

**THE
MACARONI
JOURNAL**

**Volume 66
No. 4**

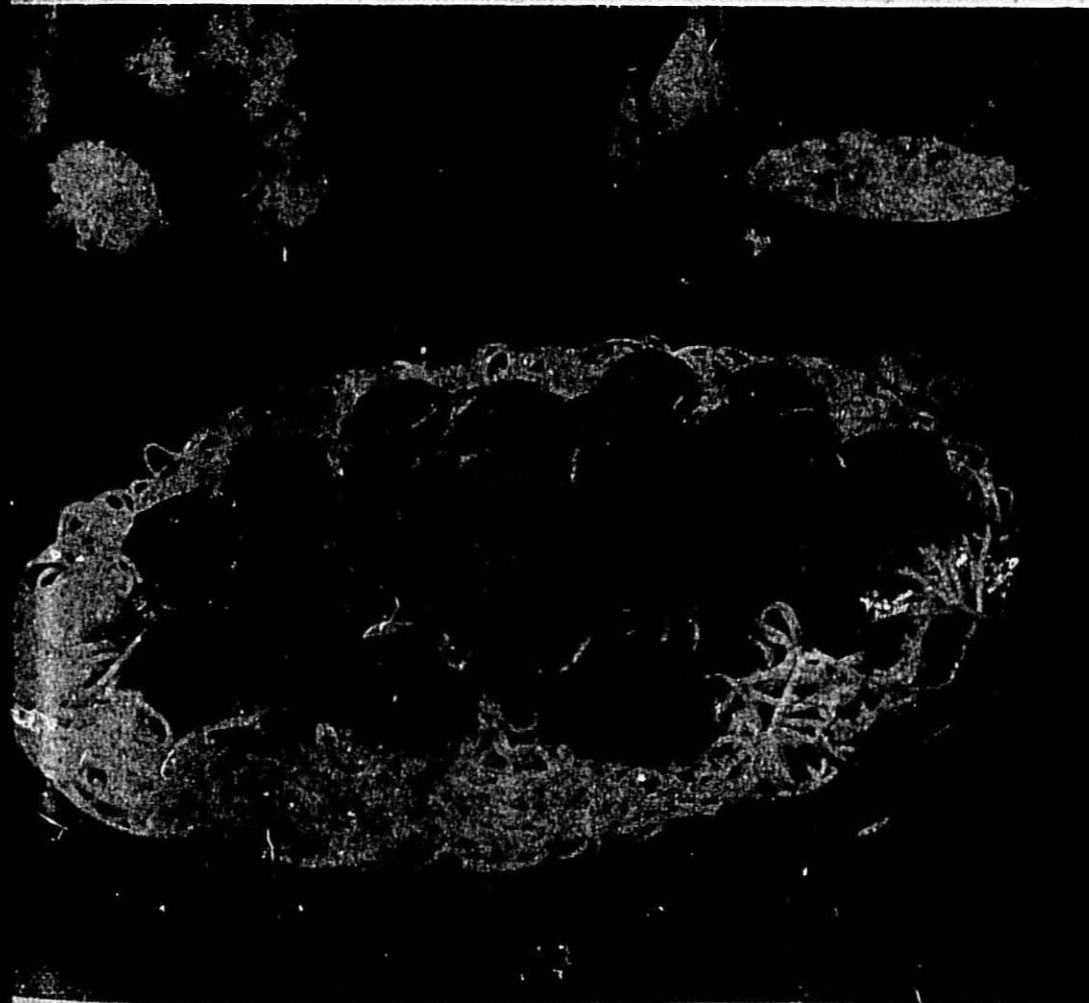
August, 1984

Macaroni Journal

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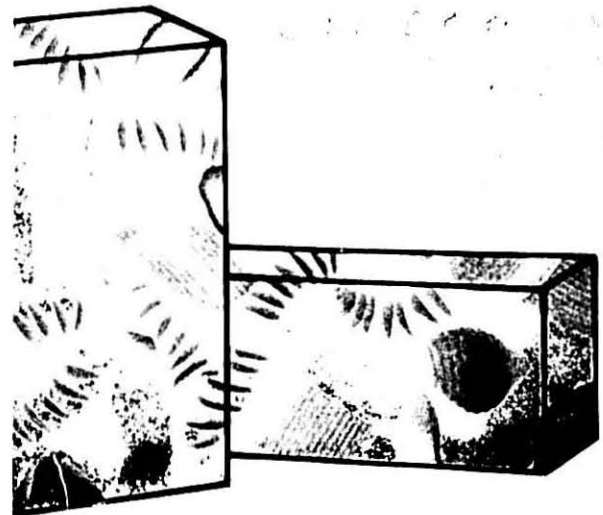
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AUGUST, 1984



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The

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AUGUST 1984

In This Issue:

	Page
Eighty Years of Association History	4
Europe, Revisited III	6
A Perspective on the Future Pasta Industry	14
The Future of World Grain Trade	19
Wheat Outlook: Domestic Outlook	26-28
Progress Report: Diet and Breeding Program	33
Index to Advertisers	47

RECIPE FOR AUTUMN SALES

As cooler fall days set in and sales begin to falter, autumn can pick up sales in many categories of retail goods. Merchandising opportunities are available to them.

With a little creativity, a retail planning and merchandising effort can generate sales in many categories in the time of year. Buying patterns change as families get back to traditional meal patterns, children return to school, and entertaining comes in dozens of guises around athletic events. Harvest time conjures up sumptuous produce panoramas and shoppers' needs turn to home canning and baking. Fall cleaning and winterizing one's house, one's car and one's self become priorities.

The merchandising period from Labor Day to Thanksgiving offers everything from Labor Day cookouts and football tailgate parties to Octoberfest and Halloween festivities.

The clever retailer can spice up his sales recipe by capitalizing on the season's various holidays and themes. One vital ingredient for boosting sales has been the use of creative merchandising tools such as special displays that capture shoppers' attention.

The average supermarket shopper spends 24 minutes in the store, ac-

cording to a Point of Purchase Advertising Institute (POPAI) survey. The retailer who adds a touch of excitement and a pinch of the unexpected boosts sales an average 91.47 for each extra minute he prompts the customer to stay in the store. This is offered as a rule of thumb by a POPAI spokesman.

Attractive window displays, which serve as an impulse draw, also remind the customer that an item is needed and that buying at the supermarket can save shop later, can accomplish that.

Manufacturers and retailers should plan at least one week ahead for their advertising and point-of-purchase displays. Many manufacturers prefer displays to insure that the quantity of items is correct, the display holds up in the store, and consumers respond favorably. Most of these themes and displays are built around national advertising on television and in magazines, and give special emphasis to featured items with coupon support.

POPAI said that when advertising is complemented and reinforced with point-of-sale materials, sales have increased tremendously, and in some cases sales of those items have increased 700%.



Macaroni making in the United States began in a very small way after the Civil War.

With the arrival of many Europeans in the latter part of the nineteenth century, the demand for the food, which had long been a favorite in Europe and especially in Italy, greatly increased and American macaroni manufacturing plants grew in number and size to supply this increased demand.

At the opening of the twentieth century, a score or more of the progressive manufacturers almost spontaneously realized the fact that their trade had made sufficient advances to warrant the organization of some sort of a national body to look after the more general affairs that individuals found impractical or impossible to do.

In 1903, there was launched a well-edited magazine by a Cleveland manufacturer as a private organ. It soon became recognized as the spokesman of the new and growing trade. Through its columns, it solidified the growing sentiment in favor of an Association of manufacturers in an industry that then boasted of nearly one hundred small, widely separated plants.

First National Meeting

Early in 1904, a call went out for the first national meeting of macaroni manufacturers in the United States and in answer to this call representatives of some twenty firms met in Lincoln Hotel, Pittsburgh. There, on April 19, 1904 was formed the first national organization of the industry bearing the lengthy name of The National Association of Macaroni and Noodle Manufacturers of America.

Mt. John A. S. Piccardo Pittsburgh, Pennsylvania, was selected as temporary chairman and Mr. E. C. Forbes, editor of the Macaroni and Noodle Manufacturers Journal, acted as temporary secretary.

Eighty Years of Association History

On the following day, a constitution and set of by-laws were adopted. Officers were elected and a general program of trade improvement approved. The oldest firm in point of continuous existence was A. Zerega's Sons, Inc. of Brooklyn, New York. It was established in 1848. This firm supplied the first president in the person of Thomas H. Toomey. E. C. Forbes was elected as Secretary. Fred Becker was elected Treasurer of the Association, a post he held for twenty-five years.

Twenty-one members enrolled at the first convention as charter members. They were joined by eleven more firms during the first year plus four allied trade firms who joined as Associates. Dues were \$5 and convention registration \$10.

The Macaroni and Noodle Manufacturers Journal was voted the official publication of the new Association. "Cooperative Competition" was the keynote of the meeting. At first gathering acquaintances were formed that later ripened into lasting friendships from which sprang confidence and understanding.

In the early years there were two distinct groups: firms that sold consumer size packages and those that sold in bulk - 20 and 22 pound boxes.

The industry went on record at the 1908 convention as opposed to the use of artificial coloring in egg noodle products.

The durum millers became interested in participating at the 1910 convention. During World War I the government ran a "Save Wheat" campaign to aid in conserving food to feed the troops. The Association pledged full cooperation and manufacturers went unanimously on record in favor of restriction of output to 70% of their pre-war capacity rather than to use substitutes.

Full-Time Executive

In 1919 the Association hired its first full time executive in M. J. Donna as Association Secretary and Editor of the Macaroni Journal.

The organization's name was shortened to the National Macaroni Manufacturers Association.

In 1920 Benjamin R. Jacobs, former official of the U.S. Bureau of Chemistry, established a laboratory in Washington, D.C. to test for artificial color-

ing, mislabeling and other unfair trade practices.

Under the administration of President Henry Mueller the Association moved to get tariffs increased, conducted a "Eat More Wheat" campaign and got the government to outlaw artificial coloring in macaroni products and to use the term "macaroni products" rather than "alimentary pastes."

During the administration of Frank J. Tharinger 1928-29 the Association inaugurated a publicity campaign for which nearly \$3,000,000 were pledged and over \$1,500,000 expended during the years 1930 and 31 before the bulk producers withdrew their support and the program blew up.

Also at this time the Association adopted a uniform cost and accounting system so manufacturers would know their costs.

During the administration of Glenn G. Hoskins the National Recovery Administration was established to help the country get out of the depression. Mr. Hoskins was named as Code Administrator for the industry.

Keeping the doors open and managing to stay in business was the prime activity of the Thirties when all business establishments were wrestling with the problems of The Depression. The industry became highly organized under the regional divisions of the National Recovery Act, and cooperative efforts got a strong shot in the arm during this period.

National Macaroni Institute

During the thirties Mr. Donna passed the hat and conducted a modest publicity campaign for macaroni noodle products under the name of the National Macaroni Institute.

The early 1940's were the World War II years when the food industry was upset by shortages and regulations such as the War Food Administration, Office of Price Regulation, War Manpower Commission, etc., etc. Meat and many canned goods were rationed, but fortunately for macaroni it was not, so its popularity as a meat substitute soared.

Following World War II, the feeding of European civilians deprived of pasta production from bombed-out plants during the war produced the lush export market. This was abruptly cut off with the establishment of the

Marshall Plan in mid-1948.

However, the exposure of millions of G.I.'s to Continental cuisine helped the popularity of things Italian including pizza and macaroni products.

In 1948 when the National Macaroni Institute was incorporated as a separate organization, Robert M. Green, who had been trained in the firm of Glenn G. Hoskins Company, macaroni industry consultants, was brought in to manage the program.

Soon thereafter, he took over the secretarial duties of the Association, relieving Mr. Donna, in an expanding organization program. Finally, with Mr. Donna's retirement as editor of the Macaroni Journal in June, 1953, he assumed this responsibility as well. Theodore R. Sills was retained to handle industry publicity.

Durum Shortage

During the Fifties, product promotion through the National Macaroni Institute resuscitated with accumulating results and benefits. But then came the problems of 15-B rust attacking the previously disease-resistant durum supply and the reversing the upward trend of macaroni consumption.

Crash efforts by cereal technologists, plant breeders, aided by industry and Government, developed new strains of wheat that licked the rust problem after three years; but in the course of that time, many farmers abandoned durum for safer crops, such as spring wheat, barley and flax.

Even until 1961 there were problems of shortages of the main type of wheat used for macaroni products. In October of that year, the ill-fated meeting called to determine how short the crop was and why the Government's carryover figures were unchanged after a year's time, led to the Federal Trade Commission charge that the gathering was a conspiracy to fix prices of durum wheat.

At that time durum growers organized themselves into a U.S. Durum Growers Association and worked for the establishment of the North Dakota State Wheat Commission which joined other state wheat commissions to form the Great Plains Wheat, Inc., to promote export trade. Today, exports take more of the durum crop than the domestic market.

Trend to Bigness

The Soaring Sixties saw a resurgence of macaroni popularity favored

by many related food item advertisers in combination promotions. Industry units got larger all the way from the macaroni manufacturer to the supermarket operator. This was so in the milling industry as well, and as the number of durum millers declined, the most dramatic announcement came in 1965 when General Mills went out of the durum milling business, announcing that it would put more attention on consumer products. Their success in the casserole field with combination dinners was a marked success.

The Hoskins Company, industrial, conducted a series of plant operations forums from 1949 to 1963. At the 1961 meeting, Charles M. Hoskins pointed to the principal trends of the coming decade:

- (1) The trend toward larger companies and fewer of them.
- (2) The trend toward more science and less art in the food industry.
- (3) The trend toward convenience foods.
- (4) The great interest of larger food companies in the extrusion and drying processes as a means of producing and preserving foods.

Standards Attacked

As a consequence of the 1969 White House Conference on Food, General Foods came out with a corn meal-soy product called Golden Elbow. This was challenged as an assault on the industry's Standards of Identity and it failed in the market-place.

The second assault came in the form of Oriental noodles which are not noodles at all if the Standards are observed. They have no egg content and they are deep-fat fried. They are sold as "instant soup," "instant noodles," or "Suddenly Spaghetti." Neither soup nor pasta, they do not want to be Oriental but their convenience definitely appeals to a segment of the market.

In 1973 there was a consumer boycott of meat in the Spring, protesting high prices. Pasta sales flourished. Then came price controls and durum wheat in the Minneapolis market went from \$1.90 per bushel to \$9 in six weeks. There weren't many sales at \$9 but it was in the \$7-\$8 range when the dust settled.

Inflation became the prime national problem and this in turn made it simpler to buy an existing market share than to start from scratch. Acquisi-

tions and mergers made news. In 1980 the floodgates of subsidized Italian imports opened creating severe marketing problems.

Move to Washington

In 1982 the Association adopted a strategic plan, changed its name to: National Pasta Association, hired Joseph M. Lichenberg as president and chief executive officer, with headquarters in the Washington, D.C. area. He will take over the Macaroni Journal at the end of 1984.

