

Market Share In Processed Food Markets Declines

AMES, Iowa — According to a report just released, the United States has been consistently losing market share in international markets for processed food products.

To many, this indicates that the international competitiveness of the U.S. food processing industry is eroding.

The report was released by the

Council for Agricultural Science and Technology (CAST), a leading consortium of more than 30 professional scientific societies.

Dr. Maury Bredahl, director of the Center for International Trade Expansion at the University of Missouri and chair of the CAST task force report "Competitiveness of U.S. Agriculture and the

Balance of Payments," explains why increasing exports of processed food products is so important.

"If commodities are processed in the United States, business activity increases here, employment and personal income rises, the tax base broadens, and the balance of trade improves. On the other hand,

if foreign countries process U.S. commodities, these benefits are realized abroad."

According to author Philip C. Abbott, professor of agricultural economics at Purdue University, "Agricultural export earnings this year are at record levels. But gains are largely due to commodity price increases following bad weather globally and increased foreign demand. Exports of high-value and processed food products are also increasing but more slowly than in competing countries."

The authors report that the unit value, or average price, of exports from the United States was below that of exports from countries like France and The Netherlands, which are the world's largest ex-

porters of processed food products. Although the percentage has declined recently, about half of U.S. exports still consist of low-value-added commodities.

The CAST study identifies several determinants of the competitive position of the United States in international food markets. Several economy-wide factors, exchange and interest rates, and growth in productivity and efficiency have important effects. But competitiveness factors important in international commodity markets are different from the factors important in international processed food markets.

Natural resources such as fertile soils, favorable climate, and cost reducing technologies are crucial for competitiveness in international commodity markets. Product characteristics, quality enhancing technologies, product innovations, regulatory environment, and trade policies play more important roles in the processed food markets. And often food processors require that characteristics desired in the final product be imparted at the farm.

According to University of Kentucky agricultural economics professor Dr. Michael Reed, one of the report's authors, "The U.S. agricultural industry needs to do a better job of assessing international needs for specific food products if it wants to be more competitive."

The authors point to a need among Land Grant universities and experiment stations to link re-

search priorities with economic payoffs to the entire food system, including processing. Firms are seeking technologies for delivering products at a time and place and in a form demanded by foreign consumers. Experiment stations must choose between downsizing and increasing collaboration on research with a payoff to individual firms.

The report notes that research and government policies should help small and mid-sized firms because they are especially likely to access foreign markets through exports. Large U.S. food multinationals are more likely to access foreign markets through subsidiaries than by exporting from their U.S. operations.

Export subsidies on agricultural commodities are of limited benefit to farmers and exporters. Benefits are exceeded greatly by costs to taxpayers and costs to consumers and processors through higher prices, and often are distributed unequally. The tendency of farmers and food processors to produce for government programs decreases the competitiveness of the U.S. food system at home and abroad. Public resources are better aimed at improving the information infrastructure and research base used by exporting firms and agriculture.

Lehigh Livestock Sale Held

(Continue from Page D5)

Lightweight; 2. Steven Daniels - New Tripoli; 3. Shannon Wetzel - Kempton.
Heavy Lightweight (230-237 lbs.): 1. Roland Hottenstein III - Kutztown - Champion Lightweight; 2. Kelly Lazarus - Germansville; 3. Grant A. Lazarus III - Germansville.

Light Mediumweight (241-245 lbs.): 1. George P. Billig - New Tripoli - Reserve Grand Champion & Reserve Champion Mediumweight; 2. Stacey Dietrich - Germansville; 3. Amy Wehr - Orefield.
Medium Mediumweight (246-250 lbs.): 1. Stacey Dietrich - Germansville - Grand Champion & Champion Mediumweight; 2.

George P. Billig - New Tripoli; 3. Kelly Lazarus - Germansville.

Heavy Mediumweight (252-255 lbs.): 1. Jason Wisser - New Tripoli; 2. Calvin H. Lazarus III - Germansville; 3. Amy Wehr - Orefield.

Light Heavyweight (260-262 lbs.): 1. Corey S. Boger - New Tripoli - Champion Heavyweight; 2. John C. Strawbridge - Whitehall; 3. Elizabeth Wisser - New Tripoli.

