

July 2010



## Fourth Annual "Golf for Good Works" Tournament: A Hole in One!

The Northeast Ag and Feed Alliance recently hosted its fourth annual "Golf for Good Works" golf tournament at the Turning Stone Resort in Verona, New York. Following an industry reception on Thursday evening, the event began with a shotgun start fielding 24 teams. By the end of the day, the Alliance had raised over \$10,000 to support worthy initiatives such as the North American Intercollegiate Dairy Challenge. Many thanks to our generous sponsors listed below, and to the teams who came out to enjoy the day and secure their bragging rights for another year. A complete collection of team photos can be viewed on our website at [www.northeastalliance.com](http://www.northeastalliance.com).



**First Place Team: Kemin Industries**  
*Don Putnam, Dave Adsit, Mike O'Neill and Jeff Case*



**President John Mitchell Congratulates Longest Drive Winner Hugh Fordyce**



**Best Dressed Teams: Mercer Milling**

### **Thank You** **Tournament Sponsors!**

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## National Dairy Policy Proposals Unveiled

### Dairy Market Stabilization Bill Introduced by Leahy and Sanders



*Vermont Senators Bernie Sanders and Patrick Leahy roll out proposed dairy stabilization plan at Ethan Allen Farm in South Burlington., VT*

On Monday, July 12 Senators Patrick Leahy (D-Vt.) and Bernie Sanders (I-Vt.) announced the Dairy Market Stabilization Act of 2010, co-sponsored by Senator Patty Murray (D-Wash.). This bill is virtually identical to legislation introduced last month in the U.S. House of Representatives by Reps. Jim Costa (D-Calif), Peter Welch (D-Vt), Rick Larsen (D-Wash), Joe Courtney (D-Ct), and John Larson (D-Ct).

The Dairy Market Stabilization Act would help stabilize dairy prices by better aligning supply and demand. Under the program, individual dairies would have the choice of either maintaining their current production level (plus an allowable year-over-year growth rate based on market indications) or expanding their production and increasing their share of the market. Dairies choosing to increase their market share would pay a fee during the first year of expansion which is paid out to their fellow dairy farmers who are maintaining their current share of the market. This creates a system that allows the market to absorb increases in production by providing a tangible financial incentive for most dairies to manage their production growth.

The structure of the bill is based on economic analysis and modeling conducted during the past 18 months. Both the growth rate and market access fee would be determined based on market indicators including feed costs; machinery expenses; interest expenses; and other cash expenses, including the cost of hauling, veterinary services and medicine, bedding and litter, marketing, custom services and supplies, fuel, lubrication, electricity, machinery and building repairs, labor, association fees, and assessments.

A producer board of directors would be established to advise the Secretary of Agriculture on any necessary adjustments to program operations. The bill empowers farmers by allowing them to vote on whether to enact the program and, three years after it commences, to vote on whether to continue it.

The legislation is supported by farmers and industry groups across the country including the Addison County Young Farmers, California Dairy Campaign, Dairy Farmers Working Together, Farmers Union Producers Association, Georgia Milk Producers, Hoard's Dairyman Magazine, Lanco-Pennland Quality Milk Producers, Milk Producers Council, National Farmers Union, Oregon Dairy Farmers Association, Pennsylvania Holstein Association, Vermont Holstein Association, and Washington State Dairy Federation.

The Vermont based Dairy Farmers Working Together group has been instrumental in building national support for the proposed legislation and while there is a broad coalition of support, the proposed legislation is not fully endorsed by all dairy farmers. Neither the Wisconsin Farm Bureau, which has the most dairy farms of any state at nearly 13,000, nor the National Milk Producers Federation (NMPF), a group representing 40,000 dairy farmers around the country, supports Sanders' bill.

*Compiled from Sanders, Leahy, Murray, Costa web sites; Lisa Rathke, AP, July 12, 2010, <http://dairyherd.com/news>, July 13, 2010*

## Agricultural Policy Research Institute Studies the National Milk Producers Federation's Proposal

*See Following Article*

The University of Missouri's Food and Agricultural Policy Research Institute (FAPRI) compared the likely impact of National Milk Producers Federation's proposed (FFTF) dairy policy changes to current federal dairy policies. The bottom line, anyone expecting a big financial windfall can forget about it, but the plan should help smooth dairy's economic roller coaster, provide more financial protection in times of low income margins, and keep a lid on federal dairy expenditures. FAPRI's analysis projected the results of eliminating current federal dairy policies, the Dairy Product Price Support Program and Milk Income Loss Contract (MILC) program, and replacing them with FFTF's Dairy Producer Margin Protection Program (DPMPP) and Dairy Market Stabilization Program.