Free Pasta Promotion

Kraft, Inc., Campbell Soup Company and "21" Brands, Inc. are sponsoring a September promotion.

A "Free Pasta" coupon good for 1-lb. package of any dry pasta product will be mailed to consumers. Consumers will be required to send purchase proofs from Prego Spaghetti Sauce and Kraft Parmesan Cheese or Folanari Wine where acceptable.

One million of these coupons will offer 25¢ off Prego Spaghetti Sauce and 15¢ off Kraft 100% Grated Parmesan Cheese.

Folanari Wine is offering over 50,000,000 forms for a professional chef's apron.

Customize-able display poster and merchandising materials are available. Prego and Kraft are both offering merchandising allowances.

Advertising with 50,000,000 circulation will appear in Sunday supplements Sunday, September 16, 1984. This will be a double page spread offering Free Pasta, cents-off coupons and the Folanari Wine Professional Chef's apron offer.

National Pasta Week is scheduled for October 7-13. Columbus Day is October 12.

The standards of quality for macaroni, spaghetti and noodles.

1. They hold their original shape when cooked.
2. They are tender yet firm, when cooked, not mushy or sticky.
3. They have a rich, amber color, not pasty white or gray.
4. Individual strands and pieces do not stick together.

EUROPE REVISITED III

Nothing is stronger than a good idea. The life story of Balthasar Stephan Birkel is proof of this.

On February 17, 1874, he went into business in the Swabian town of Schorndorf as a dealer in flour and general merchandise, however soon began manufacturing homemade-style noodles. In the early years of its beginning, the company's daily production reached approximately 20 pounds.

In 1906, Balthasar Stephan Birkel took his sons Fritz, Carl and Oscar into the business. Since then, the company's official name has been Schwaben-Nudel-Werke B. Birkel Sohne (Swabian Noodle Works, B. Birkel and Sons). In 1909, noodle manufacturing operations were moved from Schorndorf to Endersbach in the Rems Valley, where the Birkel Group's main plant is still located today.

Stations along the path to becoming Germany's largest manufacturer of pasta were the opening of additional Birkel egg-noodle factories in Germany. In 1936, the Eierteigwarenfabrik Theodor & Oscar L. Birkel was founded in Buxtehude, near Hamburg. This plant supplied the North German market as well as northern European and overseas countries with Birkel pastas.

The Birkel plant in Schwelm was founded in 1946. In 1962, this plant was expanded into a modern production facility, which supplies the entire West German pasta market.

In 1954, the Birkel Group took over the trade mark rights for pasta from J. F. Schule in Pluderhausen, Germany. The Schule brand is manufactured and distributed through Birkel's main plant in Endersbach.

In 1974 the Birkel Group of legally independent companies celebrated its Centennial Anniversary. Today they have grown to be one of the largest pasta producers in Europe.

Frieder Birkel

Frieder Birkel is the manager of the main plant at Endersbach, near Stuttgart. He went into military service in World War II at the age of 18. He was released after spending considerable time in a Russian prison camp at the age of 23. His father advised him to go to Sicily for six months to learn how to make pasta. And then he suggested he go to the United States



Bob and Fran Green lunch with Frieder Birkel

to learn marketing. He spent a year with the C. F. Mueller Company in Jersey City and saved enough money to buy a used car and toured the United States before returning home.

He has maintained contact with the Association and its members since that time. At the fiftieth anniversary of the Association in 1954 he and his cousins Theodore and Oscar were on the convention program to give a report on conditions of the pasta industry in Germany.

Frieder has two sons, age 21 and 16. Asked if the boys would come into the family business he answered: Only if they qualify first, they must be educated; and they must want to enter the business.




The company is presently erecting a large facility for development and research. Mr. Birkel believes that with pasta sales relatively flat future growth must come from new products.

Drei Glocken

Dr. Sigmund Rihm met us at the train identifying himself with a bag of noodles held overhead.

We had delightful accommodations in a little village inn in the market place of Weinheim. The name means "home of wine" and there are vineyards everywhere.

Weinheim is located in the hill country across the plains of Mannheim. There are picturesque castles on several of the hill-tops.



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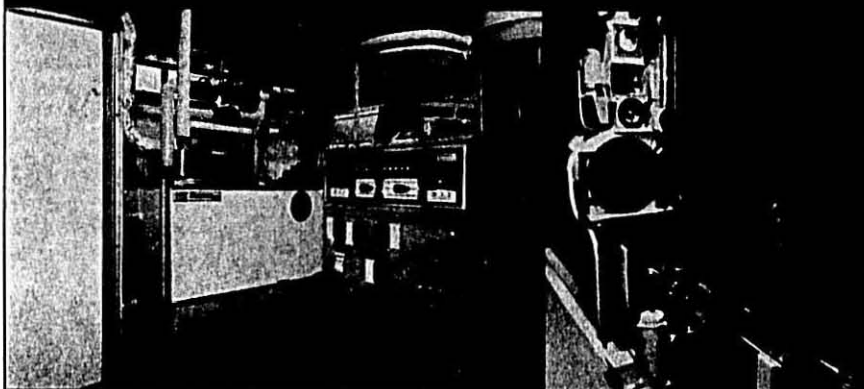
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BETTER PASTA QUALITY:

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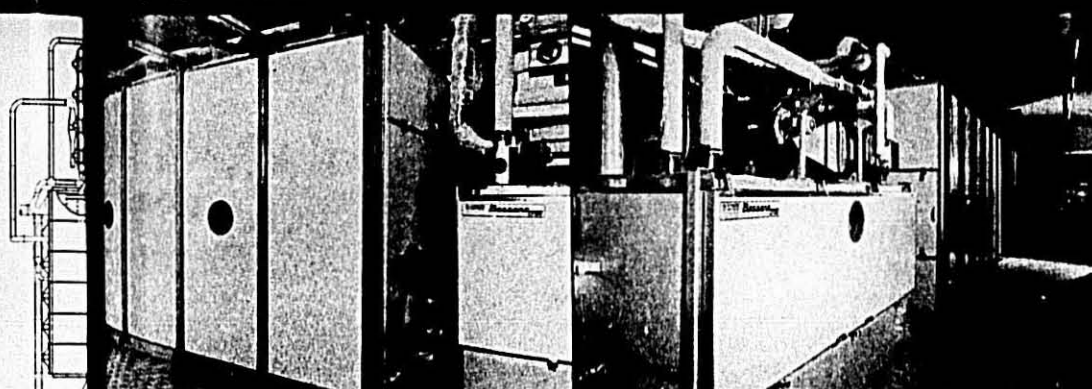
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- less space needed (our production lines with equal production capacity are more compact),
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PASTA DRYING AT TEMPERATURES UP TO 266° F



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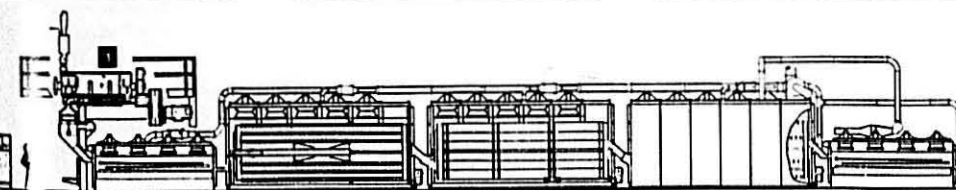
V.H.T. BASSANO ROTAX
 The panels have inside insulation and metallic covers.
 The Rotax are totally of metallic construction and pre-assembled in our plant on block frames, reducing set up time

2

The V.H.T. BASSANO TRABATTO
 • Easy frame construction allowing total access to the elements located inside the frame.
 • Frame and blade suspension are entirely fitted in metallic construction.
 • V.H.T. metallic panels are suspended for easy and rapid opening.
 • Two speed motor with external location.

4

V.H.T. drying is obtained by optimization of the ventilating and hydrothermic circuits. The heating is controlled by an electronic regulator, the air extraction and steam injection allow us to maintain optimum climatic conditions.



1

BASSANO PRESS constructed with:
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 These presses are pre-assembled in our plant on a aesthetic and rigid frame.

BASSANO

Offers a comprehensive line of equipment and machinery with all the following assets:
 • efficiency, low cost,
 • simple and resistant design,
 • easy cleaning and maintenance.

Europe Revisited

(Continued from page 6)

The Rihm's company Drei Glocken - which means three bells - has contributed to the beauty of the community. To celebrate their Centennial they gave flowering almond trees to anyone who purchased their noodles. Some 4,500 were distributed. The town was full of beautiful flowering trees in April when we were there.

Drei Glocken was founded by Wilhelm Hensel, father of Marianne Rihm, chief executive officer of the company. She took over at the age of 20 when her father went off to World War II and never returned.

Sigmund and Marianne Rihm have one son: Michael age 25. Their attitude is similar to Mr. Birkel's - namely, that if the boy is qualified and wants to come into the business he will be given the opportunity, but it will not be automatic.

The company prides itself on the quality of pasta it produces. Originally one bell represented top quality. Then it was improved to two bells. Now three bells represents three grades with the three bells top grade.

Advertising is characterized by rag doll with red hair.

Buhler Brothers Ltd.

Buhler Brothers Ltd., Engineering Works, Uzvil, Switzerland, has its origins dating back to 1860 when Adolf Buhler started operating an iron foundry with three workers. In 1901 the name was changed to "Buhler Brothers," as a partnership. In 1967 it took the status of a corporation.

The Buhler organization comprises twelve affiliated companies (part of which operate their own manufacturing plants) in foreign countries, namely: Paris (founded 1891), Milan (1896), Madrid (1917), Brussels (1919), Malmo (1921), London (1926), Buenos Aires (1928), Konstanz (1948 but in Germany already since 1920), Toronto (1952), San Paulo (1953), Minneapolis (1957) and Mexico City (1960). In addition, Buhler is represented by 75 other firms with specialists from Uzvil delegated permanently or temporarily. 1,700 persons are employed in Buhler's sales and service organization abroad.

Buhler has some 3,100 employees in Switzerland.

The company makes its contribution on a commercial basis through their



Dr. and Mrs. Rihm with Bob Green

technical know-how and experience in construction of storage, conveying and handling plants for any kind of grains, grain mills, food manufacturing plants, oil mills, cocoa processing plants, feed mills and garbage processing plants.

Joseph Manser is manager of the Macaroni Division. His colleague Werner Dintheer met us in St. Gallen and brought to the hotel in Uzvil. We had dinner with Mr. and Mrs. Manser and Mr. and Mrs. Dintheer and spent a pleasant evening at the Manser home.

Next day at the main office we saw three interesting movies: one on Switzerland, the second on Buhler's far-flung activities; and the third on their pasta manufacturing equipment. All were interesting and well done.

Crisis in Italian Milling

The Italian milling industry is in deep crisis. This is the conclusion of a report sent by Italmopa, the Italian association of industrial millers and pasta makers, at the end of 1983 to the Italian ministry of labor and social security.



Joe Manser with the Greens

According to the report, there are 181 milling companies employing 3,500 workers. Milling throughput declined in both 1982 and 1983. Although actual production figures are not given, trend figures from Istat (the national statistical institute) suggest that output in the first half of 1983 was running at 14% to 15% below its 1982 level, which in turn was 5% to 10% down from the 1981 position. Trends for the second half of 1983 suggest a continued, if less dramatic, contraction.

Slump

The slump took place in both domestic consumption and in exports. The milling sector in any case has for some time suffered a considerable imbalance between production capacity and domestic requirements, which Italmopa blames on the indiscriminate growth of local country mills. It says estimated at 58% in 1980, and dropped to 52% or so in 1983.

Production of pasta has continued to decline, falling by around 4.1% in the first 10 months of 1983. In 1982 it was 1.68 million tonnes. At the same time, consumption of bread, which rose strongly in the 1960's, has also been declining. According to Istat data, it was 92.2 kilograms (203 lbs) per head in the 1968-71 period, dropping to 74.1 kg (163 lbs) in 1981 and 72 kg (159 lbs) in 1982.

Exports have not afforded much relief, either. In the first half of 1983, shipments of regular flour dropped by 30%, compared with the same period in 1982, to 200,000 tonnes and by 38% for fine grades to the same level. In any case, as a net importer of wheat, Italy is not well placed to export flour. The import of third-country flour for re-export in processed form has been impossible under E.E.C. rules since the end of 1982, while wheat shipments from other parts of the E.E.C. is competitive after transport costs are taken into account.

By aiming at market share instead of profitability, millers have compounded their problems in a way which is inevitable when there is so much surplus capacity.

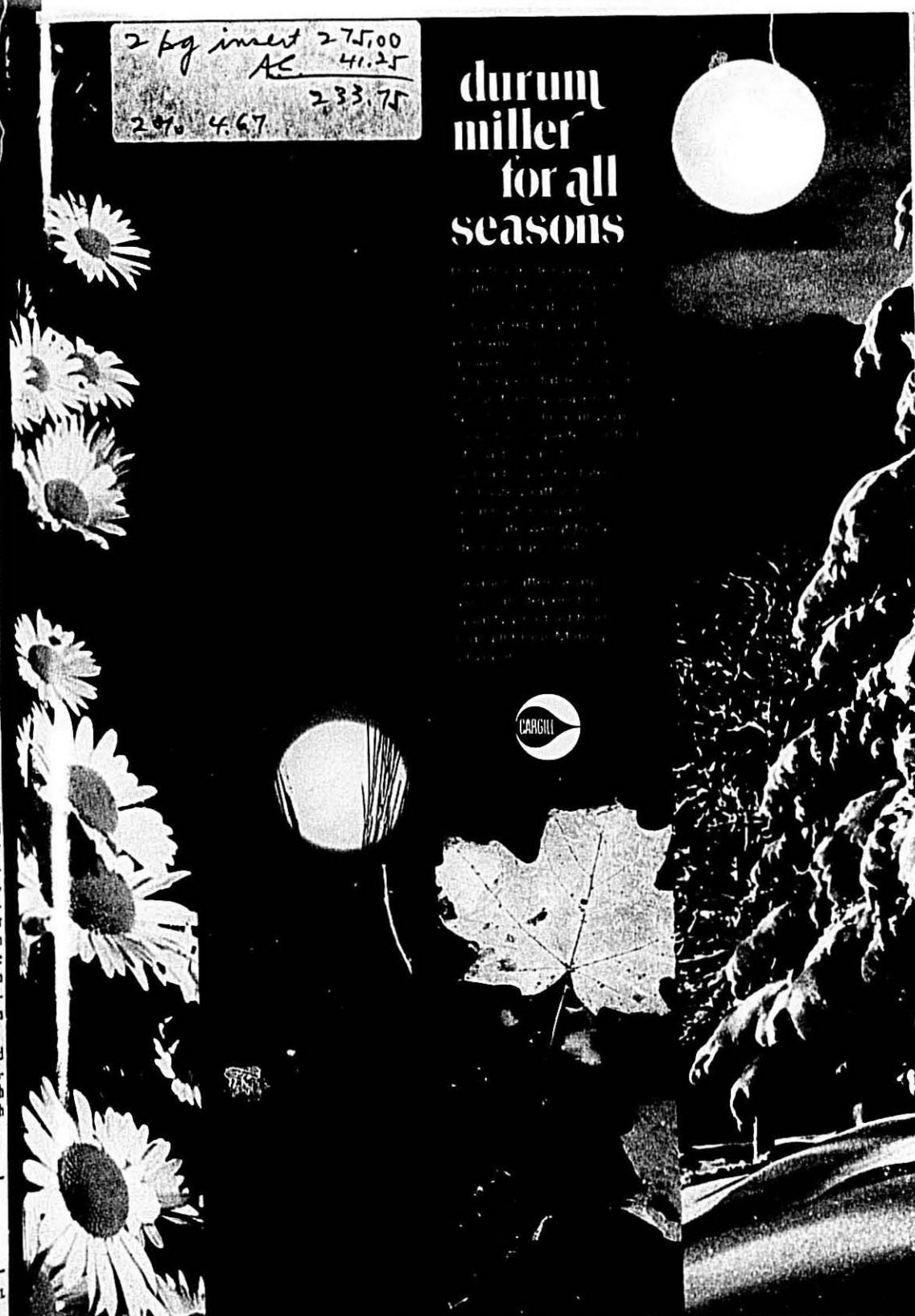
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OCTOBER 4 - 13, 1984

