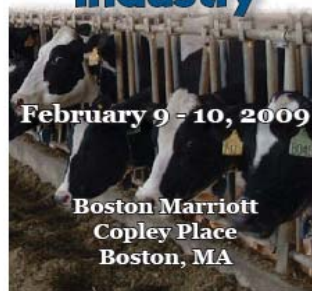


January 2009

Last Chance to Register for the 2009 Tea Party!

84th
Annual Meeting
& Tea Party

Serving the
Northeast
Ag & Feed
Industry



Don't miss this outstanding opportunity to network with peers, receive industry updates, and enjoy great entertainment, all in a spectacular setting. The 2009 Tea Party boasts an agenda filled with leaders in education, production management, federal agricultural policy, and feed industry affairs. Learn about issues challenging your producer clients and federal initiatives impacting agriculture. It all wraps up with entertainment by Trent Loos, a South Dakota rancher whose passion is spreading the word about the many positive aspects of production agriculture, where it is "individuals, not the institutions that make a difference."

Go to: www.northeastalliance.com to view the entire agenda and register for the two day event being held at the Boston Marriot on February 9th and 10th.

Tonnage Tax for Feed Manufacturers to Double in NY

New York Governor Paterson's proposed state budget for fiscal year 2009-2010 will double the feed tonnage tax if approved as is. In an attempt to close a \$15 billion budget gap, taxes and fees are being increased for many businesses. The tonnage tax, charged on every ton of feed manufactured in New York State will go from 5 cents to 10 cents thus raising an estimated \$293,000 per year. "Not only will these taxes make New York feed manufacturers less competitive with those outside the state", stated John Mitchell, Northeast Ag and Feed Alliance President, "they will drive up feed costs for farmers. Milk prices are forecasted to drop dramatically this year and our industry cannot afford this hit."

Feed Alliance members in New York are encouraged to contact their state legislators and tell them to oppose the feed tax increases. John Mitchell was in Albany February 2nd to lobby against the tax and fees.

Whitman Testifies in Vermont House Agriculture Committee

On Thursday, January 15, Vermont Feed Dealers President, and Alliance 1st VP, Art Whitman, testified in the Vermont House Ag Committee. Whitman reviewed the current status of the dairy industry in Vermont and the impact of volatile prices on allied agricultural businesses. He also reviewed several topics of concern to all sectors of Vermont agriculture including limiting regulatory oversight at the local level, access to emerging technology, the rights of farmers to engage in acceptable animal husbandry practices, and the important responsibilities of our state departments of agriculture and land grant universities. Considerable time was devoted to discussing the significance of a vibrant, relevant, dairy science program at UVM. Questions from legislators addressed concerns about phosphorus quantities in feed, transportation weight restrictions, and interest in future prices and supplies for feed and fertilizer.

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2009 Dairy Outlook: Is the Glass Half Full?

On Friday, January 16, Vermont Secretary of Agriculture, Roger Albee called a Dairy Status Meeting in Waterbury, Vermont due to forecasts indicating a precipitous drop in milk prices. On the same day the Department of Agricultural and Applied Economics in the College of Agriculture and Life Science at the University of Wisconsin-Madison released its annual Status of Wisconsin Agriculture Report: 2009. The Cornell College of Agriculture and Life Sciences' New York Economic Handbook 2009 was released at the Agribusiness Economic Conference on in December 2008. All three events highlighted challenges to the dairy industry, but held out hope for price mitigating effects.

In Vermont, Bob Wellington, economist for Agrimark Cooperative, provided a price projection indicating mailbox prices dropping below \$12/cwt by February with only a modest recovery anticipated by August. In Vermont alone the change in milk price is expected to depress farm income by \$100 million in 2009 compared to 2008. Mark Stephenson's chapter in the New York Handbook highlighted the combined impact of the strengthening US dollar, increased global production, and faltering US economy on dairy prices. Few, if any, producers are expected to cover the cost of production in 2009. In general, the Wisconsin farm outlook suggests strong balance sheets going into 2009 will allow many commodity producers to weather the storm. Unfortunately for dairy, skyrocketing input costs stripped any 2008 profits to be realized by record breaking mailbox milk checks.

