

MICHIGAN FARM NEWS



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North American Free Trade Agreement Almost a Reality

It's now up to Congress and the countries of Mexico and Canada to approve the recently negotiated North American Free Trade Agreement (NAFTA). In reacting to the announcement of the agreement, American Farm Bureau President Dean Kleckner said the pact "will generally benefit American agriculture."

Citing the benefits of the Canadian Free Trade Agreement, Kleckner said, "The expected trade expansion in farm products between the U.S. and Mexico will benefit producers in both countries." Since 1989, U.S. agricultural exports to Canada have increased by 125 percent while Canadian sales to the U.S. have grown by 29 percent.

Michigan Farm Bureau President Jack Laurie voiced similar sentiments, but added that Michigan's diverse agricultural commodity mix will require a careful analysis of the final trade pact.

"Obviously, we're going to be looking very closely at the impact that the agreement will have on some of the labor-intensive and climate-sensitive crops that we produce here in Michigan," Laurie said. "A lot of Michigan producers have concerns about this free trade agreement and Michigan Farm Bureau will examine it very carefully before we endorse it or criticize it."

Under fast-track rules, the Bush administration cannot sign the accord until 90 days after it submits a copy to Congress. After the pact is signed, the administration must draft authorizing legislation for the agreement, which is then sent to Congress for consideration within the following 90 days.

Preliminary studies of the trade pact thus far show the following provisions:

- Immediate elimination of Mexico's licensing requirements for wheat, and

corn shipments and unrestricted access for those commodities, and oil seeds and oil seed products within 10 to 15 years.

- Duty-free access to half of U.S. farm exports to Mexico the day the accord takes effect. Remaining tariffs on agricultural goods would be eliminated within 15 years.
- Current duty-free access to the Mexican market for cattle and beef would be locked in and, within 10 years, all remaining tariffs on U.S. livestock would be eliminated.
- Mexican licensing requirements for poultry, eggs, cheeses and non-fat dry milk would be eliminated immediately, and further trade barriers would be removed within 10 to 15 years.

Generally, commodities not subject to immediate trade liberalization after the accord takes effect will be afforded declining levels of protection over five, 10, or 15 years. In addition, there will be safeguards such as "snap-back" tariffs to protect against import surges of certain commodities. The U.S. currently has a \$500 million positive balance in farm trade with Mexico.

"Farm Bureau will be deciding its position on the NAFTA after a careful analysis of its terms and conditions," said Kleckner. "We may have some concerns with specific aspects of the agreement which will need to be addressed. Overall, however, our studies have shown that a NAFTA will be a positive development for U.S. agriculture and we hope this agreement is one that we will be able to support."

See page 9 for further commodity specific analysis of NAFTA

GAO Urges FDA to Halt Milk Sales From BST Test Herds

In an apparent move to raise consumer fears over the safety of the nation's milk supply, the General Accounting Office (GAO) has issued a report condemning the Food and Drug Administration's current milk inspection system and another recommending that milk and beef from BST test herds be withheld from market.

The first of the two reports criticized the FDA for a number of perceived shortcomings in the milk inspection system, saying that only a small number of the drugs currently used to treat mastitis are routinely tested for under the Pasteurized Milk Ordinance. The report recommended that FDA develop a comprehensive strategy to monitor milk for animal drugs that optimize state and industry monitoring under the PMO.

The GAO based its observation on reports from "several veterinarians who treat dairy cows," totally ignoring a 1991 study which showed that less than .08 percent of the milk sampled, tested positive for residues and were rejected, according to MFB dairy specialist Kevin Kirk

"Milk is one of the most inspected and regulated food products produced," said Kirk. "It's the only product that requires producers to be licensed before they can sell what they produce. The dairy industry has established a number of voluntary quality assurance programs, including the Milk and Dairy Beef Quality Assurance Program, that the GAO didn't take into consideration."

The second GAO report calls on FDA to halt sales of milk and beef from BST test herds and also urged FDA to withhold commercial approval of BST because of

increasing concerns about indirect health effects on humans.

The GAO report acknowledges that BST itself poses no human health threat, but expressed concern that cows receiving BST could have more cases of mastitis and, consequently, receive more antibiotic treatments, and ultimately increase the likelihood of antibiotic-tainted milk.

"The report on BST raises no new concerns or presents no new information about the product, but it does attempt to use food safety fears to further delay the approval

process," explained Kirk. "To my knowledge, the FDA is the only organization with data from ongoing research projects in place since 1986, not the GAO, to determine the exact consequences of BST use."

Kirk added that it was determined early on that BST posed no human health problems. The FDA's focus since that time has been on whether there are animal health problems, so the GAO's report really does nothing more than discredit producer and industry efforts to produce a quality product and needlessly raise consumer fears about the milk they're drinking.

Crop Maturity Shaping Up to be a Tight Race

Michigan farmers will make Las Vegas casino gambling look like child's play as the success of this year's crop and profitability are coming down to a nervous race of time for crop maturity versus the first killing frost this fall.

Michigan's corn crop is estimated to be two to three weeks behind, as are soybeans and drybeans, which were 20 to 25 percent behind in setting pods.

Only 20 percent of the corn crop was reported to be in the milk stage compared to the five-year average of 57 percent as of presstime. According to the Michigan Agricultural Statistics Service, just 1 percent of the corn crop had reached the dough stage, compared to the 30 percent five-year average. Southern areas of Michigan were reporting excellent yield potential if they were blessed with a late frost.

Oat maturity was lagging behind normal as well, with just 50 percent of the crop reported ripe compared to the five-year average of 97 percent. As of August 17, 20 percent of the oats had been harvested compared to the five-year average of 80 percent.



Above, Ken Christensen of Ionia County was part of that 20 percent who had harvested oats. Ken, a cash crop and cattle feeder near Portland, had just finished his 1992 oat crop when this picture was taken. Although they were "a little green," (they were predicting rain the next day) Ken reported a good yield for his oats as well as his wheat crop. As for his corn and soybeans? "We'll need time," he said.

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The Michigan Corn Checkoff -- an Industry's Self-Help Opportunity

We live in a rapidly changing world where consumer preferences seem to shift in the blink of an eye. So, one of the major challenges facing the agricultural industry is finding alternative sources of financing for the product development needed to meet the fickle desires of the marketplace.

As farmers, we want to control our own destiny. We want to have a say in the research and promotion that will result in useful new products for consumers, and perhaps a little more profit for us. That's why I'm enthusiastic about the opportunities presented by the Michigan Corn Marketing Program.

Michigan Farm Bureau has been working closely with the Michigan Corn Growers Association (MCGA) to develop the program proposal under P.A. 232. If approved, the program would place a one cent per bushel assessment on the first sale of corn and deposit those funds in a statewide pool. All funds collected would go toward promotion, research and market development for corn. A nine-member board of corn growers, appointed by the governor, would control the funds.

Corn producers will vote on this checkoff at county Extension offices or county ASCS offices between Nov. 30 and Dec. 11.

The Michigan Farm Bureau board of directors recently adopted a resolution urging Farm Bureau members to vote "yes" on the Michigan Corn Marketing Program. The resolution was approved after the board heard presentations by the MCGA and a positive recommendation from the MFB Wheat and Feedgrains Advisory Committee. The proposed program, initiated by growers and administered by growers, is certainly consistent with Farm Bureau policy and philosophy.

There is no doubt in my mind that the future for the corn industry lies in expanding the market for corn through the development of new products. One cent per bushel is a small price for each of us to pay to participate in charting a new course for the corn industry.

Biodegradable plastics, ethanol-blended fuels, super absorbents, road de-icers and specialty chemicals are just a few of the products that are rapidly expanding the market for corn. And with the swift growth of biotechnology, who knows what additional innovative corn-based products may be developed in the future? A successful Michigan Corn Marketing Program will help us tap into the market potential of our industry and give us a significant voice in the direction corn research will take in our state.

With declines in state-supported commodity research, isn't it time that corn producers took their destiny in their own hands? This December, vote in favor of the Michigan Corn Marketing Program.

Jack Laurie
Jack Laurie, President
Michigan Farm Bureau

Corn and Soybean Output Could Set New Records

The USDA released its August crop report estimating 1992 corn production at 8.762 billion bushels and soybean output of just over 2 billion bushels. The agency also raised its estimate of the yearly wheat crop to 2.336 billion bushels, more than 100 million higher than its July estimate of 2.232 billion bushels.

These record corn and soybean production figures, of course, would require that crops not be stunted by an early frost. Peter Leavitt, executive president of Weather Services Corp. in Bedford, Mass., says the current pattern of below-normal temperatures could mean frost about 10 days earlier than normal.

However, Dave Strait, agricultural meteorologist for Cropcast Services in Rockville, Md., said even with an early frost, "the bulk of the crop should escape damage." Crops in South Dakota, Minnesota and Wisconsin are more likely to be harmed by an early frost than those elsewhere in the Midwest, according to Strait.

— 1992 AFBF Crop Survey Summary —

Crop	Harvested acres	92/91 change	Yield	Production	92/91 change
Corn	72.2	+5%	121.1 bu.	8,746 mil bu.	+17%
Soybeans	58.0	+0%	35.9 bu.	2,084 mil bu.	+ 5%
Dry Beans	1.5	-17%	14.5 cwt.	22,289 1,000 cwt.	-32%
Winter Wheat	42.6	+ 8%	39.7 Bu.	1,690 mil bu.	+23%
All Wheat	63.1	+9%	40.0 bu.	2,523 Mil. Bu.	+27%

Environmental Groups Wearing Thin to Contributors

Some environmental organizations are feeling the pinch of lower finances they try to blame on the recession, but observers say their same old stories are becoming tiresome to their supporters.