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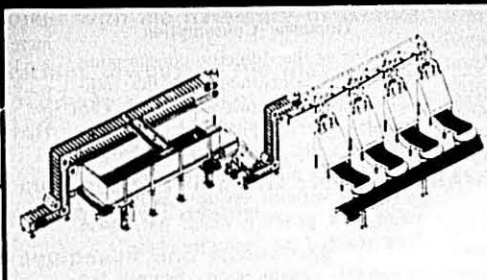
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A PERSPECTIVE ON THE ITALIAN PASTA INDUSTRY

by Dr. Marco Manzini, Commercial Director, Pavan, S.p.A.,
at the NPA Winter Meeting

Good morning Ladies and Gentlemen, I am glad for this opportunity to talk about the Italian pasta industry and its relationship with the international market.

Let me start with some figures regarding the Italian pasta industry, and its structure and organization. According to a recent survey, if we ignore the very small units with a daily production of lower than 1000 kgs, or 2200 pounds, we find, today, in Italy, 236 pasta making factories, employing a total of 12,500 people. There were 503 plants in the early 1970's with 18,000 employees.

Most of these factories or 54% are located in the south of Italy, the durum wheat growing area with more than 70% of the milling capacity.

In terms of daily production, the average output is slightly in excess of 45 tons of finished product but the capacity trend is towards 100 tons.

The number of pasta factories and therefore the number of employees is progressively reducing. Many small enterprises are disappearing, however the number of average sized factories is increasing thanks to government sponsored expansion and the updating of existing factories especially in the south and following earthquake damage.

Small enterprises can survive because of favorable local conditions, possible savings on raw material and labor costs.

The total production potential of these factories (referred to the maximum working capacity of their lines) is estimated today to be in the range of 2.5 million tons per year while, on the other hand the actual yearly output is around 1.7 tons. That means that only 69% of the production potential is exploited.

Production

Dry pasta represents 93.1% of the production, of which 46.6% is short goods, 41.9% is long goods, 4.6% are special shapes like lasagna, nests and coils.

Egg noodles (According to a 1971 law, means 4 eggs or 200 gr, pod ex-

cluded, per kg of semolina) represents 4% of the production. Fresh pasta and ravioli, tortellini etc. share the 2.9% balance.

Companies

The eight largest companies are responsible for almost 40% of the total Italian pasta production. The first four companies' market share is 30%. The leader, with its more than 1200 tons/day, holds a market share of 20% (Incidentally, pasta represents 61% of the total turnover of this company which is also active in milling and baking).

Marketing

On the domestic market, pasta is sold mainly to wholesalers (40%) and retail shops (37%). There are more than 300,000 retail shops. 15% is sold to supermarkets and 8% goes to the institutional market. Supermarkets share is rapidly expanding especially in the north of Italy.

Domestic Consumption

As far as the domestic consumption of pasta is concerned, statistics indicate an average figure of 25.3 kg (56 pounds) per capita per annum—19.5% in the north of Italy, 26.1% in the center and 32.2% in the south. It goes without saying that in Italy pasta is a product which has, since long, reached the "maturity phase":

—total consumption figures are steady (1.4 million tons/year in the last two or three years.)

—the actual consumption of pasta is higher than the a.m. 25 kg if we take into consideration the fresh homemade pasta.

—the technology is (apparently) well established so that, for the moment, we cannot expect to find new diversified products that may enable pasta producers to use their production potential for the domestic market.

We just had a certain increase in the consumption of fresh pasta (15 thousand tons in 1982) that only slightly affects the industry, being produced and sold mainly in small shops.

Now then in conclusion, we have seen that:

—only 60% or 80%, if you prefer, of the production potential of Italian pasta industry is being used.

—no increase in domestic consumption can be expected at present.

The only way to bridge the gap is for the Italian pasta industry to try and increase their pasta exports to the European Economic Community (EEC) and third world countries. Most of the well established Italian pasta brands export to foreign countries form 10 to 25% of their production, thus contributing to a total Italian export of 288,000 tons/year (\$150 million dollars approximately) or 14% of the total production.

Some pasta manufacturers associated to develop export activities of their companies.

During the last years, exports have increased at a rate of approximately 25% per annum because of the steady increase of exports to EEC countries (+12%) and third world countries (+28%). The situation seems to be the following:

—51% of Italian exports of durum wheat pasta go to EEC countries (mainly to France 24% and West Germany).

—USSR counts for 11.4% of Italian exports (1982 only).

—USA for 9.3%

—Japan for 5.1%

—83% of the Italian export of egg noodles go to EEC countries (66% to West Germany and 8.6% to France) and only 7.6% to Austria followed by Sweden 2.3%. USA counts for 0.1% of these exports.

The actual trend is such that exports to EEC countries are not expected to improve in the future while the outlook is very good (or very bad depending on your point of view) for third world countries, USA and Japan.

Outlook for the International Pasta Market?

In Italy, we cannot expect any increase in consumption of pasta. The

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Italian Pasta Industry

(Continued from page 14)

new image of pasta, the success of the mediterranean diet, and the popularity of Italian cuisine all over the world has increased demand especially for in US market. American lifestyles and eating habits have a remarkable influence on the lifestyles and eating habits, especially on young people, in other countries.

Conclusion

So in general, we many expect an overall increase of the demand for pasta in the world. But apart from the possible imposition of duties or other import restrictions aimed to protecting local manufacturers, traditional export markets for exporting countries may eventually shrink because of the development of a local pasta industry in many countries.

Let us consider, for example, eastern European countries, the USSR specifically. The USSR depends heavily on imports of pasta from Comecon "sister" countries, like Yugoslavia and Hungary. Italy and Finland also export. I do not refer to the relatively small amounts of quality products imported from Italy, for sales in Beriozka shops, the hard currency shops for diplomats and foreign residents and visitors, but to the huge quantities 40,000 tons from Italy in 1982 imported for the local markets.

Russians do eat pasta when available and they favor long cut bucatini or "makaroni." Incidentally, Russian imports do not seem to have an impact yet on the actual availability of the product on shop shelves.

In 1983, Russian cereal products fell well short of the plan, they have started a production program to bring their one million ton pasta production today to two million tons by 1990. That means they must install 10 to 15 new complete factories in the next four or five years. This program may as well

lag behind the schedule but it reveals a trend.

Northern Europe countries, like Sweden and Finland, are updating and expanding their facilities and opening new plants.

In Africa, Egypt is involved in a big program for the local exploitation of their wheat and rice resources. Contracts for new factories for the private sector and factories for the public sector are being negotiated.

At this time, we believe, the role and concern of the equipment suppliers is to find new lines of development to help exporting countries to keep up with their production needs without struggling with local production (on foreign markets). Until now development targets in machinery design production were basically:

- improving the quality of the finished products
- reducing production cost

And the results achieved played a role in increasing pasta consumption and improving pasta image. Now suppliers are aware that in western countries and soon in other countries as well, housewives have very little inclination to plan big family meals. They demand convenience to store, prepare, serve, but at the same time food that is appealing and enjoyable and good for entertaining at home. In a word, they want what has been called the "ultimate convenience," that is a convenience food that doesn't leave dirty pots, foods that cook in under ten minutes and foods that taste as good as the traditional product, and foods that can be prepared in a series of different ways.

Our goals and equipment manufacturers' goals are

- A) Study the new technologies in designing and manufacturing entirely new lines of new pasta products with higher added value, a higher degree of convenience, capable of expanding

the pasta market, widening the range of products, and allowing manufacturers to utilize their existing facilities and excess production potential, if any.

- B) To make available to the pasta industry worldwide new technologies and lines for better exploitation of low price raw materials other than durum wheat/semolina—i.e. flours and starch, thus making available for export to developing countries and for local production a series of low priced packaged foods. In developing countries, food prices are a major determinant of people's real income, nutritional status and a principal determinant of the real development of these countries and markets.

This outlines the challenge of industry suppliers to make a positive contribution to the balanced development of packaged food and especially pasta products production in the world.

Pasta Production and Consumption

Middle East —	
Daily Production	Capacity
Iraq	30 tons
Jordan	20 tons
Kuwait	10 tons
Lebanon	30 tons
Syria	10 tons
Saudi Arabia	10 tons
	110 tons

Annual capacity 24,200 tons plus 15,000 tons imported equals 39,200 tons per person for 35 million population. Israel produces about 65 tons daily, 14,300 tons annually for a population of 4 kg. for 4 million population. Turkey produces about 50 tons daily, 110,000 tons annually for a population of 2.5 kg. for 44,500,000 population.

French Pasta Testing

Trade in pasta appears to cause problems whether it is between the E.E.C. and the U.S. or just within the E.E.C.

The E.E.C. Commission took France to court last year because of the tests which its inspectors undertook on spaghetti. The commission consid-

(Continued on page 18)

THE MACARONI JOURNAL

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E.E.C. PASTA INDUSTRY IN 1982

No. of Producers	Output (1,000 Tonnes)	Exports (1,000 Tonnes)	Imports		Consumption	
			Total	E.C.C. %	(1,000 Tonnes)	k.g.*
Belgium	3	n.o.	21.5	99	n.o.	n.o.
Luxembourg	20	301.1	21.5	95	340.8	6.3
France	25	207.5	53.8	95	252.2	4.2
Germany	12	78.2	15.9	100	62.4	6.4
Greece	238	1,680.0	288.4	48	1,400.0	25.0
Italy	3	32.0	3.3	90	40.6	2.8
Netherlands	6	23.8	1.2	96	47.3	0.9
U.K.			24.7			

* Per capita. No figures available for Eire.
Source: Union of E.E.C. Pasta Manufacturers.

French Pasta Testing

(Continued from page 16)

ered these an infringement of free trade. But the European Court of Justice in February found against the commission. The commission took its stand from the philosophic position that a product legally manufactured and marketed in one member state must be freely allowed into all other E.E.C. countries without further hurdles being imposed.

It must be said that, in very few sectors is such freedom of restraint actually achieved. For example, the German beer purity laws are used to prevent the import of nearly all other beers produced in the E.E.C., and the commission has not yet succeeded in persuading the German government to change the situation.

In the case of French pasta imports, the commission was opposed both by the importing country and the main supplying country, Italy. The tests concerned are to see that pasta consumed in France is all made of durum wheat. This is a requirement under French, Italian and Greek food laws, but not under those of Germany, for instance, which has the third largest market, or of the United Kingdom. German pasta, for instance, although high in egg, contains about 63% soft wheat, up from 53% in 1978.

Italy, which does similar but not identical tests on pasta sold on its domestic market, has been relatively happy that France does operate its tests. It is the dominant supplier to France, which takes about half its exports, and the tests, although they have sometimes affected Italian imports, have at least helped to keep out competitors. In any case, Italian testing procedures are tougher than those in France.

The commission has, therefore, used the wrong tactics in this case to reduce barriers to trade, even if its philosophical position remains valid. What would concern the true lover of spaghetti now would be if the commission tries to harmonize food standards by trying to get the Mediterranean countries to drop their hard wheat requirements. This would be like telling a German to leave the hops out of his beer.

NATIONAL PASTA WEEK
OCTOBER 4 - 13, 1984

Pasta Presto Introduces Pre-cooked Pasta

Pasta Presto, Inc. of Spokane, Washington has signed a cooperative agreement with Mapimpianti S.p.A. in Italy to produce a revolutionary new product—pre-cooked pasta—and distribute it in various forms in the United States and Canada. Ten years in the research stage by Pavan/Mapimpianti Company in Italy, the unique dry pasta product has the capability to rehydrate in cold water, in other liquids such as soup, or by adding liquid sauce to the product as stated by Giorgio Pavan, Commercial Director of Mapimpianti. Named Le Giacotte (Italian for already cooked), the product is expected to dramatically impact the pasta industry by eliminating the costly, messy, and inconvenient boiling stage of traditional pasta preparation, according to Ken Moland, company spokesman. Packaging graphics will portray the product's outstanding quality. Moland added, "Pasta Presto is in the process of negotiations with several national firms for their product needs: food service, frozen food and canning."

"These unique pasta products, produced from 100% durum semolina wheat, hold their flavor and texture for a lengthy period of time, enabling restaurants and institutions to retain freshness of product after rehydration and refrigeration storage," Moland said. Additionally, the unique process offers tremendous energy savings as well as many other advantages to all pasta users thus meeting the needs of frozen food manufacturers, pasta canners, and the home kitchen, Moland added. For years the pasta industry has been looking for ways to distinguish their products from others. Pasta Presto Products most certainly are unique and revolutionary to other pasta products.

Pasta Presto management indicated a marketing plan is already in the developmental stage, with a planned roll-out beginning in Canada and expected to cover the entire United States.

Bill Deatrick Retires

William B. Deatrick, vice-president, marketing, International Multifoods Corp., Minneapolis, retired June 15 after 50 years in the flour business. His retirement came precisely on the 50th anniversary of the day he started



William B. Deatrick

work with General Mills, Inc., in New York at what he had planned to be summer job as office boy. The manager of the office at the time of Mr. Deatrick's employment was William A. Lohman, who retired a number of years ago from General Mills and is now associated with Experience, Inc., in Minneapolis.

After joining General Mills in New York, Mr. Deatrick went to night school for seven years, completing his high school education and studying at New York University.

