

The Effects Of The Asian Financial Crisis On U.S. Poultry Exports

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Late last year the economies of many countries in southeast Asia collapsed. Indonesia has fallen the furthest, but South Korea, Thailand, the Philippines, Vietnam, and Malaysia have also seen serious reversals in their growth. The other countries of the region have had spill-over effects because of their trade with these countries. As a result, in the last nine months the currencies of all of the east Asian countries except China and Hong Kong have declined compared to the U.S. dollar. Indonesia's rupiah is only 26% of its former rate, meaning that anything Indonesia buys from the United States is four times as expensive as it was last May. In addition the incomes of the citizens have fallen in this period, making imported goods proportionately

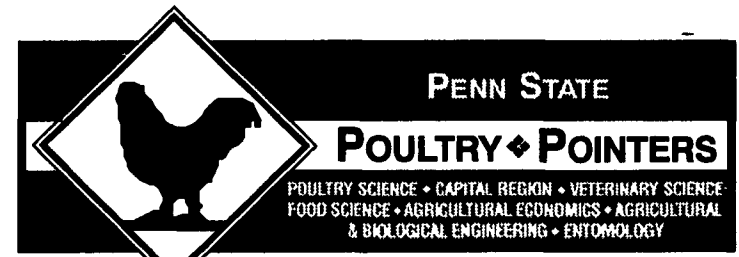
even more expensive. The other countries have not declined to this degree, but the price of U.S. products for all of them has increased over the period, in many cases by more than 50%.

How important are these countries as markets of our poultry products? The answer is pretty important, especially when potential is considered. The east Asian countries in total bought 27% of the broilers, 59% of the mature chickens, 31% of the turkeys, and 41% of the eggs that the U.S. exported in the first eight months of 1997. Hong Kong, Japan, and China were the 2nd, 5th, and 6th largest broiler customers during this period, and Hong Kong, Japan, and Korea were in the top 10 for mature chickens, turkeys, and eggs.

The true importance of these countries was always their potential. As a group the east Asian economies had large populations,

high economic growth, and an increase in meat consumption in their diets. Unlike the countries of the former Soviet Union, these countries had money to spend and the prospect of continued rapid growth in their purchases. The increased purchases of corn by these countries in 1995-96 in the face of much higher prices played a major part in the high feed prices of that period. Asia was always mentioned as the largest growth area for U.S. food and agricultural exports. Furthermore, the cuisines of most of these countries is amenable to the use of dark meat, which helps buoy the price for products that can be harder to sell to Americans.

A major question is whether the economic reversals of these countries is a minor or a major setback. It is somewhat uncertain, but in some cases these economies have serious problems. Many have a lot of U.S. dollar



denominated debt, that has grown in real terms by at least 50% because of the drop in their currencies. The World Bank is working out plans with them, but paying the interest and principal of this debt is going to be much more difficult than was imagined when it was incurred.

Fortunately for the industry, only Korea is both a major customer and in serious difficulties. Japan, Hong Kong, Taiwan, and Singapore have withstood the collapse fairly well. These countries all have higher standards of living than the rest of east Asia so that food represents a smaller portion of the income of the average citizen. This should make demand for imported poultry products more recession proof than in the less developed countries.

Nevertheless, the effects of the crisis are already clear in the ex-

port statistics. For chicken parts, east Asia as a whole represented 33% of U.S. exports in 1996 and 28% in 1997 and exports to the region overall declined by 12% in 1997, from 1.45 bil. pounds to 1.28 bil. pounds. All of our major customers in the region purchased at least 13% less in 1997 and Korean purchases were down 37%. Since the economic problems of these countries arose after mid-year, further declines may yet occur.

While east Asia will continue to be a major customer for U.S. poultry products, the potential for rapid growth in exports to the region seems to be gone for now. Although, in the long run, the region is still promising, it may be several years before the region can recover from their current economic problems and resume their growth.

For Garey, Farming And Conservation Go Hand In Hand

NEWARK, Del. — Standing in the middle of a soybean field, one of 1,900 acres that he farms, Bob Garey pulls a penknife out of his pocket and turns up a handful of rich, dark soil.

Nothing has been planted here yet, on this cold mid-March day, but the soil is full of life — earthworms wiggle just inches below the surface.

"Here, take a look at this," said the Felton farmer, as he sifts the dirt through his fingers. "You can't do this in the field across the street; you'd get big clods and lumps."

Garey's field — unlike the other one he refers to — has not been tilled. Remnants of last year's crop litter the ground as far as the eye can see.

On most of his acreage, Garey has adopted no-till farming, a practice that helps prevent erosion of the topsoil and improves its organic content — just ask the earthworms. Not only does no-till produce favorable growing conditions, it's good for the environment, too. Less erosion of the soil means less chance for runoff of pesticides and fertilizers into streams and other waterways.

Like countless other Delaware farmers, Garey sees himself as a steward of the land. He considers it his moral imperative to leave the land as good as he found it, or even better.

"We are doing everything we can to make farming environmentally friendly," noted Garey.

Notill farming is not a brand-new concept, it's been used since the 1960s. However, to maximize yields, techniques are constantly being refined and improved. So for the latest information on no-till and a variety of other conservation practices, Garey arms himself with knowledge; his sources range from neighborhood farmers to computer databases.