Years of double-digit growth in members and contributions are coming to an end for groups like the Wilderness Society, the Sierra Club, the Environmental Defense Fund, Natural Resources Defense Council and others, according to recent stories in Washington-based publications such as the *Chronicle of Philanthropy*, *City Paper* and *Environment Writer*.

Some of the groups have more difficulty collecting money now than in the recent past, and a few are cutting expenses and laying off staff members, according to the reports. Some of them are responding to the trend by expanding their efforts to cultivate existing contributors.

In Brief...

USDA Announces Regulatory Changes

In response to President Bush's call for a reduction in federal paperwork, Ag. Secretary Edward Madigan announced 14 regulatory changes, including a consolidation of forms required for participating farm programs. The changes include:

- Permission for either spouse to sign a farm program contract when both own an interest in the farm.
- A relaxation of the lien requirement on stored grain in which grain stored on a separate farm -- not considered collateral -- can be sold without requiring a lien release.
- A more streamlined method for determining landlord ineligibility for USDA benefits when violations occur affecting wetland conservation provisions and highly erodible lands.
- Fewer trips to the county ASCS office for minor oilseed producers to establish loan deficiency payment rates.

Other changes include a new definition of a "dairy producer" to provide equitable treatment to all dairy producers, a provision to allow haying and grazing during the seven non-principal growing months designated as Acreage Conservation Reserve, cost-sharing assistance to producers in arid areas who establish perennial cover for idled acreage and a provision to change production adjustment terms applied in certain cases to cotton, corn, sorghum, and minor oilseeds to give producers more flexibility in making decisions about what to plant. For more information, readers should contact their local ASCS office.

Up and Down Year for Cattle Feeders

Cattle feedlot operators, who suffered huge losses in the first quarter of 1992, were a little better able to cover costs in the second quarter, but could be headed for trouble again toward the end of this year, according to Ed Uvacek, president of Western Research, Inc.

Feeder calves are relatively scarce and will remain so for the rest of the year, with available feeder cattle and calves not in feedlots of 43.8 million head on the July inventory report, up only 1 percent from a year ago.

This should not only be encouraging to ranchers, but could ensure a fairly good market for feeder cattle this fall. Feedlot operators will be very disappointed by the numbers which they had expected to be greater. The only good news for feeders was the reduction in their break-even range as feeder cattle dropped into the mid \$80 per cwt. range and feed costs went down a bit. That situation is expected to disappear in the fourth quarter and profits will be harder to come by or quite likely may disappear, even with slightly better price levels. Uvacek sees fed steers averaging between \$74 and \$77 per cwt. in the fourth quarter, with feeder steers going for around \$85-\$88 per cwt.

Ag Spending Bill Goes to President

The Senate passed a \$60.5 billion agricultural appropriations bill late Tuesday and sent it to the president for final approval. The bill includes \$13.5 billion for agriculture programs, including crop insurance, food inspections and research; \$28 billion for the food stamp program and \$6.8 billion for child nutrition programs. The measure previously was approved by the House of Representatives.

The final bill sparked criticism for what it did and did not include. The measure included \$148 million for the market promotion program, which provides advertising and promotional assistance to businesses exporting U.S. farm products. Defenders of the program say it is needed to put U.S. companies on a par with the EC, which spends \$1.5 billion annually on such promotions.

The final package deleted funding for the Wetlands Reserve Program. Ken Cook, vice-president of the Center for Resource Economics, described the action as scandalously anti-environmental. He said the action would force environmentalists to switch their support from voluntary incentive programs to stricter regulation.

Canada Suspends Grain Shipments to Russia

The Canadian Wheat Board has suspended all grain shipments to Russia due to that country's inability to service interest arrears on its \$1.5 billion Canadian line of credit, according to *Knight Ridder News*.

Debra Harri, CWB information officer, said the suspension will continue until the arrears are cleared. She would not quantify the amount, but said it was significant enough to warrant the action. The CWB is currently awaiting word from Russia on how it plans to clear the arrears, she said.

The current long-term grain agreement between Canada and Russia was signed at the end of January, and calls for the purchase of 25 million tonnes of Canadian wheat and or barley between Feb 2, 1992 and Jan 31, 1997. At the end of June, Canadian Grain Commission data shows Russia had purchased 2.896 million tonnes of wheat, 969,200 of durum and 371,700 of barley. In June, the CWB began arranging ocean freight on behalf of Russia on a limited CIF basis, at Russia's request, in an effort to increase sales of grain to the Republic. Previously, the CWB practice was for all sales of wheat and/or barley to be conducted on an FOB basis.

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Pesticide Recordkeeping

MFB Position

Farm Bureau has expressed concern with a number of issues, including options for field identification, formulation listing and EPA registration requirements (see adjoining text for more information).

MFB Contact

Al Almy, Ext. 2040

The USDA has published a notice seeking public comments on the pesticide recordkeeping requirements authorized by the 1990 Farm Bill. Under the requirement, the information to be required of persons who use restricted use pesticides will be:

- Address and size of treated area.
- Target pest and crop or stored crop treated.
- Brand or product name, formulation and EPA registration number.
- Total amount and rate of application.
- Day, month and year of application.
- Applicator's name, address and certification number (if available).

Farm Bureau has studied the proposed recordkeeping requirements and submitted the following comments to the USDA:

- We do not support the section of the proposed rule which would require applicators to list the EPA registration number in their records. It is not uncommon for the registration number to be inconspicuously listed on the label along with the fact that the same pesticide product produced by different manufacturers have different registration numbers. We believe a pesticide can be adequately identified by the product name or brand.
- The requirement for listing the formulation should be deleted in the final rule. There are many abbreviations used for formulations, but there is no identification that the abbreviation represents the formulation. There is considerable room for confusion.
- We believe the farmer should have several options available for identifying the treated area. The options should include, but not necessarily be limited to, the address, legal description, or other field description system. We would strongly oppose requiring a legal description as the only means of identifying a treated area.

Farm Animal and Research Facilities Protection Act (Renamed: "Animal Enterprise Act of 1992")

MFB Position

This is an important victory for agriculture and Farm Bureau.

MFB Contact

Al Almy, Ext. 2040

Identical bills H.R. 2407 and S. 544 have passed their appropriate house and are headed to the president for his signature. AFBF has sent a letter to the president urging his signature and we expect to obtain presidential approval. Earlier this year, the House Agriculture Committee approved H.R. 2407 with strong provisions imposing federal penalties for criminal acts involving damage to facilities housing animals, such as farms and research laboratories. The bill was then referred to the House Judiciary Committee, which has jurisdiction over legislation with criminal penalty provisions.

The Judiciary Committee approved H.R. 2407 after several damaging amendments were added. Farm Bureau was able to defeat the Judiciary Committee amendments on the floor and was successful in passing the Agriculture Committee version which covers attacks on any animal enterprise, including farms, rodeos, fairs, 4-H and FFA events. An amendment was added to the Agriculture Committee version that would establish a \$10,000 damage threshold triggering federal jurisdiction.

EPA Not Considering Ethanol Tax Break

Environmental Protection Agency Chief William Reilly has announced that regulators are not considering granting major tax breaks for ethanol-blended fuels to spark sales. But Reilly insisted that the Bush administration remains committed to expanding use of ethanol blended fuels.

Corn producers have been hoping the EPA would grant a waiver to the Clean Air Act and issue tax breaks for the fuel's sales in heavily polluted cities. There is a disagreement about whether ethanol is dirtier than other fuel blends. Reilly, interviewed after speaking to the Republican national convention, said, "We don't need to relax the Clean Air Act to spur ethanol sales." The agency could still decide to grant the tax incentives in polluted cities for only certain months each year, or for fuels containing small amounts of ethanol.

It had been widely anticipated that Reilly would use his speech to announce that the EPA was granting new incentives for the use of ethanol-blended fuels, a move that farm-state politicians have been demanding.

Conservation Program Three-Year Report Released

Implementation successes and deficiencies were identified in a three-year Soil and Water Conservation Society study of how the U.S. Department of Agriculture (USDA) and cooperating agencies had implemented sweeping soil conservation and wetland protection programs in the Food Security Act of 1985 ('85 Farm Bill).

According to the recently released study, the compliance provisions of the law have accomplished a great deal in six years. The client base of federal soil conservation agencies has expanded significantly since the Food Security Act became law. More-

over, the provisions have achieved substantial gains in soil erosion control, and wildlife habitat protection and enhancement.

At the same time, however, questions have arisen about the effectiveness of the various provisions. Enforcement of the compliance provision was uneven at the time of the evaluation.

Concerns exist that natural resource protection gains achieved under the Conservation Reserve Program may not be lasting gains, given the uncertainty of USDA policy and economic pressures.

The study was based on a series of field visits in 49 counties across 29 states. Detailed information was collected from more than 1,500 farms and in interviews with local USDA program managers; Fish and Wildlife Service wetland coordinators; members of county-level producer committees, including conservation district governing board members, Agricultural Stabilization and Conservation Service county committee members, Extension advisory council members; and Farmers Home Administration advisory council members; representatives of the local agribusiness community; and farmers.

The landmark legislation, known as the Food Security Act of 1985 or '85 Farm Bill, included the conservation reserve, conservation compliance, sodbuster, and swampbuster programs to achieve conservation of soil, water and wetland resources by farmers who participate in USDA-administered programs.

The three-year evaluation project was conducted by the Soil and Water Conservation Society with the financial support of the Joyce Foundation and USDA's Soil Conservation Service.

Peace Corps Needs Skilled Agribusiness Pros for Soviet Union

Americans with agricultural backgrounds have a unique opportunity to play an important role in the historic changes now occurring inside the former Soviet Union.

