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DIVISION OF AGRICULTURE

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Contents

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Trade Adjustment Assistance (TAA) for Farmers – Program Update

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The TAA for Farmers program provides training to help approved applicants develop business plans and adjust business practices to be more effective in the changing economic environment. The program also provides producers up to $12,000 in cash payments to implement both the business plans and knowledge gained from the training workshops and online training.

The Southern Risk Management Education Center (SRMEC) coordinates the delivery of the TAA for Farmers training program and is working with Extension and Sea Grant experts from 13 states in the Southern Region to develop curriculum that will be delivered in traditional workshop formats as well as online.

In June 2010, producers of three commodities were certified by the USDA Foreign Agriculture Service as eligible to apply for benefits under the TAA for Farmers program: 1) U.S. Shrimp in the Gulf and South Atlantic States; 2) Catfish Nationally; and 3) Asparagus Nationally. The deadline for farmers and fishermen to sign up for the program was September 23, 2010. Initial orientations and limited intensive trainings were delivered by Extension Service educators as well as Sea Grant personnel for a 90 day period ending December 22, 2010.

Intensive technical assistance and assistance developing a business plan will also be provided by Extension and Sea Grant faculty. Approved producers and fishermen will have three years to complete all portions of the TAA program

A second window of opportunity opened for shrimpers in the Southern Region plus Alaska to sign up at their local USDA Farm Service Agency (FSA) office for TAA for Farmers benefits before December 23, 2010. These applicants are referred to within the program as the 2011petition and completed their initial orientations on March 23, 2011. Therefore all TAA applicants in the Southern region are currently completing intensive course requirements. Once they have successfully completed 12 hours of course curriculum, they can start the business planning technical assistance phases of the program. TAA has two phases for business planning: 1) completing and submitting an initial business plan, 2) working one-on-one with an individual business planning consultant to complete a long range business plan.

Table 1 on page 2 details the applicant signups for the two distinct petition periods. Total 2010 petition applicants were 4, 965. The second petition window resulted in an additional 6,021 participants.

The tables below summarize applicant sign up from the initial 2010 petition and the subsequent 2011 petition sign up period. In 2010 asparagus, catfish and shrimp commodities qualified for program benefits. In the follow-up 2011 petition lobster, Maine blueberries and lobster qualified. This resulted in the Southern region having two distinct sign-up and initial orientation training deadlines. During the second petition, additional 1,431 shrimp applicants throughout the Southern Region signed up to receive TAA program benefits.

Providing leadership and coordination to the program within the region is a network of academic experts and industry representatives. The SRMEC has at least one TAA state contact in each state in the Southern Region who helps promote the program to commodity groups and producers as well as to identify educators best suited to develop materials and deliver training sessions. Additionally, SRMEC works with a commodity team for the shrimp and catfish petitions. Some TAA program highlights:

- Currently working with a core team of 35 curriculum development and local educators scattered throughout the region.
- SRMEC estimates approximately $1.6 million in sub-contract awards (est. of $350/applicant) would be granted to Cooperative Extension Services and Sea Grant personnel in the Southern Region to deliver program.
- Potential payout (direct financial payments to applicants up to $12,000 per participant) estimated to be in the range of $45-$50 million to region's producers.
- Another $3.7 million would be paid to business planning personnel that coach applicants' in writing a business plan (assuming 85% completion rate).

To learn more about the Trade Adjustment Assistance Program visit the taaforfarmers.org website or the TAA program staff, Nathan Kemper (nkemper@uark.edu) or Ron Rainey (rrainey@uaex.edu) within Southern Risk Management Education Center, http://srmec.uark.edu/.

Table 1. Number of Applicants for TAA for Farmer Benefits in the U.S., by Commodity.