Mr. Deatrick served in the Army Air Corps in World War II. He was drafted Dec. 9, 1941, two days after Pearl Harbor and received his wings in June 1942. He was a pilot instructor for three years and then joined the 12th Air Force as a pilot of a M-25 biplane, serving in the European theater of operations.

After the war, Mr. Deatrick rejoined General Mills in New York and subsequently served in several sales positions. He transferred to Buffalo in 1950 as assistant sales manager. In 1953, he moved with the regional office back to New York. In 1956, he transferred to General Mills headquarters in Minneapolis. He was chairman of the "25-Year Club" at General Mills when he was 42 years old.

Mr. Deatrick's "first retirement" came in 1965, when he left General Mills after that company announced the closing of half of its milling capacity and its withdrawal from the specification bakery flour business.

(Continued on page 23)

THE MACARONI JOURNAL

The Future of World Grain Trade

by William R. Pearce, Vice President of Cargill, Inc.

at the 82nd Annual Meeting of Millers' National Federation

I've been asked to talk to you this morning about the future of world trade. I note with interest that at least three and perhaps as many as five of your speakers will deal with some aspect of this subject. I'm not surprised because there are real concerns today about what is happening in world agricultural trade.

After spectacular growth in the 1970's, world agricultural trade has leveled off and declined. The United States has lost market share in key commodities. This has contributed to an unprecedented deficit accumulated in the first two months of this year at an annualized rate more than double that.

There are several obvious reasons for these developments. The world economy has been in its deepest decline since the 1930's. Synchronous recessions in all of the importing countries and centrally-planned economy countries of Eastern Europe have been hit hard. This is especially important to the United States because these two groups of countries represented the fastest-growing market for U.S. agricultural products in the 1970's.

It is also clear that trade opportunities have been limited by government policies both here at home and abroad. They have relegated the U.S. to the role of residual supplier in a world of growing supplies and stagnating markets.

U.S. vs. E.C.

In the environment, nothing is more challenging than the growing conflict between the U.S. and the European Community over agricultural and related trade policies. The Community's Common Agricultural Policy has emerged as the most destabilizing element in the world markets for farm products.

Our problems with the Community do not stem from goals for agriculture that are significantly different. The United States and the E.C. share an interest in supporting and stabilizing farm prices. However, the United States accomplishes this mainly by dis-

couraging production or marketing of commodities that cannot be sold at prices above production costs. The E.C. on the other hand, supports prices well above market-clearing levels and relies on heavily subsidized exports to control the build-up of stocks. To this extent, it essentially ignores market forces.

The result of the Community approach has been an extraordinary shift in trade. For example, 20 years ago, the Community was the world's largest market for eggs, poultry meat and white sugar. Today it is the world's largest exporter of all three of these commodities.

The shift in the cereals trade has been even more dramatic. In 1970, the E.C. imported about 17 million tonnes of cereals. This year, it will export about 11.5 million — a swing of 28.5 million tonnes.

Two weeks ago, a senior Commission executive estimated that by 1990 the E.C. should produce an additional 18 million tonnes of cereals, of which 13 million tonnes should be available for export.

Value Added Products

As flour millers have reason to know, the E.C. has not limited subsidy activities to raw or unprocessed commodities. It has heavily subsidized the export of so-called 'value added' products as well. As a result, the E.C.'s share of the world market for wheat flour rose from 29 to 75% in the 1970's. This was achieved mainly at the expense of flour millers in the United States and Canada.

The impact of these policies is best seen in the changing relative value of exports. In the 1970's, the average value of U.S. exports rose from \$125 to \$260 per tonne, or by 108%; that of E.C. farm exports rose from \$400 to \$1,250, or by 212%. By 1980, the average value of the E.C.'s exports of farm products was nearly five times that of the United States.

The United States has been trying to cope with the trade effects of the E.C.'s Common Agricultural Policy — or C.A.P. — for 20 years or more. From the beginning, there has been a certain

ambivalence in our approach. The United States strongly supported the integration movement in Western Europe, seeing it as a way to reduce the risk of recurring war and to develop in Europe a viable partner, sharing common goals, in defense of the West and world economic development. Moreover, our government recognized that agreement on agriculture was a necessary element in this process. In the early stages, we substantially ignored the market implications of the C.A.P.

Notwithstanding, the U.S. has tried to cope with this threat in two major multilateral trade negotiations. In the Kennedy Round in the 1960's, the U.S. sought assurance of continued access to the European farm product. In the end, however, we settled for an "International Grains Agreement" that was designed to limit world price movements to a relatively narrow corridor. The agreement proved to be unworkable and was abandoned within a year after it was concluded.

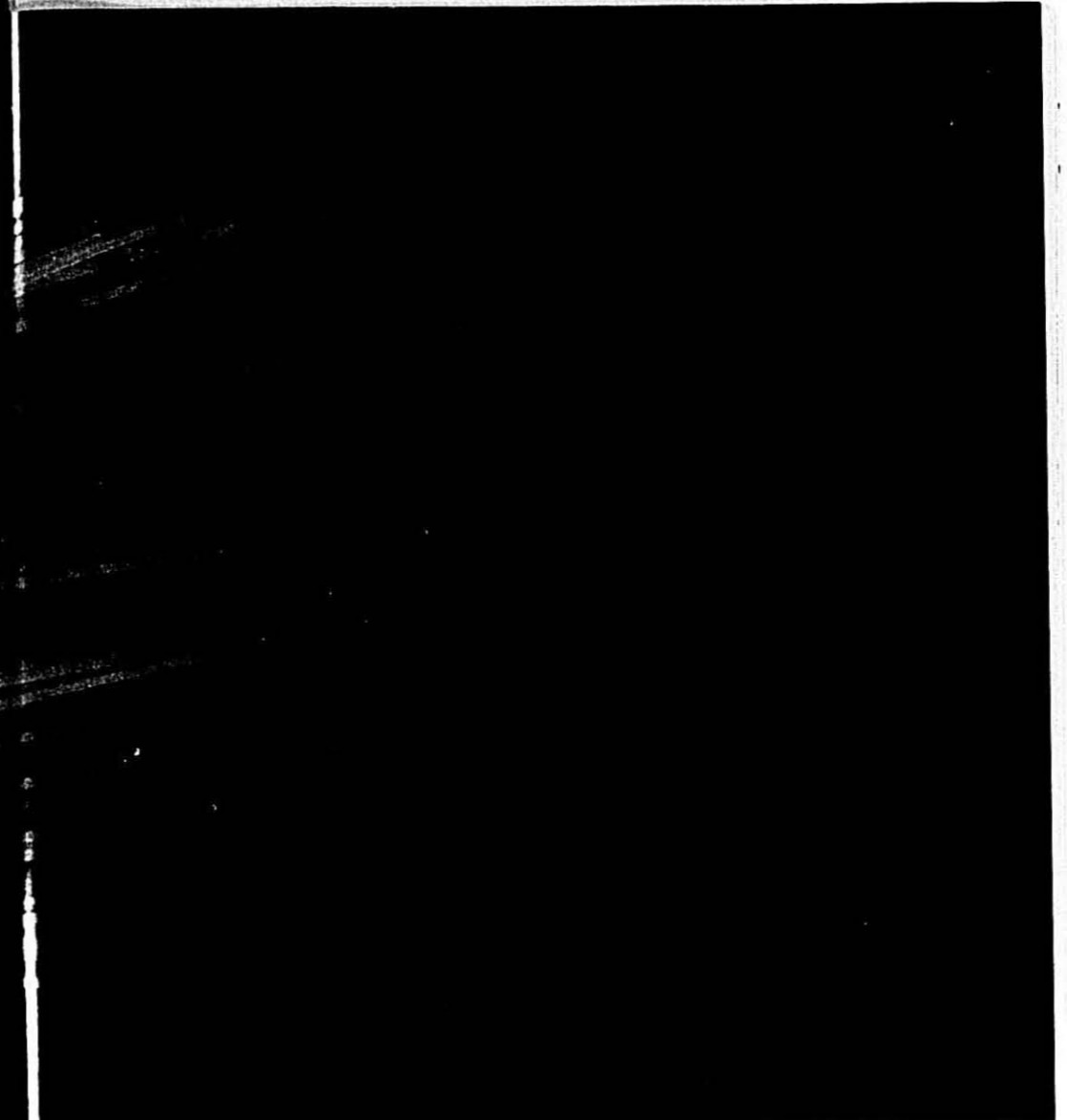
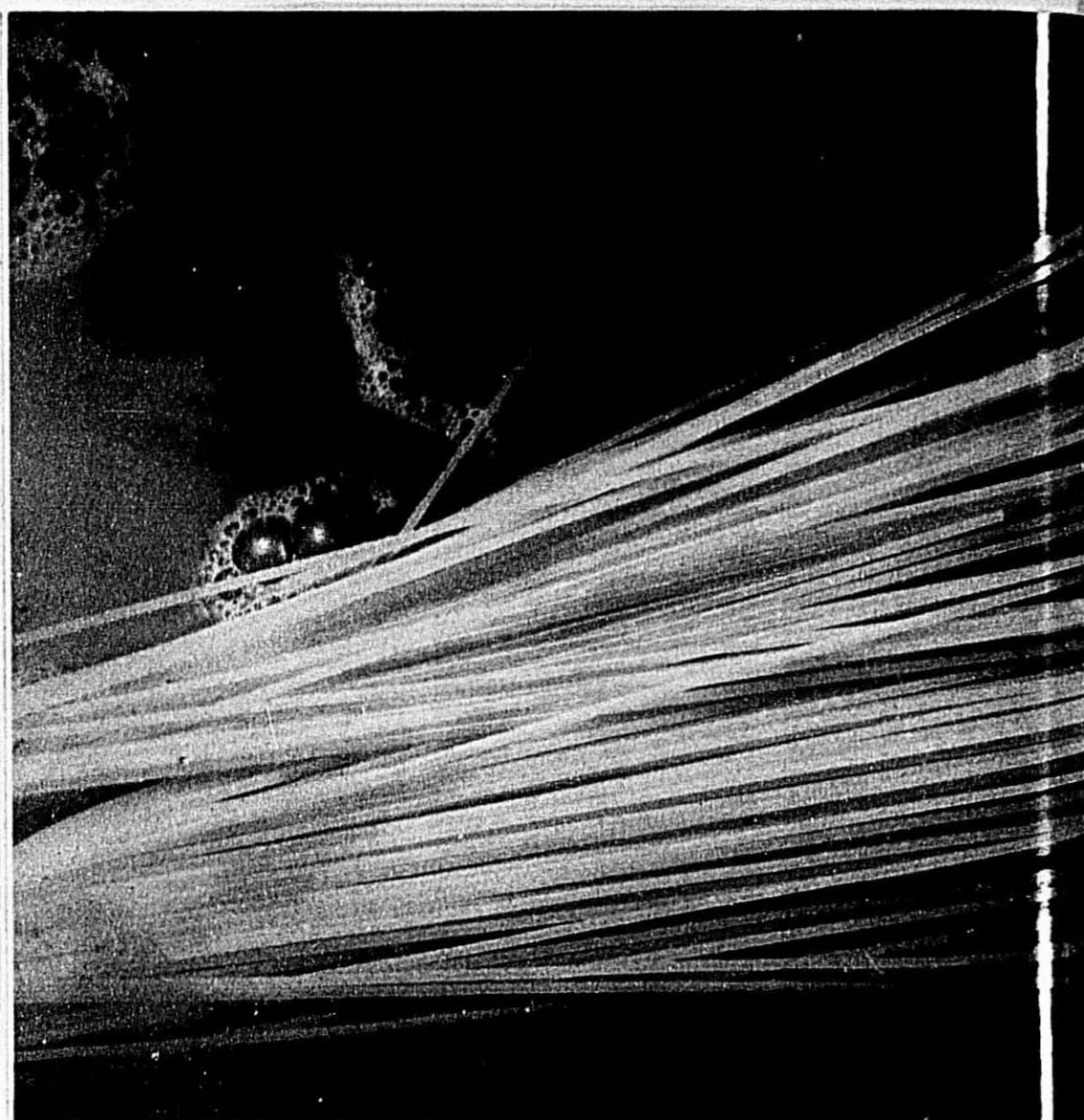
By the time the Tokyo Round arrived in the mid-1970's, the handwriting was on the wall — the European market for commodities covered by the C.A.P. was essentially gone. Concerns in the Tokyo Round shifted to subsidized competition in third country markets. Negotiations focused on developing rules to govern export subsidies.

Subsidies Code

In the end, agreement was reached on terms that were embodied in a subsidies code. It has become evident, however, that there was no real 'meeting of the minds' on the meaning of agreed terms distinguishing what is permissible in the way of subsidies from what is not. In the 1980's, the U.S. has continued to try to clarify subsidy rules in a series of cases brought under the dispute settlement provisions of the code.

The milling industry was involved in the first such case, which involved a complaint by the United States against the E.C.'s subsidy practices on wheat flour. The results were disappointing. The most disturbing aspect of the decision was the panel's unwilling-

(Continued on page 22)



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World Grain Trade

(Continued from page 19)

ness to rule on a key issue. The United States argued that wheat flour was not a primary produce because milling of wheat was "not customarily required to prepare it for marketing in substantial volume in international markets" as the code requires. This would seem self-evident. Had the panel faced the issue and agreed, the case would have ended there because export subsidies on non-primary products are simply prohibited by the code.

The decision in the flour case created serious misgivings about the usefulness of the subsidy code and not just in the United States. Also, it created a climate in which the administration apparently felt justified in offering an extraordinary subsidy on wheat flour sales to Egypt—the famous "shot across the bow."

As it turns out, it may be too early to write off the subsidies code. A subsequent decision on a U.S. complaint against E.C. subsidies on pasta exports has revived hopes that it may still be useful in resolving these problems.

The Pasta Panel

The pasta panel *did* rule on the key issue. It found that pasta was not a primary product under the code. It reasoned that because durum wheat was extensively traded, its conversion into semolina and then into pasta was not "customarily required to prepare it for marketing" as the code requires. And since pasta was ruled not a primary product, the E.C.'s export subsidies were illegal.

The panel also ruled that the E.C. could not justify the pasta subsidy on the ground that it was limited to the amount that could legally have been paid had the durum used in preparing the pasta been exported in its original form.

It's worth noting that this decision took courage on the part of the panel. In an earlier interpretation of GATT Article XVI, the United States argued that the primary product distinction should not prevent it from subsidizing the cotton component in cotton textiles. Others objected to this interpretation so the U.S. entered a reservation which had the effect of permitting it to continue the practice. Others apparently followed suit. There was no discussion of this issue in negotiation of the subsidies code. In the pasta case

the E.C. argued that common practice had, in effect, amended the code and even if it had not, the United States should not be permitted to raise the issue against others now. The panel ruled that the United States lost the right to subsidize the primary product component of a non-primary product by failing to raise the issue and extend the reservation in signing the subsidies code. It was not, therefore, stopped from raising the issue against others. Moreover, common practice notwithstanding, the panel found the language of the code clear.