Several newly independent former Soviet republics have asked the Peace Corps to provide highly skilled volunteers to assist in the transition from centrally-controlled, command economies to western-style free markets. As a result, Peace Corps has an urgent need for business and agribusiness professionals with experience in agronomy, crop and livestock production, marketing, food processing, small enterprise development and general business.

Peace Corps volunteers in the former Soviet Union will be working in one of two possible assignments within the republics of Russia, Ukraine, Uzbekistan and Armenia. Selected volunteers will establish and run small business centers in medium or large cities, providing assistance to fledgling businesses in the surrounding area. Remaining volunteers will work as business and agribusiness advisors in smaller towns that serve as farming centers, using the Peace Corps Small Business Centers as a resource.

Peace Corps volunteers will assist in the development of services required by private farmers and consult with farmers on business and financial aspects of farming. The as-

signments will not be directly involved in agricultural production. Volunteers will be involved in establishing supply and marketing outlets, warehousing facilities and food processing plants. They may also participate in the privatization of state collective farms and assist local officials in the decentralization of the existing food processing industry.

Applicants for these programs must be American citizens and should have a college degree in business, agribusiness, or agriculture economics and three years of relevant work experience. All applicants must also pass a physical examination and meet legal requirements. These positions require a 27-month commitment and offer world class language, cultural and technical training. Volunteers also enjoy a professional in-country support system, paid travel, free medical and dental care, a comfortable living allowance, and a \$5,400 end-of-service bonus.

The Peace Corps application process takes a minimum of 90 days to complete, so interested business and agribusiness professionals should apply immediately. Additional business and agriculture assignments are also available in Africa, Asia-Pacific, Latin America and Central Europe. For additional information, call the Michigan and Ohio Peace Corps Recruiting Office TOLL FREE at 1-800-521-8686, extension 442.

MDA Hearing Scheduled for Corn Marketing Program

A public hearing to consider the establishment of the proposed Corn Marketing Program under Public Act 232 has been scheduled for Thurs., Sept. 24, by MDA Director Bill Schuette. The hearing will begin at 1:30 p.m. in the Forum Room, Michigan Library and Historical Center, 717 W. Allegan, Lansing, Michigan.

More than 200 corn growers submitted petitions requesting a referendum on the establishment of a corn marketing program. Public Act 232 requires the MDA to hold a hearing on the proposed marketing program to determine if there is sufficient interest to conduct a referendum.

The proposed program provides for the growth and development of the Michigan corn industry through foreign and domestic market development, promotion and research that will stimulate demand for corn.

Interested persons who cannot attend the hearing may submit testimony in writing until 5 p.m., Thurs., Oct. 1, 1992. Written comments should be sent to Katherine A. Fedder, Interim Director, Marketing and Market Development, Michigan Department of Agriculture, P.O. Box 30017, Lansing, MI, 48909.

Weather

Record breaking cool temperatures continued through mid-August, with frost and freezing temperatures reported on the 11th and 12th in the Upper Peninsula and an unconfirmed report of snow in Gratiot County on the 14th.

Temperatures for the last 30 days ranged from about 3 degrees below normal in the far south and northern sections of the state to nearly 7 degrees below normal in central sections of Lower Michigan.

At the current time, when June, July, and August are averaged to obtain a summer mean temperature, only the summer of 1915 has been cooler during the last century. With the cool temperatures, development of many warm-season field crops has lagged far behind normal, raising the possibility of a season-ending first freeze, especially in northern and central sections of the state.

In contrast, the cool weather has greatly benefitted some crops, such as cool-season vegetables and forage crops, which were hurt by dryness earlier in the growing season.

Extended outlooks are beginning to show signs of a possible change in weather patterns over the week or so. Don't expect anything in the category of unseasonable heat, though.

Are Near-Normal Temperatures in Store for Michigan?

7/16/92 to 8/15/92	Temperature		Growing Degree Days		Precipitation	
	Observed Mean	Dev. From Normal	Actual Accum.	Normal Accum.	Actual (inch.)	Normal (inch.)
Alpena	62.1	-4.7	1135	1486	1.17	3.19
Bad Axe	63.8	-6.2	1333	1796	4.75	2.87
Detroit	69.0	-3.0	1767	1955	5.90	3.11
Escanaba	63.1	-3.6	961	1166	2.20	3.46
Flint	66.4	-3.7	1649	1955	7.28	2.90
Grand Rapids	66.2	-4.5	1659	1993	2.91	3.06
Houghton	61.3	-3.7	1044	1362	0.64	3.53
Houghton Lake	62.9	-4.3	1291	1486	1.52	3.19
Jackson	65.8	-6.9	1626	1957	3.80	3.21
Lansing	65.1	-5.1	1573	1957	3.17	3.21
Marquette	59.8	-4.1	993	1362	2.69	3.53
Muskegon	65.9	-4.3	1488	1712	1.17	2.94
Pellston	61.4	-4.1	1190	1535	0.34	2.88
Saginaw	65.6	-5.6	1572	1796	1.62	2.87
Sault Ste. Marie	59.6	-4.9	884	1166	3.56	3.46
South Bend	68.6	-2.9	1869	1993	3.29	3.06
Traverse City	64.1	-5.6	1379	1535	0.41	2.88
Vestaburg	64.1	-7.0	1475	1784	2.09	3.15

Observed and normal growing degree day totals are accumulated from March 1. Normals are based on district averages. Jeff Andresen, Ag Meteorologist, MSU

While both the latest National Weather Service 90-day outlook for August-October and the 30-day outlook for August call for a continuation of cooler than normal temperatures and normal to above normal precipitation, the recently released 30-day outlook for mid-August through mid-September calls for a shift in the jetstream troughing pattern over the Great Lakes back in Canada, resulting in a return to near normal temperatures statewide for the period. Precipitation is also expected to be near normal, except for western sections of the Lower Peninsula, where above normal totals are possible.

Michigan and Major Commodity Area Extended Weather Outlook

T - Temp.	8/31	9/15	8/31	10/30
P - Precip.	T	P	T	P
Michigan	B	A	B	A
W. Corn Belt	B	A	B	N/A
E. Corn Belt	B/N	N/A	B/N	A
Wint. Wheat Belt	B	N	B	N/A
Spr. Wheat Belt	B	N	B	N
Pac. NW Wheat	N	N	A	B
Delta	B/N	N/A	B	N
Southeast	N	A	B/N	N
San Joaquin	A	B	A	N

A-Above Average, B-Below Average, N-Normal, MA-Much Above, MB-Much Below, NP-No Precip. Source: National Weather Office

July's Moisture Improves Most Yield Outlooks

Wet July weather improved this season's yield prospects for most field crops, according to the Federal/State Michigan Agricultural Statistics Service.

However, season-long low temperatures have continued to hamper crop development this year. Many farmers are concerned that the first fall freeze will occur before their crops are able to fully develop. Based on conditions reported by farmers as of Aug. 1, crops were about two weeks behind

and needed some warm, sunny days to reach full maturity.

The corn yield is forecast at 105 bushels per acre, 5 bushels below last year's yield of 110. Acres for harvest as grain is 2.4 million, up 100,000 acres from last year. Total production at 252 million bushels, is down 1 million bushels from the 1991 harvest. Soybean production is estimated at 50.4 million bushels, a decrease of five percent from 1991. The expected yield is 35 bushels per acre, down eight percent from last year's 38 bushels per acre.

Sugarbeet production is forecast at 3.22 million tons, up 25 percent from last sea-

son. The all hay yield is estimated at 3.23 tons per acre. All hay production, at 4.5 million tons, is down 14 percent from last year's 5.3 million tons. The expected alfalfa hay yield, at 3.6 tons per acre, is down eight percent from last year's estimate.

The winter wheat yield is forecast at 50 bushels per acre, up 5 bushels from July, and up 7 bushels from 1991. Total production is up 31 percent from last year to 31.5 million bushels. Oats production is estimated at 6.36 million bushels, up 18 percent from 1991's production. The expected yield is 53 bushels per acre, 8 bushels higher than a year ago. Summer potato production is forecast at 3.1 million cwt.

Dry Bean Production Expected Down in all Major Producing States

The 1992 Michigan dry bean production is forecast at 4,030,000 hundredweight (cwt.), 35 percent below 1991 crop. As of Aug. 1, yields are forecast at 1,300 pounds per acre, assuming normal weather conditions for the remainder of the season.

Planting of this year's crop was delayed until late June and early July, due to dry conditions in June. The below normal temperatures and excessive rains in July have slowed development in most of the state, causing fields to have uneven growth. The crop is two to three weeks behind normal.

Planted acreage of all dry beans at 330,000 acres, is 20,000 acres below the 1991 crop. The August acreage estimate is based on a special survey of about 1,500 farmers in the 18 largest dry bean producing counties. The survey was conducted during July after most of the planting was completed. A total

of 310,000 acres is expected to be harvested, down 10 percent from 1991.

Acreage planted to navy beans is estimated at 235,000 acres, down 20,000 acres from last year. Planted acreage for all colored classes of dry beans is estimated at 95,000 acres, the same as last season. Class breakdowns for planted acres within the colored category were as follows: dark kidney, 9,000; light kidney, 8,000; cranberry, 26,000; black turtle, 42,000; pinto, 7,000; small white, 1,500; other, 1,500.

Nationally, the 1992 crop of dry beans is expected to total 23.1 million cwt., down 30 percent from last year and 29 percent below two years ago. Production in North Dakota is expected to total nearly 4.8 million cwt., down 37 percent from 1991. Production in Minnesota is expected to reach 1.3 million cwt., down 33 percent from 1991.