2010 Petition Period

	Asparagus	Catfish	Shrimp	Total	Percent
Southern Region	5	762	3,906	4,673	94.12%
Rest of U.S.	268	20	4	292	5.88%
National Total	**273**	**782**	**3,910**	**4,965**	**100.00%**

2011 Petition Period

	Lobster	Blueberries	Shrimp	Total	Percent
Southern Region	0	0	1431	1431	23.77%
Rest of U.S.	4188	279	123	4590	76.23%
National Total	**4188**	**279**	**1554**	**6021**	**100.00%**

Source: USDA Farm Service Agency

Table 2. Number of 2010 and 2011 Applicants for TAA for Farmers Benefits, by Southern Region State and Commodity

	2010 Petition				2011 Petition
State	**Asparagus**	**Catfish**	**Shrimp**	**Total**	**Shrimp**
Alabama	0	89	295	384	124
Arkansas	0	138	0	138	0
Florida	0	5	301	306	78
Georgia	0	7	160	167	16
Kentucky	0	3	7	10	0
Louisiana	0	53	1,434	1,487	932
Mississippi	0	389	539	928	74
North Carolina	3	8	192	203	22
Oklahoma	2	0	0	2	0
South Carolina	0	0	135	135	20
Tennessee	0	1	0	1	1
Texas	0	69	843	912	164
Southern region Total	**5**	**762**	**3,906**	**4,673**	**1,431**

Source: USDA Farm Service Agency

Macroeconomic Impacts on Agriculture

G.F. Ragland, Program Associate; Bruce L. Dixon, Professor; and Bruce L. Ahrendsen, Professor, U of A Division of Agriculture, Agricultural Economics and Agribusiness Department

Uncertainty, economic crises, and less than full output have been all too common themes characterizing the economy over the last three years. It appears there is little change in those themes for 2011. Oil prices are a rising concern across the globe. With continued unrest and civil uprisings in the Middle East and some oil exporting countries, concern and uncertainty continue to persist. Tied with the international concerns about oil supply is how Congressional efforts to deal with the federal deficit will affect the economy.

Using Bureau of Economic Analysis (BEA) data, the 2010 real gross domestic product (GDP) in the U.S. increased in all four quarters and grew at an annual rate of 2.8%. This compares favorably to a 2.6% decrease in 2009. The 2010 growth marks the first time since 2007 that all four quarters had positive GDP growth. The BEA also reported that gross private domestic investment was the primary contributor to GDP growth at 1.84 percentage points followed by personal consumption expenditures at 1.26 percentage points. Although exports of goods and services grew in 2010, exports net of imports contributed -0.48 percentage points to GDP growth.

The most recent Federal Reserve Bank of Philadelphia's Survey of Professional Forecasters, released February 11, 2011, predicts economic growth to continue for 2011 through 2013. The panel of 43 forecasters expects GDP to grow by 3.6% in the first quarter of 2011. Also, the panel sees moderate growth over the next three years of 3.2% in 2011, 3.1% in 2012, and 3.0% in 2013.

