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Agricultural Exports to China: Time for a Reality Check?

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Many believe that China's admission to the World Trade Organization (WTO) early next year will boost export opportunities for Midwestern agriculture. Analysts at the U.S. Department of Agriculture (USDA) expect China's WTO membership to add \$2 billion to the U.S. \$50 billion agricultural export market by boosting exports of grain, oilseeds and oilseed products, and cotton by 2005.

Since 1995 when an eye-opening forecast predicted China would need 200 million metric tons (MMT) of imported grain annually by the year 2015, Midwest farmers have looked forward to helping feed China. Others have observed that China supports 22 percent of the world's population on just 9 percent of its arable land, implying that countries with more arable land than people, like the U.S., can expect more export opportunities. But, a review of China's long-term supply and demand for Nebraska's biggest agricultural exports is in order.

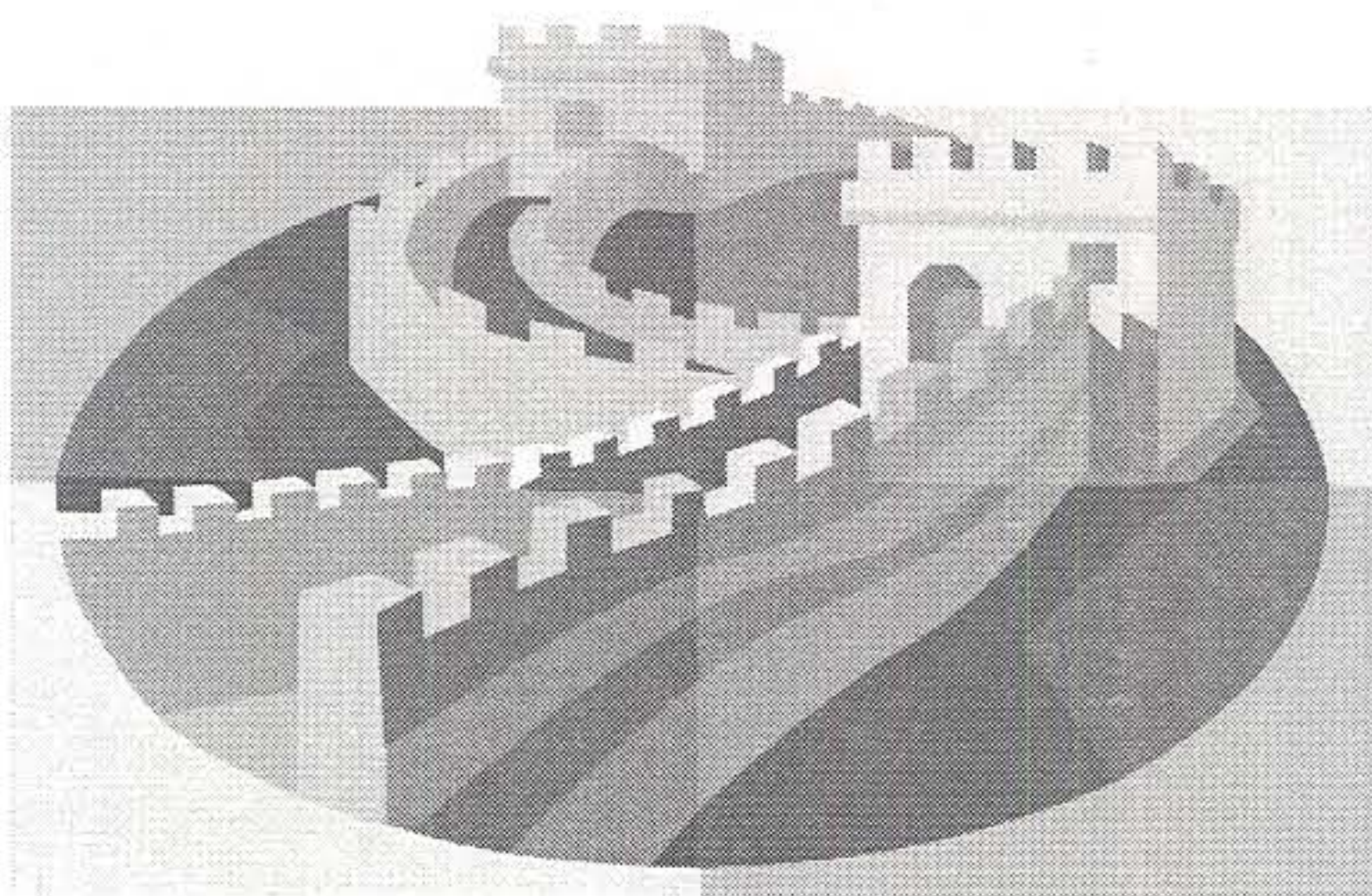
China's Market Transition and Trends

Agriculture's Transition to a Market Economy

China gave local communes control over the agricultural economy when it first organized farm collectives in the

late 1950s. Since 1978 villages have been allowed to distribute growing rights for specific plots of land. In return, farmers deliver a quota of grain to the village and are free to sell or consume the excess. However, the practice of allocating small plots of land that are subject to reallocation at any time continues. This reduces a

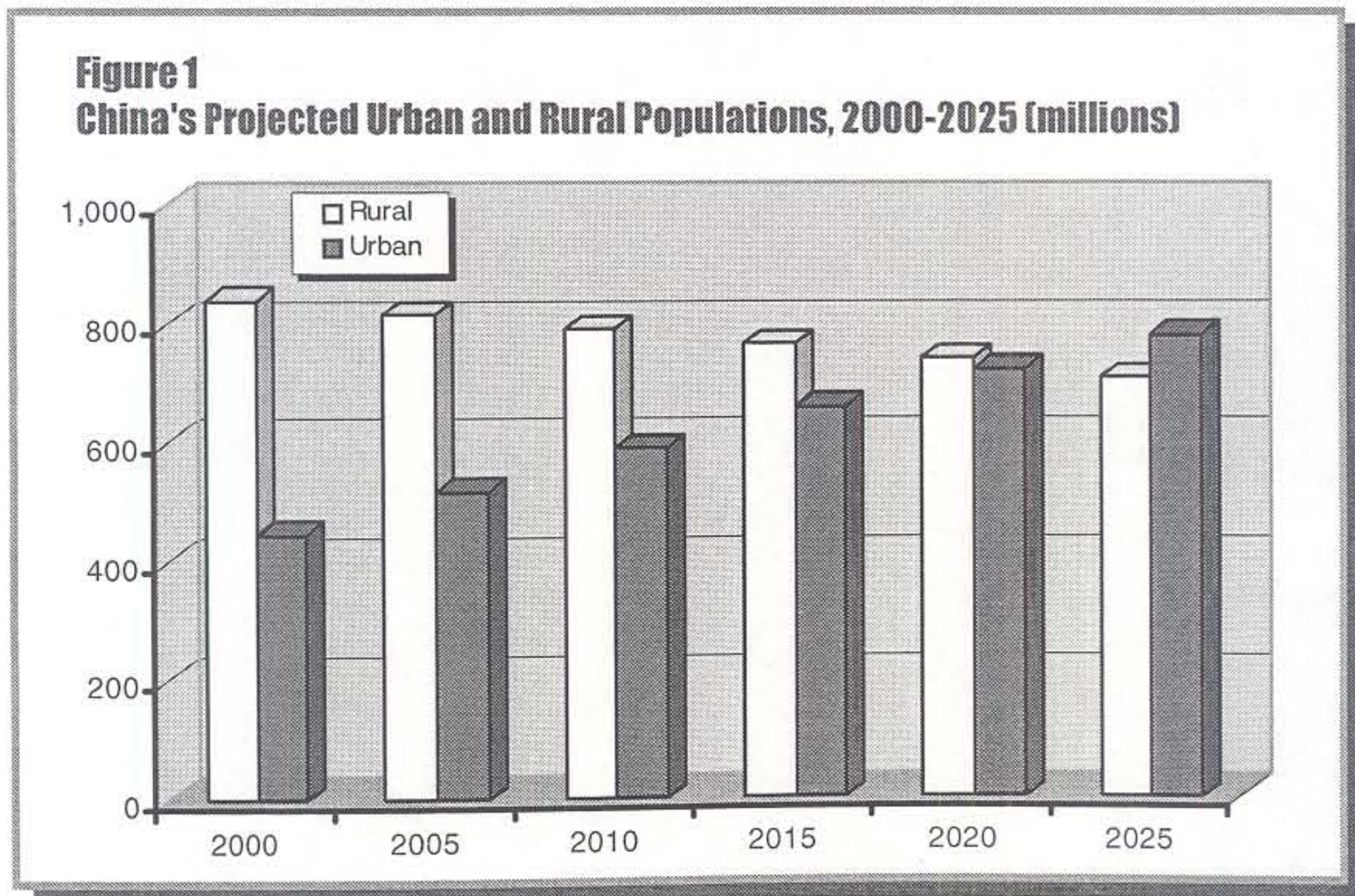
farmer's incentive to make long-term investments and impedes large-scale production. Over the past five years, China's leadership has reemphasized its policy of agricultural self-sufficiency and it is unclear when the agriculture sector will complete its transition to a true market economy.



Economic & Demographic Trends

Over the 20 years following reform, China's nominal gross domestic product (GDP) quadrupled, averaging 10 percent annual growth through 1996. Economic growth has slowed to 7 to 8 percent since the 1997 Asian financial crisis and the USDA expects 6 to 7 percent long-term growth. The agricultural sector provides half of China's jobs and 20 percent of its economic output, but has experienced declining economic growth since 1996. The 2.4 percent rural economic growth rate last year illustrates the weak state of China's rural economy. Rural per capita income in China averages about a third of urban income levels and the disparity between urban and rural incomes has only widened in recent years.

According to the U.S. Census Bureau, China's population will surpass 1.4 billion by 2020. The projections assume that China's birth rate will decline 25 percent, infant mortality will drop over 60 percent, and life expectancy will improve by six years over the next two decades. As a result, China's rate of population growth is expected to slow from 1 percent annually in the 1990s to 0.7 percent during the decade ending 2010, and 0.5 percent from 2010 to 2020. Perhaps most important, the country's urban population will continue to grow rapidly, spurred by out migration from China's rural areas, so that by 2020, 49 percent will live in cities, compared to just 35 percent, currently (Figure 1). By 2025 half of China's population will be over age 40, the lowest income country ever to cope with such an old-age burden.



Long-Term Demand

As China grows and develops, so will its demand for grain, soybean, and meat products. Analysts, who develop projections of future demand, consider several key factors: population growth, urbanization, and income growth. Ongoing migration from rural China into the cities provides more Chinese with greater market access to food products and, together with higher income levels, changes food consumption patterns. Income growth not only increases food expenditures, but also generally leads consumers to increase their consumption of meat products and reduce their consumption of grain. In addition, since nearly all the meat consumed in China is produced there, the increased consumption of meat products requires additional feed grain for livestock production. The International Food Policy Research Institute (IFPRI) issued a report that reviewed six well-documented studies that provided projections of China's long-term grain demand, excluding soybeans. The lowest (USDA) projection arrived at an annual growth rate of 1.1 percent and predicts total grain demand of 443 million metric tons (MMT) in 2010. The highest projection (Huang) anticipates grain demand to grow 2.1 percent annually and reach 513 MMT in 2010. This projection assumed considerably lower income growth than the other studies, but factored in rapid urbanization and the grain required to feed the livestock necessary to meet the anticipated demand for meat products in 2010. Both assumed population growth comparable to the U.S. Census Bureau's population projections for China, while the other studies assumed significantly higher growth rates. Huang's model also suggests that if China's population growth

slows to less than 0.5 percent annually over the next decade, and under 0.4 percent from 2010 to 2020, China easily could grow all the grain it needs.

The Food and Agricultural Policy Research Institute (FAPRI), projects demand for soybeans in China to grow 37 percent from 26.7 to 36.6 MMT from 2000 to 2010, as demand for soybean meal for livestock feed will increase 42 percent and the demand for soybean oil will grow 60 percent. Per capita soybean oil consumption is expected to grow more than 50 percent over the decade as incomes rise, while population growth provides only a 7.7 percent boost in demand.