1992 Fruit Production Suffers

Unseasonable weather in July hampered fruit production in most of the state as well. A cool, wet July, combined with a dry, windy, frost-ridden spring, slowed most fruit crops development.

Michigan's apple production is forecast at 750 million pounds, down 19 percent from 1991, but equal to 1990's production level. Grape production is expected to total 40,000 tons, 13 percent below last season's crop. Peach production is forecast at 40 million pounds, the same level as the 1991 crop. The plum and prune crop is expected to total 6,000 tons, 33 percent below the 1991 crop, but equal to the 1990 crop.

Pear production is forecast at 4,000 tons, down 20 percent from the 1991 crop, but up 60 percent from 1990.

Nationally, apple production is forecast at 10.2 billion pounds, three percent above the 1991 crop. Grape production is forecast at 6.13 million tons, up 10 percent from 1991.

Production of peaches is forecast at 2.52 billion pounds, six percent below the 1991 crop. Plum and prune crop is expected to total 41,600 tons, up 66 percent from last year. Pear production is forecast at 941,450 tons, up four percent from 1991.



Serving Michigan Farm Families is Our Only Business

Since its beginning in 1971, Michigan Farm Radio Network's only objective has been to serve Michigan's farm families. This dedication to serve agriculture is shared by 29 local radio stations in Michigan. Through these stations, Michigan Farm Radio Network provides the latest in market analysis, weather and news to Farm Bureau members daily on the following stations:

Station	City	Frequency	Morning Farm	Noon Farm
WABJ	Adrian	1490	5:45 am	12:15 pm
WATZ	Alpena	1450	5:30 am	12:15 pm
WPZA	Ann Arbor	1050	6:15 am	12:05 pm
WLEW	Bad Axe	1340	6:30 am	12:50 pm
WHFB	Benton Harbor	1060	*	12:30 pm
WKYO	Caro	1360	6:15 am	12:45 pm
WTVB	Coldwater	1590	5:45 am	***
WDOW	Dowagiac	1440	6:15 am	12:15 pm
WACY	Fenton	1160	6:15 am	12:15 pm
WGHN	Grand Haven	1370/92.1	5:45 am	12:15 pm
WPLB	Greenville	1380	6:15 am	12:45 pm
WBCH	Hastings	1220	6:15 am	12:30 pm
WCSR	Hillsdale	1340	6:45 am	12:45 pm
WHTC	Holland	1450		12:15 pm
WKZO	Kalamazoo	590	**	12:15 pm
WJIM	Lansing	1250	5:05 am	12:15 pm
WWGZ	Lapeer	1530	*	12:15 pm
WNBY	Newberry	92.5		12:15 pm
WOAP	Owosso	1080	6:15 am	12:30 pm
WHAK	Rogers City	960	7:10 am	12:15 pm
WSJ	St. Johns	1580	6:15 am	12:15 pm
WMLM	St. Louis	1540	6:06 am	12:20 pm
WSGW	Saginaw	790	5:55 am	12:15 pm
WMIC	Sandusky	660	6:15 am	12:45 pm
WKZC	Scottville	95.9	5:45 am	12:30 pm
WCSY	South Haven	940		12:15 pm
WKJC	Tawas City	104.7		12:45 pm
WLKM	Three Rivers	1510/95.9	6:15 am	12:15 pm
WTCM	Traverse City	580	5:55 am	12:40 pm

* Station signs on at different times during the year. Morning farm times change with sign-on times.

** Station airs various farm reports between 5:50 and 6:20 pm.

*** Station airs various farm reports between 12:00 and 1:00 pm.

Some stations carry additional market reports throughout the market day.

MSU Cropping Systems Tour on September 10

Producers are invited to the MSU Clarksville Experiment Station in Ionia County for a Crops Field Day and free lunch to those pre-registered prior to the Sept. 10 crop tour.

The field day wagons will leave at 10 a.m. and make several stops. Three stops will compare three different cropping methods - conventional till, no-till with reduced inputs, and ridge-till with no herbicides used. Participants can compare these systems on soybeans, corn and wheat. Yes even wheat can be successfully produced on ridges! MSU crop specialists Dr. Jim Kells, Dr. Karen Renner, and Barry Brothers will be speaking at these plots as well.

Another stop will investigate a rotation of corn-soys-wheat with six rows of each alternating. Here you will be able to see the "edge effect" with increased yields on the outer row. Speakers here include MSU specialists Dr. Fran Pierce and Dr. Doug Landis.

One other stop will be at the MSU Extension/Soil District corn phosphorus plots. Here you'll see whether or not 50 pounds of phosphorus over the MSU recommended rates will increase yields. This is year five for these plots. It will feature both conventional and no-till corn grown under both irrigated and dry-land systems.

After the free lunch, farm equipment dealers will briefly speak about each piece of equipment they have on display there.

For those wishing to see how non-traditional fertilizers work, there will be a tour of the Blough Brothers corn fertility plots a few miles toward Lowell.

Pre-registration is required! Call the Ionia County Extension office at (616) 527-5357 to register!

The MSU Clarksville Experiment Station is located .5 miles south and .5 miles west of exit 59 (Clarksville) off I-96.

Insect Fighting Virus Has Encouraging Future

A naturally-occurring virus known as the "celery looper virus," may one day represent a deadly diet for several insect pests that now cost farmers thousands of dollars a year in crop losses and insecticide applications, Agriculture Department scientists say.

The looper virus, now being tested in fields in California, Arizona and Mississippi, causes such pesky caterpillars as the tomato hornworm, tobacco budworm and cotton bollworm to lose their appetites and die, according to researchers.

"The looper virus could be purified, packaged and sold as a new, environmentally-friendly control for insects that attack cotton, alfalfa, tomato and other vegetables," said Patrick V. Vail of the USDA Agricultural Research Service.

This pesticide kills a broader array of pests than four viral insecticides already approved by the Environmental Protection Agency, according to Vail.

Once ingested by the insect pests, the virus spreads throughout their bodies, causing deterioration and death. The residue then becomes poisonous to others of the species.

Researchers say the natural insecticide could possibly be commercially available within five years, if test results continue favorable.

Fruit Chemical Usage Summary Released

The National Agricultural Statistics Service (NASS), through the Federal/State Michigan Agricultural Statistics Service, has published its first Agricultural Chemical Usage Fruit and Nuts Summary publication. The survey was funded by the United States Department of Agriculture's (USDA) Pesticide Data Program.

The purpose of the program is to upgrade the reliability of pesticide use statistics and the quality of information on pesticide residues in food. This report includes farm use of fertilizers and pesticides for the 1991 crop year for fruit, nut, and berry crops in twelve major producing states.

The major producing states surveyed were: Arizona, California, Florida, Georgia, Michigan, New York, North Carolina, Oregon, Pennsylvania, South Carolina, Texas, Virginia, and Washington.

In 1991, Michigan represented a total of 131,200 bearing acres of the survey's targeted fruit. Michigan's targeted fruit crops included apples, blueberries, grapes, peaches, prunes, plums, raspberries, sweet cherries, and tart cherries. Informa-

tion was collected on the major fertilizers and pesticides applied to Michigan fruit crops.

Nitrogen was applied to 92 percent of the blueberry and peach crops. The lowest rate was 80 percent, which was applied to apples. Phosphate applications were made to 49 percent of the raspberry bearing acres and to 36 percent of the blueberry bearing acres.

Other targeted fruit acres received phosphate application rates that ranged from 21 to 28 percent. Raspberries received potash treatments on 81 percent of the acreage, and 79 percent of the blueberry acreage was treated. Grape acreage received 60 percent potash treatment and peaches had 56 percent treated. The lowest potash application rate was on apples, where 42 percent of bearing acres were treated.

Paraquat (Gramoxone) was the most widely used herbicide on Michigan fruit acreage. Paraquat applications were made to 69 percent of the grape acres and 30 percent of the peach acres. Other commonly used herbi-

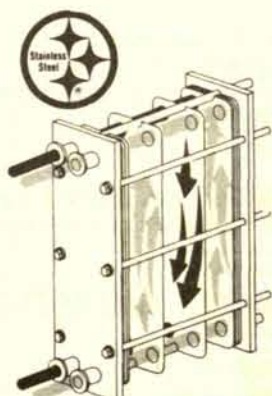
cides were simazine (Princep), diuron (Karmex, Direx), glyphosate (Roundup, Rattler), and 2,4-D.

The most frequently used insecticide was azinphos-methyl (Guthion), with application to 87 percent of apple acres and 75 percent of sweet cherry acres. Malathion was a commonly used insecticide for the berry crops. Phosmet (Imidan), carbaryl (Sevin, Sevit), chlorpyrifos (Lorsban), esfenvalerate (Asana), and ethyl parathion were other insecticides applied to Michigan targeted fruits.

The most commonly used fungicide on Michigan's bearing fruit acres was Captan. Captan was applied to 97 percent of the apple acres. It was also applied to 80 percent of the peach crop. Other fungicides frequently used were sulfur, chlorothalonil (Bravo), fenarimol (Rubigan), ferbam (Carbamate), and benomyl (Benlate).

The trade names are provided as an aid in reviewing pesticide data. NASS does not mean to imply use of any specific trade names.

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Market Outlook

Dr. Jim Hilker, Dept. of Agricultural Economics, MSU

Corn

The August Crop Production Report left little doubt that the U.S. corn crop will be huge this fall. While there are areas which will be susceptible to an early frost due to the lateness of the crop, like Michigan, the chances of a sharp decrease in U.S. production from the August report are small. The USDA report, based on August 1 conditions and released August 12, estimated the U.S. corn crop at 8.762 billion bushels, not far behind the 1985 record of 8.875 billion. The USDA in the first field survey sample of this year's corn crop projects a U.S. yield of 121.3 bushels per acre, smashing the old record of 119.8 bushels per acre.