Unemployment, Interest Rates, and Oil Prices

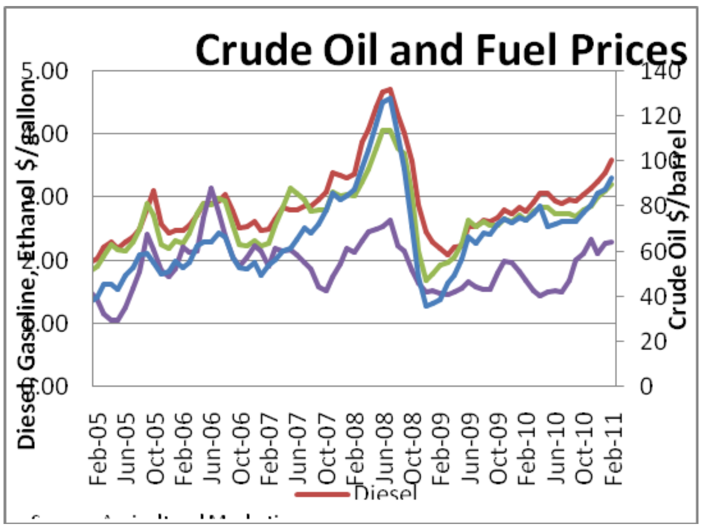
While GDP growth was reasonably strong throughout 2010, this growth has not been accompanied by a corresponding gain in jobs. The Bureau of Labor Statistics (BLS) reported unemployment rates in 2010 ranging from a high of 9.9% in April to a low of 9.4% in December. The present year, 2011, appears to be off to a better start regarding job creation with unemployment posting rates of 9.0% and 8.9% in January and February, respectively. The slight decrease for February was due to nonfarm payroll employment increasing by 192,000. While by no means optimal, Arkansas unemployment numbers continue to be lower than the nation's. The Arkansas unemployment rate in December 2009 and December 2010 were the same at 7.9%, with little fluctuation throughout the year. A March 4, 2011, BLS report states that February job gains nationally were in manufacturing, construction, professional and business services, health care, transportation and warehousing. The professional and business services sector accounted for the largest increase hiking employment by 47,000 jobs during February 2011. Health care posted the second largest gains of more than 34,000 jobs. Over the last year, health care added 260,000 jobs or, on average, 22,000 jobs per month. However, both the state and local government sectors experienced job losses in February 2011. Local government job numbers have decreased markedly since their September 2008 peak, declining by 377,000 jobs since then.

The Federal Reserve continues to actively use monetary policy to increase liquidity and encourage investment. With high unemployment levels, Fed Chairman Ben Bernanke still supports the ongoing second round of quantitative easing (QE2) by using $600 billion to buy bonds to keep interests rates low. The Federal Reserve buys and sells treasury securities to set the federal funds rate. The federal funds rate was the lowest in history at 0.08% in January 2010, and increased marginally throughout the year. The federal funds rate reached a high of 0.20% in half of the months for 2010. The U.S. prime rate has remained at 3.25% from January 2009 through February 2011. The Treasury ten-year security interest rate changed very little through 2010. We saw a low of 2.54% in October and a high of 3.85% in April. There are few indications these rates will increase much over the next year. January 2011 started off at 3.39%. With less than optimal real GDP growth, the Federal Reserve is expected to continue aggressive purchases of securities.

Effective interest rates on farm non-real-estate bank loans were slightly higher in 2010 when compared with 2009. According to a report from the Board of Governors of the Federal Reserve System, the average 2009 rate for farm non-real-estate bank loans was 4.75% and increased slightly to 4.9% for 2010. After increasing to 5.0% and 5.2% during the first two quarters of 2010, rates fell to 4.8% and 4.7% in the last two quarters.

The Consumer Price Index for All Urban Consumers (CPI-U), a common measure of inflation, increased by just 1.6% from January 2010 to January 2011 according to a BLS Economic News Release. However on a seasonally adjusted basis, the CPI-U increased at a much higher month-to-month rate of 0.4% for both December 2010 and January 2011, which is 4.8% on an annual basis. Energy commodities and food indexes accounted for nearly two thirds of the increase for January. The energy and food indexes have risen 7.3% and 1.8% over the last year. The gasoline index rose 3.5% in January, continuing its seven month increase.

Oil prices have increased dramatically over the last few months. With the unrest in Egypt and Libya and other major oil exporting countries, oil prices have surged. From November 2010 to March 2011, crude oil prices increased over $20 a barrel. Crude oil prices on January 7, 2011 were $91.04 per barrel and increased to $103.54 per barrel by February 25, 2011. This increased crude oil price has been accompanied by increases in diesel, gasoline, and ethanol prices (see figure). The Agricultural Marketing Resource Center at Iowa State University reported increases in monthly average prices for oil, diesel, gasoline, and ethanol from February 2010 to February 2011 of 25%, 29%, 21%, and 36%, respectively.