The importance of the pasta case is hard to judge. The panel's rationale would apply to most other value-added products, surely including flour.

Not Binding Precedent

Unfortunately, the decision is not binding precedent until it is adopted by the GATT Council. The E.C. can and apparently will block Council action. Still, the United States has clearly captured the high ground on this issue. Possibly as a result, the E.C. is not showing new interest in discussing the subsidies issue in the agriculture committee established by the GATT Ministerial in 1982. Its report to the GATT Council is due in November.

It's unlikely, I'm afraid, that these discussions will resolve our problems with the C.A.P. European farm organizations remain a powerful force despite the declining number of farmers in Western Europe. They continue to press for higher guaranteed prices and further restrictions of imports. The E.C. Commission, driven mainly by concerns about its budget, has proposed several reforms. The Commission, for example, would freeze cereal prices but it would not reduce them from present incentive levels nor would it impose significant restraints on production.

The most radical reforms have been proposed for milk. Individual producers who deliver more than a reduced quota would be penalized by an amount equivalent to 75% of the target price. A Commission representative's justification of the proposed constraints on milk production is not an encouraging sign for cereals. He indicated in a recent outlook conference in Europe that the decision was not prompted so much by budget considerations as it was by realization that the milk could not be sold at any price.

The most significant of pressures for really effective reforms come from the budget. The Commission is simply running out of money to pay the rising costs of the guarantee section. Costs increased approximately 20% a year in the last half of the 1970's. The rate of increase declined somewhat in 1980 and 1981 but rose to 28% last year. These costs are expected to rise at a rate of 11% a year in the 1983-85 period while revenues are expected to rise only 7%.

Two Sources of Funds

The Community has two sources of funds—tariffs and levies on imports and an allocation of 1% of the value-added tax. As self-sufficiency has been achieved, the take from levies has declined so that, together with the VAT allocation, it is no longer adequate to cover rising C.A.P. costs.

The Commission is seeking an increase in the amount allocated from the VAT to 2%. It is estimated that this would cover costs for another 10 years.

Resistance is coming mainly from the British who want two things: First they want expenditures for farm support, which now consumes 70% of the Community's resources, reduced so that other, more pressing needs can be addressed. They point out that there are more people unemployed in Europe than now work in agriculture.

Further, Britain seeks agreement on a formula for reducing what it regards as a disproportionate share of total Community revenues.

In two recent summit meetings, European heads of state failed to reach agreement on these issues. The dispute is not resolved so that more funds are made available, the Commission will have trouble paying its bills by mid-year. There's irony in this. The C.A.P., once seen as the "glue" holding the Community together, is now the greatest threat to its continued existence, at least in its present form.

It is hard to judge how this will be resolved. The best guess, I think, is that others will satisfy Britain's concerns about the imbalance in contributions and agreement will be reached on an increase in the share of the VAT allocated to the E.C.'s "own resources." An increase to 1.4 or 1.6% of the total would postpone, but would not end, the day of reckoning on the budget issue.

Also, it's hard to judge how our government will react in these circumstances. Clearly the bright-eyed optimism about the prospects for European integration has dwindled, even among the most enthusiastic "Europeanists." As a result, I think there is less reluctance to act firmly where our trade interests are involved.

Another Issue

An issue that surfaced recently may trigger a much tougher stance. The E.C. notified the GATT that it seeks consultations with the United States for the purpose of discussing compensation for the withdrawal of bindings on cereal substitutes—corn gluten feed, citrus pellets and the like—under Article XXVIII. The Community has the right to withdraw the bindings but must get agreement on compensation or face retaliation. The U.S. right to retaliate in these circumstances is not unlimited. Damage to trade is the measure. The Community will likely propose a duty-free quota of 3 million to 3.5 million tonnes and argue that this would involve little trade damage.

I doubt that agreement on compensation is possible. It is more likely that the U.S. will choose to retaliate. The issue of cereal substitutes has importance well beyond the trade involved, although that too is important. The binding on cereal substitutes is one of the few E.C. trade commitments on key farm commodities. The industry impact here is broad and diverse.

Our government has, in a sense, drawn "a line in the sand" on this issue with strong support from the Congress. I suspect that its reaction could go well beyond what is contemplated by Article XV I, perhaps involving trade actions in areas where there are no clear rules.

Industry groups will likely take the opportunity to renew requests for export subsidies to enable them to meet E.C. competition in third country markets. Our government has been reluctant to take action, except in very limited circumstances, for several reasons. Subsidies are costly, both in budget terms and because they tend to reduce returns from all export sales. The penalty they impose is indiscriminate unless they are narrowly targeted as the wheat flour subsidy to Egypt was last year. The major losers in a U.S.-E.C. trade war are likely to be Canada and Southern Hemisphere suppliers.

Finally, export subsidies are not a solution in themselves. At best, by denying countries using subsidies the benefit of markets they would not otherwise have, they may set the stage for negotiation of rules that all can accept.

Despite these reservations, I suspect that E.C. action to restrict imports of cereal substitutes could prompt a re-evaluation of the role export subsidies could play in demonstrating our determination to deal with subsidized competition.

U.S. Policies

In weighing responses to the challenge of the E.C.'s aggressive export policies, it seems important to recognize other problems the administration must solve that are at least equally important in their impact on trade opportunities. There are two that arise mainly out of our own policies.

The first involves U.S. policies that have strengthened the dollar against virtually all other currencies. We have tended to underestimate the impact of devaluation of the dollar on growth of agricultural product markets in the 1970's and, more recently, the impact of the growing strength of the dollar on their decline in the 1980's. The dollar has risen in value by 25 to 30% on a trade-weighted basis against the currencies of other major trading nations since 1980. It has risen very considerably more than that against the currencies of wheat and wheat flour importing countries.

This translates into an enormous disadvantage in competition with other suppliers and an equally important incentive to importers to gear up to fill their own requirements. We won't overcome this problem until a way is found to control the budget deficit and to reduce interest rates. This is not encouraging. Agricultural trade is a tail on a rather larger dog than we would care to wag.

A second factor involves basic farm legislation. Dick Goldberg will talk to you about this Wednesday, but I would like to mention it at least.

Existing legislation, passed in 1981, reflected misplaced confidence that the trends that buoyed sales in the 1970's would continue in the 1980's. Virtually before the ink was dry, market conditions changed—demand stagnated, trade declined and surplus stocks accumulated. At the same time, competi-

ing countries that missed the markets unlikely to materialize in the 1980's. They are doing so under the price umbrella of the 1981 act with its escalating price supports and increasingly draconian efforts to control stocks.

The Congressional Budget Office, in a recent study, noted that U.S. agriculture has changed in major ways in the last 30 years, but commodity programs have changed very little. As a result, they are increasingly costly and ineffective in meeting income needs of farmers. At the same time, the study notes, they are undercutting exports—agriculture's most dynamic potential growth market—by discouraging consumption and encouraging foreign competition.

Debate has begun on the 1985 bill. The central issue is likely to be the role supply management can be expected to play. The lesson in the first half of the 1980's is likely to be that efforts to enhance farmers' incomes by checking oversupply are no longer workable if the United States is the only country making the effort. The task will be to find new ways to provide support for farmers that enhances rather than undermines the role export sales must make if there is to be any significant growth in the sector in the years ahead.

So, in this light, what can be said about the future of world trade and more particularly about our role in it? The answer, I suppose, is that it depends on how successfully we cope with policies, both here and in Europe, that seem unsuited to the times. If we are able to deal with them effectively—and that's a big if—the prospects, I think, are quite promising.

Bill Deatrick Retires

(Continued from page 18)

Mr. Deatrick joined International Multifoods Corp. in February 1966 in flour sales and became a divisional vice-president in flour marketing. He can claim an acquaintance in baking, milling and allied industries attained by only a few. He is noted among his peers in flour milling and his customers as someone very alert to what is going on in markets and in the "people business" aspects of the industries. Multifoods honored Mr. Deatrick on the occasion of his retirement at a reception in Minneapolis June 14.

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WHEAT OUTLOOK

Larger Plantings to Increase Spring Wheat Acreage

As of February 1, spring wheat producers planned to plant 3.4 million more acres than in 1983. Durum growers intended to up acreage 50 percent from last season's sharply reduced seedings. However, these decisions were made very early in the season, even before the first program signup ended in March. Moreover, the modified program will likely affect 1984 spring wheat seedings, currently nearing completion. Although the recent data on program participation verify that fewer spring wheat base acres will be left idled this year, the first actual survey of planted area will be reported in USDA's *Crop Production Acreage Report* released late in June. Except for parts of Montana, adequate soil moisture prevails over most spring wheat regions, pointing to potential yields above last year's 31.3 bushels an acre. On balance, a larger 1984 spring wheat harvest seems likely, possibly more than 100 million bushels above 1983's 432 million.

Large Supplies and Steady Demand for 1984/85

Combined 1984 winter and spring wheat production is forecast at 2.55 billion bushels, 262 million under 1982's record. Although stocks going into 1984/85 marketing year are estimated to be only 149 million bushels below the 1.54 billion last June 1, this provides little relief to wheat growers who face prospects of excess wheat supplies in 1984/85. The expected increase in 1984's production will offset the drop in beginning stocks and will maintain total supply at a near-record 3.9 billion bushels. Such a supply portends prices near loan rates, unless there are unexpected increases in demand.

On the domestic side, wheat food use has little prospect to expand much more than population growth trends. The continuing emphasis by interested groups, such as the Wheat Industry Council, of enlightening the public on the nutritional value of bread and bakery products may help per capita flour consumption climb from the 116 pounds in 1983. From 1976-82, per capita use averaged 116 pounds, with a low of 114 pounds in 1982. For

1984/85, wheat food disappearance is projected up, at 630 million bushels, in line with population growth.

Whereas 1983/84's domestic disappearance was highlighted by record wheat feeding, prospects in 1984/85 are for slightly less wheat use. Since last summer, prices have been low relative to corn. This will likely continue through the June-September 1984 wheat harvest, but if the 1984 corn harvest nears 8 billion bushels, wheat feeding could abruptly subside. Even though wheat feeding may reach another record during June-September, total 1984/85 use will likely be down 25 million bushels to 400 million bushels.

On the export side, U.S. overseas wheat business will depend upon how much the prospective 1984 world wheat production adds to the already large carryover of global wheat stocks. World wheat trade will likely continue strong, but the United States will again face some of the same factors that reduced wheat shipments for the last two seasons. These are larger supplies in foreign exporting nations, aggressive marketing by these nations, possibly increased production in major world wheat consuming countries, the impact of a continued strong dollar, and prices supported by the loan rate for at least part of the season.

A continuation of 1983/84's expanded world consumption of wheat as a feed grain, particularly by world buyers, may be favorable to the United States, because of the very large supplies at favorable prices. The wheat/corn price ratio, although likely to rise in 1984/85, will still be low by historical standards following the wheat harvest. Also positive efforts are being made to expand U.S. exports through increased funding of various credit and concessional programs. However, when all these factors are weighed, it seems likely that the 1984/85 U.S. export season may have to be satisfied with a small export drop. At this early date, the U.S. export forecast is 1.35 billion bushels, with a range from 1.2 to 1.5 billion, compared with 1.43 billion in 1983/84.

On balance, total 1984/85 wheat use may not exceed the expected crop, causing yearend stocks to again push upward after the small downturn in 1983/84. Stocks owned by USDA's

Commodity Credit Corporation (CCC) and held in the farmer-owned reserve (FOR) will make up a major portion of this carryover.

These 1984/85 supply-demand prospects suggest that the average farm price may not be much higher than the \$3.30-a-bushel national average loan rate. A large portion of the total 460 million bushels of outstanding CCC loans on the 1983 crop will not be redeemed because current farm prices are below loan level. A loan holder would need to receive a market price high enough to pay the principal plus accrued interest and storage costs before breaking even. Thus, increasing quantities of CCC-owned stocks from forfeited 1983 crop loans may help moderate early season price declines. But monthly farm prices of 12 to 21 cents below the loan rate, as occurred during the last two seasons, could recur during this summer's harvest. For 1984/85, the average farm price may range between \$3.20 and \$3.50 a bushel, compared with \$3.50 averaged in 1983/84.

Durum Stocks Lower; Larger 1984 Crop in View

The record supplies that have characterized the Durum wheat market for the last two seasons have gradually dissipated, even though 1983/84 marketings have not appreciably increased. Because of the short 1983 crop (half the size of 1982's 148 million bushels), the smaller Durum supply causes market prices to be at a premium a year. Only during the typical winter marketing lull did Durum farm prices drop below \$4 a bushel.

Despite the higher prices relative to other classes, Durum exports can be considered rather successful. One reason was reduced 1983 wheat crop in Northern Africa, which more than doubled U.S. export sales to the area. This helped to offset reduced sales to some EC markets. Current shipments are well ahead of a year ago, validating the forecast that total 1983/84 Durum exports are likely to be around 65 million bushels, up 10 percent from last season.

Projected yearend stocks of about 100 million bushels can still be considered quite high relative to years prior to the past two seasons. Yet, be-

(Continued on page 28)

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Durum Outlook

(Continued from page 26)

cause over 70 percent of the stocks will continue to be isolated from the market in the FOR and CCC inventory, tightening free supplies will maintain reasonably high market prices until the new-crop harvest. Even though Durum prices are strong, reserve stocks cannot be marketed without penalty until the national average farm price reaches \$4.65 a bushel, an unlikely event next season.

Expected grower participation in the 1983 program will be down from 1983's high. This was confirmed by Durum growers planting intentions of nearly 3.9 million acres this spring, up 50 percent from 1983. Intended seedings in North Dakota, the primary Durum producer, are up 48 percent. Program compliance for "Desert Durum" of the Southwest will remain low, but an increase in participation in other growing areas, because of the revised program, will reduce the harvested acreage prospects slightly. Good planting conditions suggest that the 1984 Durum crop could fall between 100 and 130 million bushels, compared with last year's 73 million. This will trim some of the pressure on Durum prices created by the season's tight free stocks.

Durum carryover on June 1, which is included in the all-wheat total, was 101,340,000 bus, a decrease of 25% from the record 135,957,000 bus a year ago. Durum disappearance in 1983-84 was 107,596,000 bus, down 7% from 115,870,000 bus in 1982-83 and well below peak durum usage of 136,994,000 bus in 1981-82. Decrease in disappearance from last year reflected a reduction in domestic food use.

World durum production is expected to increase this year following a year of drought reduced crops in Southern Europe and North Africa, and the effects of production control programs in the United States.

Larger durum crops are expected in Italy, France and Greece with potential for near record production in some areas. On the other side of the Mediterranean Sea, in North Africa, growing conditions have also been more favorable in 1984. Although crops in Morocco and northwestern regions of Algeria have again suffered from

DURUM OUTLOOK FOR 1984

by Neal Fisher, Deputy Administrator,
North Dakota State Wheat Commission

drouth, conditions in Eastern Algeria and Tunisia have fared better, increasing production potentials from 1983 levels. Early estimates project a world durum crop of as much as 23-24 million tons in 1984, up 10-20 percent from last year.