Michigan's corn crop was estimated to be 252 million bushels, slightly higher than last year. The expected yield is 105 bushels per acre, 5 bushels below last year. However, as any of you who have traveled around the state know, there is a lot of variability. Harvested acreage is projected to be 2.4 million, up 4 percent from a year ago. Remember, this projection is based on Aug. 1 conditions and does not include the possibility of an early frost. Much of the corn in the state will need decent weather well into October to mature.

The USDA also released a new Supply/Demand Balance Sheet Report on Aug. 12 based on the new numbers for the 1992-93 corn marketing year which begins Sept. 1. Even though carry-in stocks will be down 28 percent, total supply is expected to be up over 9 percent due to the large increase in year-to-year production. Total use is expected to grow 2 percent.

Cheap corn and large animal numbers are indicators feed use will be up. Early export

Soybeans

To some degree, soybeans bring more of the same story. This time, it is projected more supply and about the same use as last year, which translates into lower prices.

The August crop report estimates we will have a record U.S. soybean yield, 35.8 bushels per acre, up from last year's record yield of 34.3 bushels per acre. This translates into 2.08 billion bushels of production, up 4.7 percent, on about the same number of acres.

Michigan, based on Aug. 1 conditions, is projected to have a yield of 35 bushels per acre. While this is 3 bushels below last year's record, it is still a fairly high yield for Michigan. I would argue the first half of August was not great soybean weather. As you all know, better than I, the Michigan soybean crop could not stand an early frost.

At this point, total U.S. soybean supply is expected to be up about 50 million bushel, and use up about 15 million bushels compared to last year. This would increase projected ending stocks for the 1992-93 marketing year to 320 million bushels from the 1991-92 marketing year's relatively tight 285 million bushels.

Notice we can go from plenty of ending stocks to fairly low ending stocks on a swing of 35 million bushels, or a one-half bushel decrease in expected U.S. yield. What this means is that a frost scare could mean a significant rally. And an actual early frost would mean higher than presently forecast prices.

Seasonal Commodity Price Trends

Wheat	?
Corn	?
Soybeans	?
Hogs	↓
Cattle	↔

Index: ↑ = Higher Prices; ↓ = Lower Prices; TP = Topping; BT = Bottoming; ? = Unsure

sales and lower prices also indicate exports will grow slightly, although much depends yet on the final size of the rest of the world crop and the world's economic health. The bottom line is an expected 65 percent increase in U.S. ending stocks. The projected ending stocks of 1.8 billion bushels is 22.5 percent of use. This translates into an annual average price of around \$2 per bushel, and 10-15 cents lower at harvest.

For those with old crop corn left, move it for cash; the old crop basis is tight. If you want to stay in the market, buy a cheap out of the money call option.

For new crop corn, be ready to price on frost scare rallies. If the basis is wide, consider using put options; if the basis is narrow or you will have to use commercial storage, consider forward contracting and buying a call.

I realize that for many producers going into the futures and/or the options markets is not very feasible. However, many elevators will work out pricing alternatives for you which will bring the same results as those mentioned above without you actually being in the markets, work with them.

If we do see a rally on a scare, strongly consider putting on a floor, but keeping some upside potential. The opposite side of an early frost is no early frost, a large South American crop, and a possible deteriorating world economy. We could see prices well below \$5 per bushel. Remember, we now have a marketing loan for soybeans the \$5.02 loan rate could very well not hold the market up.

Once again, look at the basis and storage costs to determine which pricing alternative to use. If the basis is wide and you have on-farm storage, pencil through the protection received by using a put option.

If the basis is fairly narrow and/or you do not have sufficient on-farm storage, consider forward contracts and call options, or at harvest cash sales and call options. If you fear the production risk (such as an early frost) and still want some downside price protection, you will need to use puts until you have harvested your crop and know your production.

Again, consider working with a progressive elevator to get the best pricing alternative for you -- they want your business. Also, don't be afraid to ask knowledgeable people questions about these pricing alternatives. These are difficult concepts and there is no reason everyone should understand them, but these are also difficult times and you need to take advantage of all the possibilities.

Wheat

For a crop that was "lost" a couple of times, estimated production numbers are fairly high. U.S. production is estimated at 2.34 billion bushels, up 18 percent from last year.

The U.S. yield is expected to be 37 bushels per acre, up nearly 3 bushels and harvested acreage is projected to be up 5 million acres. Michigan's yield is expected to be 50 bushels per acre. While up 7 bushels from last year, it is still way below the record of 60 bushels per acre.

The supply/demand numbers go a long way in explaining the large drop in prices. Total supply is expected to be near last year's levels with smaller ending stocks offsetting the increase in production. What has hurt prices is the expected drop-off in use. Feed

Hogs

Hog slaughter has been running well above year ago levels and is expected to continue at higher than year ago levels through next spring.

The cheap corn we are seeing will likely keep the industry out of the liquidation stage until we see prices under \$40 per cwt. for a quarter and then it will take over six months before we see a turn-around in prices. We will likely see the low prices this fall. Keep extremely current on your mar-

Cattle

Cattle prices have been hanging in there pretty well as slaughter runs below low year ago levels. Prices may drop off a little as we go into fall and therefore it is very important to keep feedlots very current. Feedlots need to carefully pencil through their needed break-even prices when purchasing feeders.

At present feeder cattle prices, fed cattle prices in the mid \$70's next winter and

FARM BUSINESS OUTLOOK

use is expected to drop off 85 million bushels from this past year due to the corn/wheat price relationship. On top of this, exports are expected to drop off 150 million bushels due largely a larger FSU (formerly Soviet Union) crop. In addition, exports for the 1992-93 marketing year, which began last June 1, have to be very slow.

Despite the rather pessimistic view, there is upside potential. However, because of the risk, I would not want to be heavy in the cash market. Consider purchasing cheap out-of-the-money call options to replace cash sales in order to cash in on any rallies in the market. In this down relatively low volatility market, call option prices are not real expensive.

keting. If we do see a rally, consider some downside price protection.

The Export Enhancement Program (EEP) for pork, a first offered to the FSU, will benefit the hog industry. It basically amounts to one day of U.S. production. The biggest question is, how will the FSU come up with the rest of the money? They may need more credit and I suspect this, being an election year, they will get it.

spring will be required to break even -- even at the low expected corn prices. What you pay for purchased feeder cattle is one of the most important decisions that predetermine feedlot profits.

The other side of the picture is those selling feeders. Prices are generally higher than anyone expected at this time, so consider some down-side price protection.

Producers Question Lamb Market Declines

Sheep producers are questioning the drop in live lamb and carcass prices, citing low lamb numbers, higher cutout values and a growing spread between carcass and cutout price levels as signals the market is not operating freely. Since the implementation of the new quality and yield grading program in the first week of July, the spread between carcass prices and cutout prices has grown abnormally, said American Sheep Industry Association President Jim Magagna.

He cited the example of a lamb carcass in the Northeast at the 65 pound and up range, saying the spread between carcass and cutout value has increased from \$15.94 in May to \$27.25 in July. "The widening of this spread is due to an overall increase in the value of gross cutouts during July and a continuing decline in wholesale carcass prices," said Magagna. He said every industry statistic shows the quality and yield grading program is being supported by the retail segment. "But producer-level prices are being pushed down despite the increasing value of our product."

Live prices have also dropped, nearing the 1991 prices in the mid-\$50s in most parts of the country. Added to the scenario are lamb numbers that are three to five percent below last year's levels and Mexican lamb exports that continued at a high level, he added. "Rumors are flying across the country about this price drop," he said. "They are being perpetuated by people who have a lot to gain by seeing this program fail. Quality and yield grade is an important marketing tool -- one we need to fight for. If we let rumors change our resolve to keep this system in place, we will lose this opportunity to put lamb into the meat case as a competitive product."

Magagna pointed to the growing spread between carcass prices and cutout values, saying the markets are responding to the added value of a quality and yield graded product and producers must wait for the trend to find its way back to the live animal values. Cutout values are a new pricing tool made available by USDA in May. The cutout value is based on the sales price of the four primal cuts that make up the carcass, and does not take into consideration the value of any value-added cuts. Because the gross cutout does not account for these value-added cuts, Magagna said, price spreads between gross cutout and wholesale carcasses could be even wider than those now being reported.

"Every indication is that our lamb is worth more at the wholesale and retail levels now than this grading program is in place. Unfortunately," he said, "live and carcass prices are not yet reflecting that trend."

7

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McFarlane Manufacturing of Sauk City, Wisc., introduces the Ex-Seeder - a unique new planting system that is the ideal marriage of two excellent products, the McFarlane 16-bar flexible spike tooth harrow and the Gandy Orbit-Air™ applicator. The air-broadcast seeder is front-mounted and delivers seed ahead of the harrow. This unique design enables farmers to plant, incorporate pre-applied chemicals and finish fields in a single pass.

simultaneous pre-applied chemical incorporation as well. The flexible spike tooth harrow is recommended for shallow incorporation. It takes chemicals down to the proper depth for best results.

