

Bergland reveals new crop program

WASHINGTON, D. C. -- Secretary of Agriculture, Bob Bergland, announced plans recently to strengthen the marketing position of grain farmers and to increase the effectiveness of the Commodity Loan program.

"The five-part program we are announcing will give farmers the needed incentives and assistance to do a better job of marketing and obtain better prices for their crops," the Secretary said.

Secretary Bergland announced:

1. Establishment of a farmer-owned food grain

reserve for the 1976 wheat and rice crops;

2. An extension—until May 31, 1977 - for farmers to participate in the loan program for the 1976 wheat and rice crops;

3. Increased price - support loan rates for the 1977 feed grains and soybeans crops;

4. Reduction of interest rates -- effective April 1, 1977 -- on commodity loans from 7 1/2 to six per cent, and on storage facility and drying equipment loans from 7 1/2 to seven per cent; and,

5. Increased amounts and broadened coverage for farm storage and drying equipment loans, and reduced down payment provisions.

The reserve program will accomplish three other objectives, according to Secretary Bergland. It will insulate excess wheat and rice stocks from the marketplace, keep the stocks in the hands of farmers, and hold these stocks in readiness to meet U. S. consumer needs as well as export needs in the future.

USDA will call in all loans when the market price reaches 175 per cent of the current national loan rate. If a loan is not repaid within 30 days after the call, all storage payments made, plus interest, will be added to the loan indebtedness.

FOOD GRAIN RESERVES DETAILS

The three year extended loans will be available on the maturity date for the regular loans on the 1976 production of wheat and rice which is stored on-farm and in approved commercial warehouses.

The Commodity Credit Corporation will pay annual storage in advance to the farmers participating in the resale program. Storage rates will be 20 cents per bushel -- per year for wheat, and 65 cents per hundredweight -- per year for rice. Farmers will be responsible for prepayment of storage to warehousemen for the extended period.

Farmers will be permitted to repay the loan, sell the commodity, and retain earned storage under the extended loan program when the national average market price reaches 140 per cent of the current national loan rate for wheat or rice, or until expiration of the contract. Farmers will be notified when the 140 per cent level is reached.

Storage credit will end when the 140 per cent market price level is reached. The prices reach the 140 per cent level, the repayment total will be the loan principal, plus interest, plus unearned prepaid storage, either on-farm or in warehouse.

If the contract is broken by a farmer selling the commodity before the market prices reach the 140 per cent level, the repayment will also include all storage payments made, plus interest.

Emergency release for sale will be authorized if the commodity is endangered (fire, flood, damage to structure, ect.) or if continued warehouse storage space is no longer available.

All current wheat and rice support loans are eligible for this program, but a ceiling on the total quantity of wheat and rice under the extended resale program will be imposed in the future.

Secretary Bergland said the reserve program gives farmers a stronger hand than they had under past resale or extended loan programs. "At the same time," he said, "the reserve program provides for an orderly and equitable handling of excess wheat and rice stocks."

"This program also assures consumers and foreign buyers of supplementary stocks when prices reach certain levels, while retaining maximum flexibility for marketing decisions by farmers themselves. This reserve program removes the uncertainty about the flexibility of objectives so prevalent in past resale or extended loan programs. We hope that this farmer-owned reserve with a maximum quantity restriction will encourage other countries around the world to share in maintaining world grain reserves. We have no intention of becoming the world's granary," Secretary Bergland stated.

With the announcement, wheat and rice farmers will be able to obtain loans on their 1976 production through May 31, 1977. With the continuing softness in grain

markets and the uncertainty of weather during the coming critical growing period for 1977 crops, the two month extension will give farmers additional time to decide if they want to use the loan.

Loan rates for feed grains and soybeans grown in 1977 are being increased over those announced October 13, 1976. The wheat loan rate remains at \$2.25 per bushel. The new loan rates for grains and soybeans are:

Corn	\$1.75
Soybeans	\$3.50
Sorghum	\$1.70
Barley	\$1.50
Oats	\$1.00
Rye	\$1.50

According to the Secretary, the chance in the loan rates is being made to prevent a disastrous decline in farm prices and income if favorable weather occurs for crop production this summer. Although the wheat loan rate remains at \$2.25 per bushel, wheat will have target price protection at \$2.47 per bushel. The new feed grain loan rates will be above the 1977 target prices of \$1.70 per bushel for corn, \$1.62 for grain sorghum, and \$1.39 for barley.

Addressing the issue of acreage allotments, Secretary Bergland said USDA is proposing alternatives in new farm legislation which would eliminate them. The Secretary added, "I urge farmers to carefully look at demand prospects and market alternatives in planning their operations this spring, rather than basing planting decisions to build a history for future allotments."

COMMODITY LOAN DETAILS

Effective this month, the yearly rate on outstanding 1974-76 crop commodity loans is reduced from 7 1/2 per cent to six per cent.

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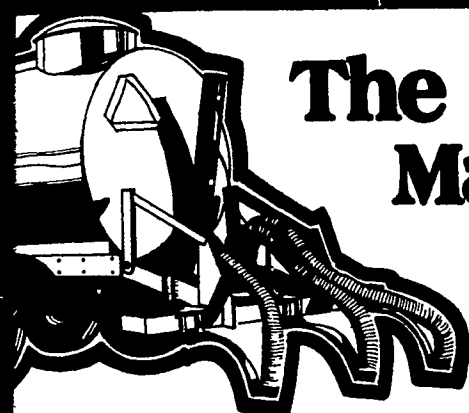
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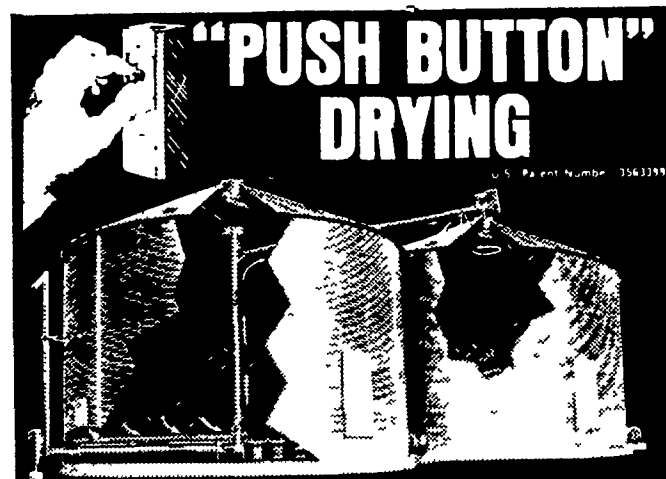
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