1973 Feed Grain Changes Explained

On Jan. 31, 1973, Secretary of Agriculture Earl L. Butz announced changes in the 1973 feed grain program. Set-aside requirements are being reduced. As a result, it is anticipated that farmers will plant larger corn and soybean crops in response to an increased domestic and export demand which has developed since the earlier program was announced on Dec. 11, 1972.

The Changes

- The required set-aside for a farmer to be in full compliance has been changed from 30 to 25 percent of the producer's feed grain base. If a participating farmer wants to devote more acreage to crops, and elects not to comply fully with the feed grain program, then the required set-aside has been changed from 15 to 0 percent.

- If a participating farmer sets aside an acreage equal to 25 percent of his base, the payment rate will be 32 cents per bushel for corn, 30 cents per bushel for grain sorghum and 26 cents per bushel for barley. These rates are paid on the established farm yield times one-half the feed grain base.

- A participating farmer who elects not to set aside any acreage must limit his 1973 feed grain acreage to the total he planted for harvest in 1972. Payment rates will be 15 cents per bushel for corn, 14 cents per bushel for grain sorghum and 12 cents per bushel on barley. These rates are paid on the established farm yield times one-half the feed grain base.

 Producers may elect to graze, make hay, or make silage from conserving crops grown on the feed grain and wheat set-aside acreages at any time. Their payment, however, will be reduced for such use.

Factors Contributing to the Changes

The USDA now expects a higher rate of domestic feed grain use in the months ahead based on increasing livestock numbers, cold weather, and heavier feeding. Estimates of domestic usage of corn in 1972 have been revised upward since Dec 11. Corn usage is estimated

to be 200 million bushels higher, and total feed grain usage to be 7 million tons higher than earlier estimates.

The projected feed grain usage for 1973 has also been raised from earlier figures. The revised projections are now up 250 million bushels for corn and 10 million tons for feed grains.

A stronger demand for export feed grains also appears to be developing in 1973.

Drought conditions are continuing in South Africa, a major feed grain exporting country. This country has been exporting two to four million tons of feed grain each year. For 1973-74, South Africa may not even be able to produce enough feed grains to meet its domestic needs. It has, however, enough carryover stocks of feed grains to meet its internal demands, but not enough to export very much grain. The United States probably will fill the export demand that South Africa ordinarily meets.

Australia is also having weather problems. Its December wheat harvest was down considerably from previous years. Australia will likely use part of its grain sorghum crop to help meet feed demands caused by the short wheat crop. Australia exported almost one million tons of grain sorghum this last year.

A drought situation is lingering in India. India has already bought about two million tons of grains including one-half million tons of grain sorghum.

Unfavorable weather caused the Soviet Union to plant 17 million fewer acres of winter wheat than its planting goals. There has been little snow cover to date over much of the Soviet wheat growing area. A cold spell could cause extensive damage. The Soviets will try to make up for their short winter wheat plantings with heavier spring plantings, but even then, Russian grain stocks are low and will need to be replenished.

Recent figures show that

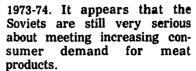
the Soviets have kept their livestock numbers up during this present grain shortage situation. In earlier grain shortages, the Russians slaughtered a large number of animals. Soviet cattle numbers actually have risen two million head from a year earlier. Hog numbers declined from 71 million in January, 1972, to 66 million in January, 1973; but when the Soviet Union went through a similar grain shortage situation in 1963 they cut hog numbers by 30 million head.

The figures indicate a continuing need for livestock feed in



"He's really uptight about

coming here, you see-"



Expected Results

As a result of changes in the 1973 program for cotton, wheat and feed grains it is anticipated that there will be nearly40 million fewer acres set aside than the 61¹/₂ million acres set aside in the 1972 programs. (This reflects the latest revision in the 1973 feed grain program as well as the

earlier revisions in the wheat and cotton programs). This additional acreage not in the setaside programs for 1973 will make enough production available to meet rising domestic and export demands.

The decision to permit grazing, haying or making silage from conserving crops grown on feed grain and wheat set-aside acreages will further add to the livestock feed supply, assisting producers in meeting the increased demand for livestock.



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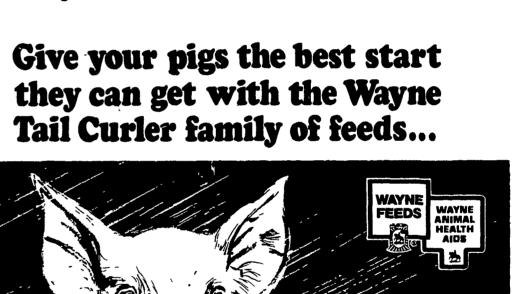
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