China's total demand for meat products from 2000 to 2010 is expected to increase 21 percent over the decade. This increased demand for meat is due to an anticipated 12.7 percent increase in per capita meat consumption and a 7.7 percent increase in China's population over the period. Demand for beef products is expected to grow 42 percent over the decade as per capita beef consumption grows more than twice as fast as that for any other meat product. However, if per capita income in China grows from 6 to 8 percent annually, meat consumption could grow even faster. Studies of the relationship between meat consumption and income growth generally indicate that meat consumption grows at least half as rapidly as income. For example, if income grows 6 percent, meat consumption could increase 3 percent each year and result in per capita meat consumption 18 percent higher in 2010. Together with forecast population growth, total meat demand in 2010 might increase 45 percent over 2000 levels.

Long-Term Supply

Projections of China's long-term grain and soybean supply vary widely and depend on the expectations of the extent of productivity improvements; the amount of arable land cultivated for grain production; the mix of crops grown; and the impact of China's water constraints (see sidebar below). IFPRI also reviewed projections of grain production over the long term. These projections offer a wide range of opinions on the future of China's grain production. Brown's pessimistic projection anticipates grain production to fall 11 percent from 1995 to 2010. However, the other five projections expect grain production to increase from 0.4 to 1.8 percent annually. Excluding the most pessimistic projection, the forecasts of grain production range from 389 to 486 MMT. The pessimistic projection assumed the highest rate of grain acreage loss (-1.6 percent annually) and the slowest rate of yield improvement (1.1 percent annually). The optimistic projections assumed no such grain acreage decline and expected yields to improve over 1.3 percent annually. FAPRI expects only a 6 percent increase in China's soybean supply over the decade.

Unlike China's grain farmers, its livestock producers are not constrained by land shortage. So, the long-term supply of meat products will depend on the price incentives that Chinese farmers receive. How soon China adopts a true market economy may be the most important factor. Given the slower income growth in China's rural areas, the long-term supply of meat products likely will be responsive to higher prices. In addition, China's livestock production system is undergoing rapid structural change that will improve the feed efficiency of its livestock industry.

Currently, about 70 percent of China's meat consumption is pork, although that share is expected to decline as more consumers seek variety and economy in other meat products. Farmers raising fewer than four animals per year, who use everything from table scraps and vegetables to grains and grain by-products as feed, generate about 80 percent of China's pork. However, larger producers have expanded from 5 to 20 percent of pork production from 1989 to 2000, supported by recent government investments in feed mill facilities. The larger pork producing units are more efficient in converting feed into meat and the pork they produce is higher quality.

Water Resources and Grain Supply

Water is the biggest constraint on China's grain production. Particular concerns for Chinese agriculture include: 1) low per capita water resource availability; 2) half of the arable land is in the dry Northern provinces where there is less than 12 inches of rainfall per year; and 3) agriculture's share of water use has declined from 82 to 66 percent since 1980. China probably will need to implement water pricing, invest in more water-efficient irrigation methods, and curtail double cropping. Farmers may switch from lower-value grain crops to higher-value fruits and vegetables and from water-intensive crops like corn and rice to dry land crops like sorghum, millet, and cotton. Water shortages could constrain grain and soybean production. But, rapid increases in agricultural research and irrigation investment growth could boost grain production to 515 MMT, and transform China into a grain exporter by 2010.

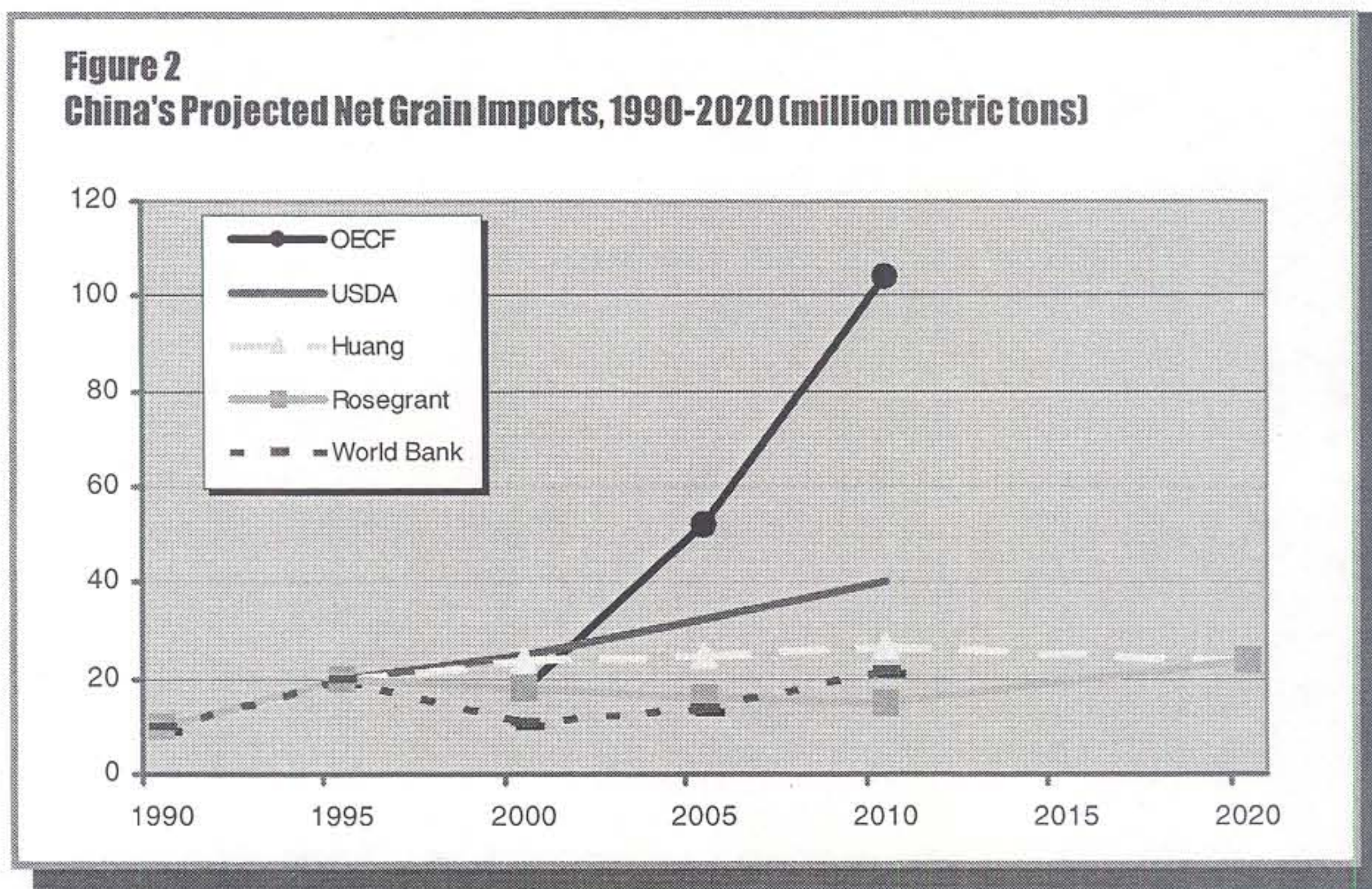
Competition for China's Business

The global food market is very competitive and those who export to China must contend with producers in Canada and South America, the European Union and the Pacific Rim. Producers in Argentina, Australia, Canada and the European Union export about 64 percent of the wheat traded globally, compared to the 31 percent U.S. share. The corn export market likely will continue to be dominated by the U.S. and Argentina, with 79 and 13 percent shares, respectively, according to FAPRI. U.S. soybean producers export 63 percent of the global market, while Argentina and Brazil ship nearly all the rest and are expected to capture half the market by 2010. In global pork trade, Canada and the European Union fill 80 percent of the export orders, although U.S. producers are expected to increase their current 6 percent share to over 15 percent by 2010. Exports from Australia, Argentina, Brazil, Canada, the European Union, and New Zealand represent 95 percent of the global beef market. However, by the end of the decade, U.S. beef exports are expected to represent 5 percent of global beef trade.

Further, recent disputes and tensions between the U.S. and Chinese governments have lead many, including President Bush, to characterize the relationship of the two as *strategic competitors*. Assuming that China's leadership holds a similar view, it would be unwise for them to allow a dependent trade relationship to develop with a potential adversary.

Conclusion

Export prospects of wheat, corn, and soybean products to China are promising by 2010 (Figure 2). But, China likely will be able to meet the vast majority of its own food needs. Assuming China is willing to relax its *grain self-sufficiency* policy, it would be prudent to move from land-intensive crops toward labor-intensive crops that do not burden water resources. USDA projects that fruit and vegetable production could meet those criteria, to China's comparative advantage. If China increases fruit and vegetable production over grain production, the Midwest could realize additional export opportunities.



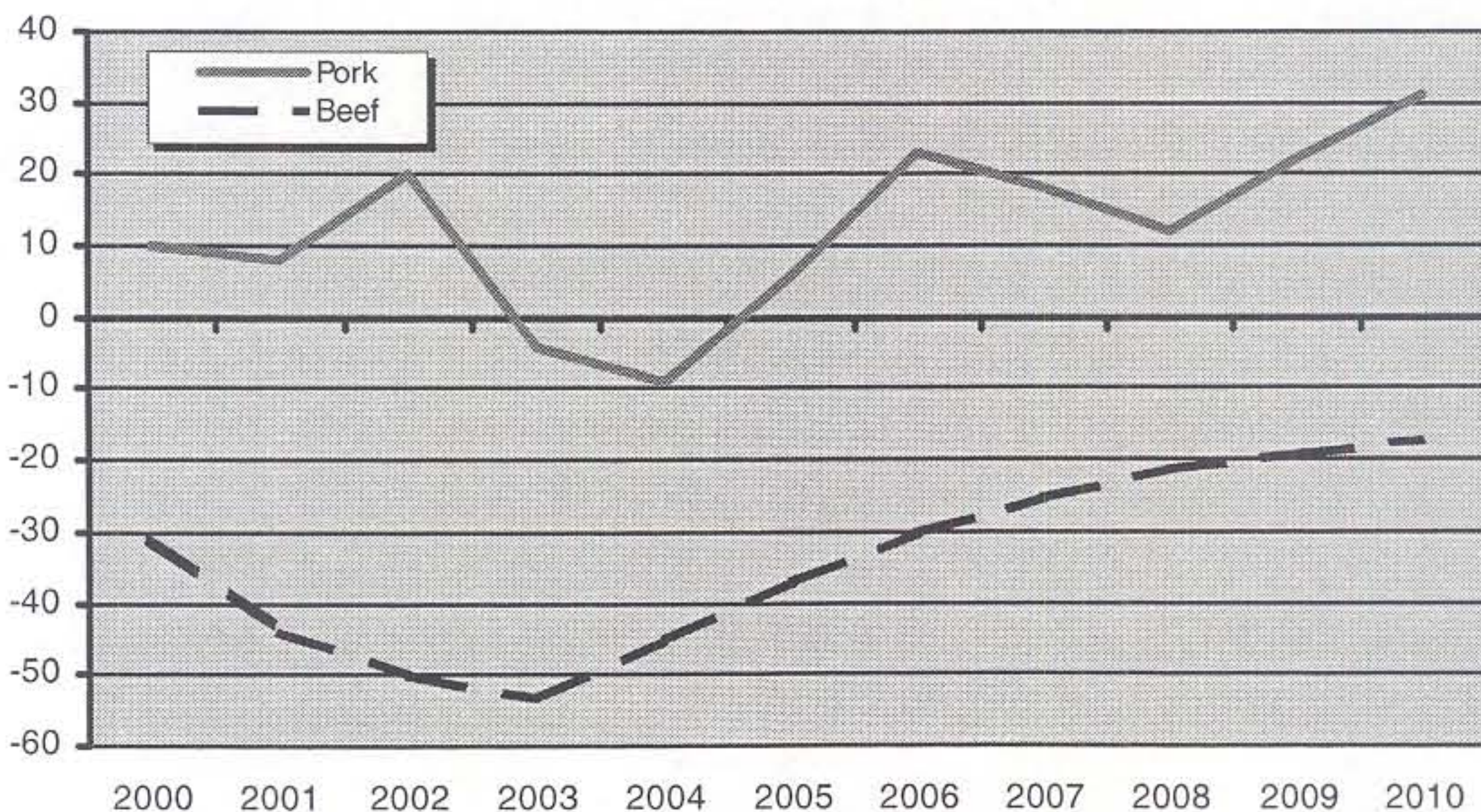
Although FAPRI expects China to produce all the beef it needs this decade (Figure 3), it costs nearly four times as much to ship feed grain as it does to ship the grain-equivalent quantity of meat. Therefore, assuming the Midwest continues to produce high quality pork and beef at competitive prices, the Chinese may be inclined to import more Midwest meat products than expected.

