

PUTTING THE MARKET BEFORE THE SOURCE

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One of the more curious features of U.S. agricultural policy is how steadfastly it has held its ancient course despite squalls of criticism from policy experts and countervailing currents of economic reality. For 50 years U.S. policy has aimed primarily at controlling production rather than at finding markets. Now more and more people are concluding this course is wrong, and are urging legislators to take a new tack.

At a symposium on world agricultural trade held last June in Fargo, agricultural experts agreed that U.S. farmers badly need world markets. To get those markets, they said, the U.S. needs a farm bill that will

emphasize finding markets abroad rather than controlling production at home. Former Secretary of Agriculture Earl Butz pointed out that a government grain bin is not a market, and Leo Mayer, associate administrator of the Foreign Agricultural Service, said legislators must now decide whether we will continue to spend money as we have spent it for the past 50 years, or whether we will shift our agricultural spending to recognize that exports are critical.

Traditionally, North Dakota State University and other land-grant universities have—like the USDA—emphasized agricultural production rather than



A program on northern-grown crops is presented to one of the numerous trade team and short course groups that visit the Northern Crops Institute each year.

agricultural marketing. Most still do. But in the past several years NDSU has placed new emphasis on research and education aimed at expanding both domestic and foreign markets for North Dakota crops. Combining research in several departments with the activities of the Northern Crops Institute, the new emphasis takes three forms: research on markets, research to find new uses for North Dakota products and educational campaigns to inform prospective buyers about North Dakota crops.

A number of market research studies by NDSU's department of agricultural economics have been carried out to determine the feasibility of building successful agricultural processing plants in the state. Such studies have been done on flax straw processing plants, sunflower processing plants, pasta processing plants and malt plants, among others. Partly as a result of these studies, 35 new agribusinesses have come to North Dakota, bringing with them new capital, new jobs and new markets for North Dakota farm products. The ag economics department soon will begin investigating the feasibility of processing and marketing dry edible beans in the state.

Research to find new uses for North Dakota crops is being done by both the department of food and nutrition and the department of cereal chemistry and technology. Food and nutrition researchers are looking at ways to use hulls of certain sunflower varieties to make food dyes, so that farmers can sell not only the seeds for oil, but the hulls for food coloring. Also, food and nutrition research is about to begin on the advantages of using safflower oil in making muffins, pastry, cakes made with commercial mix and cookies.

Researchers in the cereal chemistry department are seeking to expand foreign markets through product improvement. Dr. Joel Dick, for instance, is doing research on how to create a better wet noodle of the kind commonly eaten in Southeast Asia. He is working with North Dakota hard red spring wheat, hard red winter wheat, and other classes of U.S. wheat, rather than the Australian wheat which customarily is used to make these wet noodles. By changing both the formulation of the noodle and the method by which it is made, Dick hopes to eliminate certain health hazards in the present product and to create a bigger market for the noodle by improving its overall quality. He also hopes his efforts will lead noodle makers in Southeast Asia to purchase a larger share of their wheat from North Dakota growers.

Dr. Bert D'Appolonia, also of the cereal chemistry department, does technical testing to promote the use of North Dakota products. In 1983 he consulted with Venezuelan millers and bakers about their complaints concerning hard red spring wheat which had been shipped to them for baking French bread, and he has conducted wheat tests to help resolve complaints of two flour mills in El Salvador.

Not all D'Appolonia's time is spent mending fences. He's done wheat testing for Warburton's Bakery in



Noodles are made in a laboratory of NDSU's cereal chemistry department as part of a project to expand North Dakota wheat markets in Southeast Asia by helping Asian noodle makers improve their product.

Bolton, England, for instance. As a result, Warburton's now uses a percentage of hard red spring wheat in the grist for its bread products.

Some people claim North Dakota is a far piece from just about anywhere. They have a point. Lying at dead center of the North American continent, North Dakota is further inland than any other state. As a result, North Dakotans are at a disadvantage when selling products overseas. NDSU's transportation institute attempts to minimize this disadvantage by researching the transportation aspects of marketing. The institute also works directly to expand foreign markets for North Dakota farmers: its is developing a brochure to inform importers of transportation rates from North Dakota to export locations, and future studies will be geared to familiarize trade teams with the U.S. domestic transportation system and how this system affects the prices of commodities.

Perhaps NDSU's most intensive efforts to expand foreign and domestic markets are being made in cooperation with the Northern Crops Institute. The

NCI was founded on campus in 1981 and is dedicated to the principle that people buy more of a good product if they have detailed technical information concerning it. The NCI provides such information to potential buyers of northern-grown crops in three ways. First, it offers short course programs to foreign and U.S. food industry officials and government representatives. It also offers programs about specific crops to foreign trade teams, and it plays host to individuals interested in northern-grown crops.

Since May of this year the NCI has conducted seven short courses, among them courses in grain procurement management for importers, pasta processing technology, barley malt and beer evaluation, and flour mill management. More than 100 visitors from all over the world attended these courses at an estimated total cost to their sponsors of more than \$450,000.

In addition, since May 1983 more than 25 trade delegations have visited the NCI. One was a Japanese barley team brought in by the U.S. Feed Grains Council and the National Barley Growers Association. Japan, which traditionally has bought most of its feed grain from Canada and Australia, has been under the impression that the United States is not particularly interested in exporting feed grains. The trade team learned this is not so. Team members visited Burlington-Northern officials in Minnesota and North Dakota to discuss freight rates, visited barley growers and livestock feeding operations, and at the NCI were given a presentation on the merits of using barley in feed operations. The NCI also presented the team a program on barley production, supply, demand, price and quality evaluation.

Because of what the team learned, Japan purchased almost two million bushels of barley from this region.

The NCI works in cooperation with a number of other groups geared for expanding markets for farmers.

"We are one cog in the huge wheel of market development and trade service organizations," says Dr. Brendan Donnelly, director of the NCI.

"We are unique in that we have a facility to provide educational and technical service programs to inform existing and potential customers about our commodities, and ultimately to increase the sales of those commodities."

Trade visitors and short course participants are frequently referred to the NCI by the Foreign Agricultural Service, the Office of International Cooperation and Development, and U.S. Wheat Associates. U.S. Wheat Associates has 13 regional offices set up around the world to find and develop markets for U.S. wheat, and its work is supported by 14 state wheat commissions.

The NCI is also supported by state wheat commissions—those of North Dakota, South Dakota, Minnesota and Montana. In addition, the NCI receives funding from the state of North Dakota through general fund appropriations, and from the North Dakota Barley Council.

The NCI also receives support from North Dakota State University. NDSU provides faculty as guest lecturers for NCI programs.

"North Dakota State University remains committed to improving crop production," says Dr. Roald Lund, dean of the College of Agriculture, "but we are equally committed to helping farmers find new markets for their crops—and to this end we support the educational efforts of the NCI as well as market-oriented research in a number of our departments.

"All of us in the agricultural community have become more aware in recent years that raising a crop is only half the battle."