

## ■ Agricultural Marketing Service

When you visit the grocery store, you know you'll find an abundance and variety of top-quality produce, meats, and dairy products. If you're like most people, you probably don't give a second thought to the marketing system that brings that food from the farm to your table. Yet, this state-of-the-art marketing system makes it possible to pick and choose from a variety of products, available all year around, tailored to meet the demands of today's lifestyles. Millions of people—from grower to retailer—make this marketing system work. Buyers, traders, scientists, factory workers, transportation experts, wholesalers, distributors, retailers, advertising firms—in addition to the Nation's farmers—all help create a marketing system that is unsurpassed by any in the world. And USDA's Agricultural Marketing Service (AMS) helps make sure the U.S. marketing system remains world-class.

### Services to Promote Quality: Grading, Quality Standards, and Certification

Wherever or whenever you shop, you expect good, uniform quality and reasonable prices for the food you purchase. AMS quality grade standards, grading, and laboratory services are voluntary tools that industry can use to help promote quality, and to communicate that quality to consumers. Industry pays for these services and they are voluntary, so their widespread use by industry indicates they are valuable tools in helping market their products.

USDA quality grade marks are usually seen on beef, lamb, chicken, turkey, butter, and eggs. For many other products, such as fresh and processed fruits and vegetables, the grade mark isn't always visible on the retail product. In these commodities, the grading service is used by wholesalers, and the final retail packaging may not include the grade mark. However, quality grades are widely used—even if they are not prominently displayed—as a “language” among traders. They make business transactions easier whether they are local or made over long distances. Consumers, as well as those involved in the marketing of agricultural products, benefit from the greater efficiency permitted by the availability and application of grade standards.

Grading is based on standards, and standards are based on measurable attributes that describe the value and utility of the product. Beef quality standards, for instance, are based on attributes such as marbling (the amount of fat interspersed with lean meat), color, firmness, texture, and age of the animal, for each grade. In turn, these factors are a good indication of tenderness, juiciness, and flavor of the meat—all characteristics important to consumers. Prime, Choice, and Select are all grades familiar to consumers of beef.

Standards for each product describe the entire range of quality for a product, and the number of grades varies by commodity. There are eight grades for beef, and three each for chickens, eggs, and turkeys. On the other hand, there are 45 grades for cotton, and more than 300 fruit, vegetable, and specialty product standards.

■ **Facts about grading:**

*From October 1995 through September 1996, USDA graded 35 percent of the shell eggs and 95 percent of the butter produced in the United States. Ninety-one billion pounds of fresh fruits and vegetables and more than 13 billion pounds of processed fruits and vegetables received a USDA grade mark. Nearly all of the meat industry requests AMS grading services: USDA grades were applied to 82 percent of all beef, 86 percent of all lambs, 18 percent of all veal and calves, 71 percent of all turkeys, and 49 percent of all chickens and other poultry marketed in this country. USDA also graded more than 98 percent of the cotton and 97 percent of the tobacco produced in the United States.*

The food testing side of the AMS program has 11 “user fee” laboratories performing numerous microbiological, chemical, and physical analyses on a host of food and fiber commodities, including processed dairy products, meat, poultry, egg products, and fruits and vegetables. This testing supports AMS purchases for the National School Lunch Program and other domestic feeding programs, troop ration specifications for the Department of Defense, foreign government food contract purchases, laboratory quality control and assurance programs, and testing for aflatoxin in peanut products.

In addition to grading and laboratory services, USDA provides certification services, for a fee, that facilitate ordering and purchase of products used by large-volume buyers. Certification assures buyers that the products they purchase will meet the terms of their contracts—with respect to quality, processing, size, packaging, and delivery. If a large buyer—such as a school district, hospital, prison, or the military—orders huge volumes of a particular product such as catsup or processed turkey or chicken, it wants to be sure that the delivered product meets certain needs. Too much money is involved to risk getting tomato soup when you need catsup, and meals can’t be postponed while the mistake gets corrected. Graders review and accept agricultural products to make sure they meet specifications set by private-sector purchasers. They also certify food items purchased for Federal feeding programs.

AMS has developed quality assurance (QA) services that include Hazard Analysis Critical Control Point (HACCP) and International Organization of Standardization (ISO)-based programs. These programs ensure and document that companies’ operations are in compliance with provisions of contracts and/or their own standards and procedures. QA services are voluntary, hourly-fee-based, and value-added. HACCP concepts and procedures have been recommended by the National Academy of Sciences for application in the food industry, and ISO procedures are becoming an international norm for some processes.