Exchange Rates and Exports

Using a U.S. agricultural trade-weighted dollar exchange rate, the U.S. dollar depreciated 2.1% during 2010. The USDA Economic Research Service (ERS) predicts this decline to continue over the next several years, with a decrease of 1.6% in 2011 and 1.3% in both 2012 and 2013. This downward valuation of the U.S. dollar favors agricultural exports. This depreciation tends to put downward pressure on commodity prices denominated in U.S. dollars which leads to export numbers increasing.

Agriculture accounted for almost $109 billion of U.S. domestic exports in fiscal year 2010. This is up $12 billion compared with 2009. ERS projects the value of agricultural exports to continue its upward trend throughout the next decade. Also, 2010 represented the third consecutive year agriculture has accounted for at least 10% of total U.S. exports.

Summary

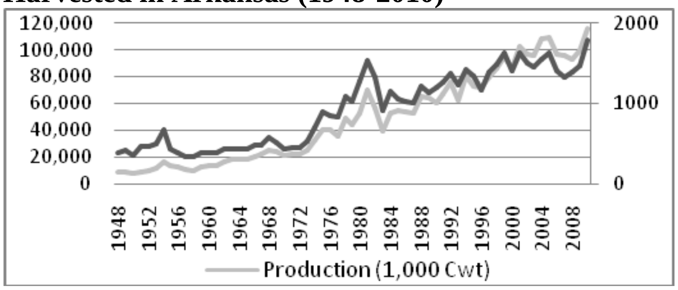
Even though GDP has rebounded back to pre-2008 financial crisis levels, the recovery thus far has been a relatively jobless one. The economy has grown since the recession, yet there is still the recessionary gap of unemployment and underemployment. Congress continues to debate passage of a budget with ways to decrease the deficit, leaving all potential spending cuts on the table. The concern of minimizing current fiscal deficits is a new feature in the political economy that may lead to lessened government spending in the present to further longer term deficit reduction. However, drastic cuts in government spending would almost certainly lead to increased, short run unemployment. Outside of the job and budget cuts, the biggest question and uncertainty going forward in 2011 is the oil situation in North Africa and the Middle East. While the Libyan situation is important in many ways, Libya accounts for less than 2% of current oil exports. Potentially similar uprisings in larger, more influential markets such as the Saudi oil fields would have a much greater worldwide impact on oil prices. In such an event, the U.S. would ultimately have to consider tapping into reserves. If there were disruptions in these markets, there would be few other short run responses. For agriculture, this would mean an increase in production costs. Fuel, fertilizer, transportation, and other food-related input costs would rise.

Who is Who Among Global Rice Producers: Ranking Arkansas on a World Scale

Tatjana Hristovska, Program Associate, Rice Research and Extension Center; Vuko Karov, Program Associate; and Brad Watkins, Associate Professor, U of A Division of Agriculture, Agricultural Economics and Agribusiness Department

Rice is one of the most widely used foods in the world and is a staple food for a large portion of the world's population. Rice production area accounts for 6.3 percent of the world's land crop area. In 2009, almost 400 million acres of rice were harvested globally (FAO STAT, 2011). The five largest rice producing countries in the world are: China, India, Indonesia, Bangladesh and Vietnam. The objective of this study is to compare Arkansas's rice production to that of other countries. Arkansas is the leading rice producing state in the US. Historically, rice has been of great importance for the Arkansas economy. In 2010, approximately 1.7 million acres of rice were planted and harvested in Arkansas, yielding 6,480 lbs/ac. Arkansas' 2010 rice production value was estimated to be approximately $1.3 billion (USDA, 2011). From 2002-2009 Arkansas produced almost half of all US rice. The increasing historical trend of rice production as well as harvested rice acres in Arkansas are presented in Figure 1. Both production and harvested acres have been in an upward trend since 1970.

Figure 1. Historical Rice Production and Area Harvested in Arkansas (1948-2010)



Data Source: NASS/USDA, 2011

So how does Arkansas rank relative to the rest of the world? To answer this question, global data from the FAO and Arkansas data from the USDA were collected. The FAO lists rice as one category (white paddy rice) defined as "*Oryza* spp., mainly *oryza sativa*. Rice grain after threshing and winnowing. Also known as rice in the husk and rough rice. Used mainly for human food." No rice sub-classifications were provided. Therefore, all Arkansas rice for the purposes of this study was classified based on the FAO definition.

