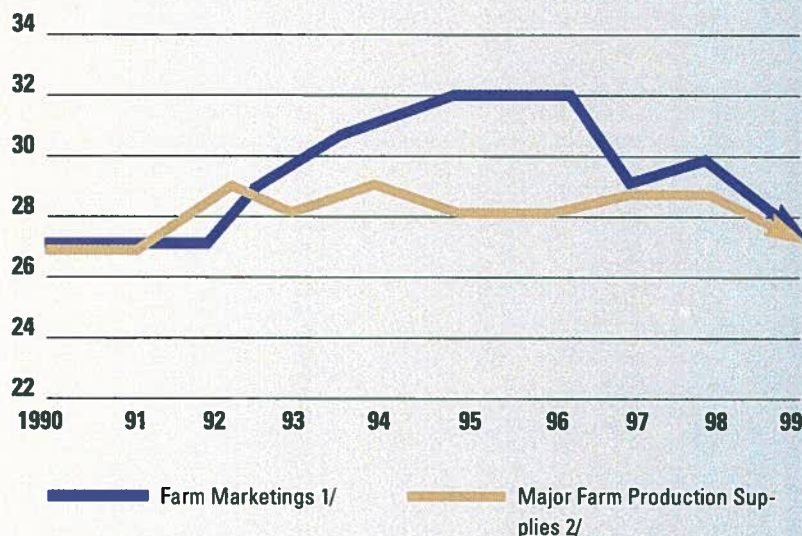


Co-ops' share of farm market, major cash expenditures down in '99

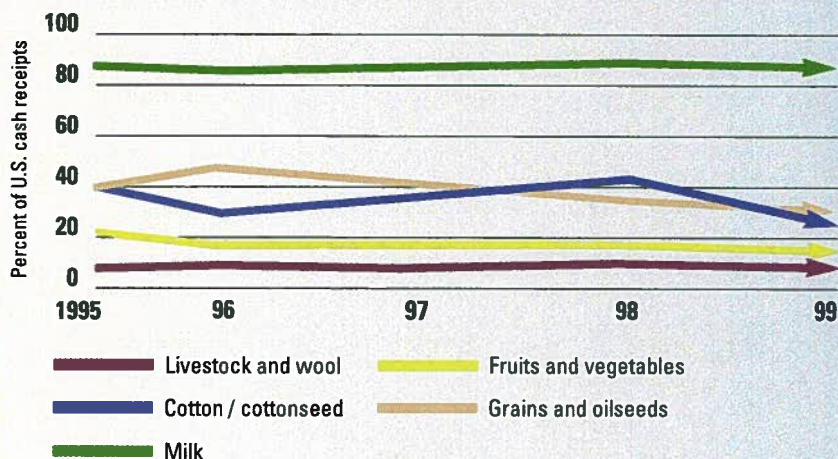
Figure 1—Co-ops' share of U.S. farm marketings and major farm production expenditures, 1990-99



1/ Based on U.S. farm cash receipts.

2/ Based on U.S. cash expenditures for crop protectants, feed, fertilizer, petroleum and seed used for farm production

Figure 2—Co-ops' share of U.S. farm products marketed, by commodity group, 1995-99



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Editor's note: Assistance in developing estimates of cooperatives' shares of farm marketings and farm production expenditures was provided by the Rural Business-Cooperative Service of USDA Rural Development staff, including David Chesnick, 100 largest cooperatives; Dave Cummins, grains and oilseeds; Eldon Eversull, farm supplies; and Andy Jermolowicz, fruits and vegetables and tobacco.



recent U.S. Department of Agriculture analysis showed that farmer cooperatives' share of total farm marketing —

including crop, livestock and poultry — was 27 percent in 1999. That's down from 30 percent in 1998 and the lowest it has been since 1992, when it was 27 percent (fig. 1). The 1999 market share was based on cooperatives' net marketing business volume of \$72 billion, down from \$76.6 billion in 1998 and the record \$79.4 billion in 1996.

The major factors in the overall decrease in cooperatives' share of farm marketing were the significant decreases in grain and oilseed and cotton shares. Grain and oilseed share dropped from 39 percent in 1998 to 34 percent in 1999. Cotton and cottonseed share decreased from 43 percent to 29 percent.

Cooperatives' share of major farm production items — feed, seed, fertilizer, crop protectants and petroleum — purchased by the nation's farmers was 27 percent in 1999, down from 29 percent in 1998. The 1999 share of farm

Table 1—Cooperatives' share of U.S. farm marketings, by selected commodity group, 1999-97

Commodity group	1999	1998	1997
	<i>Percent of U.S. cash receipts 1/</i>		
Milk	89	90	88
Grains and oilseeds	34	39	43
Cotton and cottonseed	29	43	38
Fruits and vegetables	18	19	19
Livestock and wool 2/	13	14	12
All other 3/	12	12	13
Total 4/	27	30	29

1/ Estimates are rounded to the nearest whole percent. Selected data items for 1997 and 1998 were revised.

2/ Includes mohair.