FAPRI said the current MILC program would begin to make payments sooner, but the base DPMPP would provide larger payments during low-margin periods, since 90% of a farmer's milk production would be covered. Currently, once MILC is triggered, payments cover 45% of the price shortfall (falling to just 34% after September 2012). MILC contains annual production caps, which aren't included in FFTF. And, producers could buy supplemental coverage to protect higher margins.

FAPRI said FFTF's supply management mechanisms would not be triggered often, but would likely hold annual milk production increases to less than 180 million lbs. (or less than 0.1% per year) through 2019. Finally, FAPRI said the proposal would moderate, but not eliminate the volatility we've seen in dairy markets in the past few years.

## National Milk Producers Federation Board Adopts "Foundation for the Future"

The National Milk Producers Federation's Board of Directors agreed on July 9 to move forward with a variety of changes in federal dairy policies that will better protect dairy producers and position them more favorably in an increasingly volatile global marketplace. The NMPF Board voted to support the package of concepts contained in the Federation's approach to reforming dairy policy entitled "Foundation for the Future." NMPF President and CEO Jerry Kozak said that package will be used as the basis for NMPF's position on the future direction of the dairy provisions in the next Farm Bill, or in other federal legislation that Congress may consider in the future.

"If there is anything good that has come out of the past 18 months of economic struggle, it's the shared feeling among NMPF's members that we can use this experience as the catalyst to make needed changes in dairy policy," said Randy Mooney, NMPF Chairman and dairy farmer from Rogersville, MO. "'Foundation for the Future' is a carefully and meticulously prepared set of programs that not only will help our industry prevent a repeat of what happened in 2009, but also provide for a most prosperous future for dairy producers and their cooperatives."

The features of NMPF's plan include: transitioning the existing safety nets of the Dairy Product Price Support and Milk Income Loss Contract programs into a new Dairy Producer Margin Protection Program to guard against periods of severe financial pressures; establishing a Dairy Market Stabilization Program to help address periodic imbalances in milk production and demand; and reforming the Federal Milk Marketing Order program.

The Federation's proposal to revamp the federal safety net involves creating an insurance program tied to the margin between the national average cost of feed, and the national average all-milk price. After farmers choose to enroll in the base level of the Dairy Producer Margin Protection Program at no cost to them, they would receive indemnity payments during periods when their margins are severely compressed, as they were for most of 2009. In addition, farmers would have the option of purchasing supplemental coverage to protect a higher margin level between feed costs and milk prices. Another key element of the Foundation for the Future will be a Dairy Market Stabilization Program that sends a signal to producers that an imbalance in the marketplace could result in lower farm-level margins. Like the Dairy Producer Margin Protection Program, the Stabilization Program is tied to farmers' margins that could be reduced either by low milk prices and/or high feed costs.

The Stabilization Program was shaped by some key principles: it allows for the growth of U.S. production, doesn't encourage imports or hinder exports, and keeps government intervention at a minimum. Lastly, the Foundation for the Future also calls for changes in the Federal Milk Marketing Order program to create a competitive milk price, maintain Class I differentials, and eliminate unpopular aspects of the current system, such as make allowances. The changes in the Federal Order system are intended to be revenue neutral so that farmers' milk checks are not adversely impacted. Kozak said that NMPF will now begin a comprehensive education effort to inform the entire dairy producer community, as well as policymakers, about the merits of Foundation for the Future.

*From the NMPF web site*



## VanAmburgh Receives Dairy Nutrition Research Award

Michael E. VanAmburgh, Ph.D., an expert in ruminant nutrition, growth, lactation, nutritional physiology, modeling and dairy management, was recognized recently for his professional achievements by the American Dairy Science Association. VanAmburgh is an associate professor at Cornell University, where he teaches several courses in dairy cattle nutrition, nutrient management on farms, and more. He also is the adviser to the University's Dairy Science Club. The Dairy Nutrition Research Award was presented to VanAmburgh during the annual ADSA meeting in Denver, Colo., earlier this month. The award is sponsored by the American Feed Industry Association, as part of its continuing awards program that dates to 1948 and was presented by Tom Earleywine of Land O'Lakes Animal Milk Products, on behalf of AFIA.