Table 1. Arkansas World Rank for Rice Production (by year and category)

Year	Area Harvested	Production Quantity	Yield
2002	23rd	14th	5th
2003	24th	15th	3rd
2004	22nd	14th	4th
2005	23rd	15th	2nd
2006	26th	15th	4th
2007	26th	15th	3rd
2008	25th	16th	6th
2009*	18th	13th	5th

The 2009 data is preliminary and not yet complete therefore the values appear smaller

Arkansas's world rank based on area harvested, production quantity, and yield are presented in Table 1. Arkansas is highly ranked in each year and category. For example, in 2002 Arkansas ranked 23rd in the world according to area harvested, while it ranked 14th according to production quantity and 5th according to rice yield. Arkansas' best ranks during the period 2002-2009 were 22nd according to rice area harvested, 14th in both 2002 and 2004 according to production quantity and 2nd in 2005 according to yield. For the same time period, Arkansas' worst rankings were 26th in area harvested in both 2006 and 2007, 16th in production quantity during 2008, and 6th in yield during 2008. It is noticeable that Arkansas is highly ranked according to its yields. Egypt is the only country that has higher yields than Arkansas in every year, while Australia and Greece are also highly ranked.

So how much rice does Arkansas produce relative to other countries? Table 2 presents the 25 largest rice producing countries while table 3 presents a snapshot of the 25 largest yielding countries. Year 2008 was chosen because 2008 was the latest year with the most complete data available for all countries. Quantity wise from 2002-2009 Arkansas produced more rice than: Europe, West and Central Asia, Central America, Australia & New Zealand and Middle and Southern Africa. From 2002 to 2009 some of the top countries producing less rice then Arkansas were Nigeria, Nepal, Colombia, Cambodia and Madagascar. Nigeria is 17 times larger and has 55 times more population than Arkansas. Nepal is roughly the same size as Arkansas but has ten times more population than Arkansas. Colombia is eight times larger than Arkansas and has 16 times more population than Arkansas. Cambodia is 1.3 times larger and has seven times more population than Arkansas. Madagascar is four times larger and has seven times more population than Arkansas. Population data were obtained from the United Nations Population Division website. Country land area (square miles) was obtained from the Central Intelligence Agency (CIA) World Factbook.

Conclusively, Arkansas plays an important role in global rice production. The rankings indicate that Arkansas is standing closely behind the world's largest rice producing and consuming giants such as China, India, Indonesia, Bangladesh, Viet Nam, Thailand, the Philippines etc. Considering the population and size of those countries as well as rice importance in their diets, economy and life, Arkansas rice producers stand in line with countries that are many times larger and have much greater population.

Table 2. Snapshot of the Top 25 Rice Producing Countries in the World in 2008

Rank	Country	Production quantity (1,000,000 lbs)
1	China	426,273
2	India	326,857
3	Indonesia	132,831
4	Bangladesh	103,408
5	Viet Nam	85,374
6	Thailand	69,778
7	Myanmar	67,241
8	Philippines	37,072
9	Brazil	26,591
10	Japan	24,314
11	Pakistan	22,990
12	Egypt	15,991
13	Cambodia	15,819
14	South Korea	15,254
15	Nepal	9,478
16	**Arkansas**	**9,294**
17	Nigeria	9,213
18	Sri Lanka	8,543
19	Madagascar	6,614
20	Laos	6,453
21	North Korea	6,310
22	Colombia	6,156
23	Peru	6,120
24	Malaysia	5,187
25	Iran	4,815

Table 3. Snapshot of the Top 25 Highest Yielding Rice Countries in the World in 2008

