

Hallowell optimistic over end to grain embargo

HARRISBURG — State Agriculture Secretary Penrose Hallowell stated he is optimistic over farm market prospects with the announced end to the embargo on sales of grain to the Soviet Union.

Hallowell said, "We fully support President Reagan's decision to end the embargo. This action fulfills one of the President's campaign pledges and should serve as a signal to farmers that they have a real friend in Washington with secretary of Agriculture John Block."

He noted the timing of the announcement was favorable to Pennsylvania farmers who are currently making final decisions for planting of fall field crops.

"The action was taken in such a manner as to give farmers, grain traders and dealers the time needed to adjust. Because of this consideration, the grain market should not show any sudden adjustments in prices," he said.

The Agriculture Secretary pointed out Pennsylvania farmers were hurt by the embargo.

"Entering 1980, Pennsylvania farmers had surpluses of corn and grain on hand. When markets were lost and prices dropped with the announcement of the embargo, farmers were forced to sell their grain at a lower price," said Hallowell. "Lifting the embargo now should not force an immediate increase in grain prices, but it should be a welcome change from what happened last year."

The 1980 Pennsylvania corn crop totaled 95 million bushels, 20 million bushels less than in 1979, largely due to the summer drought. Hallowell noted Pennsylvania field crops such as corn and wheat are valued at more than \$550 million annually.

"Lifting the embargo at this time should give farmers reason for optimism," he said. "They should be able to plant more grain crops this year, and should likewise be in a position to sell more."

"Dairy and livestock farmers should be helped as well, because grain sales to export markets replace surpluses of milk and meat products which were boosted when these grains were used for feed."

"There should not be a significant effect on farmers' grain prices at this time. All indications from the grain markets show very little if any effect on prices since the President's announcement."

Hallowell said lifting the embargo should have a negligible effect on consumers, and noted if anything, consumers could be helped.

"At \$4.20 per bushel for wheat, the farmer gets less than five cents for the wheat in a loaf of bread. Even if wheat prices were to double, the effect on the consumer would be minimal," he said.

"On the other hand, lifting the embargo could provide a benefit to the nation by boosting export sales of feed grains," Hallowell added. "It is important that the United States be seen as a reliable source of the world's feed grains — for our

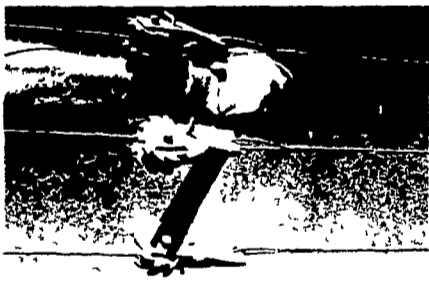
farmers and consumers as well." "Our agricultural exports in 1980 totaled \$40.5 billion, and provided a tenth straight year of record agricultural trade surpluses. The favorable balance of trade in

agriculture, some \$23 billion last year, helps offset hikes in the prices of imports such as mideastern oil, thereby working to curb the rate of inflation at home." Hallowell said while exports of

corn and feed grains were not a major portion of the state's farm export market, sales prospects for domestic grains should be improved by the demand on the international market.

"Enabling our farmers to produce for international needs, and to expand sales in the domestic markets should be a positive force in Pennsylvania's 1981 farm picture," concluded Hallowell.

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