Policy choices by China's government are the most important uncertainties when looking at the long-term future of China's agricultural sector. It is unclear how willing China will be to rely on outside markets for its food supply after decades of self-reliance. Also, other policies affect China's long-term agricultural productivity, including the level of investment in agricultural research, irrigation resources, and livestock and the grain industries. Other policies strongly influence the country's

long-term demand for agricultural products, including domestic policies that affect the country's fertility rate and economic policies that determine the pace of income growth. At the same time, China is under pressure to quell rising rural unrest, boost rural economies, and slow the rapid rural-to-urban migration. But, considering China's rural economic problems, how rapidly can it move toward a true market economy in its agricultural sector?

After all those policy uncertainties are weighed, how effectively can Nebraska's agricultural producers compete with the rest of the world for China's business? If China does not buy directly from the U.S., its presence in the global market can only boost demand and prices for Nebraska's agricultural commodities.

Figure 3
Projected net Meat Imports, 2000-2010
(thousand metric tons)



Note: According to FAPRI, China's current beef exports exceed imports. Net imports (exports minus imports) are expected to approach zero by the end of this decade.

Sources: U.S. Department of Agriculture; World Bank, International Economics Department; Food and Agricultural Policy Research Institute, Iowa State University; Huang, Jikun, et al, *China's Food Economy to the Twenty-first Century: Supply, Demand and Trade, Economic Development and Change*; International Food Policy and Research Institute (IFPRI); Fuller, Frank, et al, *Reconciling Chinese Meat Production and Consumption Data, Economic Development and Cultural Change*; Lester Brown, *Who Will Feed China? Wake-up Call for a Small Planet*; Organization for Economic Cooperation and Development (OECD); Overseas Economic Cooperation Fund (OECF); *The China Quarterly*, International Food Policy and Research Institute (IFPRI); and United Nations, Food and Agriculture Organization, Statistics Division

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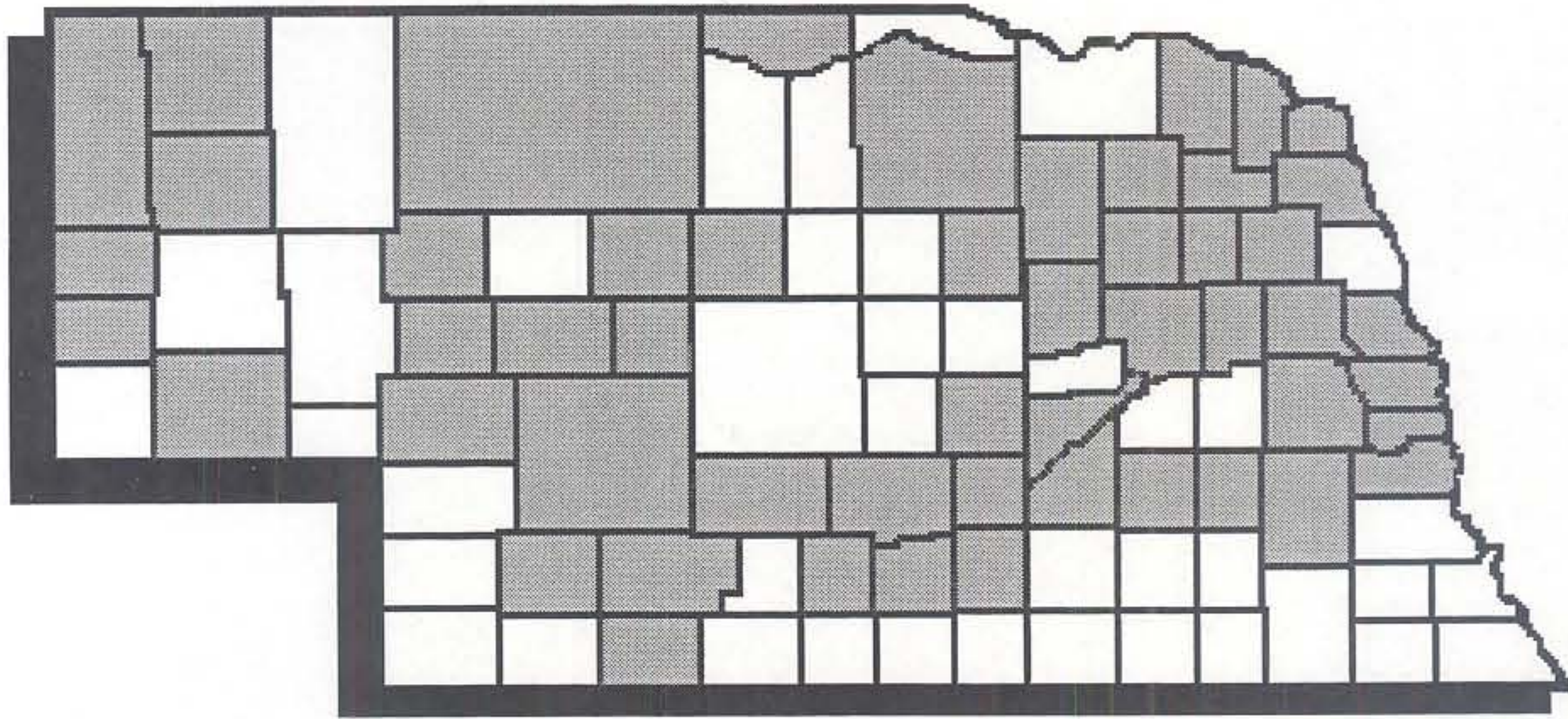
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Nebraska Counties with Natural Population Increases, 1990-1999

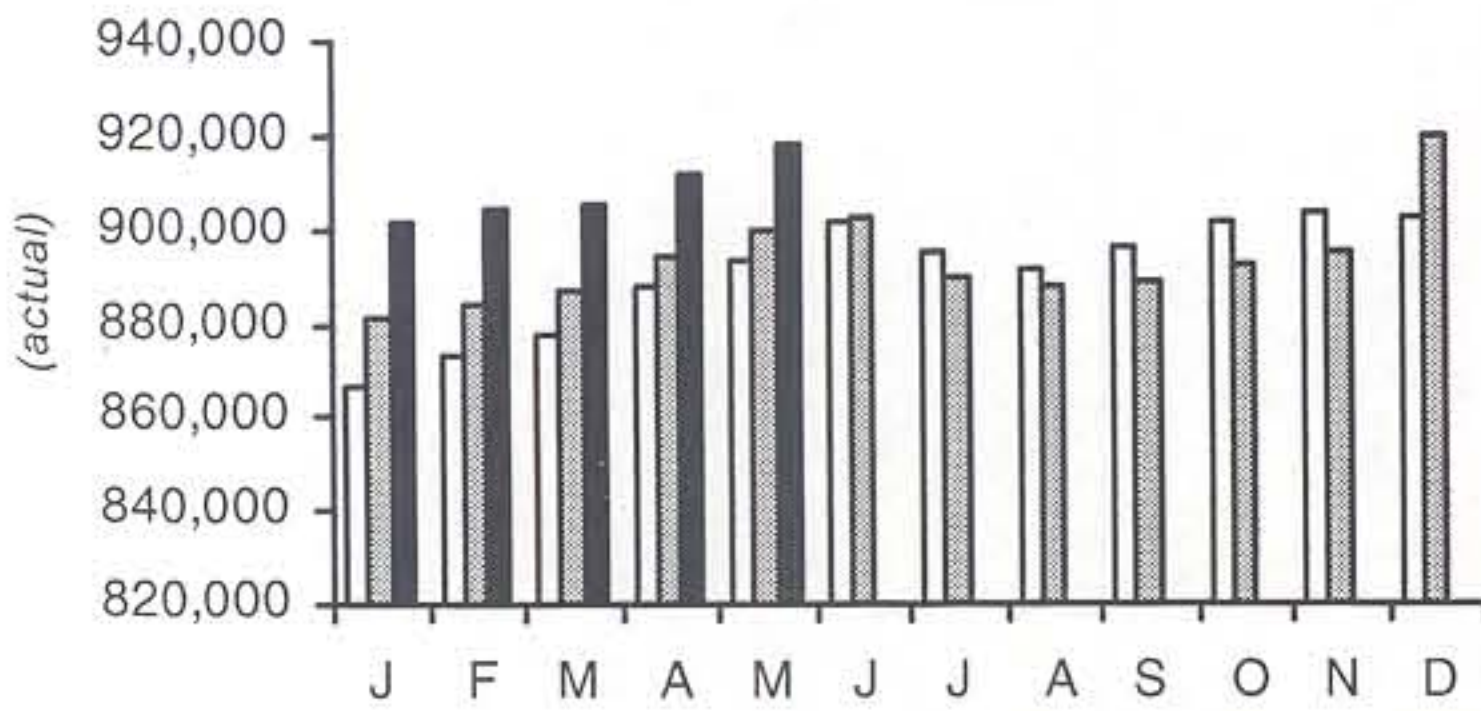


Note: Natural population change is births minus deaths.
Source: Nebraska Vital Statistics