Bruce Copp writing in the Wisconsin report noted "The weak economy will continue to hurt milk and dairy product sales in 2009, but lower retail prices should be a plus. Cheese and butter sales rely heavily on the restaurant business, which is projected to be slower in 2009 as consumers eat more meals at home. More at-home meals won't help cheese and butter sales, but could support fluid milk sales."

The Wisconsin report cites the relatively strong financial position of many credit institutions servicing the farm sector. Bill Dobson of UW-Madison notes that U.S. agricultural lenders are in better shape than other lenders. Only about 5 percent of U.S. agricultural banks had negative income during the first half of 2008, and over 50 percent of the agricultural banks reported that net incomes during that period were above year-earlier levels.

Leon Berthiaume, General Manager of the St. Albans Coop, reported on efforts at the federal level to provide some relief from falling prices. A proposal being developed within the economic stimulus package considers a higher MILC payment in conjunction with a greater CWT buyout. The combination is receiving attention as it has been estimated by the Congressional Budget Office to be budget neutral in its fiscal impact.



The Feed Industry Loses a Longtime Member: Past Alliance President Norman Van Ord

Norman F. Van Ord, 74, of Claremont, NH, passed away January 18, 2009. Norman was a leader in the northeast dairy industry and served as President of the Eastern Federation of Feed Merchants (the precursor to the Northeast Ag and Feed Alliance) from 1992 to 1994. He was also active in the American Feed Industry Association. Born November 2, 1934 in Russell, PA, Norman graduated from Penn State University with a BS degree in Animal Husbandry. He served with the U.S. Army in Korea during 1958-1960 and married Mary Jane Focht of Reading, PA in 1962. In 1968, he joined Blue Seal Feeds, Inc., serving in numerous marketing and managerial positions and retiring in November 1999, as President of the company.



He was a member of the Holstein Association, New England States Holstein Association, and New Hampshire Holstein Club. He was an avid Boston Red Sox fan, and himself a baseball player at Penn State and with the 4th Calvary while in the Army. Norman enjoyed his final years working the family dairy farm with his two sons in Claremont, NH.

He is survived by his wife and their three children, Lori (Mark) Kinsley of Williston, VT and Douglas and Timothy Van Ord of Claremont; and four Kinsley grandchildren of Williston, VT. In lieu of flowers, the family requests memorial gifts to: *Mount Ascutney Hospital, 289 County Rd., Windsor, VT 05089*, or to the *First Congregational Church, 72 Pleasant St., Claremont, NH 03743*

Nine New York Horses Potentially Exposed to Contagious Equine Metritis
from the New York State Department of Agriculture and Markets

New York State Agriculture Commissioner Patrick Hooker recently alerted horse owners and breeders to the potential exposure of their horses to Contagious Equine Metritis (CEM), a contagious venereal disease of horses. Currently, there are nine known stallions outside of New York State that have tested positive for CEM and that have potentially exposed hundreds of other horses, including nine mares in New York State.

Contagious Equine Metritis can be spread when horses are bred, or congenitally from mares to their foals. While natural breeding is more likely to spread the infection, horses involved in artificial breeding can also be exposed to CEM. Infected stallions seldom, if ever, show outward signs of infection, but may act as carriers of the disease.

To date, there are nine mares in New York and approximately 300 other potentially exposed horses in 37 other states. As potentially exposed horses are identified, they are placed under strict restrictions by state and federal animal health authorities, pending three consecutive negative test results. The New York State Department of Agriculture and Markets and USDA veterinarians have quarantined the nine exposed mares in New York State and have begun testing. None of the potentially exposed mares in New York State or other states have tested positive for CEM at this time. CEM may render mares infertile or may cause horses to spontaneously abort, however the disease can be treated with antibiotics and disinfectants. There is no evidence that CEM affects people.

New York farms owning mares, which have been bred to or have come into contact with any of the positive stallions, and who has not yet been contacted by state or federal animal health officials should contact the New York State Department of Agriculture and Markets' Division of Animal Industry at 518-457-3502.



For more information and regular updates on Contagious Equine Metritis, visit:

http://www.aphis.usda.gov/newsroom/hot_issues/cem/index.shtml

Feed Analysis Consortium Focuses on Feed Industry Data Exchange Standard

Exchanging data on the nutrient composition of feedstuffs will become more efficient in less than a year as the Feed Analysis Consortium's (FeedAC) new Feed Industry Data Exchange Standard (FIDES) focus group is in the process of streamlining electronic data handling among feed industry members. Alliance Board Member Dr. Rick Grant of the Miner Institute serves as the President of FeedAC.