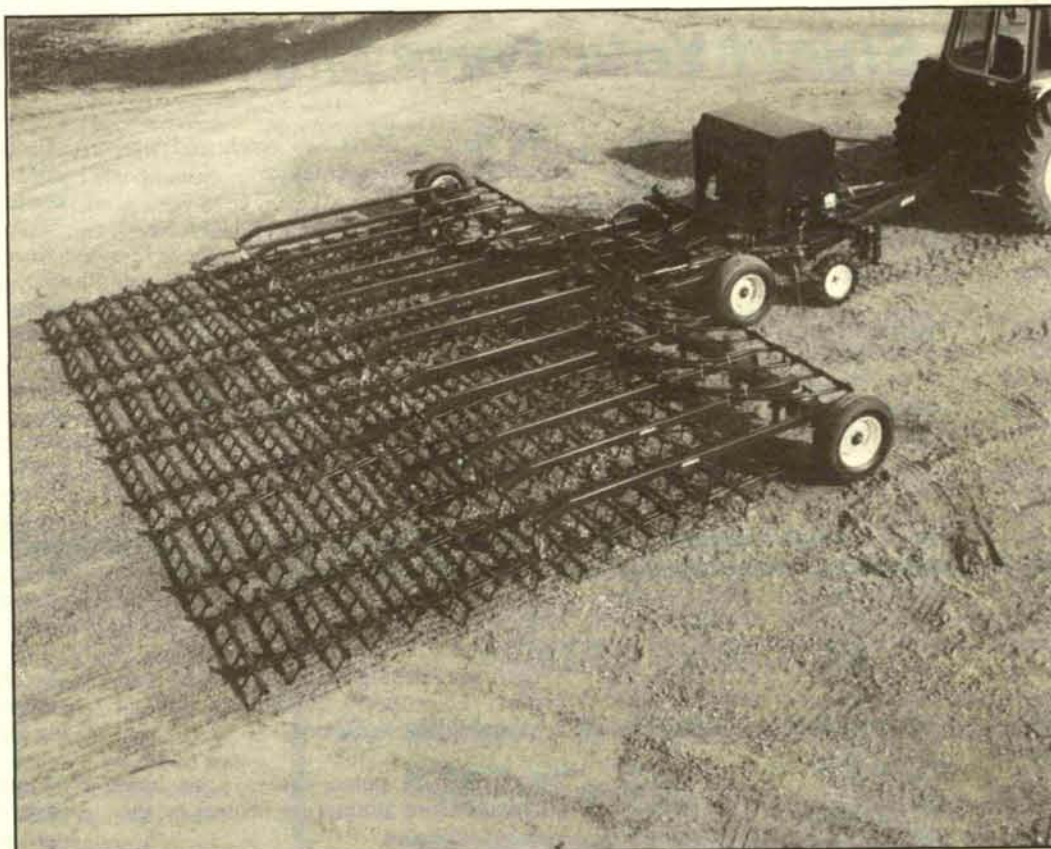
The Ex-Seeder is a versatile tillage tool. When you are done planting, the harrow portion of the Ex-Seeder has many other uses. It performs in practically all types of soil and can be used effectively for weed control, field leveling and seed bed preparation.

For conservation tillage practices, McFarlane's flexible design doesn't plug and leaves crop residue on the field surface. The Ex-Seeder offers all these features at a price substantially lower than drills.

For additional information about the Ex-Seeder, please contact: McFarlane Manufacturing, Inc. 800-627-8569

The Ex-Seeder uses the Gandy Orbit-Air seeder to broadcast soybean and grain crops in spaces the seeds more evenly throughout the field. Broadcast seeding, instead of row spacing, gives plants more room, more sunlight and more nutrients to grow. The trailing 16-bar harrow covers the seeds and levels the field.

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8 Shield Your Farm Machinery For Safety

Power and speed are attributes of the machines that work so efficiently for farmers. But without proper shielding or guarding, farm equipment can quickly turn from useful to deadly, inflicting serious injury or even taking your life.

Most farm machinery is equipped with protective safety shields and warning decals, yet each year we hear too many reports of people losing fingers, hands, arms, legs, and lives in entanglement accidents.

Machine guards protect farmers from the unexpected -- but only if left in place. Unfortunately, farmers often remove the shields and neglect to replace them, inviting disaster. A recent study by Purdue University found that 50 percent of tractors inspected lacked PTO master shields.

Don't gamble with life and limb. Here are tips for safe operation of your farm machinery:

-Be sure all shields and guards are in place before any machine is started. Even seem-

ingly smooth shafts can catch and wrap clothing if left unguarded.

-Replace any damaged or misplaced guards or shields.

-Fashion and install shields on older machines -- those that were manufactured without them.

-Make sure everyone is clear of the machine before starting the power unit or activating any drive mechanism.

-Unless the operator's manual tells you to do otherwise, always shut off the engine before leaving the operator's platform to adjust, lubricate, clean, or unclog a machine.

-When performing repairs, be sure machinery is properly blocked to prevent crushing injuries or death.

-Wait until all power-driven parts have stopped before attempting inspect or service the machine.

-Before restarting operation, replace or secure all safety shields that you remove or open for access when making field repairs.

-Keep proper tension on all belts to reduce slippage -- and to keep the operator from being tempted to manually "help things along." Chain drives should also be properly adjusted.

-Keep hands, feet, and clothing away from moving parts of the machine.

-During operation, stay clear of things that need to be unguarded for proper function of a machine -- such components as snapping or husking rolls, straw spreaders and choppers, cutterbars, augers, feed rolls and the like.

-Teach children about the hazards of power components. Keep them away from operating equipment.

-Whenever and wherever you perform repairs, remember this: The job's not done until the guard is back on.



From Farm Bureau Insurance

Farm Bureau Commitments Help Snare Rehabilitation Pilot Project

Five counties in Michigan's Thumb have received an \$87,000 grant from the U.S. Department of Agriculture's Extension Service to participate in the AgrAbility Project. The project links Extension Service agricultural know-how with disability expertise to keep people with disabilities in farming.

The Michigan Cooperative Extension Service, through the Agricultural Engineering Ag Safety Program, will work with the Easter Seal Societies in Huron, Tuscola, Sanilac, Saginaw and Bay counties to create the Michigan Farm Family Rehabilitation Management program (MI-FaRM.) This one-year pilot program will establish a community based network to assist farmers and their families with on-the-farm rehabilitation services.

"Farm Bureau is delighted that Michigan was chosen to receive these AgrAbility funds," said Julie Chamberlain, MFB Pro-

"If we want to attract added funds for the future, and expand rehabilitation services statewide, it's critical we raise the \$30,000 of seed money to make FaRM a reality." MFB Promotion and Education Manager Julie Chamberlain

motion and Education Department manager. "This pilot project represents the first fruits of the Family Farm Rehabilitation of Michigan (FaRM) program that Michigan Farm Bureau and the National Easter Seal Society are currently in the process of funding."

Chamberlain said that FaRM is a catalyst for obtaining additional grants and funds for farm rehabilitation services. "It's important to remember that FaRM is an important vehicle for demonstrating the commitment of individual farmers and county Farm Bureaus to the goal of allowing farm accident victims to once again become functioning members of the agricultural community," she said.

"This Cooperative Extension Service project is only funded for one year," advised Chamberlain. "If we want to attract additional funds for the future, and expand rehabilitation services statewide, it is critical that we raise the \$30,000 of seed money to make FaRM a reality."

Individual members can contact either their county Farm Bureau office for more information and/or to make a donation to the FaRM program or contact Julie Chamberlain at 1-800-292-2680, Ext. 3213.



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Preliminary AFBF - NAFTA Commodity Specific Analysis

All agricultural trade is included in the agreement between the U.S. and Mexico; there are no exceptions. All non-tariff barriers will be converted to tariffs and all tariffs will be gradually reduced to zero immediately or over five, ten or fifteen years depending on the sensitivity of the products. Free trade in agriculture will therefore exist between the two countries within fifteen years of enactment of the agreement.

Canada declined to liberalize its import restrictions on dairy and poultry in the NAFTA therefore, effectively excluding itself from full NAFTA participation in agriculture.

In 1991, Mexico exported \$2.5 billion in agricultural products to America. U.S. agricultural exports to Mexico that year totalled \$3.0 billion.

Both Mexico and the U.S. will utilize tariff-rate quotas (TRQs) during the transition period to avoid import surges for a small number of sensitive commodities. Mexico will use TRQs on a somewhat wider range of commodities but on a smaller value of trade than will the United States.

In most cases, TRQs will set a limit on the quantity of imports that may be imported each year under the gradually reduced tariff. Once that quantity has been imported, the original tariff would "snap back" into place. The quota level will also be increased over the transition period in most cases.

Health And Sanitary Standards

U.S. health and sanitary regulations as they apply to food and agricultural imports from Mexico and Canada will be maintained. Imports will still be required to meet all standards set by U.S. regulatory agencies. The sanitary and phytosanitary agreement offers a structure for resolving disputes over health and sanitary regulations that may be disguised trade barriers, while guaranteeing the right of each nation to protect the health of its people, as well as its animal and plant life.

Marketing Orders

U.S. marketing orders on fruits and vegetables will be maintained. However, Mexico will be given equal treatment with non-marketing order states in allowing products that do not meet grades and standards to be used in processing.

Commodity-by-Commodity Review Of The Agreement

Livestock

The United States exported \$1.1 billion in livestock and products to Mexico in 1991. Major commodities included cattle, beef, pork, poultry, animal fats and offals.

Mexico will grant immediate tariff-free access to about \$450 million in U.S. livestock products, including cattle, beef and selected hides and skins. Tariffs on \$70 million in U.S. exports, mainly offals, will be phased out over five years. Remaining products will be liberalized over ten years.

A tariff-free quota will be established for poultry meat, with the initial quota level set at 95 thousand metric tons (the average level of U.S. exports of poultry meat over the past three years was 74 thousand tons but the U.S. exported 101 thousand tons to Mexico in 1991).