Early estimates of North American durum production indicate potential for total production of 200 million bushels split about equally between the United States and Canada. Demand for North American durums is likely to be reduced somewhat in European Economic Community (EEC) countries which typically import significant quantities of durum from both the United States and Canada. Although total U.S. durum exports have recovered from last year's lower level, U.S. market share in EEC markets slipped in 1983-84 while Canada made gains in EEC markets.

North African demand for durum and durum products is expected to

remain relatively strong despite the improved production situation in parts of the region this year. Wheat and durum production in North Africa often varies widely from year to year primarily due to the severity of drought conditions. Rapid population growth, a trend toward urbanization and the desire for convenience in food preparation have all contributed to steady growth in demand for wheat foods products. As the 1983-84 marketing year draws to a close at the end of this month, North African nations will have imported 45 percent of the total durum exported from the United States this year.

Heavier European durum production and availability in 1984 may cut into North African demand for North American durum somewhat this year since the EEC supplies North African nations with semolina and other durum products. In future years, this tendency

(Continued on page 30)

HISTORIC WORLD DURUM PRODUCTION, MAJOR PRODUCING AREAS (Thousand Tons)

	1980	1981	1982	1983
Western Europe				
France	427	400	366	375
Greece	636	515	744	595
Italy	3,658	3,415	3,045	2,850
Spain	231	120	273	219
North America				
Canada	1,943	2,977	3,100	2,700
United States	2,950	5,060	4,014	2,600
Middle East				
Syria	958	835	525	500
Turkey	4,800	5,335	6,125	4,500
North Africa				
Algeria	780	750	650	600
Morocco	1,330	611	1,406	1,100
Tunisia	740	804	753	500
Others	4,059	3,960	3,333	3,800
World Total	22,962	24,782	24,334	19,800

HISTORIC SUPPLY AND DEMAND FOR U.S. DURUM (Million Bushels)

	1979-80	1980-81	1981-82	1982-83	1983-84	*Proj. 1984-85
Beginning Stocks	86	61	60	108	141	103
Production	106	108	186	148	73	100
Total Supply	193	171	248	259	216	203
Domestic	49	52	58	60	48	50
Exports	83	59	82	59	65	65
Total Use	132	111	140	119	113	115
Carryover	61	60	108	141	103	88

*6 NDWC preliminary estimate based on 3.1 mil. acres and 3 year average U.S. yields.

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Durum Outlook

(Continued from page 28)

may diminish as the Algerians and Tunisians continue to install new milling and processing capacity of their own, increasing demand for milling wheat and durum.

Although nearly half of the North American durum crop in Canada and the United States is yet unplanted, it appears that under relatively favorable conditions the overall supply and demand situation for U.S. durum could be slightly improved from that of the current year. Domestic and export demand similar to that of 1983-84 could cut carryover stocks if this year's U.S. durum acreage is slightly more than 3 million acres and average yields prevail. Actual U.S. spring plantings will depend on the economics of alternative crops such as oil seeds, feed grains and hard red spring wheat. Production areas in Canada, Northwest North Dakota and Northeast Montana have also experienced dry soil conditions since last fall, delaying planting in some areas. This year's Southwestern U.S. durum crop is about to be harvested and has been estimated at 17 million bushels. Prices for feed grains versus durum for export will determine the breakdown of how much of the Southwestern crop is fed to livestock or exported.

Durum markets have not shown much activity in recent weeks and most recent sales have been for new crop delivery. Country prices for durum have been under those of hard red spring wheat in recent weeks and may cause planting switches to spring wheat in areas where it is profitable to do so. Generally, prices have remained flat but will react to world weather and production conditions for durum and other crops as the planting season ends and the growing season progresses.

World Durum Trade

World durum trade accounts for only five percent of total world wheat trade and is dominated by two major exporters and only a handful of importers. The United States and Canada export the bulk of world Durum import needs with Greece, Italy and Argentina supplying only small amounts. Among the world's major Durum importers, Algeria is the largest, generally accounting for 25 percent of world trade followed by Italy, Tunisia and

	80-81		81-82		82-83		83-84 est.	
	mmt mil. bu.	mmt mil. bu.	mmt mil. bu.	mmt mil. bu.	mmt mil. bu.	mmt mil. bu.	mmt mil. bu.	mmt mil. bu.
ALGERIA:								
All wheat	2.1	77	3.1	114	2.6	96	2.3	85
Durum	1.3	48	1.7	62	1.7	62	1.4	51
TUNISIA:								
All wheat	.6	22	.7	26	.6	22	1.0	37
Durum	.2	7	.1	4	.2	7	.4	15
	Avg. 1976-80		1981		1982		1983	
	mmt mil. bu.	mmt mil. bu.	mmt mil. bu.	mmt mil. bu.	mmt mil. bu.	mmt mil. bu.	mmt mil. bu.	mmt mil. bu.
ALGERIA:								
All wheat	1.2	44	1.3	48	1.0	37	1.0	37
Durum	.7	26	.8	29	.6	22	.7	26
TUNISIA:								
All wheat	.7	26	1.0	37	1.0	37	.6	22
Durum	.6	22	.8	29	.8	29	.5	18

Venezuela. The Italians are recognized as both an importer and exporter as they have in the past imported U.S. and Canadian Durum and re-exported a portion of this in the form of semolina, primarily to North Africa. However, with Algeria and Tunisia increasing their Durum milling capacity, this practice will soon diminish considerably. Much of the world Durum trade competition is focused on the North African countries of Algeria and Tunisia as these two countries together take between 35 and 40 percent of world Durum exports. (The other major North African wheat importer, Morocco, is generally self-sufficient in Durum.) Another reason for their being the focal point of competition is that Algeria and Tunisia are ideally located for taking Durum from the U.S., Canada and the nearby European sources. Following is a breakdown of Algeria's and Tunisia's wheat imports, including flour and semolina.

Wheat product consumption per capita in North Africa, over 400 lbs (180 kg.), is the highest in the world and will likely continue to increase. However, the amount of Durum consumed has apparently stabilized as the trend toward increased urbanization has promoted a shift to greater bread consumption from the traditional Durum product of couscous. Another change in consumption patterns brought about by increased urbanization is the increased consumption of pasta products in place of couscous. Total wheat consumption in the region should continue to rise as annual population growth in Algeria is 3.2 percent, Tunisia 2.4 percent and 3.0 percent in Morocco. The outlook for an increase in domestic production is

mixed as both Algeria and Tunisia still require a great deal of investment toward improving their wheat production, storage and handling capabilities. Both countries must also contend with persistent drought situations that the hope to offset by increased irrigation capabilities in the future. Following is a breakdown of Algerian and Tunisian wheat production.

The North African Durum market will likely continue to be competitive in view of its size and location but also due to the fact that officials in both Algeria and Tunisia have indicated that they do not intend to become dependent on any one source of supply and thus take Durum cargoes from not only the U.S. and Canada but also the other smaller exporters.

Philip W. Pillsbury

Philip Winston Pillsbury, chairman emeritus of The Pillsbury Company, died June 14. A grandson of Charles A. Pillsbury, co-founder of the flour milling company which has grown to be among the world's largest diversified food companies, Mr. Pillsbury retired from active service to the company in 1968.

He began his career in the family firm in 1924 after graduating from Yale University. His first position was as a laborer in a Company flour mill from where he worked his way up to be a master miller before promotion to sales and management positions. As such, he was one of few milling industry executives to have a working knowledge of the art of flour milling.

In 1928 he was elected to the Company's board of directors, became treasurer in 1940 and president later that

(Continued on page 38)

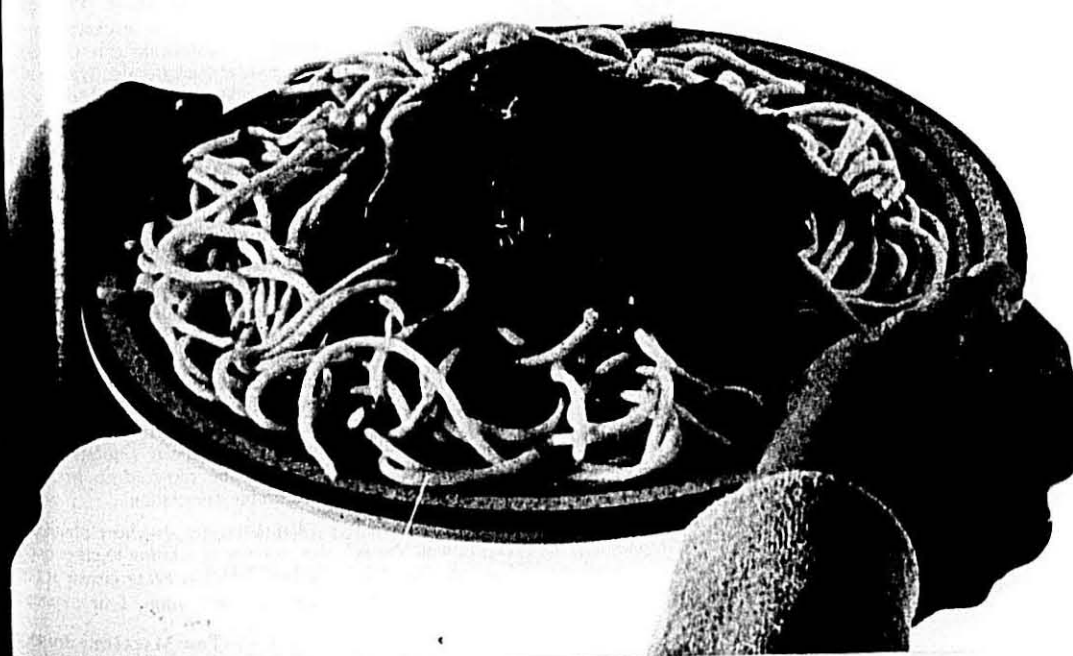
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PROGRESS REPORT - SPRING, 1984

North Dakota State University Durum Breeding and Genetics Project

Project Leader: Dr. Roy Cantrell
Graduate Students: Don Weed Research Fellow; John Soper, Research Assistant;
Elias Elias, Research Assistant
Research Technician: Jarvis Brosz

Introduction

The main objective of the project is to develop new improved durum wheat varieties with higher yield, superior quality, and disease resistance for production in North Dakota and adjacent areas. The primary source of support for the project is through the North Dakota Agricultural Experiment Station. Significant funding is also provided by the National Pasta Association and the North Dakota State Wheat Commission. The purpose of this report is to provide a progress report of important project activities over the past 6 to 9 months.

Quality Evaluation of Material in Breeding Program

A major portion of our effort is devoted to quality testing from the time an initial cross is made until the progeny are either discarded, recycled, or released as a new variety. The quality standards in our breeding program are the cultivars Vic and Lloyd. Even though the quality of these varieties is good our selection pressure for quality has not been relaxed in the program. High yielding and disease resistant parents are being used in the crossing program and the quality of their progeny has to be constantly monitored. Maintaining a high level of quality while improving yield and other agronomic traits is very difficult but it can be achieved by continuing the extensive quality testing program. The attached Table summarizes the tests that were conducted this year. A summary for the period 1981-1983 is shown at the bottom of the table. There has been a decrease in number of tests since 1981. This is due to smaller numbers of lines in certain parts of the program. This was a direct result of problems with the off-season nursery which will be discussed later in this report. We should be back up to the 1981 level of testing by 1985.

Crossing Program and Yield Testing

Approximately 500 crosses were made to initiate new breeding material

this year. This is the germplasm that will produce the new varieties 6-10 years from now. About 50% of our crosses are what we call elite x elite crosses. These involve parents that are well adapted to our growing conditions and have proven themselves. In the near future this will be the material that will lead to the next new varieties. The other 50% of the crosses involve at least one parent that can not be characterized as elite but contains genes that must be introduced into the program. These crosses are referred to as "parent building" since it takes several cycles of breeding to produce a new variety from them. This is the broad genetic base that will insure genetic gain for the next 10-20 years.

A major effort centers on the yield testing phase of the breeding program. This spring we have planted approximately 6000 yield plots including Fargo, and Minot. The objective of these yield trials are to select lines that are higher yielding than check varieties (i.e. Vic and Lloyd). The trials are replicated and statistically analyzed to detect differences. Many of the lines in yield trials have good quality therefore the main selection criteria is yield per se. We are aware of the fact that the yield of durum wheat has to increase to remain competitive with bread wheat and be more profitable to the producer. I don't believe we have reached a yield plateau in durum wheat.

Winter Nursery (Off-Season)

Our philosophy and goal is to develop new varieties as rapidly as possible. This has not only a short term but a long term impact as well. We are able to cycle material through our program faster and incorporate new genes into adapted material quicker. To accomplish this we utilize greenhouses here in Fargo and off-season nurseries (Oct.-April). The winter nursery this last year was planted at Weslaco, Texas in cooperation with Texas A&M University. This was our first experience at that location. The nur-

series in previous years were grown in Obregon, Mexico. We had to move out of Mexico because of U.S. plant quarantine restrictions involving the wheat disease Karnal Bunt. Unfortunately, we experienced a "100 year freeze" at Weslaco in December 1983 that delayed the maturity of our nursery by about two weeks. About 4000 durum breeding lines were grown in that nursery. We expected to harvest in late March but were not able to harvest until the second week of April. The amount of material harvested was reduced by about 50% by the freeze. The plan for next winter is to return to Texas and hope the winter weather is more favorable. This is the only possible site in the U.S. If problems continue we may have to consider moving the nursery to the southern hemisphere (i.e. New Zealand).

Pre-Harvest Dormancy (Sprout Resistance)

There are several ongoing research projects involving pre-harvest dormancy in durum wheat. The primary emphasis is on the backcrossing program to incorporate this trait into a Vic genetic background. We are at the third backcross stage. This is a slow process because after each backcross to Vic extensive selection among the progeny for this trait is required. I expect that, at least, five backcrosses will be required before we have anything promising.

Our sprout chamber in the lab has been used extensively and much of the breeding methodology for this trait has been worked out. The complex genetic nature of this trait is still unknown. John Soper (grad research assistant) is working on the problem of the association of red kernel color and dormancy. Mutagenesis (mutation breeding) may be required to break this undesirable association.

A quality study has been planned for this summer in relation to sprouting. A replicated trial is being grown at three locations involving four common

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Durum Breeding

(Continued from page 32)

durum varieties. The objective is to measure the effect of various levels of sprouting damage on pasta quality. Large sound grain samples will be harvested from these plots and subjected to varying degrees of sprouting under controlled conditions in the sprout chamber. The cooking quality of these samples will then be determined. Hopefully, this will yield some preliminary information regarding the impact of sprouting on pasta quality within the limits of our experimental conditions.

