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Field Crops Newsletter - March 19, 2001

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In General:

It's very difficult to find something to write about right now that will be of immediate value. Of course, there are lots of agronomic things we all know to be important, but other issues like financing and marketing dwarf them in comparison. In an effort to come up with something you might appreciate I came across an address by our newly appointed Secretary of Agriculture. It's fairly long, so I am only including the first section of her talk; this part addresses some of the issues we are dealing with right now. This was her first official address, given to the Agricultural Outlook Forum.

Remarks by Secretary of Agriculture Ann M. Veneman

Agricultural Outlook Forum

February 22, 2001

Arlington, Virginia

"Thank you for the opportunity to join you here today. It seems only appropriate that I deliver my first public address in my new position at USDA's annual Outlook Conference. Over the years, this meeting has grown in importance not only in the U.S., but also around the world.

It is a tremendous honor to have been chosen by President Bush to serve in his Cabinet. The President has put together a solid and experienced team and we have all pledged to work together to accomplish his objectives. I, too, am working hard to assemble a talented and dedicated team at USDA to help deliver on the priorities the President has outlined as they pertain to agriculture.

We will pursue an aggressive trade policy that includes new trade negotiating authority, a new trade round in the WTO, and completion of the Free Trade Area of the Americas.

We will work with Congress to provide a safety net for farmers that moves toward a more market-based economy.

We will support research and development to find new solutions for issues related to food safety, the environment, biotechnology, energy, and other new uses.

And, we will advance pro-agricultural tax policies and implement common sense regulations that are based on sound science.

These are issues important not only to farmers, but also to the entire food chain. As we advance farm policy in the 21st century, it is important, more than ever, to bring new approaches and new thinking to the U.S. food system.

When I left USDA in early 1993, many of the issues we see today were either just emerging - or were not even on the radar screen.

We entered NAFTA, and in doing so became the largest free trade area in the world.

We are now members of the WTO and have adopted the unprecedented reforms of the Uruguay Round.

The 1996 Farm Bill has altered the terms of debate over farm programs.

The use and impact of new information technology and biotechnology are transforming many sectors, including agriculture.

Food safety and BSE (*Bovine spongiform encephalopathy*, or "mad cow disease") are on most consumers' minds in ways that were not talked about just a few years ago.

Consolidation and mergers in the food sector are forcing new strategies for operations and production in all sectors of the food chain.

Rising energy prices - and the need for a national energy policy - is a new farm financial concern. And there is growing viability of agricultural products as a source of energy.

In the face of such a list of issues, it is important that we examine the larger context in which agriculture is operating.

The U.S. Farm Economy Today

The U.S. farm economy today reveals a story of optimism tempered by on-going weaknesses. The global economy is recovering since the 1998-99 slowdown, and that is having some positive effects.

USDA has just released the export forecast for fiscal year 2001. It shows that agricultural exports are holding at \$53 billion, up from a low of \$49 billion two years ago, but still much below the 1996 peak of \$60 billion.

There are also some encouraging signs in global commodity markets. After record-high crop production in the late 1990's, world supplies are coming into better balance with demand. World grain stocks are coming down, which should help strengthen prices. And, livestock prices were much improved in 2000, aided by strong demand and slowing production.

But other factors will continue to strain some parts of the farm economy. Rising prices for fuel, electricity, natural gas and fertilizer are increasing farm production costs at a time when many commodity prices remain weak.

The dollar remains strong by historical standards, which helps keep inflation at bay here, but reduces the competitiveness of U.S. exports. And world commodity trade remains sluggish, despite improvements in many countries' economies.

In the face of current market weakness, it is important that we here in Washington work together to address the issues important to farmers and ranchers.

However, the longer-term success of agriculture is going to require a recognition of how commodity and food markets are changing and a strategy for seizing new opportunities that are arising from those changes.

Today, agriculture operates in a global, high-tech, consumer-driven environment. The world economy is characterized by the instant flow of capital, communications, and information.

