wheat and 600 for feed grains. ⑤ The ARP to be triggered by a stock to use ratio. If ratio over 40% of wheat and 25% of corn the secretary would institute a 12-25% ARP. If ratio is under 40% then a 0-12% ARP could be put in place. ⑥ Establish cotton and rice loan rates on same basis as used for grain-75-80% of a 5-year moving average of market prices. ⑦ Conservation reserve-Maximum of 40 million acres with an environmental orientation. ⑧ Export enhancement program and the TEA programs (200 million) will continue. ⑨ Abolish the crop insurance program and set up a Disaster Assistance Program with payment limitation of \$ 100,000 etc. ⑩ Battle in congress will be over the level of target prices.

The two issues that will get the most attention in the debate around the 1990 farm bill will be Conservation and the Environment and Food Safety. This debate will probably take place outside the influence of the agricultural and food industry leadership.

US strategy on GATT Uruguay Round seems to be to push for tariffication. Which means eliminate quotas and replace them with an equivalent tariff. Included would be a agreement to reduce the level of tariff over a ten-year period to zero. In my view this is a good move because it moves toward the reduction of and perhaps elimination of the barriers to free trade. This will benefit consumers of all countries. However, it is not clear that such a move will benefit US farmers in either the short or the long term.

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