Disease Resistance

Most of our varieties have good resistance to the major diseases such as stem rust and leaf rust. This situation has to be monitored closely because the disease organisms can change plus we are constantly using exotic germplasm in our program that may lack some of the major resistance genes.

An increasing effort is being devoted to the disease Tan Spot where all of our current varieties are moderately susceptible. In the past year we have screened approximately 500 breeding lines in the greenhouse. Lines containing varying levels of resistance are now being entered into preliminary yield trials. The source of resistance is from exotic durum introductions from Turkey. Elias Elias (grad research assistance) is studying the genetics of tan spot resistance. In cooperation with Dr. Robert Hosford in Plant Pathology reliable techniques of culturing the organism and artificially inoculating the plants has been developed. Field inoculation of durum wheat with Tan Spot will be attempted for the first time this summer 1984 at Fargo.

Herbicide Resistance

Genetic difference among durum varieties for tolerance to various common herbicides is well documented. An example is the sensitivity of the variety Vic to the herbicide Avenge while other varieties, such as Ward are resistant or tolerant. We are studying this phenomenon further to determine if resistance to this particular herbicide is controlled by a single gene, thus simply inherited. This will become more of a problem in the future as more specific herbicides are released. Additional basic knowledge is needed regarding

the genetics of the response of the wheat plant to chemicals. This is an area well suited for genetic engineering where "resistance genes" for a particular herbicide may be introduced into wheat in the future.

Computer

A personal computer system was purchased for the project this last year. This is used extensively for several project activities. An inventory of breeding material by pedigree has been placed in the computer. This allows very efficient handling of the material as well as providing a means of storing data on material from the time an initial cross is made until the progeny enter yield trials. A search can be conducted through the pedigree records by parents involved in the cross. Statistical analysis of data is a routine activity well suited for a personal computer. For complex statistical problems the personal computer is interfaced with the main frame computer on campus. The efficiency of the project has been increased dramatically by its use. The personal computer is also an invaluable part of the training of our graduate students today. They are now able to get hands-on experience with project and thesis research.

Summary

Progress in the improvement of durum wheat within the last year has been significant. The final measure of our progress is the release of improved varieties. Within the next year a high yielding and early maturing durum variety may be released as a replacement for Vic. It is our goal to replace every variety approximately three years after it is grown on significant acreage within the state. To meet this goal the project continues to increase in size as more material is handled. The ma-

for long-term objectives of the project are fairly static since the decisions made today affect the varieties to be released 6 to 8 years from now. Input from growers and the pasta industry is valuable in formulating long and short term objectives. I characterize short term objectives as pertaining to basic research problems designed to answer a specific question. The financial support from this National Pasta Association and the North Dakota State Wheat Commission has guaranteed significant progress in durum wheat improvement this year. We hope you share our optimism about the future and we hope you will provide suggestions for further improvement.

Andre Gillet IM Chief Operating Officer

The board of directors of International Multifoods Corporation elected President and Chief Operating Officer Andre Gillet to the additional office of chief executive officer of the corporation.

William G. Phillips, formerly chief executive officer and chairman of the board, will continue as chairman of the board of directors.

Phillips, in commenting on the announcement said, "We have successfully accomplished an orderly management transition for the corporation which has been underway for several years. Mr. Gillet's broad operating experience in all aspects of our business has prepared him well for leadership of Multifoods."

Minneapolis - based International Multifoods is a diversified food processing corporation operating principally in the United States, Canada, Venezuela and Mexico, with annual sales of more than \$1 billion.

1983-84 DURUM BREEDING QUALITY TESTS

Breeding Stage	Test	No. of Samples	
Drill Strip (Final Testing Stage)	All (cooking quality)	151	
Advanced Trials	Semolina yields, specks, protein, color, sedimentation	354	
Preliminary Trials	Semolina color, sedimentation	683	
F5 Breeding lines	Semolina color, sedimentation	670	
F4 Breeding lines	Sedimentation	404	
Estimates w/o Drill Strips	1981	1982	1983
Total Sedimentation	5158	3754	2111
Total Semolina color	1608	1529	1707

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AUGUST, 1984

Fast Food Dining Up; Nutrition Down

Where's the beef? And the vitamins? And minerals?

The U.S. Department of Agriculture recently looked at a variety of fast-food outlets and their menus to see just how many nutrients you get for your money.

The answer: Not many.

The USDA points out that Americans spend nearly one-third of their food dollar at fast-food outlets, up from less than 10 percent 30 years ago.

They questioned 10,000 people, adults and teens, and found they ate anywhere from 8 percent to 28 percent of their meals out.

Then they checked the percentage of the recommended daily allowance of protein, carbohydrate, fat, calcium, iron, vitamins A and C and thiamin the food provided.

The study found no link between the amount of calories consumed and the amount of fast food eaten. It said, however, that people may have lied about the number of calories they ate, underestimating them.

It said they got anywhere from 3 percent to 13 percent less of the vitamins, carbohydrates, calcium and iron.

Among key findings:

- The 22 to 40 year age group got fewer nutrients; it particularly lacked vitamins.

- You can get a good diet at a fast food restaurant, but only if you eat more calories.

- The greatest change in nutrient intake was for the over 60 age group; they got less calcium and vitamins than they needed, although the impact on their diet was minimized because they generally ate fewer fast-food meals.

- The diets of most individuals met or exceeded the minimum recommended daily allowances, but certain segments of the population — people 13 to 21, for example — who eat lots of meals out are at high risk.

- Teenagers are generally the most affected because they eat more fast-food meals.

As a whole, Americans are eating less food — 1,387 pounds last year, or about nine pounds less than the year before. Americans consumed fewer eggs, oils and dairy products, partly

because of concern about cholesterol, and more poultry and fruits and vegetables.

But the USDA says that consumption was up in all meat categories in 1983; 52 pounds of chicken per person and 11 pounds of turkey were records. Beef remained the favorite, though, at 79 pounds per person, the largest figure since 1978; pork consumption was up three pounds per person last year to 62 pounds.

Fresh fruit and vegetable consumption dropped, while we ate more canned produce; canned citrus juice was down because of higher prices.

Easy Cooking for 100 People

Does your organization miss opportunities to hold successful luncheons and dinners because of basic questions about how to cook for large groups of people?

Your group can save time and money by taking advice from the Armed Forces Recipe Service Committee. With the help of food experts, the committee has developed a comprehensive set of more than 600 delicious and popular recipes for breads, meat, fish, poultry, sandwiches, cheese and egg dishes, cereals and pasta dishes, salad, dressings, relishes, sauces, gravies, soups, vegetables, and desserts. Each recipe serves 100 people.

Clear, step-by-step instructions make purchasing and preparation quicker and easier. Easy-to-use conversion tables adjust recipes for smaller and larger groups. Guidelines and tips on proper use of kitchen equipment help to simplify cooking and clean-up.

Recipes are on 5 x 8" cards which describe portion size, ingredients and quantities needed, proper equipment, and each step to take. A number of the dishes are illustrated with colorful photographs. This complete recipe resource may be the only one your group will ever need.

The *Armed Forces Recipe Service Set*, stock number 008-040-0008913, is available for \$40.00. Send prepayment to Dept. 36-EV, Superintendent of Documents, Washington, DC 20402, or to order by MasterCard or VISA call (202) 783-3238.

** You may also want the handy *Index of Recipes* (stock number 008-040-00092-3) for \$4.00 from the same address.

"The Incredible Edible Egg"

In his article, "Are Eggs Good Food," in the Sept/Oct issue of *ACSA News & Views*, Ronald T. Stanko, M.D., concludes:

"In light of all the unanswered questions, moderation rather than prohibition seems to be the best answer to the egg question. Although excessive consumption of eggs, like excessive consumption of anything else, is unwise, it is not necessary to eliminate the egg from our diets, as many people have done. We should also remember that cornflakes-for-breakfast is not "the answer" to the question of how to prevent heart disease. There are many risk factors. Cornflake-eaters who think that their egglessness entitles them to smoke cigarettes, gain weight or leave the high blood pressure pills in the medicine chest are probably doing themselves more harm than good. Finally, we should not ignore the egg's virtues. For elderly people in particular, its convenience, high nutritional value, and low price may take precedence over cholesterol-phobia."

(Dr. Stanko is Assistant Professor of Medicine and Associate Head of the Clinical Nutrition Unit, Montefiore Hospital, University of Pittsburgh.)

Stocks of Potatoes Off Ten Percent

Potato stocks in the U.S. on Feb. 1 totaled 134,655,000 cwt, down 10% from the total of 149,560,000 held on the same 1983 date and 2% less than in 1982, the Department of Agriculture said. Indeed, the stocks were the smallest since 121,565,000 cwt held in 1981 and except for that year were the smallest since the mid-1970's.

Use of potatoes for processing in the 1983-84 season through January totaled 58,400,000 cwt, against 58,345,000 in the same period of the previous season.

Disappearance of potatoes in the 15 major states from harvest to Feb. 1 was estimated at 143 million cwt, down 3% from the previous season. February disappearance was off 9%.

Serve Up The Pasta

• The Red Lobster restaurant chain, a subsidiary of General Mills, has introduced six new pasta and seafood entrees on their menu.

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Philip W. Pillsbury

(Continued from page 30)

year. He continued as president until 1951 when he was elected chairman of the board.

He was responsible for the Company's pioneering move into the home baking and bakery mix field. He also directed the acquisition of the Globe Milling Co. on the West Coast and Ballard & Ballard in the Southeast. Because of the Company's growth and diversification under his leadership, he was often referred to as 'the man who woke a sleeping giant.'

With his encouragement, America's Bake-Off Contest began in 1949 as The Grand National Recipe and Baking Contest and grew to become an event unmatched in the food industry. He remained a dominant presence through the event's 35-year history and led the grand march of finalists onto the Bake-Off floor at its every staging, most recently in February in San Diego.

He served as a director of the Sargent Land Company and was a past member of the Chicago Board of Trade, the National Commission for Immigration Reform and the Commission for National Trade Policy; and served on advisory boards for the Export-Import Bank of Washington, the Brookings Institution of Washington, Junior Achievement of Minneapolis and the Industrial Relations Center at the University of Minnesota.

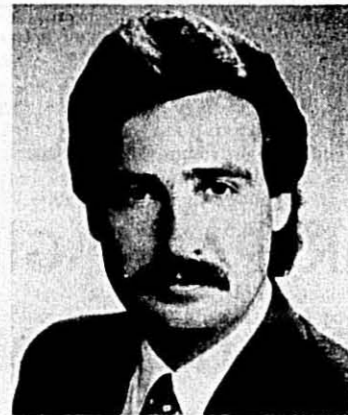
He was a former member of the Children's Welfare League of America and director of the Family and Children's Service of Minneapolis. He was named honorary French consul and received Legion of Honor recognition from that country. He also served as a director of the National Audubon Society and Minnesota Orchestral Association and was trustee for the Minneapolis Society of Fine Arts and Metropolitan Opera Association.

Surviving him are his wife, Corinne; sons, Philip, Jr., and Henry; grandchildren, nieces and nephews.

Cargill to Buy Mankato Flour Mill

Hubbard Milling Company announced an agreement to sell its Mankato flour mill to Cargill, Inc.

The 65-year-old mill has the capacity to process spring wheat into 5,000 hundredweight (cwt) of flour per day and has been operated by Hubbard



Mark W. Andersen

since it was built in 1919. Hubbard started milling flour in Mankato in 1878.

"This sale is part of a long-range strategy Hubbard's management team has developed to reposition the company's assets into product lines that capitalize on its greatest strengths. The sale to Cargill will present stronger opportunities for growth and development of the flour business, which will enhance the economic base of the business, employees and the community," said Harry Lusk, president of Hubbard Milling.

"The acquisition will permit Cargill to enter midwestern bakery and institutional flour markets not served by products from its other 12 U.S. flour mills," said Fritz Corrigan, president of Cargill's Four Milling Division. "We are pleased to become a part of the milling industry in our home state of Minnesota and to join two other Cargill divisions as part of the Mankato community," he said. The company's Commodity Marketing Division and Seed Division maintain offices in Mankato.

Hubbard will remain a significant part of the Mankato community with its new Mankato feed mill, Lusk said. As an example of Hubbard's new strategy, Lusk cited the June 1 acquisition of the feed-manufacturing facility of Northern Seed and Feed Company, Buffalo, Wyo., which will strengthen and enlarge Hubbard's animal feed business in Montana and Wyoming.

Skinner Marketing Director

Mark W. Andersen was recently named Director, Marketing, for the

San Giorgio-Skinner Company, of which Ford K. Larsen, Vice President, Marketing, announced.

San Giorgio-Skinner Company is the pasta division of Hershey Foods Corporation.

In his new position, Andersen is responsible for the marketing of the Skinner brand. The Skinner brand is marketed in 32 states in the southwest, southeast and midwest.

Andersen joined Hershey Foods Corporation in 1980 as Regional Marketing Manager for Hershey International Ltd., and was responsible for that division's marketing activities in Latin America. In 1982, he also came responsible for marketing in the Caribbean.

Before joining Hershey, Andersen was a product manager with Nestlé Libby (Puerto Rico Inc.), Puerto Rico. Previously, he was involved in international marketing and sales with Libby, Chicago.

A Milwaukee, Wisconsin native, Andersen has a bachelor's degree in communications from Western Michigan University and a masters degree in marketing from the American Graduate School of International Management, Glendale, Ariz.

Andersen has served as a panelist for the Pennsylvania International Trade Conference and as an advisor to the Spanish Community Center in Harrisburg.

New Director on N.P.A. Board, James T. Peter

He graduated from the University of Wisconsin with a B.S. in Chemical Engineering in 1966 and attended the University of Cincinnati with graduate courses in Chemical Engineering.

August, 1966 he went to work for Procter & Gamble as an Engineer. He joined Quaker Oats as an Engineer in 1969 and later moved to Product Development Manager and then to Plant Superintendent. In 1974, he was employed by International Multifoods as Director of Manufacturing, U.S. Consumer Products and in 1977 was made Division Vice President and Group Marketing Manager. January 1980 through July, 1981 he worked as Management Consultant to assist government and business in strategic planning.

(Continued on page 40)

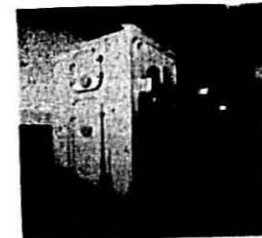
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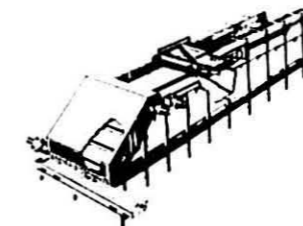
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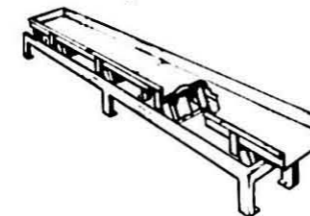
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James T. Petersen

ning, occupational health, and operational problem analysis. In August of 1981 he was employed by The Pillsbury Company as Director of Operations Analysis and in 1984 was promoted to Vice President and General Manager, Basic Foods.

