

Ag Exports Hit Record High

In 1971-72, U.S. agricultural exports again advanced to an alltime high, reaching \$8 billion according to a report in the August 7 issue of the USDA'S "Foreign Agriculture" magazine. The increase of 4 per cent, or \$200 million, was all in commercial sales for dollars. Shipments of animals and animal products jumped to more than \$1 billion, a record for that export

category; and shipments of soybeans and products passed \$2 billion, a first for any category.

Higher prices were responsible for nearly all the increase: export value increases for soybeans, cotton, dairy products, cattle hides, fruits, nuts, vegetables, and feedgrains more than offset reductions in shipments of wheat, flaxseed, alfalfa meal, and animal fats. Volume, however, about equaled the record level of the previous year.

Fiscal 1972 had most of its agricultural trade misfortunes during its first half. First, the longshoremen's strike at east coast, west coast, and gulf ports severely hampered exports, although stepped-up shipments before and after the strike somewhat reduced the impact on the east coast and the gulf, and the St. Lawrence Seaway remained open for shifts from gulf ports. Second, the international monetary crisis created uncertainty in the foreign market, delaying the purchase of many U.S. products. Third, foreign production of grains,

especially wheat, showed a substantial increase in 1971 which damped the demand for U.S. grains in July-December.

During the second half of the fiscal year, several improvements occurred. First, the period was relatively free of strikes (except on the west coast, Jan. 17-Feb. 21). Second, the bulk of the grain sold to the USSR last fall moved out. Third, economic growth picked up in most foreign countries. Fourth, reports of reductions in foreign grain production began to appear, stimulating U.S. sales. Fifth, the devaluation of the dollar and the revaluation of some major foreign currencies increased the competitiveness of many U.S. farm products. However, flexible duties on variable-levy items, plus other European restrictions, offset much of this competitive edge. Nonetheless, January-June exports rose to a record \$4.2 billion, from \$3.9 billion the year before—enough to more than balance off the July-December slump.

Shipments to developed countries totaled \$5.0 billion, or about the same as the previous year; but the composition of the trade changed considerably. For example, exports to Japan, the top market, declined by about 4 per cent because of a sharp reduction in wheat and feedgrains. Exports to the European Community, on the other hand, rose about 7 per cent to a record of \$1.9 billion. Exports of items not subject to variable levies accounted for the increase. This outweighed a decline in exports of variable-levy commodities caused by the sharp increase in EC wheat production that reduced import requirements.

Developing countries accounted for \$2.7 billion of the year's total, up from \$2.5 billion a year earlier. Shipments to South Vietnam, India, Brazil, and Morocco declined, while those to South Korea, the Philippines, Iran, Pakistan, Egypt, Afghanistan, Colombia, and Peru gained.

Sales to COMECON countries

rose over \$280 million, from about \$170 million in 1970-71. The largest part of this increase came from feedgrain sales of \$135 million to the USSR. Exports to other COMECON countries showed mixed trends, with increases for Poland and East Germany and decreases for Romania, Bulgaria, Czechoslovakia, and Hungary.

Exports of soybeans and products jumped 6 percent to a new record of over \$2 billion—the first commodity group ever to exceed that figure. Both prices and volume were up from last year's record.

Soybean exports rose to over 430 million bushels, from 424 million a year earlier. Top markets again were the EC, Japan, Spain, Canada (includes transshipments), Taiwan, Denmark, and Israel. Increased foreign demand for meal was the principal reason for the rise. The expanding livestock industries of many countries, especially those in Western Europe, are emphasizing improved feeding practices, which require greater use of high-protein feed. The high price of grains in the EC has also encouraged feeding of soybean meal.

U.S. stocks were smaller in 1971-72 and prices higher, pushing export value up about 9 per cent. Average unit value was \$3.22 per bushel compared with \$3.00 in 1970-71. For many foreign buyers, these higher prices were offset by the realignment of the U.S. dollar with other currencies. In Japan, the elimination of import tariffs on soybeans also helped maintain stable prices to Japanese buyers.

Combined exports of soybean oil and cottonseed oil were down slightly from last year's record level of 2.1 billion pounds. Still, the 1971-72 figure of 2.0 billion pounds was the second highest on record. Foreign consumption of vegetable oils continued to gain in both developed and developing countries, and strong demand for U.S. soybean oil contributed to the near-record export total, but foreign production of copra, palm and palm kernel oils, peanuts, and rapeseed rose sharply, somewhat reducing U.S. vegetable oil sales.