## Spreading the News

Farmers, shippers, wholesalers, and retailers across the country rely on AMS Market News for up-to-the-minute information on commodity prices and shipments. Market News helps industry make the daily critical decisions about where and when to sell, and what price to expect. Because this information is made so widely available, farmers and those who market agricultural products are better able to compete, ensuring consumers a stable and reasonably priced food supply.

AMS Market News reporters generate approximately 700 reports each day, collected from more than 100 U.S. locations. Reports cover local, regional, national, and international markets for dairy, livestock, meat, poultry, grain, fruit, vegetables, tobacco, cotton, and specialty products. Weekly, bi-weekly, monthly, and annual reports track the longer-range performance of cotton, dairy products, poultry and eggs, fruits, vegetables, specialty crops, livestock, meat, grain, floral products, feeds, wool, and tobacco. Periodically, AMS issues special reports on such commodities as olive oil, pecans, peanuts, and honey.

USDA's commodity market information in Market News is easily accessible—via newspapers, television, and radio; printed reports mailed or faxed directly to the user; telephone recorders; electronic access through the Market News Communication System, the Market News Bulletin Board, and the Internet; and by direct contact with USDA reporters.

## Buying Food: Helping Farmers, School Children, and Needy Persons

AMS serves both farmers and those in need of nutrition assistance through its commodity procurement programs. By purchasing wholesome, high-quality food products that are in abundance, AMS helps provide stable markets for producers. The Nation's food assistance programs benefit from these purchases, because these foods go to low-income individuals who might otherwise be unable to afford them.

Some of the programs and groups that typically receive USDA-purchased food include: children in the National School Lunch, Summer Camp, and School Breakfast Programs; Native Americans participating in the Food Distribution Program on Indian Reservations; older Americans through the Nutrition Program for the Elderly; and low-income and homeless persons through the Commodity Supplemental Food Program and the Emergency Food Assistance Program. In addition, USDA helps provide disaster relief by making emergency purchases of commodities for distribution to disaster victims.

Once USDA determines that a purchase is appropriate, AMS publicly invites bids, and makes sure that the food it purchases meets quality and nutrition standards. Often, AMS specifies that foods be low in fat, sugar, and sodium. By policy, AMS only purchases products that are 100 percent domestic in origin.

## Pesticides: Information and Records

Many Americans are concerned about the use and potential negative effects of agricultural pesticides. Recognizing this concern, AMS began coordinating a Pesticide Data Program (PDP) in 1991. Through agreements with nine States, AMS collects and analyzes samples of fresh and processed produce and grain for potential

pesticide residues. In 1996, dairy commodities were added to the program. The PDP generates objective data that support government decisions, while also serving to keep the public informed about the safety of the Nation's food supply. The Environmental Protection Agency (EPA) uses PDP data to support pesticide reregistration and special review decisions, and the Food and Drug Administration (FDA) uses PDP data to enforce EPA-established tolerances and FDA guidelines for food safety.

In addition to the PDP, AMS also has the primary responsibility for the Pesticide Recordkeeping Program. This program requires all certified private applicators of federally restricted-use pesticides to maintain records of all applications. These records will support collection of data to help analyze agricultural pesticide use, but will also be helpful to health care professionals when treating individuals who may have been exposed to an agricultural chemical. AMS strives to provide outreach and educational support to States and private applicators to broaden their understanding and participation in the program.

### Helping Farmers Promote Their Products

"The Touch...the Feel of Cotton...the Fabric of Our Lives," "Beef...It's What's for Dinner," "Milk—Where's your mustache?", "Think Flowers" If you've watched television or read magazines lately, you've probably heard or read these slogans and others for a host of agricultural commodities. All of these promotional campaigns are part of the Research and Promotion Programs that AMS oversees.

Federal research and promotion programs, each authorized by separate legislation, are designed to improve farmers' incomes through promotion of their products. The programs are all fully funded by industry assessments. Board members are nominated by industry and appointed officially by the Secretary of Agriculture. AMS oversees the activities of the boards or councils and approves budgets, in order to assure compliance with the legislation.

Currently, there are research and promotion programs for beef, pork, cotton, cut flowers and greens, dairy products, eggs, fluid milk, honey, mushrooms, potatoes, soybeans, and watermelons.

But, while advertising is one part of these programs, product research and development is also a major focus. Wrinkle-resistant cotton and low-cholesterol, low-fat dairy products are just two examples of how these programs have benefitted consumers and expanded markets for producers.

New generic commodity promotion, research, and information legislation was enacted as part of the 1996 Farm Bill to make Federal promotion and research programs available to more commodities.