He was elected to the NPA Board of Directors in March, 1984.

CPC Names CEO

CPC International Inc., a major food processing concern, said James R. Eiszner was named chief executive officer, effective Sept. 1. He will succeed James W. McKee Jr., who will continue as chairman.

Mr. Eiszner, who is 56 years old, has been president and chief operating officer of CPC since 1979. He will continue as president; the chief operating officer job will be left vacant.

Mr. McKee, who is 62 in August, said the change is being made to provide for an orderly transition at the top. Mr. McKee has been chief executive for 12 years.

Mr. McKee has a financial background, while Mr. Eiszner's strengths are in technology and marketing.

Despite those differences, Mr. Eiszner said that he and Mr. McKee are "philosophically very much attuned" and that he didn't expect to make any immediate changes.

"This is absolutely a normal succession," Mr. Eiszner said. "I think no one is surprised, except at the timing." Mr. McKee could have remained in the chief executive's job for another three years. "He just felt it was time," Mr. Eiszner said, because 12 years is a long tenure in the job.

Because there won't be a chief operating officer, division heads will report directly to Mr. Eiszner, which means there won't be an obvious successor to him in the organizational structure.

Mr. Eiszner joined CPC in 1965, when it acquired the company he headed, Ott Chemical Co. He has a doctorate degree in organic chemistry and began his career as a research chemist. At CPC, he has been senior vice president of marketing and sales for the U.S. industrial division, a corporate vice president and president of the U.S. industrial division. He has been a member of CPC's board since 1975.

Mr. McKee joined CPC in 1947 in the international division and subsequently worked as managing director of the Cuban affiliate and managing director of the affiliate in Brazil. He became controller of the company in 1964, vice president for finance in 1965 and president in 1969.

CPC, an international company with sales of more than \$4 billion and plants in 45 countries, sells grocery products, including brands such as Hellmann's and Best Foods mayonnaise, Skippy peanut butter, Mazola corn oil, Thomas's English muffins, and Mueller's spaghetti. CPC also is engaged in corn wet milling, a business that produces corn starches, sweeteners and products used by the paper, pharmaceutical and textile industries.

Pasta Markets

New insight into consumer usage of packaged pasta is provided in the First Annual Product Preference Study of Supermarketing Business magazine, based on databank of Mediamark Research Inc., New York. The study reaffirms that sharp variations in product consumption are the result of both regional and demographic differences.

In publishing the Product Preference Study, Supermarketing Business noted that the ten markets selected from the Mediamark Research databank account for 31.9% of the U.S. population. National usage data are based on detailed interviews with 41,010 adults, 20,730 of whom live in the ten selected Areas of Dominant Influence.

Packaged Pasta Variation from U.S.

Boston	.....	+41
Chicago	.....	-13

Cleveland	.....	+
Detroit	.....	+
Los Angeles	.....	+
New York	.....	+
Philadelphia	.....	+
San Francisco	.....	+
St. Louis	.....	+
Washington	.....	+

(U.S. Average: 18% of home makers used 4 or more lbs in last 3 days.)

Big Target

The fastest-growing age segment of the population, the 35-44 year-old group, is also the segment which spends the most on food, according to the American Institute of Food Distribution, Inc.—which cites new data from the Bureau of Labor Statistics showing that households headed by persons aged 35-44 spent 38% above the national urban average at food stores and at eating-out establishments. Along with the higher food-spending percentage, this age group is more likely to live in larger households (4 or more persons), and has an income 37% above the national average.

Really bright spot for processors is that this age segments, which has added 2.4 million in the past two years—increasing by 9.5% between 1980 and 1982, while the total population increased only 2.2% (Bureau of Census)—is still gaining momentum. The 35-44 age group now stands at 12% of the U.S. population, but will swell with the aging of "baby boom" men and women . . . by 10 million in the decade, to 15% of the population by 1990 . . . and to 17% by the late 1990s.

Metropolitan areas especially well-populated with 35-44 year olds are: Atlanta, Dallas-Ft. Worth, Denver, Houston, San Francisco-Oakland, San Jose (CA), Seattle, and Washington, DC.

Spaghetti Love-in

The pasta industry, subject to some outrageous slings and arrows in recent months, found media joy in an unexpected quarter recently—in the letter columns of that mass British newspaper, *News of the World*. The winning entry in a contest to answer, "What dish holds special meaning for you?" read as follows:

"As our romance was getting stale, my boyfriend Mike and I decided to

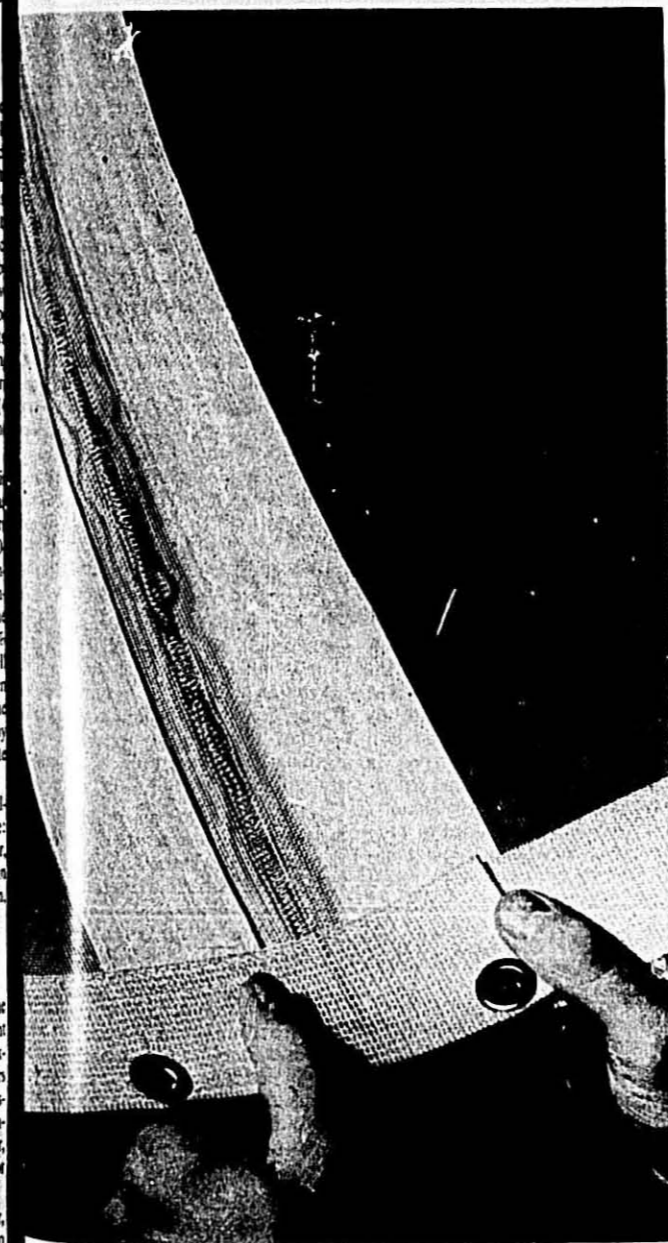
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Finally, if our comparison hasn't convinced you yet that polyester belts are superior to conventional metal belts, maybe you should make one more comparison: cost. You'll discover that polyester belts are less expensive to purchase, install and maintain. One more good reason to switch from metal to polyester dryer belts.

To find out more about switching to Tetko dryer belts made from Swiss precision woven fabrics, contact your equipment manufacturer, or Tetko Inc., 420 Saw Mill River Road, Elmsford, NY 10522, (914) 592-5010.

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INDEX TO ADVERTISING

	Page
ACB Industries Inc.	8-9
A D M Milling Co.	24
Amber Milling Co.	31
Asesco Corporation	13
AZO, Inc.	17
Braibenti Corporation	15
Buhler-Mieg Corp.	27
Cargill Flour Milling Div.	11-12
ConAgra Peavey Company	20-21
Cooley Sales	29
DeFrancisci Machine Corporation	33
Fold Pak Corporation	2
Food Engineering Corp.	39
International Multifoods Corp.	44
Macaroni Journal	29
Malderi & Sons, D., Inc.	7
North Dakota Flour Mill	35
Ricciardi Packaging Machines	37
Rossotti Consultants Associates	43
Tetko, Inc.	41
Winston Laboratories	29

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Spaghetti Love-in

(Continued from page 40)

part but to share one last meal—our favorite spaghetti bolognese. As we ate it glumly, I choked back the tears. Mike stood up to leave, and crash! The tablecloth caught in his jacket and crockery, cutlery and wine hit the floor. We glared at the mess. Then we roared with laughter. After that scene, how could we be split up? Now we are engaged to be married—thanks to spaghetti bolognese."

Food Firms Develop Taste for Each Other

Mark Potts writes in the Washington Post: The companies that package food for America have developed considerable appetites for each other.

Over the past few years, the big food packagers have been gobbling up other food companies, looking for new markets, economies of scale and other advantages in joining forces.

The feeding frenzy has included Pillsbury Co.'s takeover of Green Giant, General Foods Corp.'s acquisitions of Oscar Mayer and the Ronzoni pasta and Entenmann's bakery business, and Standard Brands' merger with Nabisco to form Nabisco Brands Inc.

The companies also have found that acquisitions can be a good way to enter a new line of business. General Foods and CPC International, both seeking to enter the pasta business, considered one of the food industry's hottest potential businesses in the next few years, have both recently bought strong regional pasta companies, Ronzoni (General Foods, and Mueller (CPC), with an eye toward taking the products into national distribution without having to learn the business from scratch.

AACC Announces EDB Check Sample Service

The American Association of Cereal Chemists (AACC) announces a new Check Sample Program for EDB (ethylene dibromide). The special sample will be issued monthly and will contain two products; one will be a whole grain product such as wheat, corn, oats, or rice, and the other will be a flour or mix.

The volatility and possible reactivity of EDB will require special treatment of the samples to ensure uniformity on delivery to each subscriber to the service. Product samples will be packed in 1/2 pint Ball jars and sealed tightly with a lid and ring. Next, the jars will be placked in dry ice and shipped via UPS Blue Label with a special reporting form to the subscriber's laboratory. Subscribers will be cautioned to keep the samples frozen until they are analyzed, and to submit their results in parts per billion (ppb) to AACC no later than 10 days after receipt of the sample, in order to achieve accurate results.

Subscribers will be asked to indicate the method of EDB analysis used, although this is optional. Results may be mailed or phoned in to AACC headquarters in St. Paul, Minnesota. As with other AACC check samples, subscribers remain anonymous and are identified only by a collaborator number.

The price for the 12 monthly samples each consisting of two product

samples is \$600. The first sample will be shipped July 1, 1984.

Other Check Sample Service offerings by AACC include Flour and Cereal analytical checks, sanitation checks for cocoa, flour and spice samples, microbiological checks for Salmonellae and coagulase positive Staphylococci, vitamin and mineral analytical checks, sugar analytical checks, IR calibration checks, standard reference food fiber samples (Certified Food Grade Bran and Hard Wheat Flour).

For more information regarding the new EDB Check Sample, write AACC Check Sample, 3340 Pilot Knob Road, St. Paul, MN 55121; phone (612) 454-7250.

Microbiological Seminar Scheduled for Dressings and Sauces Industry

Microbiological quality assurance for dressing and sauce products will be the subject of an educational seminar for industry representatives at the Hyatt Regency O'Hare hotel in Chicago, September 9-11. The Microbiological Quality Assurance Seminar, developed and coordinated by the Association for Dressings and Sauces (ADS), is the first such comprehensive seminar designed specifically for the dressing and sauce industry.

"The seminar will examine techniques designed to minimize economic loss from microbiological activity, providing an outstanding training opportunity for both quality control and product development personnel," according to Barbara Preston, executive director of ADS.

The three-day event will include speakers from government agencies, independent laboratories, academia and industry. Lectures and case studies will review microbiological concepts in food systems and illustrate techniques for maintaining a high level of quality assurance.

Attendance is open to members of the Association for Dressings and Sauces. Others interested in the seminar should contact Barbara Preston at Suite 500-D, 5775 Peachtree-Dunwoody Road, Atlanta, Georgia 30342, or call 404-252-3663.

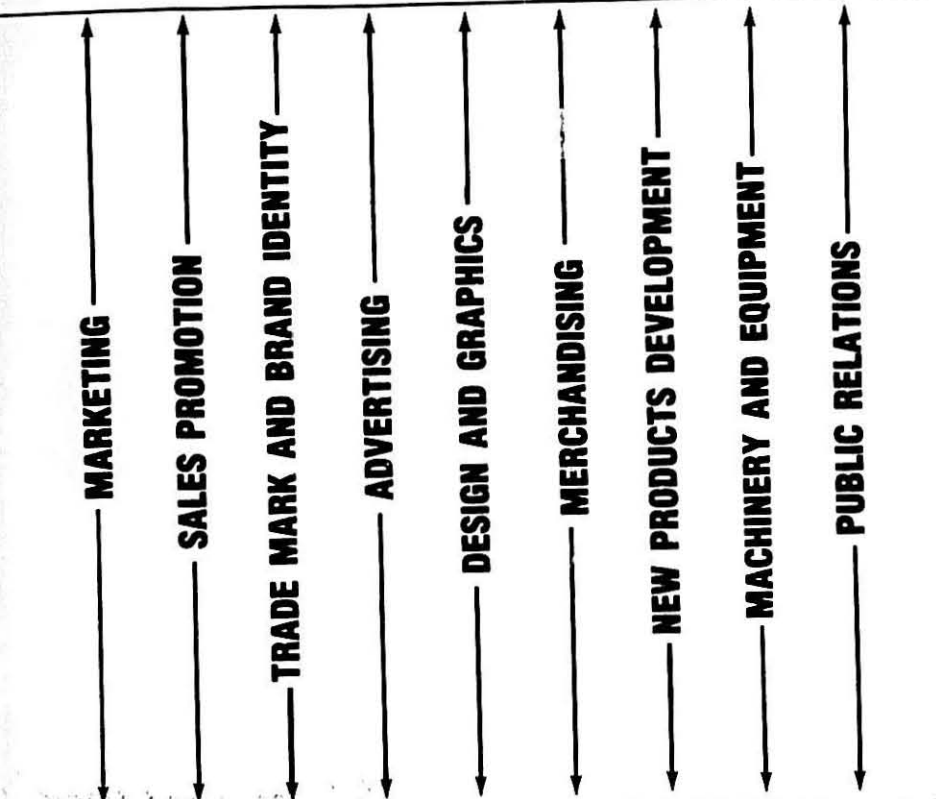
The Association for Dressings and Sauces represents manufacturers of salad dressing and source products and suppliers to the industry.

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