3/ Includes poultry and eggs, dry edible beans and peas, nuts, rice, tobacco, sugarcane, sugar beets, honey and other miscellaneous marketings.

4/ All farm commodities weighted by value.

Table 2—Cooperatives' share of major U.S. farm production expenditures, 1999-97

Farm production item	1999	1998	1997
	<i>Percent of U.S. farm production expenditures 1/</i>		
Fertilizer	45	45	45
Petroleum	45	50	45
Crop protectants	34	34	34
Feed	19	21	22
Seed	10	10	10
Total 2/	27	29	29

1/ Estimates are rounded to the nearest whole percent.

2/ The five major farm production items weighted by value.

supplies purchased was based on cooperatives' net sales of \$23.2 billion, down from \$24.6 billion in 1998 and the record \$25.2 billion in 1997.

Most milk sold through co-ops

Farmer cooperatives' net sales of milk and milk products totaled \$26 billion in 1999, up \$0.7 billion, or 2.6 percent, from 1998. U.S. farm cash receipts for milk were down nearly \$0.9 billion, or 0.8 percent, in 1999, due to lower milk prices. Co-ops' share of total U.S. farm cash receipts for milk was down slightly in 1999, to 89 per-

cent, from 90 percent in 1998 (table 1).

Nationally, the quantity of milk marketed in 1999 was up .8 percent from 1998. At the same time, the weighted average U.S. price per 100 pounds of milk was down nearly 7 percent. Co-ops' share of milk sales at the first-handler level includes the value of milk for which cooperatives bargained with processors over price and terms of trade for members.

Co-ops' share of grain and oilseed marketed at the farm-gate dropped from 39 percent in 1998 to 34 percent in 1999. Faced with continued sharp price

declines in 1999, many co-ops withheld marketing proportionally larger volumes of grains and oilseeds than did investor-owned grain firms, based on the anticipation of higher prices in the future. This was facilitated by the co-ops' traditionally proportionally larger grain storage capacity at the local level. During 1999, farmer cooperatives marketed \$17.1 billion worth of grains and oilseeds, down from \$21.3 billion in 1998.

Co-ops' share of cotton and cottonseed cash receipts stood at 29 percent in 1999, down from 43 percent in 1998. The net value of cotton and cottonseed purchased by farmer cooperatives was \$2.1 billion, down nearly 30 percent from 1998. In comparison, farm cash receipts for cotton and cottonseed were down only 3.9 percent for the 1998 crop. The exit of one large co-op that marketed cotton, as well as lower cotton production—due to drought and fewer planted acres—were major factors in the decline.

Co-ops accounted for 18 percent of the nation's fruit/vegetable sales in 1999, compared with 19 percent in 1998. Co-ops' sales of fruits and vegetables totaled nearly \$9.3 billion in 1999, down 1.1 percent from a year earlier. Total U.S. average cash receipts for fruits/vegetables, however, were up 1.9 percent in 1999.

Cooperatives' share of livestock (including wool and mohair) marketings was 13 percent in 1999, down slightly from 14 percent in 1998. Co-ops' net sales of livestock were \$7.3 billion in 1999, down from \$7.4 billion, or 1.3 percent. However, total U.S. cash receipts for livestock/wool increased 4.9 percent from 1998 to 1999, due mainly to higher prices for beef cattle.

Cooperatives' share of "all other" marketings — such as poultry, dry edible beans and peas, tobacco, nuts, rice and sugar — was 12 percent, the same as reported for 1998. Co-ops' "all other" marketings totaled \$10.2 billion in 1999 and 1998. In comparison, total U.S. cash receipts for "all other" marketings increased 3.4 percent. The biggest increase was in nuts and miscellaneous marketings, such as hay, grasses and other field crops.

Table 3—U.S. farm cash expenditures and co-ops' sales of major farm supplies, 1999-98

Farm production item	U.S. farm cash expenditures 1/			Co-ops' sales of major farm supplies		
	1999	1998	1999	1999	1998	1999
	Bil. Dol.		Percent of total	Bil. Dol.		Percent of total
Feed	24.5	25.0	43.7	4.7	5.4	24.2
Fertilizer	9.9	10.6	17.7	4.8	5.2	24.4
Crop protectants	8.6	9.0	15.4	3.0	3.2	15.5
Seed	7.2	7.2	12.9	.7	.7	3.9
Petroleum	<u>5.8</u>	<u>5.6</u>	<u>10.3</u>	<u>6.3</u>	<u>6.6</u>	<u>32.1</u>
Total 2/	56.1	57.5	100.0	19.5	21.1	100.0

1/ Source: USDA, ERS.

2/ May not add due to rounding.

Figure 2 shows the most recent five-year market-share trends for selected farm commodities marketed by farmer cooperatives. Grain and oilseed, and cotton and cottonseed shares varied. Milk, fruit and vegetable, and livestock and wool shares were fairly level.

Share of Farm Production Expenditures Drops

Co-ops' share of major farm production items — feed, seed, fertilizer, petroleum and crop protectants — was 27 percent in 1999, down from 29 percent in 1998. Co-ops' shares of fertilizer, crop protectants and seed remained the same, while feed dropped to 19 percent and petroleum dropped to 45 percent (table 2 and figure 3).