Medium Heavyweight (263-265 lbs.): 1. Justin Wisser - New Tripoli; 2. Jason Wisser - New Tripoli; 3. John C. Strawbridge - Whitehall.

Heavy Heavyweight (270-279 lbs.): 1. Elizabeth Wisser - New Tripoli - Reserve Champion Heavyweight; 2. Grant A. Lazarus III - Germansville; 3. Justin Wisser - New Tripoli.

LAMBS

Market Lambs:

Lightweight (85-109 lbs.): 1. Tim Rabenold - Allentown; 2. Amy Wehr - Orefield; 3. Samantha Cressley - Fogelsville.

Mediumweight (122-129 lbs.): 1. John C. Strawbridge - Whitehall - Champion; 2. Laura Segan - Allentown - Reserve Champion; 3. Adam Rabenold - Allentown.

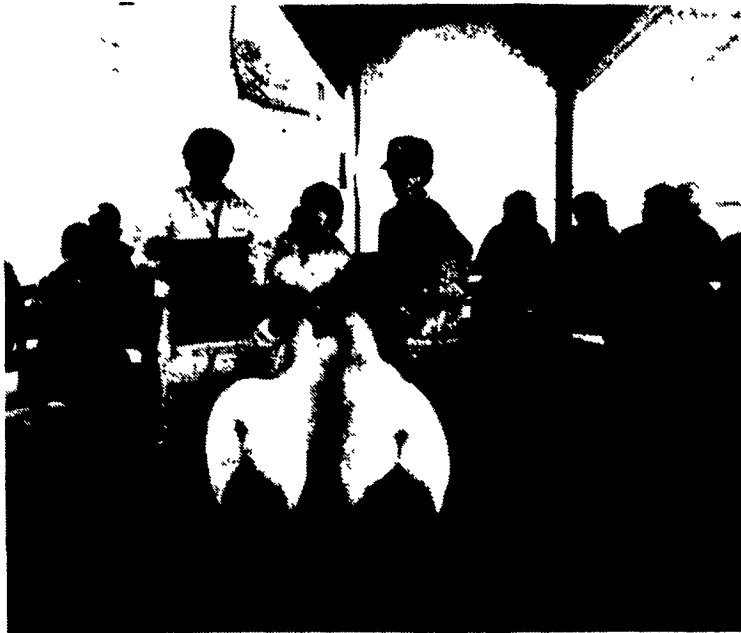
Heavyweight (143 lbs.): 1. Grant A. Lazarus III - Germansville.
Lightweight Pairs of Lambs: 1. Amy Wehr - Orefield; 2. James Reinert - Orefield; 3. John Reinert - Orefield.

Heavyweight Pairs of Lambs: 1. Adam Rabenold - Allentown - Champion Pair; 2. Tim Rabenold - Allentown - Reserve Champion Pair.

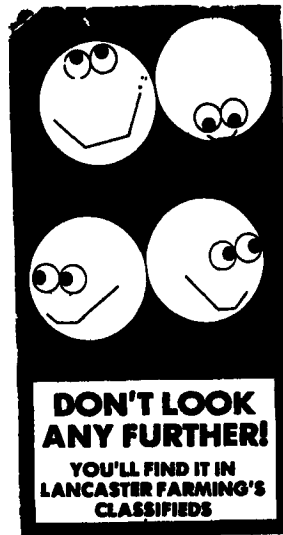
BEEF

Lightweight Class (1157-1285 lbs.): 1. Elizabeth Wisser - New Tripoli - Reserve Champion; 2. Jason Wisser - New Tripoli; 3. Justin Wisser - New Tripoli.

Heavyweight Class (1306-1329 lbs.): 1. Crystal Wetzel - Kempton - Champion; 2. Shannon Wetzel - Kempton; 3. Kevin Smith - Germansville.



Champion pair of market lambs, shown and sold by Adam Rabenold, right, Allentown. Buyer: Moyer and Son, Inc., Souderton, represented by Donna Rabenold, left, Allentown and Tim Rabenold, center, Adamstown.



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