

PennMar Acquires Shamokin Plant

(Continued from Page A1)

were employed by Shamokin Packing will continue to operate the plant. "We plan to increase the work force from 77 to 100 or 125 by the end of the fiscal year," Palmer said. "We have increased the processing production 100% since its purchase April 7, and our target is to increase it 200% by the end of the year."

According to Palmer, 154,000 hogs and 4,700 beef animals are already contracted to be processed this year. Since the plant will have a capacity for 7,800 beef animals, Palmer expects to contract for 3,100 more choice and prime cattle. "We are adding refrigeration space and we are also in the process of purchasing \$250,000 worth of equipment for processing new products," Palmer said.

"We're thrilled that this plant is operating and growing," said Paul (Hap) Schatz, representing Congressman Paul E. Kanjorski. "We're happy for the agriculture industry—the largest industry in the 11th Congressional District. I had been a fulltime farmer for 10 years, and this is one of the better things I've seen happen for the farming community which is up against hard times," Schatz said.

"Agriculture is a three-way hitch: production, processing, and marketing," according to Eugene Eisenbise who conceived of the cooperative project in 1979. There is "a whole series of 28 different places where somebody takes a profit" between the piglet and the consumer. Each place where value is added and the product is changed is a "profit center." For example, there is a profit center in breeding stock, a profit center in transportation, a profit center in financing, a profit center in packaging, and so on. "In every one of the profit centers," says Eisenbise, "the profit is so thin that what is gradually evolving in the agriculture industry is an integrated system so that the producer get the profit at each stage of the line from production to consumption."

There are two ways to integrate the system, according to Eisenbise. One way is from the top down, with big investments. He says that Cargill and Purdue are examples of big companies that are integrating the system from the top

down. Purdue started as a breeder and has taken charge of other phases of processing and marketing, such as advertising. There is some indication that Purdue will be taking charge of its own financing, said Eisenbise, who noted he saw an ad which appeared in *The Wall Street Journal* seeking accountants and financial experts for Purdue.

How can a farmer compete with big industry? The farmer cannot integrate the system from the top like big investors. The way the farmer can take, is to put groups of producers together to raise capital. The PennMar Cooperative is such a group. It has taken shape with the support of the five marketing divisions of the Pennsylvania Farmers' Association: PACMA; Commodity Futures Service (CFS); Pennsylvania Agricultural Producers International (PAPI); the Profits Division; and Milestone Brands Cooperative. These divisions offer service as facilitators and catalysts to farmers who want to organize together for control of processing and marketing their own products.

"This is the first step," says Eisenbise. "The future depends on the degree of success of this

project." Serving on the board of directors of the PennMar Cooperative are Carolyn Rutter, Dover; Brian Keister, Mifflinburg; Craig Richard, Elysburg; Stanley E. Crone, Danville; Leon Wertz, Danville; Larry Yarger, Middleburg; Ronald Harrison; Park Thomas, Beavertown. Eisenbise is projecting that other groups of farmers will form other commodity cooperatives, for products such as beef, lamb and veal in Selinsgrove, and vegetables in Mifflin County. Farmers are already meeting to plan such projects.

Fred Kerr, Director of the Profits Division of Pennsylvania

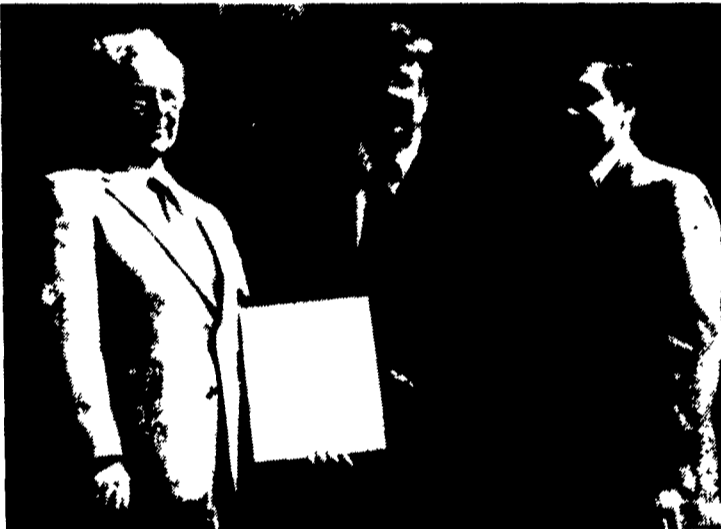
Farmers' Association, has been talking with farmers to find out their ideas. He met with a group of 20 central Pennsylvania agricultural producers Monday night to discuss the possibility of forming a group to study the opportunity to purchase the Clover Packing Plant in Selinsgrove.

