

Export Federation Responds To Peso Crisis

DENVER, Colo. — The U.S. Meat Export Federation (USMEF) has moved quickly to advance a six-point plan to address the halting effects of the devalued peso on U.S. meat exports to Mexico. Since the peso's devaluation on December 20, USMEF estimates

U.S. beef and pork exports to Mexico have declined 70-80 percent.

The six-point plan, according to USMEF President and CEO Philip M. Seng, will accelerate the resumption of meat trade by helping both U.S. suppliers and Mexican

buyers deal with higher produce costs and credit shortages.

"The purpose of the MEF plan is to get us through to the point where the underlying market fundamentals, which are still strong in Mexico, can once again take over," said Seng. "The crisis is real, but it's only temporary.

The sooner we can get trade moving and investor confidence back, the sooner the crisis will pass."

Seng stressed that the United States and the international community have a vested interest in helping Mexico resolve its economic crisis as quickly as possible.

"What we're trying to do at the industry level," he said, "is to speed the recovery and weather the storm."

Prior to the peso's devaluation, the exchange rate was 3.5 pesos to the U.S. dollar. Since then, it has fluctuated in a range of 5.4 - 5.8 pesos to the U.S. dollar. The Mexican government expects the situation to stabilize this year at 4.5 pesos to the U.S. dollar.

The USMEF initiative includes six distinct elements:

1. Securing credit for commercial transactions at reasonable rates: Central to the USMEF plan is a request for an additional \$100 million in GSM-102 credit guarantees. The official request was made last week in a letter to USDA's Foreign Agricultural Service. The GSM-102 program offers an important level of protection for banks in Mexico and

Area Growers Sought For West Chester Market

WEST CHESTER (Chester Co.) — Farmers looking for a new opportunity to retail their products this season are invited to attend an exploratory meeting about a new producer-only growers' market in West Chester.

The meeting at 10 a.m. on Saturday, Feb. 25 will be held in the Council Chambers of the West Chester Municipal Building. The Municipal Building is located at 401 E. Gay St., West Chester.

Selling fresh produce and other farm products directly to consumers at a new market is a golden opportunity to either expand your existing sales, or get started in retail marketing. New growers' markets in some neighboring states have proven to be a wonderful bonanza to both new and existing farmers.

This meeting will help set the direction of such a market. Farmers who raise fruits, vegetables,

herbs, eggs, plants, honey or any other shelf-stable farm product should attend. They will hear a brief overview of the opportunity and have ample time to discuss it. Details such as rules, products and sale times will be covered.

West Chester has a vibrant downtown where many customers shop. Downtown West Chester is within a 15-minute driving dis-

tance of a large population base. City officials are very supportive of a growers' market operating in downtown West Chester.

This marketing effort is being sponsored by the Pennsylvania Association for Sustainable Agriculture (PASA). If you would like additional information about the meeting, contact Leon Weber at (610) 683-1401.

the United States to finance purchases of U.S. red meat products during the economic crisis. The prime loan rate in Mexico has more than doubled since the devaluation, and Mexican banks have sharply curtailed lending.

2. Promoting the GSM-102 program and conducting the training necessary for its implementation: Only a handful of U.S. companies and buyers in Mexico are familiar with the GSM-102 program. Even fewer understand how to use it. USMEF is organizing seminars to teach the U.S. and Mexican trade how to use the program and how to obtain credit for commercial transactions.

3. Demonstrating new ways for the retail sector to carry U.S. beef and make a profit: USMEF is conducting special training for Mexican retailers to demonstrate how to purchase U.S. beef and sustain profits, despite the peso's devaluation. These sessions demonstrate how to merchandise new, less expensive cuts of U.S. beef; how to work with narrower margins; and how to use proper handling techniques and innovative merchandising to offset higher product costs.

4. Stepping-up the exchange of critical market information: USMEF has expanded its information network in Mexico and the U.S. to more readily exchange market information, monitor purchasing plans, and identify specific problems as they arise. This information is being shared with the U.S. embassy in Mexico City, USDA, and the U.S. and Mexican trade.

5. Helping U.S. companies collect delinquent payments: The cost of U.S. meat products in Mexico increased as much as 50 percent overnight as a result of the peso's sudden and unexpected devaluation. The result has been that a number of U.S. exporters have been unable to collect the full amount due them for transactions made prior to the peso's devaluation. To assist U.S. companies in this position, USMEF is developing a procedural guide for exporters considering relief through legal channels.

6. Focusing on risk management tools to lessen future risks: USMEF is developing a curriculum that focuses on ways to help the trade in Mexico manage the risks associated with exchange-rate fluctuations. This aspect of the plan is longer term, but will serve to create a more stable and predictable trade environment; the result of which will be more robust trade.

"Beyond the current crisis, we see tremendous export opportunities for U.S. red meat products in Mexico," said Seng. "What's important now is that we do everything we can to stabilize the situation and get business back on track as quickly as possible. We just need to work through it."

USMEF projects total U.S. red meat trade with Mexico will more than double over the next six years, surpassing the \$1 billion mark in the year 2001. This past year, total U.S. red meat exports to Mexico (beef, pork, and lamb) are projected to hit a record 240,000 metric tons, valued at \$423 million. Sales of U.S. beef and beef variety meats (116,000 metric tons) and U.S. pork and pork variety meats (118,000 metric tons) to Mexico in 1994 are estimated to be up 45 percent and 28 percent respectively, over 1993.

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