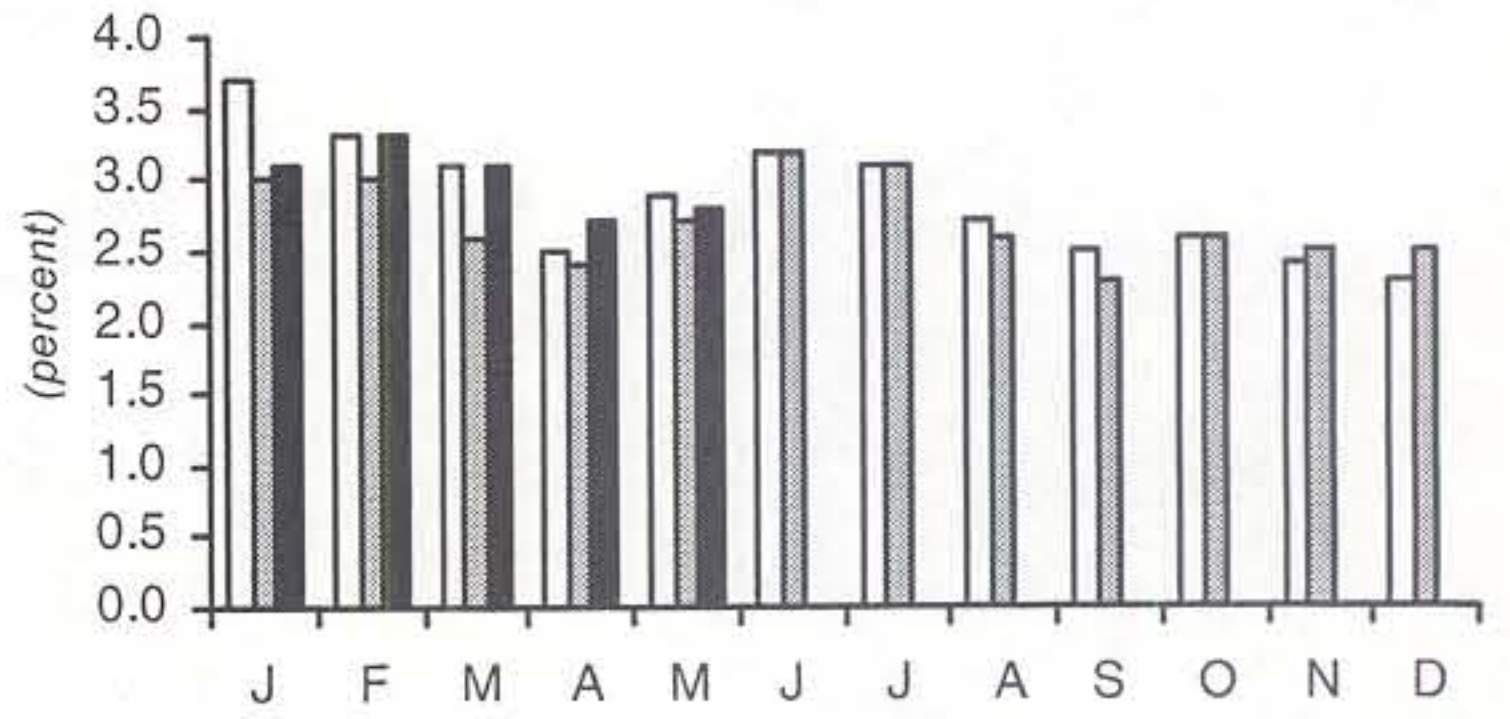
Nebraska Stats

1999 2000 2001

Total Nonfarm Wage & Salary Employment



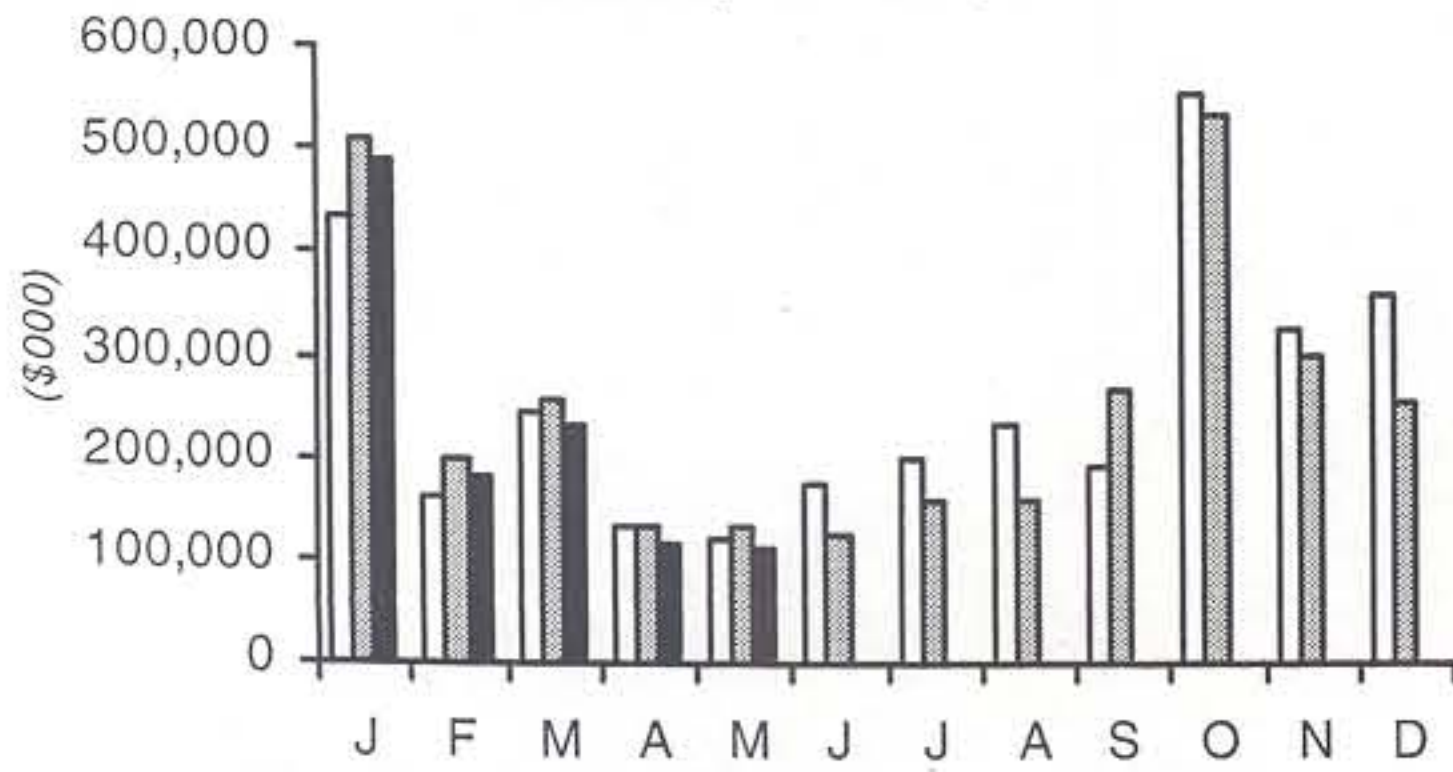
Unemployment Rate



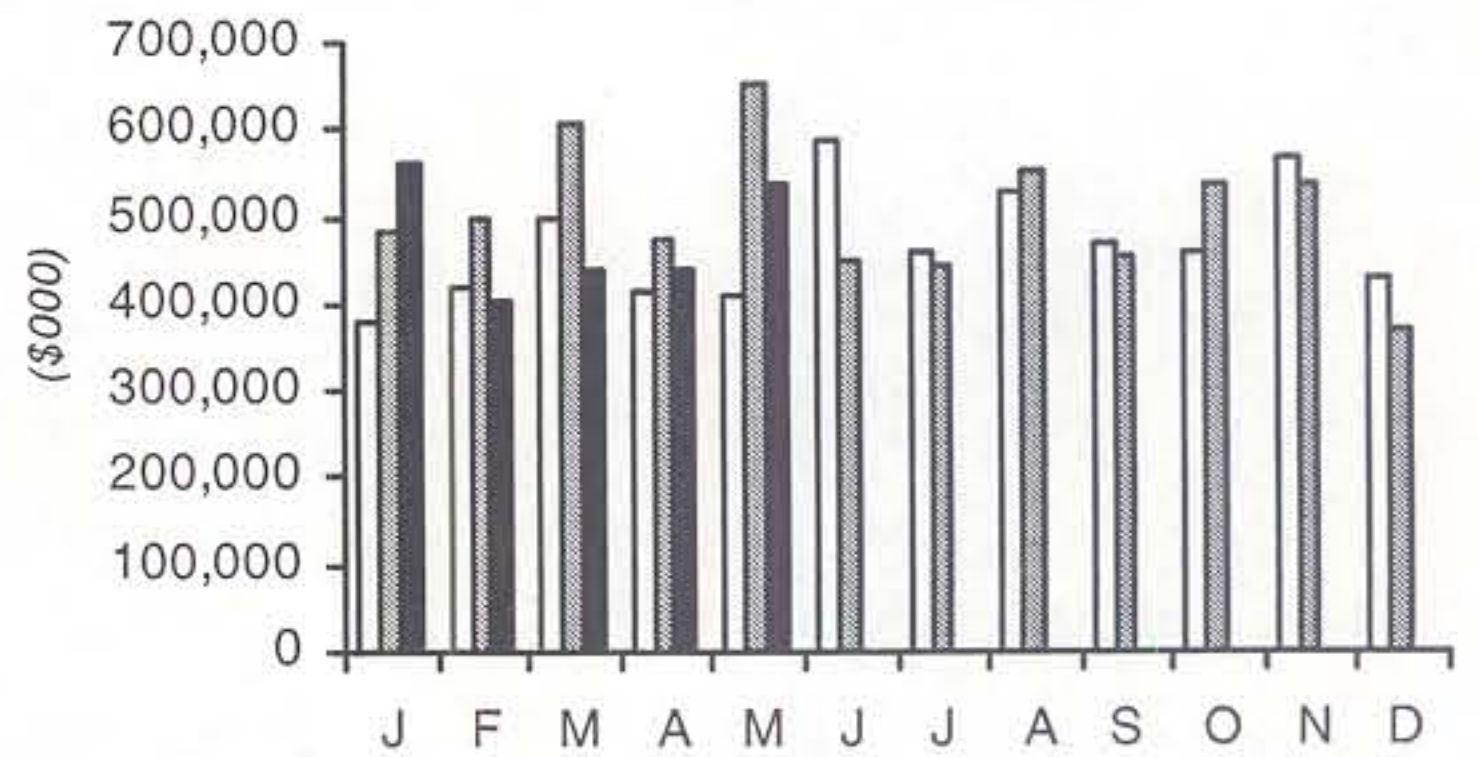
Note: All 1999 and January-March 2000 data are benchmarked. April-March 2000 data are estimates and will be benchmarked in early 2002. Data for April-December 2001 are estimates until benchmarked in 2003. All estimates are the most current revised data available.

1999 2000 2001

Cash Receipts—Crops



Cash Receipts—Livestock



Net Taxable Retail Sales* for Nebraska Cities (\$000)

	April 2001 (\$000)	YTD (\$000)	YTD % Change vs Yr. Ago		April 2001 (\$000)	YTD (\$000)	YTD % Change vs Yr. Ago
Ainsworth, Brown County	1,618	6,034	7.7	Kenesaw, Adams County	285	1,543	44.7
Albion, Boone County	1,584	5,899	-6.9	Kimball, Kimball County	1,710	7,071	12.5
Alliance, Box Butte County	5,221	21,601	0.5	La Vista, Sarpy County	10,540	39,899	4.2
Alma, Harlan County	548	2,127	6.1	Laurel, Cedar County	309	1,335	-6.0
Arapahoe, Furnas County	905	3,068	2.2	Lexington, Dawson County	7,594	29,569	4.6
Arlington, Washington County	270	1,076	21.0	Lincoln, Lancaster County	210,212	840,551	1.8
Arnold, Custer County	219	891	-30.3	Louisville, Cass County	471	1,801	10.5
Ashland, Saunders County	1,247	4,837	7.7	Loup City, Sherman County	428	1,752	11.3
Atkinson, Holt County	898	3,728	-0.5	Lyons, Burt County	384	1,457	2.4
Auburn, Nemaha County	2,356	9,498	0.5	Madison, Madison County	687	3,168	6.2
Aurora, Hamilton County	2,411	9,704	8.5	McCook, Red Willow County	9,597	35,712	-20.4
Axtell, Kearney County	68	245	18.9	Milford, Seward County	735	4,391	19.8
Bassett, Rock County	390	1,556	7.2	Minatare, Scotts Bluff County	132	556	-4.0
Battle Creek, Madison County	714	3,287	39.7	Minden, Kearney County	1,788	6,795	1.8
Bayard, Morrill County	405	1,914	4.9	Mitchell, Scotts Bluff County	557	2,082	-22.9
Beatrice, Gage County	11,987	47,303	4.8	Morrill, Scotts Bluff County	546	1,944	-2.4
Beaver City, Furnas County	96	475	-2.7	Nebraska City, Otoe County	6,293	23,545	2.5
Bellevue, Sarpy County	24,175	87,828	14.8	Neligh, Antelope County	1,440	5,189	1.6
Benkelman, Dundy County	607	2,294	4.0	Newman Grove, Madison County	270	1,261	11.2
Bennington, Douglas County	699	2,116	-4.6	Norfolk, Madison County	30,595	118,999	0.5
Blair, Washington County	7,558	29,689	9.8	North Bend, Dodge County	577	2,150	12.7
Bloomfield, Knox County	594	2,206	19.2	North Platte, Lincoln County	23,270	91,506	5.0
Blue Hill, Webster County	402	1,678	-9.6	O'Neill, Holt County	4,240	16,479	-0.2
Bridgeport, Morrill County	1,034	4,374	4.5	Oakland, Burt County	613	2,413	4.5
Broken Bow, Custer County	3,850	14,297	-3.7	Ogallala, Keith County	5,185	19,976	0.3
Burwell, Garfield County	801	3,058	15.3	Omaha, Douglas County	481,813	1,926,045	0.4
Cairo, Hall County	268	946	16.6	Ord, Valley County	2,193	8,027	8.7
Central City, Merrick County	1,977	7,255	5.0	Osceola, Polk County	546	1,913	-2.8
Ceresco, Saunders County	996	4,406	-16.1	Oshkosh, Garden County	404	1,797	14.2
Chadron, Dawes County	6,956	27,885	60.8	Osmond, Pierce County	381	1,323	-21.3
Chappell, Deuel County	411	1,838	-4.6	Oxford, Furnas County	430	1,939	9.7
Clarkson, Colfax County	411	1,516	-3.7	Papillion, Sarpy County	7,081	29,923	8.5
Clay Center, Clay County	186	944	-34.5	Pawnee City, Pawnee County	305	1,303	7.5
Columbus, Platte County	19,812	77,245	-3.4	Pender, Thurston County	733	2,917	7.2
Cozad, Dawson County	2,715	11,393	-3.8	Pierce, Pierce County	658	2,724	20.1
Crawford, Dawes County	454	1,850	8.3	Plainview, Pierce County	658	2,713	3.3
Creighton, Knox County	1,071	4,447	18.9	Plattsmouth, Cass County	3,301	13,285	5.5
Crete, Saline County	2,748	11,276	7.0	Ponca, Dixon County	239	1,052	12.3
Crofton, Knox County	368	1,370	7.7	Ralston, Douglas County	3,407	13,287	3.2
Curtis, Frontier County	365	1,485	11.9	Randolph, Cedar County	373	1,674	9.6
Dakota City, Dakota County	394	1,599	13.4	Ravenna, Buffalo County	589	2,566	9.8
David City, Butler County	1,748	6,689	14.0	Red Cloud, Webster County	648	2,617	1.1
Deshler, Thayer County	264	1,322	14.3	Rushville, Sheridan County	421	1,685	3.9
Dodge, Dodge County	277	1,038	9.4	Sargent, Custer County	180	901	15.8
Doniphan, Hall County	673	3,652	-24.5	Schuyler, Colfax County	1,760	7,641	9.8
Eagle, Cass County	434	1,077	6.1	Scottsbluff, Scotts Bluff County	21,050	83,879	1.9
Elgin, Antelope County	431	1,797	13.1	Scribner, Dodge County	414	1,491	-0.5
Elkhorn, Douglas County	2,412	8,276	11.8	Seward, Seward County	4,497	17,941	-2.2
Elm Creek, Buffalo County	315	1,339	-7.3	Shelby, Polk County	429	1,626	8.9
Elwood, Gosper County	254	953	0.4	Shelton, Buffalo County	471	2,044	22.2
Fairbury, Jefferson County	2,824	11,851	-4.2	Sidney, Cheyenne County	8,349	32,414	3.3
Fairmont, Fillmore County	153	701	15.9	South Sioux City, Dakota County	8,499	30,641	2.0
Falls City, Richardson County	2,551	10,041	5.4	Springfield, Sarpy County	604	2,146	-11.2
Franklin, Franklin County	556	2,280	6.3	St. Paul, Howard County	1,414	5,453	19.7
Fremont, Dodge County	23,627	90,409	0.2	Stanton, Stanton County	607	2,659	18.0
Friend, Saline County	458	2,710	52.4	Stromsburg, Polk County	992	3,436	11.3
Fullerton, Nance County	476	2,206	4.8	Superior, Nuckolls County	1,532	5,776	0.4
Geneva, Fillmore County	1,497	5,481	-2.6	Sutherland, Lincoln County	425	1,649	11.4
Genoa, Nance County	293	1,393	20.5	Sutton, Clay County	785	3,360	4.0
Gering, Scotts Bluff County	4,187	15,769	-2.3	Syracuse, Otoe County	1,165	4,288	-1.1
Gibbon, Buffalo County	814	3,336	6.9	Tecumseh, Johnson County	848	3,618	9.0
Gordon, Sheridan County	1,437	5,935	0.0	Tekamah, Burt County	980	4,179	8.4
Gothenburg, Dawson County	2,442	9,078	4.7	Tilden, Madison County	273	976	-12.7
Grand Island, Hall County	51,224	205,460	0.6	Utica, Seward County	331	1,526	23.7
Grant, Perkins County	1,279	4,710	20.3	Valentine, Cherry County	4,918	19,287	25.7
Gretna, Sarpy County	2,860	10,671	12.3	Valley, Douglas County	1,482	4,023	-25.3
Hartington, Cedar County	1,627	6,454	17.1	Wahoo, Saunders County	2,464	9,426	5.6
Hastings, Adams County	20,263	81,089	1.2	Wakefield, Dixon County	401	1,593	22.5
Hay Springs, Sheridan County	350	1,542	9.6	Wauneta, Chase County	267	1,276	2.5
Hebron, Thayer County	1,108	4,292	-31.0	Waverly, Lancaster County	871	4,111	42.2
Henderson, York County	728	2,465	7.3	Wayne, Wayne County	3,764	15,724	14.7
Hickman, Lancaster County	177	935	-1.5	Weeping Water, Cass County	726	2,656	14.0
Holdrege, Phelps County	4,664	17,340	3.1	West Point, Cuming County	4,802	19,527	43.3
Hooper, Dodge County	357	1,684	4.8	Wilber, Saline County	418	1,976	10.8
Humboldt, Richardson County	316	1,341	0.4	Wisner, Cuming County	663	2,468	6.2
Humphrey, Platte County	892	2,904	4.1	Wood River, Hall County	458	1,604	13.4
Imperial, Chase County	1,799	6,570	-3.0	Wymore, Gage County	412	1,919	11.1
Juniata, Adams County	217	1,130	23.4	York, York County	9,771	37,859	-1.0
Kearney, Buffalo County	34,897	133,046	1.5				

