

# Oil discovery may boost U.S. exports to Mexico

MEXICO, D F — Discovery of vast petroleum and natural gas supplies has helped transform Mexico into one of the top markets for U.S. agricultural exports.

Mexico had traditionally exported more farm products to the U.S. than it bought, usually ranking as our number two supplier after Brazil. In 1972, U.S. agricultural sales to Mexico totaled only \$180 million, while Mexican farmers sold us \$590 million worth of their products.

Sales to Mexico reached a record \$2 billion last year, making it our third largest customer for farm products, according to USDA economist Donna Roberts. Meanwhile, the U.S. imported \$1.2 billion of Mexican farm goods, so the U.S. netted about \$800 million after agricultural trade books were balanced.

This year, Roberts says U.S. farm sales should equal last year's record—perhaps a bit higher. Last December, the U.S. and Mexico signed a 1-year agreement providing for Mexican purchases of six to eight million tons of U.S. grains, oilseeds, and vegetable oils, worth about \$2 billion.

Three factors are primarily responsible for the dramatic turnaround in the trade balance in recent years.

Unfavorable weather has hampered Mexican farm production. In 1979 drought and early frost damaged crops and increased import needs.

Mexico's population growth rate is one of the world's highest—averaging more than 3.2 percent annually over the last decade—to total nearly 70 million people. Agricultural output hasn't kept pace with the rising demand for food.

Mexico's oil discoveries have translated into more money to upgrade diets. Oil revenues have surged from \$3.8 billion in 1979 to an estimated \$11.2 billion last year.

With this groundwork, the 1980 sales explosion more than doubled 1979's \$972 million in U.S. agricultural exports to Mexico. Leading the increase were sales of feed grains and soybeans needed to feed livestock. Demand for meat is growing fast among Mexico's rising middle class.

In the 1979-80 marketing year, shipments of U.S. corn increased nearly sixfold to almost four million metric tons of 628,400 tons in 1978-79. Roberts looks for U.S. corn sales to approach four million tons again this year.

Sorghum also registered big sales gains. Shipments of U.S. sorghum increased from 1.4 million tons in 1978/79 to 2.2 million

tons in 1979/80. In 1980-81, sorghum sales are expected to total about 2.0 million tons.

Although wheat sales dropped slightly from 1.1 million tons in 1978/79 to 1.0 million tons in 1979-80, they are expected to return to 1.1 million tons in 1980-81.

Soybean volume rose from 575,000 tons in 1978/79 to 783,000 in 1979/80—a hefty 36 percent increase. Sales in 1980-81 are expected to top 1.2 million tons, as livestock expansion continues.

Although these prospects suggest that it will remain a top market, the Mexican government unveiled a plan early last year to grow more of its own food. The new program, known as SAM (Sistema Alimentario Mexicano, or the Mexican Food System) is designed to upgrade the diets of undernourished Mexicans through improved domestic production. SAM, which is funded through oil revenues, aims for self-sufficiency in corn and bean production by 1982 and other basic foods by 1985.

But Roberts points out that the Mexican government will face some difficult tradeoffs in implementing SAM. For example, if acreage devoted to corns—Mexico's principal food grain—is increased, it

will probably come at the expense of sorghum—Mexico's principal feed grain—due to limited land suitable for expansion. As a result, sorghum imports would have to rise.

Also, the overall price tag for subsidizing inputs, production, and consumption will be enormous. Estimates for 1980 alone are about \$2 billion for production and \$1.5 billion for consumption.

Roberts contends that regardless of SAM's progress, several factors will probably keep import levels high, including weather, growing consumer demand, and the difficulties of bringing large acreages of new land into production.

On the overall goals of SAM, she estimates that, granted perfect growing conditions, Mexico may achieve food grain self-sufficiency by 1982, but feed grains will still need to be imported. In fact, Roberts expects the current volume of U.S. agricultural sales to Mexico to hold for the next several years while the value rises with inflation.

On the other side of the coin, coffee and fresh vegetables are the principal agricultural products

purchased by the U.S. from Mexico. Coffee by far the major sales item, accounted for nearly one-third of Mexican farm sales to the U.S. last year.

However, vegetable imports get more attention from farmers here because they often compete with U.S. products. The volume of U.S. imports of Mexican vegetables has more than doubled since 1970. During winter months, Mexico provides nearly half of the fresh vegetables available to the U.S. consumer.

Competition with U.S.-grown vegetables has triggered the "tomato war." Florida farmers charge that Mexicans are trying to corner the vegetable market by flooding the U.S. with produce (tomatoes, cucumbers, eggplants, squash, and green peppers) at less-than-market value.

Last spring, the U.S. Commerce Department ruled that Mexican produce had not been sold at unfair prices. The decision was based primarily on a comparison between Mexican prices charged to Canada and to the United States. This decision has been appealed by the Florida growers and is currently under judicial review.

## Quackgrass

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to using atrazine is its long persistence in the soil at high concentrations. By using lower rates the second and third years, levels of atrazine in the soil can be reduced enough so that small grains, beans and forage legumes can be seeded in the fourth year of the rotation.

However, a measure of quackgrass control is sacrificed when rates are reduced.

Growers wishing to rotate portions of their crops as a market hedge will require a chemical treatment that controls quackgrass in corn the first year and still degrades sufficiently to allow rotating to an alternate crop the following year.

Eradicane is a good herbicide to use for this purpose. Not only does it suppress quackgrass but it leaves planting options open for growers. Its flexibility allows growers to choose among four application methods for quackgrass control, while benefiting from the herbicide's wide-spectrum control of general weed problems.

Rates of up to seven and one-third pints of Eradicane per acre can be incorporated preplant for control of moderate infestations or suppression of heavy infestations.

Or, for growers accustomed to the split-application method of quackgrass control, it can be preceded by a preplow application of atrazine in the fall or spring.

To get acceptable quackgrass control with atrazine or Eradicane, however, thorough soil preparation is necessary before applying the herbicide.

Rhizomes should be chopped up so that no more than four nodes remain on a stem. Several diskings may be required in heavy quackgrass sod. Fall plowing, if soil erosion is not a problem, may be necessary to winter kill

some of the rhizomes in areas where long, wet springs are common. Herbicides such as Roundup give consistent quackgrass control when applied as postemergence treatments in corn. Fall applications are the

most practical because quackgrass does not reach treatable height until mid-May, while corn should be planted in early May.

Always refer to herbicide labels for instructions.

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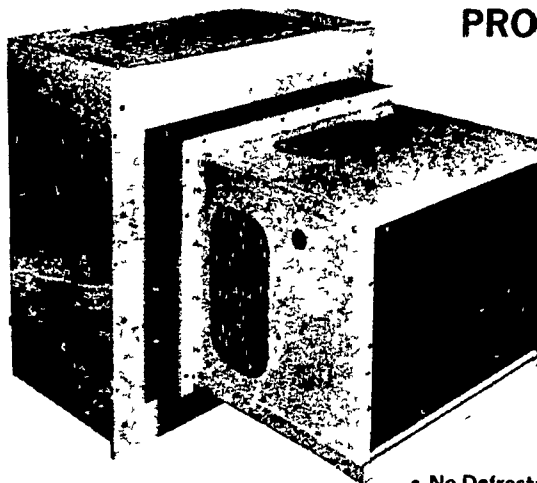
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