VanAmburgh is recognized for his outstanding research contributions to the dairy industry in the areas of growth and development of dairy replacement animals, ruminant nitrogen use, and modeling feed chemistry and components present in dairy rations using the Cornell Net Carbohydrate and Proteins System, or CNCPS. He is best known for his research evaluating the nutrient requirements of dairy replacement animals, from birth through lactation. He has investigated the endocrine and ontogenic control of several processes, including pubertal and mammary development. The mammary development research was ground-breaking in scope because it allowed the industry to re-evaluate what was thought to be a problem—negative effects of nutrient intake on mammary development—and refocus an entire area of research. In addition, VanAmburgh and his research team continuously work to improve the university's CNCPS, with the intent that the biology of the cow matches the modeling within the software. This model is the one most used in the industry for building and evaluating dairy rations in the field. He now is conducting research on nitrogen use in lactating dairy cows, and he is using the CNCPS model in this endeavor.

He has published 46 peer-reviewed journal articles, and his work also has appeared in numerous popular press and Extension publications. He also has given many invited presentations.



## Northeast Ag & Feed Alliance

27 Elk Street  
Albany, NY 12207

PHONE:  
(888) 445-4595

FAX:  
(518) 434-9093

We're on the Web!

See us at:

[www.northeastalliance.com](http://www.northeastalliance.com)

### Notice of Bylaws Amendments

The Feed Alliance Board of Directors, at their June 24<sup>th</sup> meeting, voted unanimously to amend the Organization's bylaws. The changes included some reorganization of the document, clarification of the role of the treasurer, budget development procedures, establishment of a cash reserve and indemnification of the board against a civil action, suit or proceeding involving the organization.

As outlined in Article VI of the bylaws, any Feed Alliance member may request that the bylaws, as amended by the Board, be ratified by the entire membership of the organization through a mail voting procedure. Such ratification requires that two thirds of the members returning ballots vote in favor of ratification of the amendments. Failure to achieve a two thirds vote for approval of the amendments will result in the bylaws returning to their un-amended state. Such request for membership ratification of these amendments must be made prior to August 24, 2010.

The bylaws, as amended, can be viewed on the Feed Alliance website at:  
[www.northeastalliance.com/bylaws.html](http://www.northeastalliance.com/bylaws.html).

### Study Finds Loss of Atrazine Could Cost \$5 Billion Per Year

A ban on atrazine would cause a loss of 21,000 to 48,000 jobs in corn production alone based on an economic modeling study by **Dr. Don L. Coursey**, a Professor of Economics at the University of Chicago. Details of the study were released last week at a briefing held at the National Press Club and hosted by **Jere White**, Chairman of the Triazine Network. The press conference was held to address the unscheduled review of atrazine that the Environmental Protection Agency (EPA) began in late 2009. Dr. Coursey's study estimates banning the herbicide would cost corn growers an additional \$26-58 per acre per year, and cost the corn industry \$2.3 to 5 billion per year. This is a conservative estimate of the total effect of removing atrazine from the market, because it only considers the effects on the corn industry; atrazine is also very important to sugar cane and sorghum production.

The unscheduled EPA review is in response to lawsuits in federal and Illinois state courts, led by activists and lawyers with a history of class action cases, despite the fact that Atrazine was under review for 12 years and analyzed in thousands of studies before re-registration. There is no precedent where EPA has re-evaluated a registered item outside of normal regulatory guidelines, or in response to activism; the implications for other registered products outside of this case are uncertain and concerning to the agriculture industry.

A 50-year veteran of the agriculture market, atrazine is the second most used herbicide in the United States, and with over 6000 documents on record is the most studied herbicide in the world. EPA, the World Health Organization, and the National Cancer Institute have previously conducted safety reviews on atrazine, and EPA's June 2006 re-registration states that the triazine products pose "no harm that would result to the general U.S. population, infants, children, or other major identifiable subgroups of consumers." Additionally, the latest research shows that this class of chemicals continues to meet rigorous environmental standards placed on agricultural chemicals.

*Excerpted from NASDA e-News, a publication of the National Association of State Departments of Agriculture July 13, 2010 – Issue XVIII, Number 26.*

### NEAFA Calendar of Events

#### **Safety, Health and Environmental Quality Conference (by NGFA)**

July 28-29, 2010  
Hilton Omaha  
Omaha, Nebraska

#### **NEAFA Board of Directors Strategic Planning Meeting**

September 13-14, 2010  
Albany, New York

#### **NEAFA Board of Directors Meeting**

September 22, 2010  
South Burlington, Vermont

#### **VT Feed Dealers Annual Conference**

September 22-23, 2010  
Double Tree Conference Center  
South Burlington, Vermont