Total U.S. farm cash expenditures for the five major supply items decreased 2.5 percent from 1998 to 1999, while co-ops' sales decreased 7.5 percent. Co-ops' sales of feed were \$4.7 billion, down from \$5.4 billion, or 12.6 percent, in 1998. Total feed expenditures were down 2.1 percent.

Co-ops' 45-percent share of petroleum expenditures was down from a record-high 50 percent in 1998. Co-ops' sales of petroleum totaled \$6.3 billion, down from \$6.6 billion, or 5.4 percent, from 1998. However, total U.S. farm expenditures for petroleum fuel and oils in 1999 were \$5.8 billion,

up from \$5.6 billion, or 3.3 percent.

Calculating co-ops' share of petroleum expenditures is based on the assumption that 43 percent of petroleum purchased through cooperatives is for farm use. This percentage was applied to co-ops' net sales in calculating market share. This can vary from year to year, depending on factors such as weather conditions.

Co-ops' lowest share of the major farm supply items was seed, at 10 percent, unchanged from 1998 and 1997. Co-ops' share of total U.S. cash expenditures for seed was 19 percent

as recently as 1987.

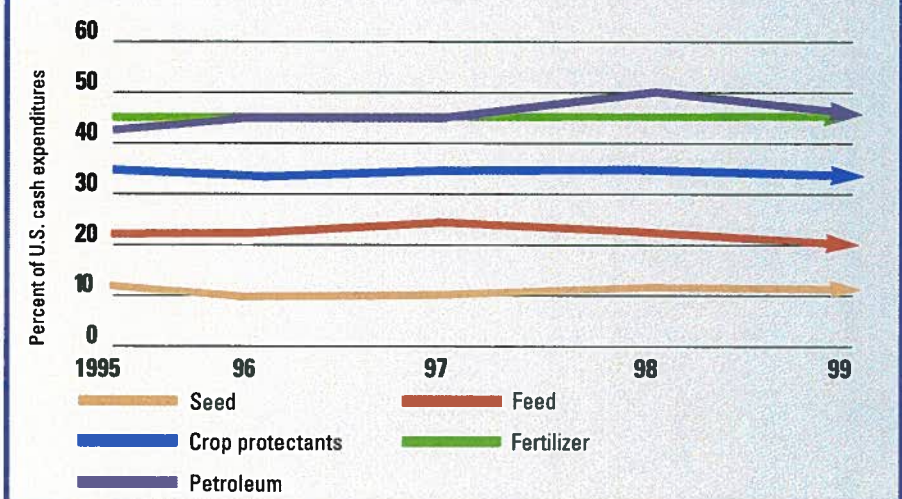
Cooperatives' sales of major farm supplies totaled \$19.5 billion in 1999 (table 3). Petroleum sales accounted for nearly \$6.3 billion, or 32.1 percent, of the total. Co-ops' sales of seed were up, while sales of all other farm inputs were down. Total U.S. farm cash expenditures were up for petroleum, about the same for seed, and down for the others — feed, fertilizer and crop protectants.

Fertilizer accounted for the second largest proportion of co-ops' major farm supply sales (24.4 percent), followed by feed (24.2 percent) and crop protectants (15.5 percent). Seed accounted for only 3.9 percent. Total U.S. feed expenditures accounted for 43.7 percent of the major farm supplies purchased, followed by fertilizer (17.7 percent), crop protectants (15.4 percent) and seed (12.9 percent).

Methods Used in Developing Co-op Shares

Cooperative-share estimates for selected commodities and farm supplies

Figure 3—Co-op's share of selected U.S. farm production expenditures, 1995-99



continued on page 31

Co-op' share of farm market *continued from page 9*

are based on data from several sources. They include the annual survey of farmer cooperatives conducted by USDA's Rural Business-Cooperative Service, other Cooperative Services studies, cash receipts from farm marketings and farm production expenditures published by USDA's Economic Research Service (ERS), milk volume handled by the top 50 cooperatives published by *Hoard's Dairymen*, and from Cooperative Services' commodity specialists.

Co-ops' shares of farm marketings represent estimates of cooperative activi-

ty at the farm-gate or first-handler level. Share estimates for farm production items represent cooperative activity in sales of supplies to farmers. The share estimate for each commodity was based on dollar value and annual changes in related data or on physical quantity (where available). In most cases, the share estimate was based on dollar value.

For those commodities where physical quantity handled by cooperatives was not available, cooperatives' shares of farm marketings were estimated by first subtracting gross margins from net

cooperative business volume. These estimated "payments to farmers" were then related to their respective total U.S. cash receipts, adjusted for crop year, to calculate the percentage share figures.

Shares of the major farm supply items were estimated by first subtracting from co-ops' net business volume the volume of business exported, sold to other firms and used for nonfarm purposes. These adjusted business volumes were then related to their respective total U.S. cash expenditures to calculate their percentage share estimates. ■