



# Crossroads Resource Center

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## ***Tools for Community Self-determination***

### **U.S. poised to become net food importer**

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A little over a year ago *The Wall Street Journal* (January 31, 2005, page R6) reported that the U.S. would become a net food importer on a more or less permanent basis by the end of 2005. To me, this is an immense challenge to our food security, but also marks a great opportunity for the U.S. to rebuild its food markets. I'm interested in how others see this.

Trade data for December have not been released yet. When they are, we'll know if the *Journal's* prediction is true. Still, one look at the USDA Economic Research Service (ERS) web site: (<http://www.ers.usda.gov/Data/FATUS/monthlysummary.htm>) shows the trend is upon us.

The U.S. enjoyed an agricultural trade balance of \$12 billion four years ago. By November, 2005, we barely had a surplus, after a slide of \$5 billion in one year. It seems to be a matter of when, not if.

I like to eat great cheeses and wines from France and Italy, and I enjoy tropical fruits in the middle of winter. When the U.S. was a dominant food supplier, this seemed rather like the natural order of things. But now U.S. imports of meat and grains — to name two commodities that used to be our strength — are rising. America now imports two dollars of feed grains for every three dollars of exports, and imports \$2.5 billion more red meats than it exports, ERS data show.

I work with farmers and others who are working strenuously to build local food markets across the country. In my travels, I have picked up a few glimpses of what changes are afoot.

- In the Central Coast of California (south of the Bay Area), as National Public Radio reported a year ago, it was cheaper to buy an artichoke grown in South America than to buy one from one of the massive local farms near Watsonville that specialize in this crop.
- The state of California, long viewed as the source of food for much of the U.S., now imports a net of \$5 billion of food per year. New competitors in China, Japan, and elsewhere in Asia are emerging as cheaper producers of staples like raspberries.
- The average food item sold in the Midwestern heartland travels 1,500 miles from producer to consumer, as the Leopold Center for Sustainable Agriculture reports.
- Farmers in Minnesota have lost \$1 billion each year over the past seven years producing crops and livestock, according to Bureau of Economic Analysis data (<http://www.bea.doc.gov/bea/regional/reis/>).

If America becomes a net food importer, we'll face greater costs. We'll spend more for the energy needed to bring food to our tables. Already we spend about \$139 billion each year paying for the energy required to grow and distribute food. That's far more than cost of the first year of the war in Iraq.

Moreover, Congress is about to write a new Farm Bill in 2007. Our increasing dependence on food imports will force us to completely rewrite our subsidy programs. For one thing, our farm policy assumes that our government can effectively intervene in food markets. This will not be the case when we are net food importers.

Further, the World Trade Organization has ruled our farm subsidies a violation of global trade policies. The U.S. government is inclined to ignore this ruling, but will have a tougher time doing so when we are dependent on others for food.

I believe reducing these subsidies will be good for America. As it is, government programs create a situation where farmers suffer big losses. Subsidies end up taking more money out of rural

communities than they put back in. They have shaped America's economy so farmers produce food commodities as raw materials for industry very efficiently — but where only one half of one percent of all foods raised are sold directly by farmers to consumers. An Iowa State University study shows that subsidies play a large role in raising land prices higher than farmers can pay from growing food. Traders benefit far more than farmers or rural communities. And in the post-Katrina era, amidst an expensive war, it is not clear where the money will come from.

I find myself hoping that this new emergence of food imports will serve as a wake-up call to all of us who eat. I hope it will encourage us to learn more about where our food comes from, to get acquainted with more farmers, and to invest in more localized food processing and distribution. The reward will be healthier urban and rural citizens, and, assuming we reclaim our ability to feed ourselves, a stronger economy.

**Postscript:**

In mid-February, USDA posted the December agricultural trade data on its web site (<http://www.ers.usda.gov/Data/FATUS/index.htm#value>). Not quite a deficit, but still a huge erosion of our trade balance. The December, 2005, data show a small surplus of \$205 million, 76% lower than for the month of December a year before. Overall, the U.S. trade balance plummeted \$5 billion last year, a decline of 50%.

By January, the trade balance had fallen to zero, but rose slightly in February.