Interest rates and exchange rates fluctuate in response to global capital flows and affect a company's bottom line, regardless of whether it operates internationally.

Internet communication is creating access to new information in ways that were unimaginable only a few years ago. And, changing consumer demands are challenging existing marketing institutions and the traditional ways of doing business.

A global food system has emerged which encompasses everything from production to processing to consumption. Increasingly, companies are finding that the best way to plug into the global food system is to form strategic partnerships that increase the ability to source, distribute and transport products.

Globalization of eating habits, although not without its detractors, continues apace as U.S. fast food trends continue to grow. The ever-demanding consumers drive the market today. They want simplified, tailored solutions that bring convenience and help improve their lives.

Companies and retailers require specific and consistent product characteristics, assured supplies, and timely delivery. Retailers are increasingly contracting directly with producers to meet consumer desires and reduce marketing costs.

Technology is also changing production and marketing of food and fiber. Improvements in transportation, storage and food technology mean more fresh food can be moved further and faster at lower costs. Information technology is being used to generate new efficiencies throughout the food chain.

The potential of biotechnology, will drive changes in the food system through products that make farmers more productive and consumers more healthy and satisfied. And technology is providing farmers new tools to reduce costs and adopt practices that solve environmental problems."

There was a lot more to her address, but this seems to be the part most important for the production side of our industry. The remainder was more in line with the consumer side of the story. Much of our fate lies in the hands of this lady from California.

Secretary Veneman is an attorney from Sacramento, CA. She has worked with USDA before from 1986 to 1993, reaching the No. 2 position of Deputy Secretary. She also worked with the California Department of Food and Agriculture from 1995 to 1999.

President Bush commented on Secretary Veneman, "I told many of the folks involved in the agricultural community...that I would name a secretary of agriculture who understood...that agriculture not only is an incredibly important part of our economy, agriculture is an important part of our international policy as well...And I found the right person who shares that policy."

Secretary Veneman commented on agriculture: "Our farmers feed and clothe not only the people in this country but people around the world. And it's important that we work together to expand markets for our food and fiber both at home and abroad."

The words of any person in politics must be viewed in the light of the reality that many other people and opinions come to bear on the implementation of policies and laws. There is no doubt that Secretary Veneman has taken the reins at USDA at a very critical juncture for American Agriculture. Our backs are so close to the "wall" that we will need a virtual miracle to turn things around toward a brighter future. We must hope and pray that we are in good hands.

Other Things:

With recent heavy rains the application of burndown herbicides has been seriously delayed. For corn, these application should have been made about three weeks ago. A few of you have braved the elements and gotten some of this work done, however others are just now seeing a chance to go.

Because of the delay, many of you will be switching to faster acting Gramoxone. This herbicide does a great job of drying up vegetation IF coverage is good, however when coverage is less than ideal a topical kill will likely result. We all know of the importance of surfactants with this herbicide, but there is another way to get a little more "punch" from it. Since this herbicide is light-activated it starts killing surface plant cells almost immediately without being able to actually enter the plant tissue very well. Some have found that in situations where vegetation is especially lush a late-afternoon application may be best since the product will then have the entire night to penetrate the tissue; then when the sun reemerges it goes to work to kill cells deeper within the plant. As with all time-of-day factors, we know that all the applications that need to be done cannot be done during the narrow window of time, but you may consider using this technique on especially lush winter growth situations.

I will end this letter here, knowing that many things could have been discussed, but the question for many right now is just how to go about starting the crop under the present financial conditions. The only thing I can say is that some way these issues will be resolved; how that will occur is another deal entirely.

Next month I hope to be concentrating on issues that deal with a crop in the field, growing toward a new harvest, but a lot of water may flow under the bridge before then. Patience is a great virtue, but it's difficult to separate patience from just plain idleness. Sometimes we need to be more turtle than hare. Pray for our survival and it will happen.

Sincerely,

Ernest H. Flint, Ph.D.
Area Agent/Agriculture