- *Facts about marketing: The national Fluid Milk Processors Promotion program began its "Milk—Where's your mustache?" campaign in 1995, featuring photographs of famous personalities wearing "milk mustaches." The board estimates that 147 million consumers have already been reached by this promotion*

## Marketing Orders: Solving Producers' Marketing Problems

Marketing agreements and orders help dairy, fruit, vegetable, and peanut producers come together to work at solving marketing problems they cannot solve individually. Marketing orders are flexible tools that can be tailored to the needs of local market conditions for producing and selling. But they are also legal instruments that have the force of law, with USDA ensuring an appropriate balance between the interests of producers looking for a fair price and consumers who expect an adequate, quality supply at a reasonable price.

Federal milk marketing orders, for example, establish minimum prices that milk handlers or dealers must pay to producers for milk, depending on how that milk will be used—whether fluid milk or cheese. Federal milk orders help build more stable marketing conditions by operating at the first level of trade, where milk leaves the farm and enters the marketing system. They are flexible in order to cope with market changes. They assure that consumers will have a steady supply of fresh milk at all times.

Marketing agreements and orders also help provide stable markets for fruit, vegetable, and specialty crops like nuts and raisins, to the benefit of producers and consumers. They help farmers produce for a market, rather than having to market whatever happens to be produced. A marketing order may help an industry smooth the flow of crops moving to market, to alleviate seasonal shortages and gluts. In addition, marketing orders help maintain the quality of produce being marketed; standardize packages or containers; and authorize advertising, research, and market development. Each program is tailored to the individual industry's marketing needs.

## Ensuring Fair Trade in the Market

AMS also administers several programs that ensure fair trade practices among buyers and sellers of agricultural products.

The Perishable Agricultural Commodities Act (PACA) program promotes fair trading in the fresh and frozen fruit and vegetable industry. Through PACA, buyers and sellers are required to live up to the terms of their contracts, and procedures are available for resolving disputes outside the civil court system.

Fruit and vegetable buyers and sellers need this assurance because of the highly perishable nature of their products. Trading in produce is considerably different than trading for a car, a computer, or even grain. When a vegetable grower doesn't get paid, the product usually can't be reclaimed before it spoils—or before it has already been consumed.

Although PACA was initiated to protect producers, it benefits consumers and the entire produce industry. Over the past decade, AMS has handled nearly 40,000 PACA complaints, not just from growers, but also from grower-agents, grower-shippers, brokers, wholesalers, retailers, and processors. PACA is funded by license fees paid by industry, but the bottom line is that fair trade and resolved disputes mean businesses of any size can operate in a better trade environment and consumers can get a wider choice of reasonably priced, high-quality fruits and vegetables.

The Federal Seed Act (FSA) protects everyone who buys seed by prohibiting false labeling and advertising of seed in interstate commerce. The FSA also complements State seed laws by prohibiting the shipment of seed containing excessive

noxious weed seeds. Labels for agricultural seed must state such information as the kinds and percentage of seed in the container, percentages of foreign matter and weed seeds, germination percentage and the date tested, and the name and address of the shipper. USDA also tests seed for seedsmen and seed buyers on a fee-for-service basis to determine quality.

The Plant Variety Protection Act provides patent-like protection to breeders of plants that reproduce both sexually, that is, through seeds, and through tubers. Developers of new plant varieties can apply for certificates of protection. This protection enables the breeder to market the variety exclusively for 20 years and, in so doing, creates an incentive for investment in the development of new plant varieties. Since 1970, AMS' Plant Variety Protection Office has issued more than 3,000 certificates of protection.

The Agricultural Fair Practices Act allows farmers to file complaints with USDA if a processor refuses to deal with them because they are members of a producers' bargaining or marketing association. The Act makes it unlawful for handlers to coerce, intimidate, or discriminate against producers because they belong to such groups. USDA helps to institute court proceedings when farmers' rights are found to be so violated.

## Organic Certification

AMS is responsible for implementing an organic certification program, which was authorized by the Organic Foods Production Act (OFPA) as part of the 1990 Farm Bill. The OFPA requires that all agricultural products labeled as organic be produced and handled according to national standards and that organic production and handling practices be certified by a State or private certifying agent accredited by USDA. AMS also would evaluate foreign certification programs to determine that imported organic agricultural products are produced and handled under equivalent standards.

The goals of the national organic certification program are to

- Establish national standards governing the marketing of certain products as organically produced,
- Assure consumers that organically grown products meet uniform standards, and
- Facilitate interstate commerce in fresh and processed food that is organically produced.

The OFPA also established the National Organic Standards Board, which was first appointed in January 1992, to provide AMS with recommendations for the national program and specifically to review substances that may be used in the production and handling of organic food.