*Does not include motor vehicle sales. Motor vehicle net taxable retail sales are reported by county only.

Source: Nebraska Department of Revenue

Net Taxable Retail Sales for Nebraska Counties (\$000)

	Motor Vehicle Sales			Other Sales				Motor Vehicle Sales			Other Sales		
	April 2001 (\$000)	YTD (\$000)	YTD % Chg. vs Yr. Ago	April 2001 (\$000)	YTD (\$000)	YTD % Chg. vs Yr. Ago		April 2001 (\$000)	YTD (\$000)	YTD % Chg. vs Yr. Ago	April 2001 (\$000)	YTD (\$000)	YTD % Chg. vs Yr. Ago
Nebraska	241,353	826,460	-3.7	1,419,706	5,603,334	1.3	Howard	834	3,170	-13.5	1,724	6,966	18.0
Adams	3,997	13,634	-5.9	20,935	84,670	1.4	Jefferson	1,096	3,811	-19.5	3,849	15,850	-1.9
Antelope	1,082	4,259	-2.3	2,215	8,361	5.2	Johnson	440	1,938	-9.1	1,145	5,089	9.2
Arthur	27	275	-0.7	(D)	(D)	(D)	Kearney	1,099	4,163	-7.6	1,976	7,438	1.6
Banner	277	740	29.4	(D)	(D)	(D)	Keith	1,447	5,199	-9.5	5,593	21,511	-0.5
Blaine	169	530	-9.1	(D)	(D)	(D)	Keya Paha	84	612	-8.8	96	414	16.6
Boone	1,303	3,777	3.4	2,068	7,903	-2.0	Kimball	416	2,128	-5.3	1,745	7,241	12.3
Box Butte	1,916	6,156	2.3	5,501	22,878	1.1	Knox	1,355	4,718	-8.5	2,582	10,528	14.8
Boyd	459	1,096	0.1	486	1,995	-4.3	Lancaster	30,666	103,708	-4.0	213,685	855,652	2.5
Brown	654	2,115	2.7	1,683	6,282	6.5	Lincoln	5,733	18,668	14.0	24,209	95,241	4.9
Buffalo	6,439	20,842	-2.7	37,437	143,685	2.0	Logan	133	666	15.4	(D)	(D)	(D)
Burt	1,018	3,968	-5.8	2,347	9,187	9.6	Loup	135	425	30.0	(D)	(D)	(D)
Butler	1,205	4,402	-6.2	2,098	8,717	13.4	McPherson	120	398	8.2	(D)	(D)	(D)
Cass	3,888	13,489	-4.1	6,324	25,094	7.1	Madison	4,317	14,521	-10.0	32,589	128,052	1.4
Cedar	1,530	5,195	-8.8	2,580	10,521	11.4	Merrick	1,224	4,647	-3.5	2,566	9,650	6.0
Chase	811	3,144	-5.2	2,076	7,987	-4.1	Morrill	940	3,300	-5.8	1,493	6,418	5.7
Cherry	907	4,051	20.4	5,066	20,048	24.9	Nance	516	2,156	-8.9	832	3,744	11.9
Cheyenne	1,863	5,979	-13.7	8,642	33,652	3.3	Nemaha	1,260	4,082	5.3	2,589	10,668	0.8
Clay	1,134	4,017	-14.1	2,119	8,405	-2.2	Nuckolls	678	2,475	-17.1	2,245	9,018	10.9
Colfax	1,432	5,113	8.9	2,597	10,808	5.3	Otoe	2,056	7,590	-4.3	7,903	29,517	1.3
Cuming	1,347	5,434	-10.9	5,922	24,041	34.1	Pawnee	448	1,673	-0.4	468	2,080	6.7
Custer	1,734	6,914	-1.2	4,818	18,474	-3.7	Perkins	656	2,402	-8.4	1,492	5,611	17.9
Dakota	2,646	8,414	-10.1	9,507	34,969	3.5	Phelps	1,638	6,028	0.3	4,970	18,605	4.1
Dawes	1,031	3,635	8.2	7,410	29,737	56.1	Pierce	1,142	3,728	-12.6	1,787	7,053	3.3
Dawson	3,171	12,453	-9.9	13,188	51,523	2.1	Platte	4,548	15,768	-11.9	21,223	82,647	-3.1
Deuel	405	1,215	-12.2	1,005	4,109	0.4	Polk	965	3,319	-19.9	2,111	7,684	7.6
Dixon	1,115	3,295	3.9	755	3,137	17.2	Red Willow	1,459	6,021	-12.8	9,885	36,894	-20.0
Dodge	4,915	16,384	-6.7	25,547	98,029	0.7	Richardson	1,159	4,162	-12.2	3,018	12,483	5.9
Douglas	61,774	202,716	-1.4	491,298	1,959,741	0.4	Rock	384	1,250	-1.2	400	1,599	5.4
Dundy	240	1,602	11.9	608	2,323	2.7	Saline	1,951	6,793	-3.7	3,971	17,702	13.1
Fillmore	1,048	3,943	-10.9	2,451	9,405	5.4	Sarpy	20,380	64,732	1.8	48,652	180,885	9.2
Franklin	589	2,357	10.8	802	3,305	9.6	Saunders	3,143	10,858	-10.2	5,690	23,736	-0.3
Frontier	421	1,979	-7.9	652	2,799	14.0	Scotts Bluff	4,064	16,347	-6.3	26,536	104,512	0.4
Furnas	876	3,436	-1.2	2,218	9,213	11.6	Seward	2,153	8,261	0.0	5,868	25,014	3.2
Gage	3,077	10,968	-4.8	13,388	53,633	7.7	Sheridan	763	3,045	-11.3	2,494	10,358	2.7
Garden	287	1,398	30.4	553	2,369	5.1	Sherman	487	2,081	21.5	551	2,254	11.8
Garfield	367	967	15.3	801	3,058	15.3	Sioux	150	800	-30.5	121	400	3.4
Gosper	343	1,539	-5.3	297	1,177	-1.1	Stanton	840	3,320	14.7	873	3,641	25.8
Grant	159	514	-25.0	234	1,113	20.2	Thayer	849	3,061	-26.0	1,868	7,707	-19.2
Greeley	479	1,576	7.5	696	2,573	8.2	Thomas	159	542	-15.6	249	958	4.5
Hall	7,127	24,358	-7.9	52,946	213,179	0.3	Thurston	521	1,876	1.2	880	3,729	14.2
Hamilton	1,438	5,371	-11.1	2,700	10,914	7.2	Valley	757	2,625	-2.7	2,396	8,697	6.8
Harlan	665	2,482	2.3	734	2,735	2.3	Washington	3,316	11,509	-3.3	8,281	33,578	13.3
Hayes	273	922	11.6	(D)	(D)	(D)	Wayne	1,236	4,530	11.7	3,892	16,340	14.4
Hitchcock	367	1,989	-11.6	596	2,615	12.3	Webster	577	2,021	-20.2	1,161	4,748	-2.0
Holt	1,624	5,982	-8.8	5,710	22,405	-1.1	Wheeler	143	770	27.9	108	272	-18.1
Hooker	48	435	2.6	201	974	19.4	York	2,079	8,092	0.9	10,816	41,993	-0.6

*Totals may not add due to rounding
(D) Denotes disclosure suppression

Source: Nebraska Department of Revenue

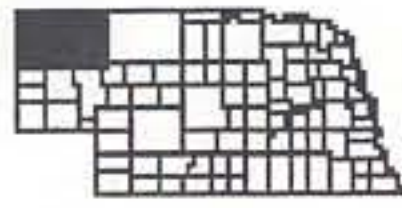
Note on Net Taxable Retail Sales

Users of this series should be aware that taxable retail sales are not generated exclusively by traditional outlets such as clothing, discount, and hardware stores. While businesses classified as retail trade firms account for, on average, slightly more than half of total taxable sales, sizable portions of taxable sales are generated by service establishments, electric and gas utilities, wholesalers, telephone and cable companies, and manufacturers.