As a first step, the FIDES focus group invited the full spectrum of the feed industry to provide input on what information they are most interested in having exchanged in a standard format. While this may initially be nutrient analysis data, the standards can extend beyond nutritional information to include data used by

accounting, plant management, plant operations, shipping, legal and regulatory departments and others.

The driving force behind the upcoming standardization of electronic data exchange is livestock nutritionists. Standardization promises tremendous efficiencies for them. "Currently, a software program must support the data format used by each feed lab, or the feed lab must support the format for each supported software program. The user is left with the responsibility to learn the correct steps for transferring data between any particular laboratory and each specific software program," said Dr. Dewayne Dill, FIDES focus group co-chair and Dalex Livestock Solutions LLC president. More information is available at: www.feedac.org.

Alliance Board Welcomes Stuart Hall of Feed Commodities International

Stuart Hall, Sales Manager of Feed Commodities International in Vergennes, VT was welcomed as a newly appointed member of NE Ag and Feed Alliance Board at the December meeting held recently in Ithaca NY. Stuart will complete the term vacated by Gardner Merriam. Growing up on a dairy farm in East Montpelier, VT, Stuart graduated from UVM with a degree in Animal Science. Following graduation Stuart returned to his family farm and was instrumental in the growth and development of a multi-family farm partnership and the creation of Fairmont Farm, LLC. In 2003 Stuart joined Feed Commodities International as a sales nutritionist. Over the past five years he has held several positions within the company including credit manager, nutrition support, and most recently, sales manager.

Stuart lives in East Montpelier, VT with his wife Robin. They are the parents of three grown children Abby, Chelsea, and Phillip. Stuart is active in the Bethany Church in Montpelier, VT and enjoys attending his son's football games at Norwich University.



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FDA Likely to Propose Feed Regulatory Changes in 2009

As part of its on-going Animal Feed Safety System (AFSS) initiative, FDA has announced its intent to propose changes to its regulations governing feed and feed ingredients sometime during 2009.

The proposed regulations emanate from FDA's Animal Feed Safety System (AFSS) initiative launched in September 2003. The FDA is attempting to develop a comprehensive, risk-based regulatory framework that describes how animal feeds (individual ingredients and mixed feeds) should be manufactured, distributed and used to minimize risks to animals consuming the feed and humans consuming food products from animals. FDA has stated that such a framework would apply to all sectors of the feed and feeding industries, including feed ingredient manufacturers, on-farm operations and transporters.



Two key areas expected to be addressed in the regulations include:

- **Limits for Animal Feed Contaminants:** Within the AFSS initiative, FDA has developed a risk-ranking model in which the agency can evaluate the relative risk a contaminant poses to animal and human health compared to those posed by other feed contaminants.

FDA intends to use information as it accesses the need to establish new or revised regulatory or guidance limits for contaminants that may be present in feed.

- **Process Control for the Production of Feed Ingredients and Mixed Feed:** FDA says its regulations will embody the concept of process control, which it defines as "a systematic approach designed to ensure feed safety through the identification and use of appropriate controls during the manufacturing, packaging, storage and distribution of feed ingredients and mixed feed." FDA further states that "feed process control entails measures seeking to prevent, or eliminate or reduce, to an acceptable level, risks to animals and humans." The forthcoming AFSS regulations likely will propose that feed facilities identify and implement steps to adequately control potential feed safety hazards within their operations. FDA is expected to provide guidance to assist facilities in risk-based decision-making. The NGFA has established a task force to evaluate potential responses to the anticipated requirement that feed companies conduct an analysis of potential feed safety hazards and implement controls to limit risks to animal or human health.

From the National Grain and Feed Association

NEAFA Calendar of Events

Dairy Feed & Nutrition Conf.

April 7, 2009
Location: Doubletree Hotel
Syracuse, NY

Dairy Feed & Nutrition Conf.

April 9, 2009
Fireside Inn
West Lebanon, NH

Golf for Good Works Annual Golf Tournament

June 25, 2009
Turningstone Casino & Resort
Verona, NY