Rank	Country	Yield (lbs/ac)
1	Egypt	8,681.77
2	Australia	8,475.70
3	El Salvador	7,081.53
4	Uruguay	7,050.49
5	Turkey	6,755.26
6	**Arkansas**	**6,662.22**
7	South Korea	6,596.96
8	Peru	6,520.86
9	Morocco	6,206.22
10	Spain	6,175.62
11	Argentina	6,091.62
12	Japan	6,047.71
13	Greece	6,009.26
14	China	5,849.01
15	Colombia	5,616.01
16	Italy	5,571.15
17	Macedonia FYR	5,568.36
18	Somalia	5,490.33
19	Chile	5,167.49
20	Portugal	5,112.22
21	France	4,840.78
22	Tajikistan	4,694.27
23	Viet Nam	4,659.88
24	Honduras	4,631.40
25	Venezuela	4,615.74

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Arkansas Market Maker: A Valuable Tool in Understanding Local Food Systems

Ron Rainey, Associate Professor, U of A Division of Agriculture, Agricultural Economics and Agribusiness Department

Arkansas MarketMaker (MM) was launched in March 2010 as an online marketing resource available to Arkansas' farmers, businesses, and consumers. Throughout its initial year of operation, the resource has enjoyed solid success in terms of aiding in the promotion and understanding of local food systems, especially farmers' markets

MM is an interactive web resource aimed at promoting the products and businesses of agricultural producers by connecting food producers, distributors, buyers, and sellers to their specific consumer markets. Using a web-based search engine of databases in a GIS (global information system) environment, MarketMaker links food producers with economically viable markets, while aiding in food security and enhanced quality in food supply chains.

Arkansas joined an emerging national network that now features 18 states and a collaboration that features one of the most extensive collections of searchable food industry related data in the country. Farmers, retailers, restaurant owners/chefs, and farmers' market managers all benefit from being connected. Successful MM resource features include customizable farm/business profiles which highlight a specific products and services; a menu-driven system to conduct market research on food consumption data and consumer profiles; searchable database that can be viewed with a maps to locate products, businesses and markets. The Division of Agriculture has developed numerous MM promotional items as well as updated online educational and marketing resources. A few examples of marketing strategies that MM could easily fit include farm to school, agritourism, or farmer's market activities. The site features a social networking features, facebook and tweeter, integrated directly within the site to allow businesses to greatly expand the number of potential customers they can reach with promotional and educational information.

Local food marketing has continued to expand within the state as the number of farmers' markets and growers interested in marketing directly continue to expand. MM is effectively serving this growing sector and experiencing terrific momentum as we approach the farmer's market season. Farmers, retailers and institutions are attempting to participate in the local foods momentum at unprecedented levels. Retailers are scrambling to identify viable venders to supply agricultural products and consumers are searching for enhanced experiences beyond the consumption of food. As a result, the demand for understanding and transparency of local food system has grown because of the multitude of marketing strategies used and the myriad of product brands ranging from local, to organic, to natural. MM offers a free tool that both producers and consumers can use to better understand their local food market.

According to website analytics, the site averages almost 1,400 users and 17,000 website hits per month since its release in March 2010. The interactive database features over 10,000 unique business profiles including a collection of wineries, food processors, and farm business profiles. The database also includes profiles for over half of the state's farmer's markets. Arkansas MarketMaker is assisting farmers, consumers, and businesses in accessing and understanding their local food system. The Arkansas project is part of the national MarketMaker network which was recognized by the National Institute of Food and Agriculture with a 2010 Partnership Award. The award is given annually to funded projects for their exemplary work and outstanding contribution in support of the USDA mission and for their positive impacts on agriculture.

If you want to learn more about Arkansas MarketMaker, visit the resource website, www.uaex.edu/marketmaker. Also feel free to contact the MarketMaker project director, Ron Rainey, at marketmaker@ueax.edu or your local county Extension office.

We hope you find our newsletter useful. If you have any comments or questions regarding these articles, or would like to make suggestions for future articles, contact the editor.

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