

FSA Official Warns Producers Of New Market Risks

NIAGARA FALLS, N.Y. — As this year and this century comes to a close, agriculture truly is entering a new era, Farm Service Agency Associate Administrator Randy Weber said at the National Farmers National Convention here recently.

"Programs and policies have been with us for decades and are changing, and the role of government in agriculture is changing," Weber said. "But there is one constant. It also remains the government's responsibility to assure a healthy, strong farm economy, and to work with the producers who make it possible."

"1996, I believe, will go down in the books as a watershed year for agriculture," Weber said.

The new farm bill will subject farmers to the discipline of open and sometimes volatile markets, such as those markets seen in the 1996 grain and dairy commodities, Weber explained.

Today's farm policies are bringing producers throughout the nation choices and new opportunities, but Weber cautioned that more than ever, farmers will face new risks.

Furthermore, Weber expressed concern about the North American Free Trade Agreement and its

impact on American independent farm operators. "We were very disappointed in the NAFTA panel's report supporting high Canadian tariffs on U.S. exports of dairy, poultry and other products," he said. He said USDA would work to improve U.S. access to Canadian markets, including work with the World Trade Organization.

National Farmers leaders agree with Weber. "The United States government needs to work proactively to protect American producers, in an effort to assure that free trade is fair to our farmers," said National Farmers President Gene Paul.

The FSA administrator also took issue with industry concentration, from railroads to livestock operations. "Secretary Glickman believes strongly that it is the government's role to assure a level playing field at home as well as

abroad," Weber said. "As agriculture becomes more dependent on the market, the forces of competition must work."

Four companies account for 87 percent of all red meat slaughter and processing in the U.S. "Never before in the history of agriculture has America seen so much market power in so few hands," Paul said. "It is time today to focus a positive effort on returning competition to the markets."

Weber said the USDA will continue to work with its committee on livestock concentration. "We are concerned about concentration wherever we see it," Weber said. And, he pointed to the inequity in the unusually wide difference between the price farmers receive for their production, and the price American consumers pay for their food at the supermarket.

The farm bill was passed on April 4, 1996, but the FSA and

USDA greeted it with questions and doubt. "Although this particular piece of legislation provided much-needed planting flexibility, we believe it fell short of providing an adequate safety net," Weber said. He added that President Bill Clinton hopes to revisit that issue, although it is unclear whether the farm bill would be addressed again.

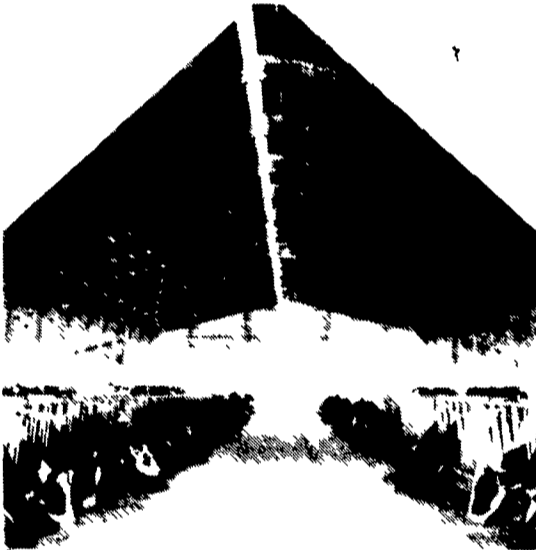
"Dairy is a program that I believe was short-changed in the 1996 act," Weber said. "In essence, the dairy price support program is phased out after 1999 ... the more immediate problem is that since October wholesale prices have plummeted by 52 per-

cent for butter and over 25 percent for cheese."

From September to November, the pay price to producers dropped about \$4 per hundredweight. "This is the largest two-month decline on record," Weber said.

"We're very concerned about this rapid and sharp decline in dairy prices, and the secretary is in the process now of reviewing what in his arsenal he has that can help," Weber said. The USDA can work to increase exports through reactivating certain programs and increasing exports under others. But under current law, the assistance USDA can provide is limited, he explained.

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