A steering committee will contact other producers to increase the group and to do a feasibility study on purchasing and operating that plant.

All these programs have got to be set up on available weeks," says Fred Kerr, director of the Profits Division of PFA. Royal Palmer, Marlin Miller and Kerr have been meeting with potential consumers

to find out what the market is. They meet with institutions such as nursing homes, hospitals, and schools, who mak up 40 to 44% of the food market, to determine what the institutions are looking for. Kerr says, we "need to plan effectively the balance between production and marketing."

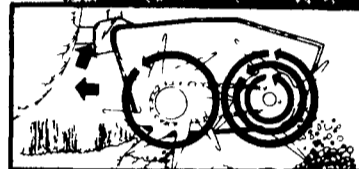
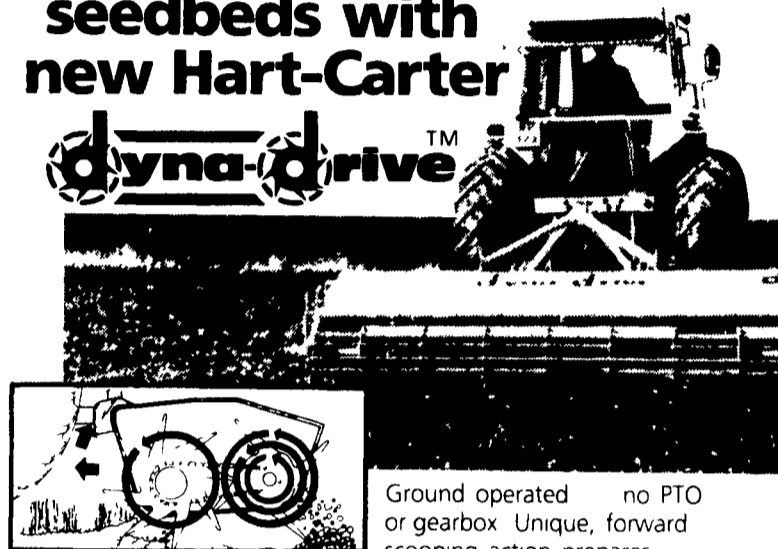
Alternative production options are being considered, says Kerr. He is looking at the production of sheep and young cattle for veal as production alternative to beef and hogs. "It appears that the market would be strong for lamb, particularly in metropolitan area. There is also potential for exporting lamb to foreign countries," he says.



Eugene Eisenbise, president of PennMar Cooperative Inc. (left) stands in front of the company's meatpacking plant in Shamokin, with Richard Bobkoskie, plant manager (center), and Marlin Miller, manager of Profits Division of PFA.

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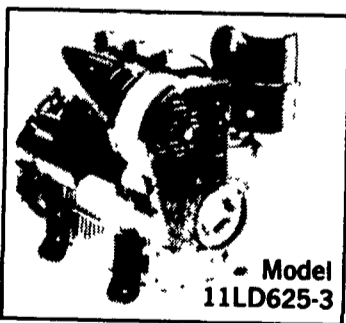


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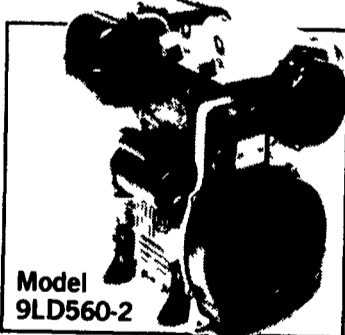
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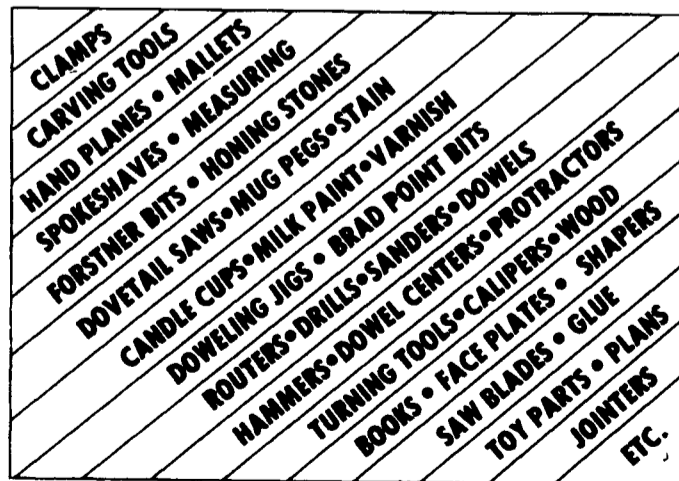
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