The quota level will be increased by 3 percent each year and the above-quota tariff of 260 percent for chicken and the 133 percent tariff for turkey will be eliminated at the end of ten years -- reduced by 24 percent over the first six years and then by straight line reductions to zero over the remaining four years.

The current 20 percent Mexican tariff on U.S. pork and hogs will be phased out over ten years. However, Mexico will employ a tariff-rate quota safeguard during this tran-

sition period. When imports from the U.S. reach a given quantity each year, the original 20 percent tariff will "snap back" into place on addition imports. The quantity at the outset of the transition period will be a total of 68,600 metric tons (all categories of pork cuts combined) and will increase by 3 percent each year. The U.S. exported a total of 28 thousand tons in 1991. At the end of ten years, there will be free access for U.S. pork in Mexico.

Mexico exported \$391 million in livestock and products to the U.S. in 1991. The main Mexican export was feeder cattle, valued at \$361 million. The only other significant export was sausage casings at \$16 million.

The U.S. will grant immediate tariff-free access to virtually all Mexican products in this sector, and will exempt Mexico from the Meat Import Law. Mexico is not a significant exporter of meats and the Meat Import Law has traditionally had little effect on imports from Mexico. For feeder cattle, the current U.S. tariff of one cent per pound will also be eliminated immediately.

Dairy Products

The U.S. exported \$121 million in dairy products to Mexico in 1991. Nonfat dry milk was the largest single product in the sector, accounting for \$37 million, much of which was provided to Mexico on concessional terms. Historically, nonfat dry milk imports have been strictly controlled by the Mexican government.

Mexico has agreed to open a tariff-free quota of 40 thousand tons for nonfat dry milk from the United States. U.S. exports in 1991 totalled 23 thousand tons. The above-quota tariff will be around 139 percent. The quota will increase by 3 percent per year and will be abolished after fifteen years. The over quota tariff will be progressively lowered to zero over fifteen years -- reduced by 24 percent over the first six years and then by a straight line phase out over the remaining nine years.

Mexico will immediately eliminate import licenses for cheese and evaporated milk, replacing them with 20 percent tariffs, which will be phased out over ten years. Many other dairy products will be provided immediate tariff-free treatment.

The U.S. imports very little dairy product from Mexico - only \$3 million in 1991 -- mostly in the form of processed foods containing milk products. Mexico is expected to remain a significant net importer of milk products.

Demand in Mexico for quality dairy products can be expected to increase under free trade beyond what the Mexican dairy industry can produce, especially if incomes grow. Canada's decision to stay out of the NAFTA in agriculture means that access to the Canadian dairy market will remain substantially closed to competitive U.S. products.

Horticultural Products

The U.S. exported \$220 million worth of fruits, vegetables, nuts, processed foods, juices and nursery products to Mexico in 1991. Key U.S. exports in this category include dry edible beans, apples, pears, grapes, peaches, plums, dried fruit, raw peanuts, pecans and other nuts, onions, potatoes and potato products, hops and nursery products.

Mexico has agreed to open its market immediately for approximately \$90 million in U.S. exports in the sector, including most fresh fruits and vegetables, hops, nuts (including peanuts) and nursery products.

Mexico will phase out tariffs over five years for about \$25 million in U.S. exports. Some key U.S. products in this category include fresh and canned pears, apricots, plums, prunes, fresh cherries, various berries, and canned peas, carrots and olives.

Continued on page 10

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Remember Hessian Fly Free Dates When Planting Wheat

Doug Landis, MSU Dept. Entomology

Hessian fly adults are active now, laying eggs in volunteer wheat. These adults have emerged from larvae which infested wheat earlier this spring. Hessian flies are small (1/8 inch) mosquito-like insects.

The adults lay eggs on the leaves of wheat and the larvae feed between the leaf sheaths. Fall infested plants frequently winterkill, while spring infested plants produce less grain and may develop lodging problems.

Hessian fly is largely controlled by observing the "fly-free date." That's the date in the fall when wheat can be safely planted without risk of fall infestation by Hessian fly. Since the flies emerge in late summer, sufficient waiting time prior to planting is critical to ensure that all adults have died and cannot lay eggs in the crop.

Planting prior to the fly free date or allowing volunteer wheat to persist through the fall, increases the risk for Hessian fly damage. Volunteer wheat should be controlled in the fall with either tillage or herbicides to prevent the successful over-wintering of Hessian fly.

Reprinted from the August 12 MSU Field Crop Advisory Team Alert

Table 1. Hessian Fly-Free Dates for Michigan¹

County	Earliest Seeding Date (Sept.)	County	Earliest Seeding Date (Sept.)	County	Earliest Seeding Date (Sept.)	County	Earliest Seeding Date (Sept.)
Alcona	6	Eaton	16	Lapeer	15	Ogemaw	10
Allegan	20	Emmet	4	Leelanau	8	Osceola	10
Alpena	9	Genesee	17	Lenawee	25	Oscoda	7
Antrim	4	Gladwin	12	Livingston	16	Otsego	6
Arenac	13	Grand Traverse	8	Macomb	18	Ottawa	19
Barry	18	Gratiot	15	Manistee	13	Presque Isle	8
Bay	14	Hillsdale	19	Mason	13	Roscommon	7
Benzie	16	Huron	13	Mecosta	12	Saginaw	16
Berrien	23	Ingham	17	Midland	15	Sanilac	15
Branch	19	Ionia	16	Missaukee	9	St. Clair	16
Calhoun	19	Iosco	7	Monroe	21	St. Joseph	23
Cass	22	Isabella	11	Montcalm	15	Shiawassee	16
Charlevoix	3	Jackson	16	Montmorency	7	Tuscola	15
Cheboygan	4	Kalamazoo	20	Muskegon	18	Van Buren	22
Clare	12	Kalkaska	5	Newaygo	15	Washtenaw	18
Clinton	17	Kent	18	Oakland	16	Wayne	18
Crawford	6	Lake	13	Oceana	16	Wexford	9

¹ From "Insect Control in Small Grain Crops", MSU Extension Bulletin E-0829.

Preliminary AFBF - NAFTA Commodity Specific Analysis Continued ...

Fresh grapes, onions, peaches and preserved cherries, mushrooms, canned corn and prepared peanuts are among the products that will be tariff-free after ten years. The export value of all U.S. products in this category is about \$35 million.

Potatoes and potato products will be tariff-free after ten years but a tariff rate quota will be applied during the transition period. The initial quota level for fresh U.S. potatoes will be 15 thousand metric tons. An additional 2 thousand metric ton quota will be established for frozen potatoes. U.S. exports of fresh and frozen potatoes (not including potato chips) totalled 9 thousand tons in 1991.

The U.S. exported \$12 million in apples to Mexico in 1991. The tariff-free quota to be established for apples will be at the highest level of Mexican imports from the U.S. during the past three years -- 55 thousand metric tons. The 20 percent above-quota tariff will be phased out over ten years.

Finally, Mexico will establish a tariff-free quota of 50 thousand metric tons for U.S. imports of dry edible beans (U.S. exports in 1991 were 38 thousand tons but were as high as 153 thousand tons in 1990, a Mexican drought year). The quota will be increased by 3 percent each year and the above-quota tariff of 139 percent will be phased out over fifteen years, by a 24 percent reduction over the first six years and then by a straight line phase out over the remaining nine years.

Mexico exported \$1.3 billion in fruits and vegetables to the U.S. in 1991. Key Mexican exports include bananas, strawberries,

limes, oranges and orange juice, melons, mangoes, tomatoes and paste, asparagus, frozen broccoli and cauliflower, cucumbers, onions, peppers, olives, eggplant, squash, and cut flowers. These commodities accounted for \$1.2 billion of the total.

The tariff on asparagus during the period Jan. 1 to Jan. 31 will be reduced immediately from 25 percent to 17.5 percent, but this tariff will then be phased out over a fifteen year transition period. The 25 percent tariff on asparagus imported from Feb. 1 to June 30 will be reduced on a straight line over 15 years. The tariff on asparagus imported during the remainder of the year will be phased out over five years. The 12.5 percent year round tariff on white asparagus will be eliminated immediately.

The 17.5 percent U.S. tariffs on frozen asparagus, frozen broccoli and frozen cauliflower will be reduced to 15 percent im-

mediately and then phased out over ten years.

Grains

The U.S. is a major exporter of grains to Mexico. The total value of this trade in 1991 was \$740 million. Sorghum was the single most important commodity in 1991 with exports at \$371 million. However, Mexican demand for grains, and especially for corn, has traditionally depended on the availability of domestic supplies. In 1991, the U.S. exported \$147 million in corn to Mexico (1.3 million tons), but just the year before -- a Mexican drought year -- the U.S. exported \$400 million (3.5 million tons) in corn to Mexico.

Other important U.S. grain exports include feeds and fodders (\$80 million in 1991),

Continued on page 11

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Approximately 175 young farmers from across the state were in Grand Ledge August 15 and 16 for the first Michigan Farm Bureau State Young Farmer softball tournament. Twelve teams participated in two days of tournament play, as well as a hog roast on Saturday night. First place honors went to the Montmorency/Presque Isle County team pictured above. The Branch/Calhoun County team placed second; third place honors went to Arenac County, with Gratiot County Young Farmers taking fourth place.

Preliminary AFBF - NAFTA Commodity Specific Analysis Continued...

wheat (\$39 million), rice (\$25 million) and barley (\$7 million but \$27 million in 1990).

Mexico will open a 2.5 million ton tariff-free quota for U.S. corn. The quota level will increase by 3 percent each year during the fifteen year transition period. The tariff on imports under the quota will be free. The tariff on imports above the quota will be 215 percent and this tariff will be phased out over fifteen years -- 24 percent over the first six years and a straight line phase out over the remaining nine years.