Regional Nonfarm Wage and Salary Employment* 1999 to April** 2001

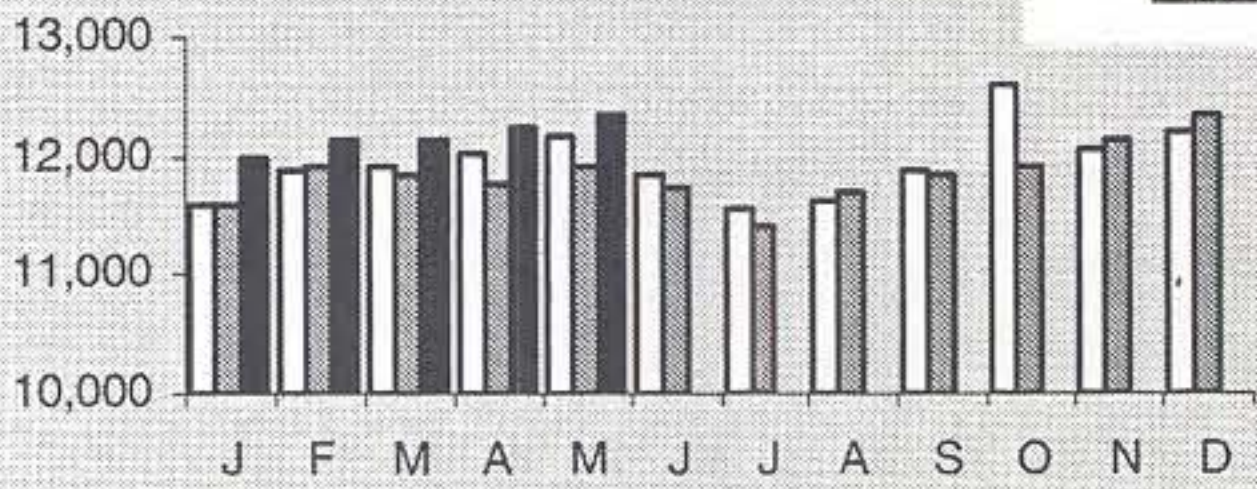
1999 2000 2001

Northwest Panhandle

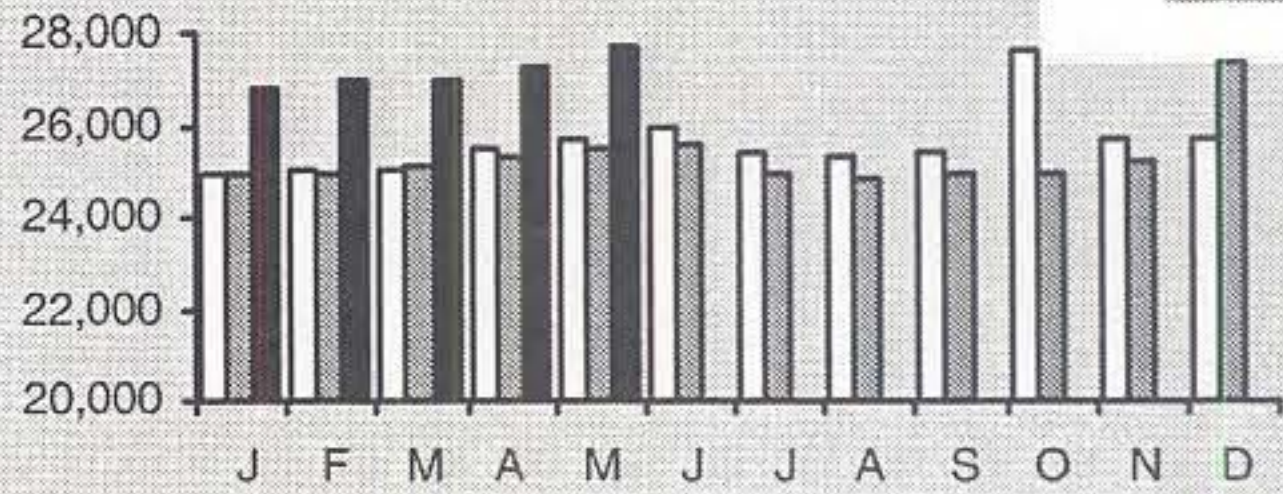
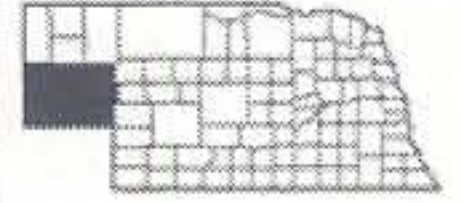


Note to Readers

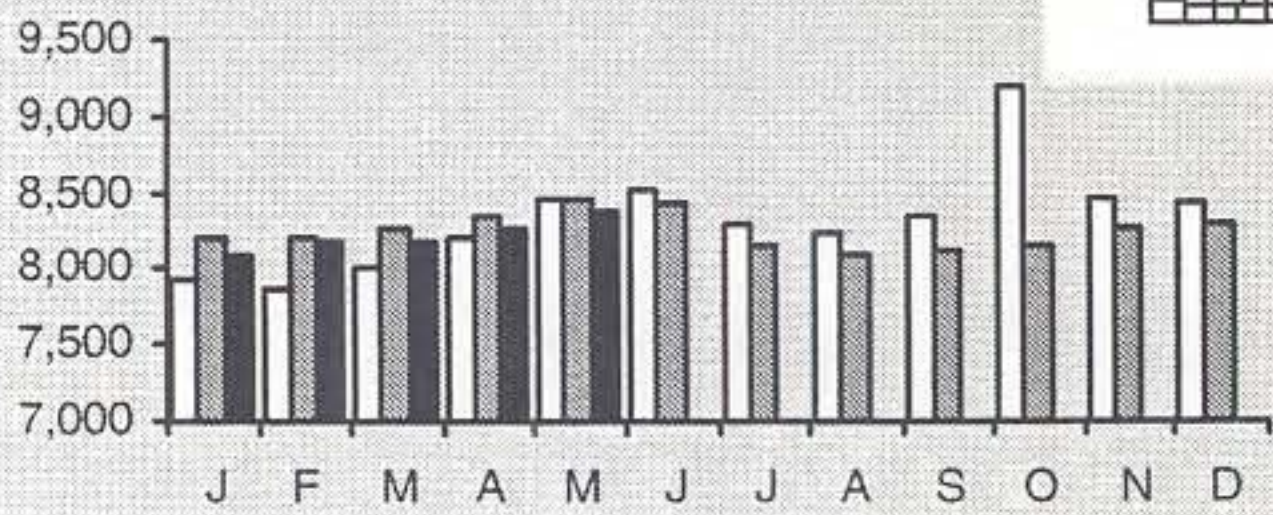
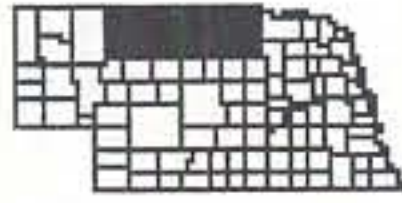
The charts on pages 8 and 9 report nonfarm employment by place of work for each region.



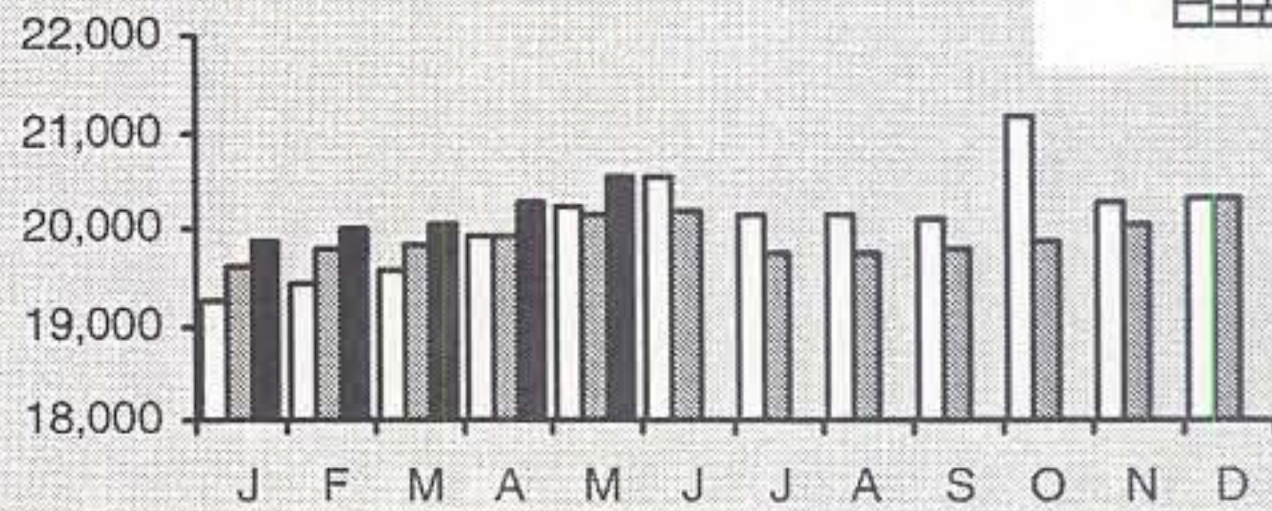
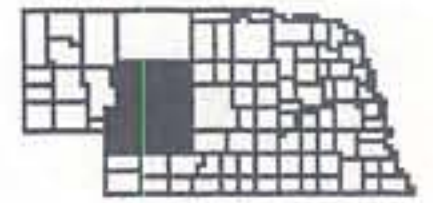
Southwest Panhandle



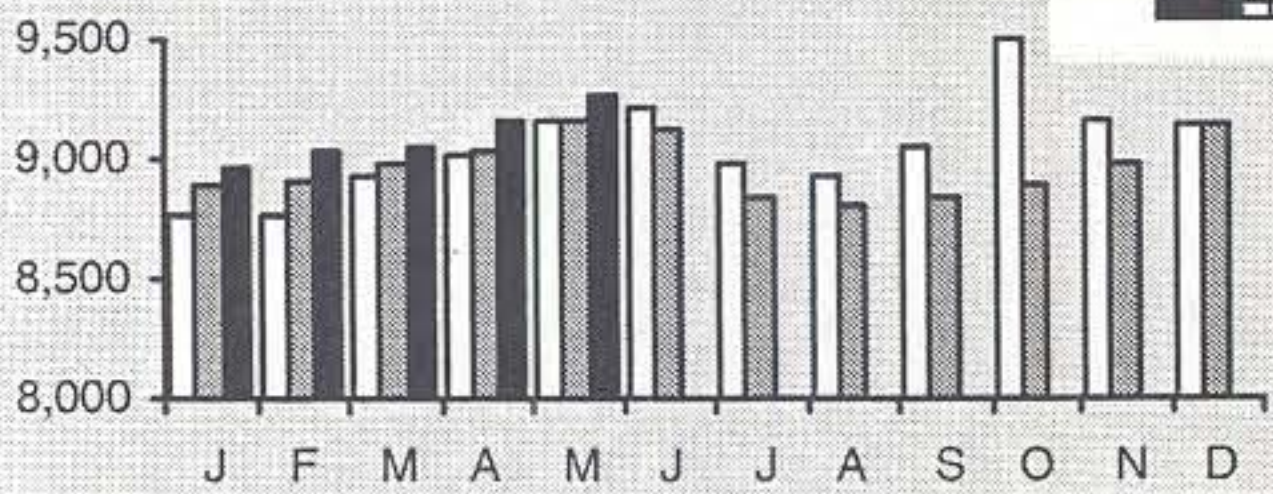
North Central



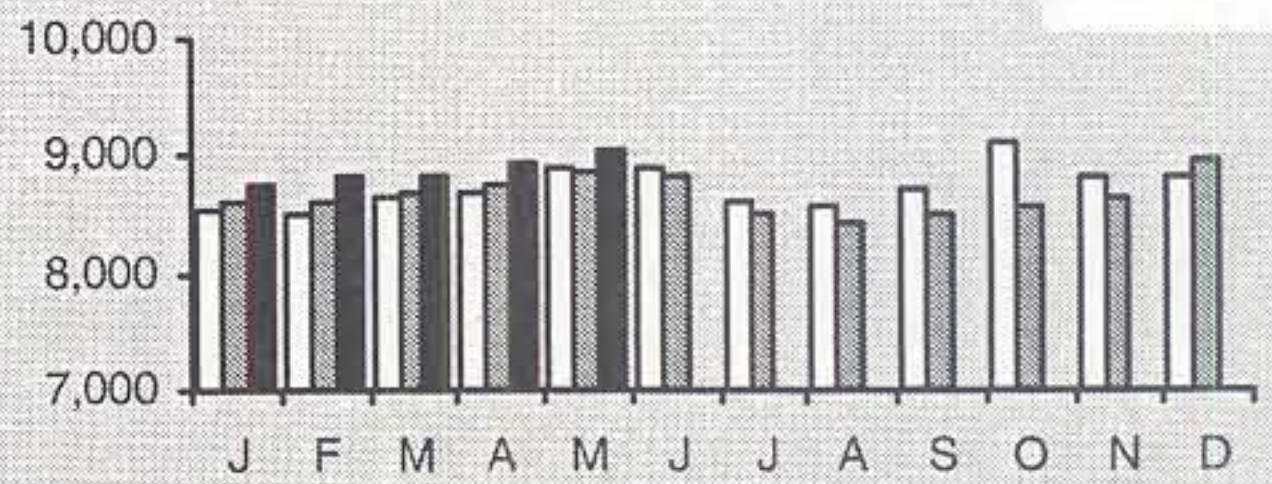
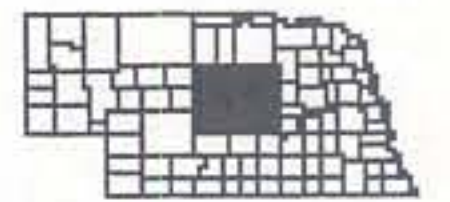
West Central