## Direct Marketing and Wholesale Market Development

AMS continually seeks ways to help farmers and marketers improve the U.S. food marketing system. For example, AMS' Federal-State Marketing Improvement Program (FSMIP) provides matching funds to State Departments of Agriculture to conduct research that will help develop or improve local marketing systems. The aim of the program is to reduce costs or expand markets for producers, ultimately benefiting

consumers through lower food costs and more food choices. Projects include research on innovative marketing techniques, taking those research findings into the marketplace to “test market” the results, and developing State expertise in providing service to marketers of agricultural products. In FY 1996, the FSMIP program funded 21 projects in 21 States for \$1.2 million.

The Wholesale and Alternative Markets Program (W&AM) works to improve the handling, processing, packaging, storage, and distribution of agricultural products. AMS researchers work with local governments and food industry groups to develop modern, efficient, wholesale food distribution centers and farmers’ markets. In FY 1996, W&AM initiated eight market studies, completed nine, and continued work on five other long-term projects.

■ *Fact about farmers’ markets: USDA defines a farmers’ market as a group of farmers and vendors leasing or renting space in a common facility on a temporary basis, with an emphasis on the sale of fresh farm products, crafts, and other locally produced items. USDA estimates there are currently 2,410 farmers’ markets in the U.S.*

## Moving U.S. Agricultural Products to Consumers

An efficient transportation system allows consumers access to a wide variety of agricultural products and commodities produced beyond their own localities.

AMS, through its Transportation and Marketing Division, conducts research on the availability and costs of transportation services for U.S. agricultural producers by addressing policy issues which affect movement of agricultural products by railroads, trucks, inland barges, and ocean-going vessels. AMS staff also provide technical assistance to agricultural shippers who are marketing their products in domestic or international markets. Agricultural producers, producer groups, shippers, exporters, rural communities, carriers, and consumers benefit from the analyses, technical assistance, and information provided by AMS transportation staff.

## Produce Locally, Think Globally

To remain competitive in today’s world, American agriculture has become more global, and AMS has striven to be a strong partner in expanding markets for U.S. agricultural products.

The AMS role in the international marketing of U.S. commodities centers on its quality grading and certification programs, which are user-funded. Grading involves determining whether a product meets a set of quality standards. Certification ensures that contract specifications have been met—in other words, that the buyer receives the product in the condition and quantity described by the terms of the contract. AMS commodity graders frequently support other USDA agencies involved in export assistance, including the Farm Service Agency and the Foreign Agricultural Service.

U.S. companies often request certification services when exporting to a country that has specific import requirements. Certification services provided by AMS help avoid rejection of shipments or delay in delivery once the product reaches its foreign destination. Delays lead to product deterioration and, ultimately, affect the image

of U.S. quality. AMS' Quality Systems Certification Program, a user-funded service for the meat industry, provides independent, third-party verification of a supplier's documented quality management system. The program was developed to promote world-class quality and to improve the international competitiveness of U.S. livestock and meat.

AMS also provides laboratory testing for exporters of domestic food commodities on a fee basis in keeping with sanitary and phytosanitary requirements of foreign countries. To date, this service has been requested by exporters of products destined for Japan, South Korea, and other Pacific Rim countries, South Africa, several European Union countries, and countries of the former Soviet Union.

For selected fruits, vegetables, nuts (including peanuts), and specialty crops, the grading of imports is mandatory. For the most part, however, firms importing agricultural products into the United States use grading services voluntarily. AMS graders are also often asked to demonstrate commodity quality to foreign firms and governments.

In addition to export grading and certification services, AMS market news offices provide information on sales and prices of both imports and exports. Today, U.S. market participants can receive market information on livestock and meat from Venezuela, New Zealand, Japan and other Pacific Rim markets, Poland, Mexico, Canada, and Australia; fruits and vegetables from France, Great Britain, Bulgaria, Poland, Mexico, New Zealand, and Canada; ornamentals from Germany, France, and Mexico; and a host of products from Ukraine, Kazakhstan, and Russia.

AMS participates in a number of international forums that aim to facilitate world agricultural trade and avoid potential trade barriers. Technical assistance has been provided to countries in Eastern and Central Europe, and elsewhere around the globe, to improve their marketing systems. With improved transportation, distribution, and marketing information systems, these countries will become better customers for U.S. food and fiber products.

Whether at home or abroad, AMS strives to help U.S. agriculture market its abundant, high-quality products. And AMS will continue to work to help U.S. agriculture market its products in growing world markets, while assuring U.S. consumers an abundant supply of high-quality, wholesome food at reasonable prices.