Mexico will eliminate its licensing restrictions on wheat immediately, reduce its tariff immediately from 20 percent to 15 percent and then phase it out entirely over ten years.

U.S. producers of wheat, barley and sorghum will also benefit from free trade with Mexico. The elimination of tariffs either immediately as in the case of sorghum or over time will allow increased access into Mexico. It will also provide U.S. products a competitive advantage over other grain exporting countries, with the exception of Canada.

Oilseeds

The U.S. will gain substantial benefits from free trade in this sector, exporting \$524 million in oilseeds and products to Mexico in 1991 with soybeans alone accounting for \$346 million of the total. Soybean meal and oil accounted for an additional \$76 million.

Mexico has agreed to keep the tariff on soybeans at zero for the period Jan. 1 to Sept. 30. The U.S. exported \$289 million in soybeans during this period in 1991. Mexico will phase out its 10 percent tariff on soybeans imported during the remainder of the year over a 10 year period. The U.S. exported \$57 million in soybeans to Mexico during the period Oct. 1 to Dec. 31, 1991.

Mexico will phase out its 15 percent tariff on soybean meal over ten years. The 15 percent tariff on other protein meals will also be eliminated over ten years.

The 10 percent Mexican tariff on crude soybean oil will be phased out over ten years, as will the 20 percent tariff on refined soybean oil. Mexican tariffs on most other vegetable oils will be phased out in the same fashion.

Sugar

The U.S. exported \$114 million in sugar and related products to Mexico in 1991, of which \$92 million was sugar shipped under the U.S. re-export program.

Mexico will eliminate its variable tariff system on U.S. cane and beet sugar over fifteen years. Mexico has also agreed to harmonize its tariff regime on foreign sugar

with the U.S. system by the seventh year of the transition period. This will require Mexico to re-negotiate concessions made to other countries in the GATT. It will also mean that the U.S. and Mexico will effectively have a "common market" in sugar at that time.

Mexico will eliminate its 15 percent tariff on fructose syrup and most other sweeteners over ten years. The U.S. will be permitted to retain its sugar re-export program.

The U.S. imported \$33 million in sugar and related products from Mexico in 1991, of which \$26 million was in molasses and candies. The U.S. has agreed to eliminate restrictions on sugar imports from Mexico over fifteen years. The U.S. will immediately eliminate the 0.625 cent/lb. within-quota tariff on imports from Mexico and, over the first six years, will reduce the 16 cent over-quota tariff on imports from Mexico by 15 percent.

In year seven, the U.S. will begin reducing the above-quota tariff on a straight line to zero over the next eight years. In addition, if Mexico is projected to be a net exporter, the U.S. will increase its quota to the amount by which it is a net exporter up to 150,000 metric tons. This 150,000 ton limit will be increased by ten percent each year and will be waived permanently, if Mexico is a net exporter for two consecutive years.

The agreement will protect U.S. sugar producers and the sugar program for at least the first six years of the transition period. Mexico could increase its exports from about 7 thousand to 25 thousand metric tons during this period, but only if it becomes a net exporter. In any case, an increase to 25 thousand tons is not enough to jeopardize the operation of the sugar program.

In the seventh year, however, Mexico will be allowed to ship up to 150 thousand tons (and this number will increase by 10 percent each year) but, again, only if Mexico is a net exporter of sugar. Furthermore, if Mexico is a net exporter for two consecutive years, the limits on imports from Mexico are removed altogether.

Mexico has committed to harmonizing its import regime with the U.S. system within seven years. At that time the price of sugar will likely be virtually the same in both countries.

Arguments have been offered that this harmonization should occur earlier, before Mexico is locked into tariff reductions in the GATT discussions. This is an unnecessary concern, since Mexico will be obliged to re-negotiate its tariff concessions in the GATT in any case, if it enters into the NAFTA.

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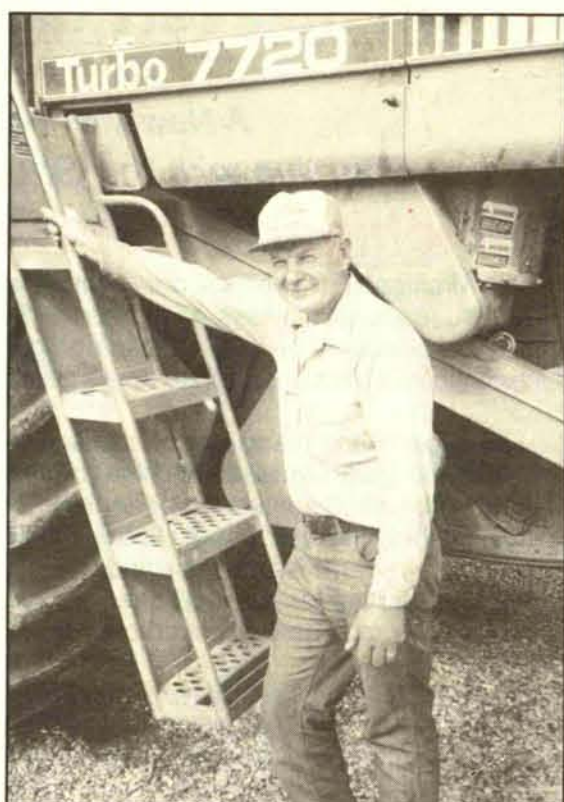
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Roggenbuck July Volunteer of The Month

Sanilac County Farm Bureau member Orvel Roggenbuck has been named as the Farm Bureau July Volunteer of the month, for his efforts as Local Affairs Committee Chairman. Roggenbuck, who farms near Snover with his wife, Lucille, and son, Les, raising sugarbeets, corn and soybeans, spearheaded two very informative meetings for other county Farm Bureau members.

One of those meetings was with members of the local county road commission and engineer to discuss county road construction and needed improvement projects, including erosion control structures and local bridges. The second meeting, held between the Sanilac County Extension office and the County Farm Bureau board of directors, the Local Affairs Committee, and the Information Committee, looked at critical issues such as CES funding and programming needs.



1992 Michigan Farm Numbers Unchanged

The number of farms in Michigan during 1992 is estimated at 54,000 farms, the same as last year, according to the Federal/State Michigan Agricultural Statistics Service. This is the second year since 1983 that farm numbers have not shown a yearly decline. Michigan has 10.8 million acres of land in farms, unchanged from the previous three years. The average size of a Michigan farm in 1992 is 200 acres.

Of all Michigan farms, 8,000 were in the \$100,000 and over economic sales class. These large farms operated a total of six million acres. Farms with sales between \$10,000 and \$99,999 accounted for 18,000 farms and 3.3 million acres. Farms with sales between \$1,000 and \$9,999 represented 28,000 farms and 1.5 million acres. Farmland numbers and acreage within economic sales classes did not change from last year.

A farm is defined as "any establishment from which \$1,000 or more of agricultural

products were sold or would normally be sold during the year" and must be operating on June 1. Land in farms includes: crop and livestock acreage, wasteland, woodland, pasture, land in summer fallow, idle cropland, and land enrolled in the conservation reserve program and other set-aside or commodity acreage programs. It excludes all land operated by establishments not qualifying as farms.

Nationally farms have continued to grow in size, while at the same time, the total acreage in farming has shrunk as has the number of farms in the U.S., according to a recent Agriculture Department report.

USDA said there were 9,320 fewer farms on June 1 than there were a year ago. The current figure is 2.09 million farms, down from 2.1 million last year. A decade ago there were 2.4 million farms in the nation.

A USDA spokesperson said the report represents a gradual trend over several decades. The department's figures indicated that the average size of an American farm has grown from 427 acres in 1982 to 467 acres in 1991 and 468 acres in 1992.

The data also show that the total amount of land in farming is shrinking. As of June 1, there were 980 million acres reported to be in farming. In 1991, there were 983 million acres in farms, which is down from 1.027 billion acres in farms one decade ago.

Unlike the increase in the number of small farms, the number of mid-size farms, with sales of \$10,000 to \$99,000, fell from 775,100 to 763,200. There was also a drop from 327,060 to 326,340 in the number of farms with sales over \$100,000.

Seven states added farms. Oklahoma, Tennessee and Washington gained 1,000 farms each, while Oregon added 500, and New Jersey, Maryland and Wyoming each added 200 farms. At the same time, three states each lost 2,000 farms - Texas, Ohio and Kansas.

Texas has the most farms in the nation with 183,000. Missouri was next with 107,000 and Iowa was third with 102,000 farms.

Nearly 16 percent of the nation's farms are in the \$100,000 and over economic sales class. These farms operate almost 52 percent of the nation's farmland.

MSU Professor Receives National Award

The American Society of Animal Science (ASAS) gave one of its most prestigious awards to a Michigan State University Department of Animal Science professor.

The Animal Industry Service Award was presented to Harlan D. Ritchie, MSU animal science faculty member since 1964. The award was presented during the 84th ASAS convention Aug. 8-11 in Pittsburgh, Pa.

The award is presented each year to a member of the society for distinguished service to animal agriculture. Ritchie was cited for his leadership in beef cattle genetic improvement, efficiency of beef production and food safety as it relates to animal agriculture.

Internationally known for his expertise in beef cattle production, he has authored or co-authored 250 technical papers and has been repeatedly invited to make presentations to fellow scientists and beef producers in 27 states, four Canadian provinces, Mexico, Argentina, Australia and New Zealand.

Ritchie is an MSU Cooperative Extension Service beef specialist and is the MSU Department of Animal Science faculty member in charge of research and teaching at the Lake City Experiment Station.



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