Protein meal exports totaled 4.5 million tons, down somewhat from a year earlier. However, value was about the same because of higher prices. Soybean meal accounted for over 90 percent of the total. U.S. meal

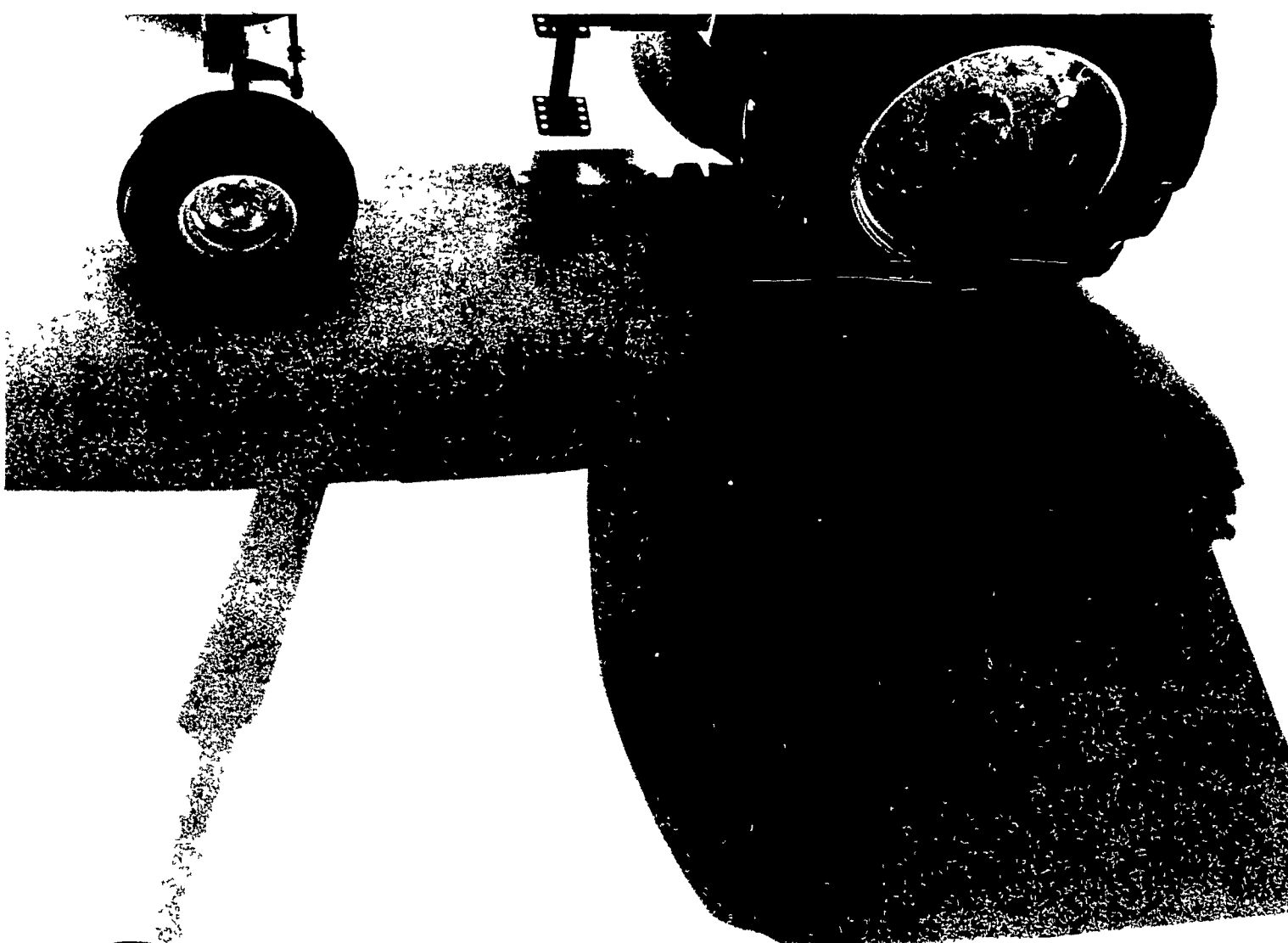
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