Southwest Central



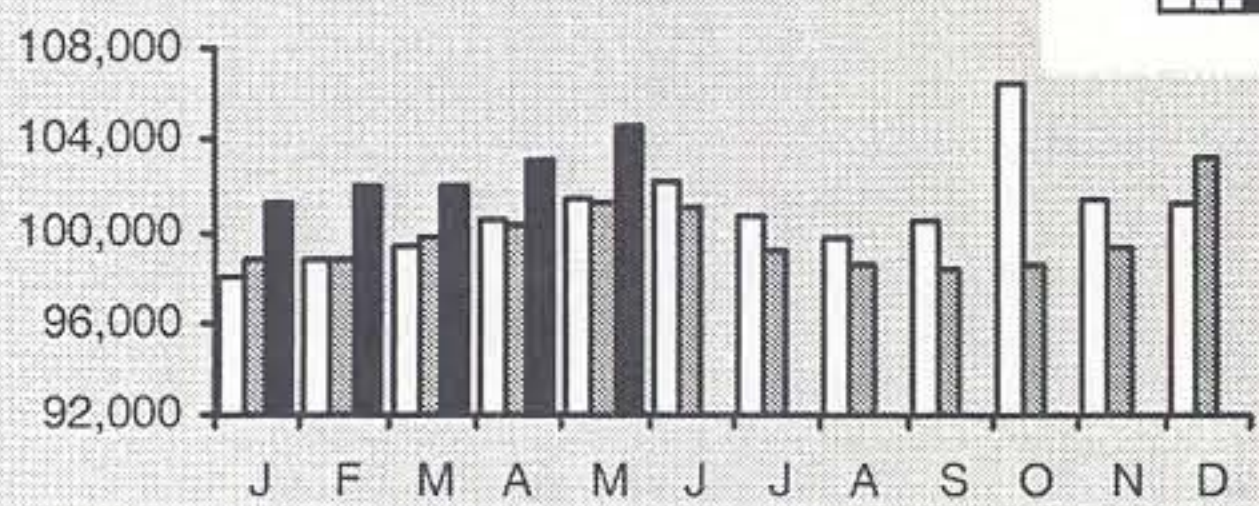
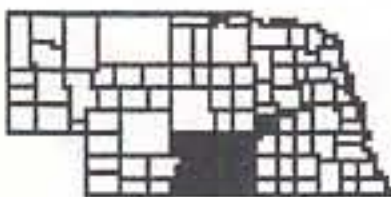
East Central



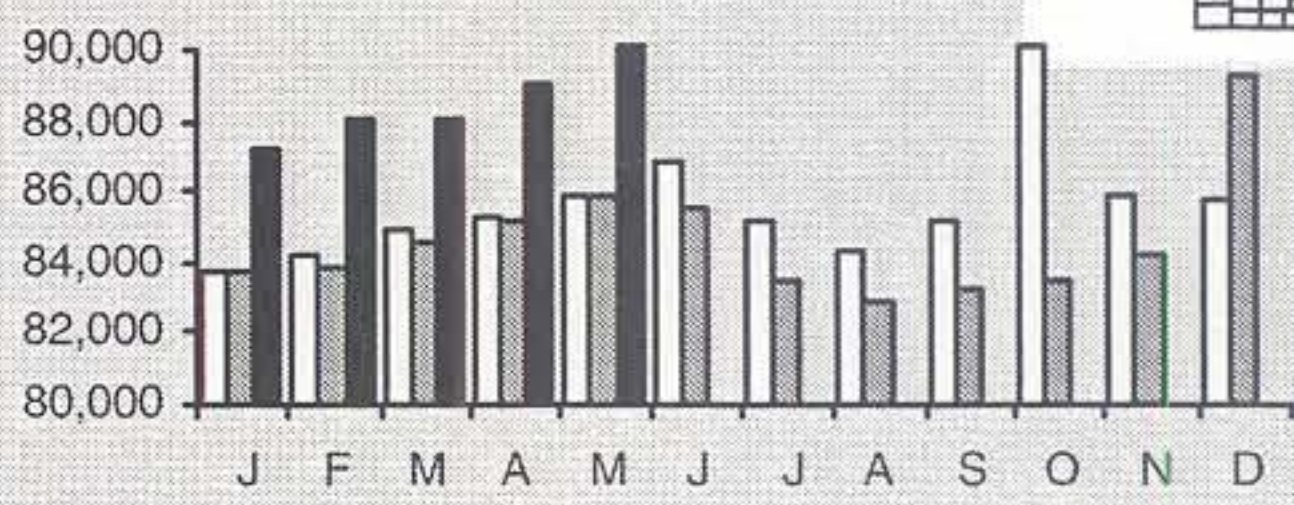
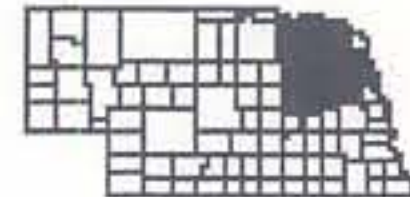
Regional Nonfarm Wage and Salary Employment* 1999 to April** 2001

1999 2000 2001

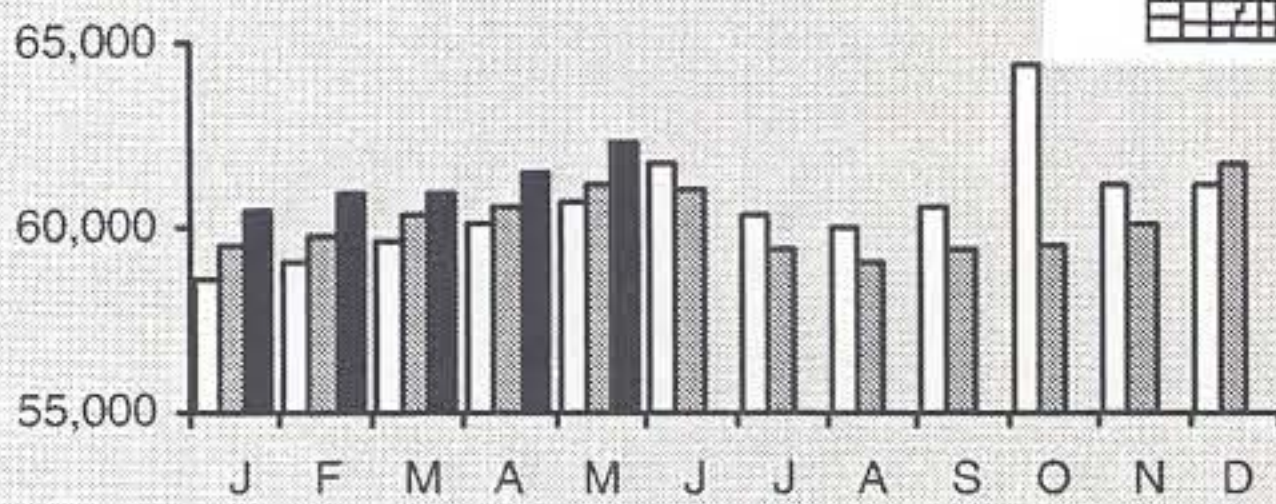
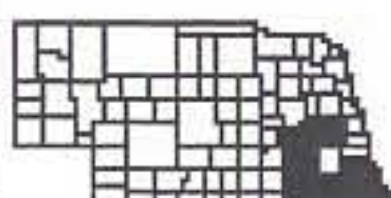
Southeast Central



Northeast

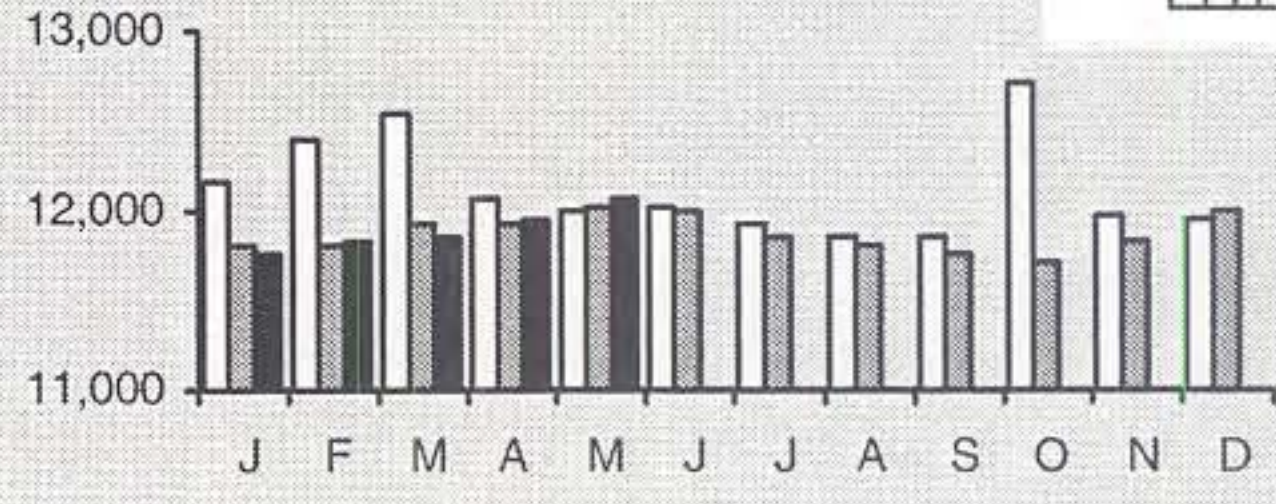
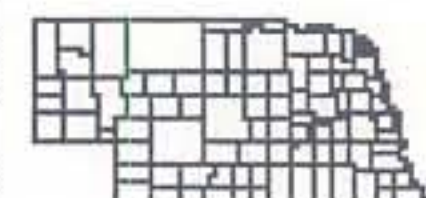


Southeast



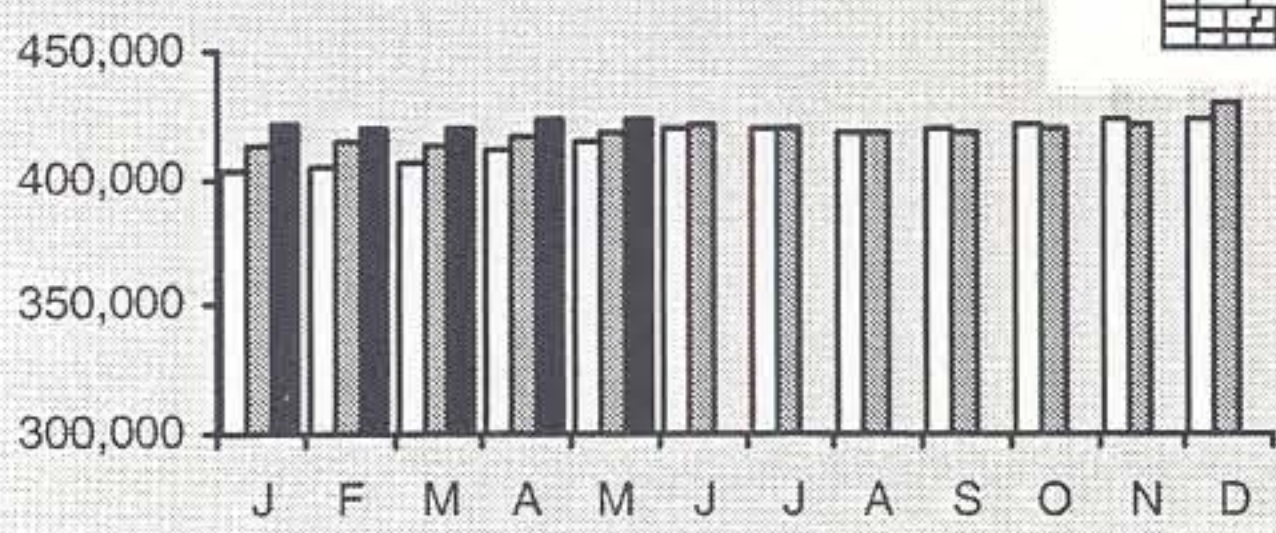
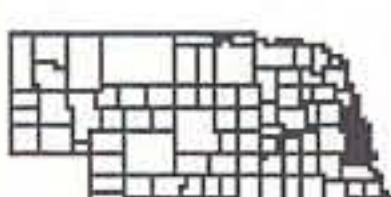
Sioux City MSA