Garey is quick to note that a key resource is the University of Delaware.

He stays in frequent contact with his extension agent, Gordon Johnson, and many other extension and university staffers, including integrated pest manage-

ment specialist Joanne Whalen, plant pathologist Bob Mulrooney, and agronomic specialist Richard Taylor.

"We lean on the university," said this 4th-generation farmer. "We look to the university for training, we turn to them for nutrient management knowledge, and almost anytime we have a problem."

Yet despite the rich network of university support and other resources that Garey has developed, he knows full well that the success or failure of his 1,900-acre operation rests squarely on his shoulders.

Gary Farms is strictly a family business. Garey, his wife Linda, and their sons, Rob and Alan, along with nephew Terry Morris, do it all — from crop planning and equipment maintenance to planting and harvesting.

Anyone who has a romanticized view of farming as an idyllic, stress-free existence need only look at Garey's lifestyle to see the reality.

On the day that Garey gave a tour of his farm, he was up at 4 a.m., poring over research proposals submitted to the Delaware Soybean Board, of which Garey is treasurer. The soybean board is just one of more than a half-dozen agricultural organizations and committees that Garey is actively involved in.

Later, that March day, he made the short trip into town for an informal breakfast meeting with area farmers; this is how he stays abreast of planting conditions and other news. Then, as in usual in the winter months, he returned to his home office for an 8-hour session of research, planning and paperwork.

Despite plenty of 12-hour summer days on a combine, Garey estimates that he only spends 30 percent of his time out in the fields. The majority of his work is done in his office, which involves everything from seed selection to getting on the computer and checking out the commodities boards, so he can market his crops better. Computer databases and spreadsheets — the ubiquitous

tools of the urban wage earner — also are the modern-day farmer's tools.

"You're always juggling all these different balls," said Garey. "Even when you manage them all successfully, it can go downhill so fast because profit margins are slim. All it takes is a little bad weather."

Despite the trials and chal-

lenges Garey faces as a farmer, he can't imagine doing anything else. He takes his care of the land seriously and is determined to keep agriculture environmentally friendly and economically viable in Delaware.

There's also no doubt that Garey reaps great fulfillment from what he does. He wants to leave a legacy for the two small children who may yet become the sixth

generation of Garey farmers — Rob's 6-year-old daughter and 1-year-old son.

"Farming is a crazy business; but you have to love it," said Garey. While gazing out at the fallow fields that soon would be sprouting new life, Garey said, "Nothing matches the satisfaction of going out in a combine and harvesting a beautiful crop."

Brown Receives New York Farmers Club Award

NEW YORK, N.Y. — At a black tie dinner on April 14, Susan Brown was honored with the Outstanding Research Award of the New York Farmers Club.

The presentation took place at the Union Club in New York City.

Brown, who directs Cornell University's apple breeding program in the Department of Horticultural Sciences at the New York State Agricultural Experiment Station in Geneva, N.Y., was accompanied by Daryl B. Lund, who is the Ronald P. Lynch Dean of the College of Agriculture and Life Sciences. The annual affair was held by the Farmers Club, an organization founded in 1882.

The Outstanding Research Award is rotated among the College of Veterinary Medicine at the University of Pennsylvania, Cook College of Rutgers University, the College of Agriculture and Natural Resources at the University of Connecticut, and the College of Agriculture and Life Sciences at Cornell.

"Dr. Brown was very gracious in receiving the Outstanding Research medal and identified how important the Farmers Club's contributions are for student support at CALS," said Dean Lund. Most of the contributions from the club received by Cornell are used for student support. The Farmers Club makes contributions annually to the above colleges and to the College of Agriculture and Natural Resources at the University of Massachusetts to support the highest priorities recognized by the deans.

Brown was honored for her research in the area of apple breeding and for her use of both traditional and molecular research techniques. The award was also recognition of the importance of new apple varieties to New York farmers. Dean Lund remarked that he nominated Brown with the full concurrence of Station Director Jim Hunter.

"This award was a very appro-

priate way to recognize Dr. Brown's contributions during her relatively short time here at Cornell," he said. "She joined the University in 1985, but she has been very significant in moving the apple breeding program and keeping it at the highest level, both nationally and internationally."

Geneva Horticulture Sciences Department Chair Hugh Price agreed. "Under Dr. Brown's leadership, the Cornell apple breeding program continues to be the premier program in North America," he said. "Eating quality, both at harvest and after long term storage, is a major objective. The integration of genetic studies and biotechnology with conventional breeding is an on-going process that Dr. Brown is using to develop the next generation of apple varieties for New York."

In addition to traditional breeding for taste quality, projects in Brown's program include screening seedlings for the malic acid gene, the lack of which produces bland apples; disease resistance through transformation; using DNA markers to select for the Wijik character, which allows high density planting; and market-assisted selection for scab resistance.

"Dr. Brown's excellent rapport with colleagues, students and visiting scientists is a wonderful tribute to her and to her scientific achievements," said Price. "Cornell University is fortunate to have such capable leadership for this important plant breeding program."