Nebraska portion only

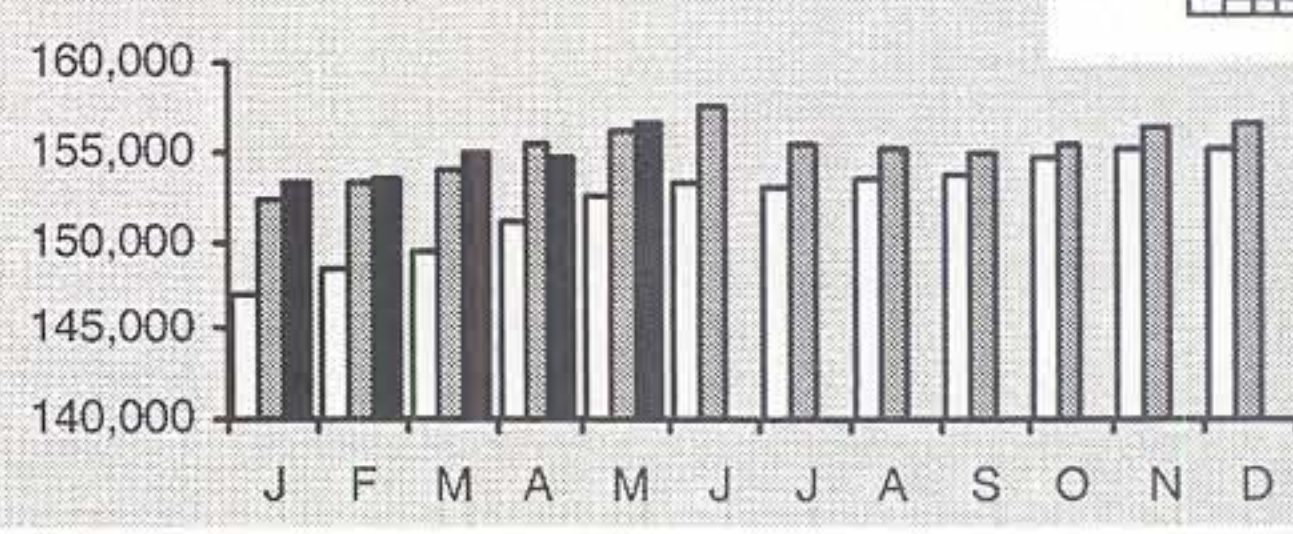
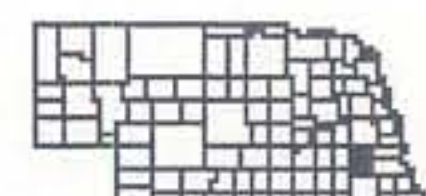


Omaha MSA

Nebraska portion only

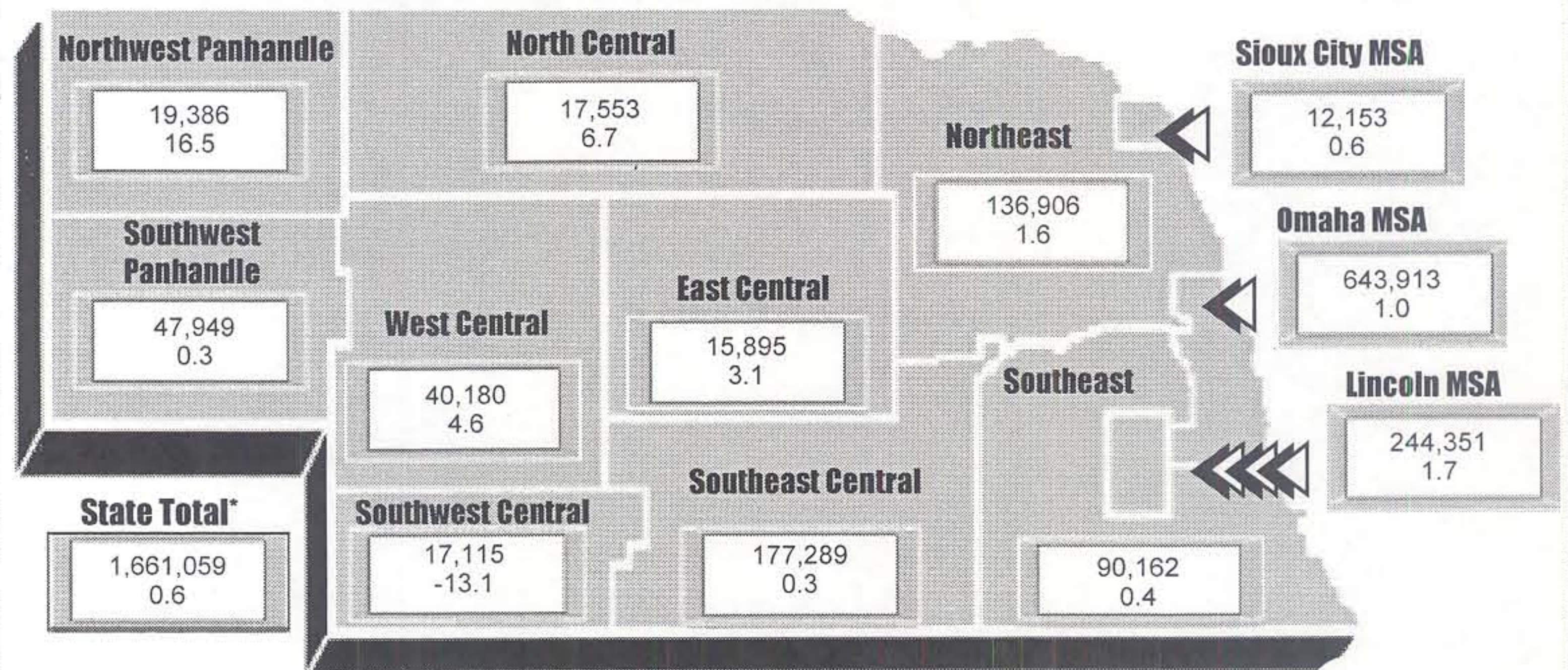


Lincoln MSA



*By place of work
 **Current month data are preliminary and subject to revision
 Note: January-March 2000 monthly employment data are benchmarked. April 2000-March 2001 data are estimates and will be benchmarked in early 2002. Data for April-December 2001 are estimates until benchmarked in early 2003. All estimates are the most current revised data available.
 Source: Nebraska Department of Labor, Labor Market Information - Kathy Copas

April 2001 Regional Retail Sales (\$000) YTD Change vs Yr. Ago



*Regional values may not add to state total due to unallocated sales
Source: Nebraska Department of Revenue

State Nonfarm Wage & Salary Employment by Industry*

	April 2001
Total	911,194
Construction & Mining	43,844
Manufacturing	118,468
Durables	56,643
Nondurables	61,825
TCU**	57,789
Trade	214,774
Wholesale	53,281
Retail	161,493
FIRE***	61,124
Services	257,545
Government	157,650

*By place of work
**Transportation, Communication, and Utilities
***Finance, Insurance, and Real Estate
Source: Nebraska Department of Labor, Labor Market Information

Note: January-March 2000 monthly employment data are benchmarked. April 2000-March 2001 data are estimates and will be benchmarked in early 2002. Data for April-December 2001 are estimates until benchmarked in early 2003. All estimates are the most current revised data available. Labor force data for 2000 and 2001 will be revised.

Consumer Price Index

Consumer Price Index - U*
(1982-84 = 100)
(not seasonally adjusted)

	July 2001	% Change vs Yr. Ago	YTD % Change vs Yr. Ago (inflation rate)
All Items	177.5	2.8	2.8
Commodities	150.4	0.7	1.4
Services	204.5	4.3	3.8

*U = All urban consumers
Source: U.S. Bureau of Labor Statistics

Inflation Rate

2.8

State Labor Force Summary*

	April 2001
Labor Force	945,007
Employment	919,944
Unemployment Rate	2.7

*By place of residence
Source: Nebraska Department of Labor, Labor Market Information

County of the Month

Morrill

Bridgeport - County Seat

License plate prefix number: 64

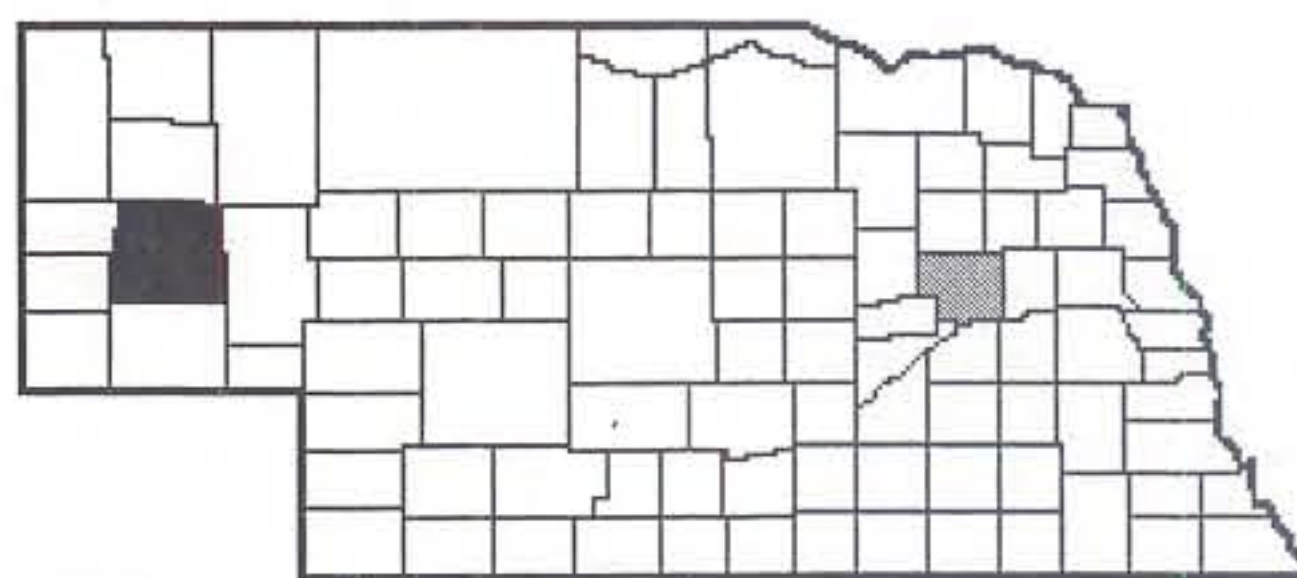
Size of county: 1,405 square miles, ranks 8th in the state

Population: 5,440 in 2000, a change of 0.3 percent from 1990

Per capita personal income: \$17,228 in 1998, ranks 79th in the state

Net taxable retail sales (\$000): \$28,272 in 1999 a change of 2.2 percent from 1998; \$9,718 from January through April of 2001, a change of 1.5 percent from the same period the previous year.

Unemployment rate: 4.0 percent in Morrill County, 2.9 percent in Nebraska in 1999



Next County of Month

	State	Morrill County
Nonfarm employment (1999)¹:	890,821	1,378
(wage & salary)	<i>(percent of total)</i>	
Construction and Mining	5.0	4.0
Manufacturing	13.2	1.6
TCU	6.4	13.9
Wholesale Trade	6.2	8.9
Retail Trade	18.0	18.9
FIRE	6.8	2.7
Services	27.3	12.6
Government	17.1	37.6

Agriculture:

Number of farms: 474 in 1997; 458 in 1992; 535 in 1987

Average farm size: 1,816 acres in 1997; 1,582 acres in 1992

Market value of farm products sold: \$147.6 million in 1997 (\$311,459 average per farm); \$105.5 million in 1992 (\$230,401 average per farm)

¹By place of work

Sources: U.S. Bureau of the Census, U.S. Bureau of Economic Analysis, Nebraska Department of Labor, Nebraska Department of Revenue.

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