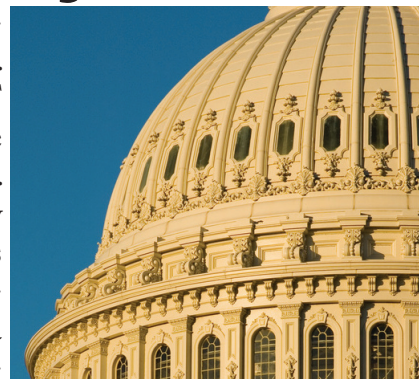


Agriculture Issues on Docket in Washington this Fall

Congress reconvened on Sept. 4 with the possibility of an extended session—perhaps into November and December—at the forefront. In addition to the war in Iraq and judicial appointments there are several key issues that impact agriculture. Of course the senate version of the Farm Bill is at the forefront but Senate consideration of the water resources development legislation that includes authorization for lock replacements and other enhancements on the Upper Mississippi and Illinois Waterway; and calls for food safety legislation also have the potential to impact feed manufacturers. Comprehensive energy legislation is scheduled to take center stage sometime this fall as well.

Senate Ag Committee Chairman Tom Harkin, D-IA, had promised to issue his draft of a 2007 farm bill during the second week of September, but it looks like he will have to wait for definitive measures from the Sen-

ate Finance Committee, chaired by Sen. Max Baucus, D-MT before he can release a committee bill. Baucus has publicly announced his goals for the Finance Committee, including a permanent disaster program based on revenue insurance, conservation easement programs with tax credits provisions, bonding authority for rural development programs and strong support for renewable energy projects. The total package is expected to garner \$8-\$10 billion for agriculture but the Finance Committee has yet to release draft legislation.



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Inspection Fees Enforced at US -Canada Border

Beginning June 1, 2007 the U.S. Department of Agriculture's Animal and Plant Health Inspection Service, in coordination with the U.S. Department of Homeland Security's Customs and Border Protection, have enforced inspection and user fee requirements for all commercial trucks and loaded railroad cars entering the United States from Canada.

In an interim rule published Aug. 25, 2006, APHIS

announced that it would remove the inspection exemption for Canadian-grown fruits and vegetables and the user fee exemption for commercial vessels, trucks, railroad cars and aircraft, as well as international passengers entering the United States from Canada. Implementation of the new requirements and collection of user fees was staggered to allow affected industries time to prepare for the change. This marks the final phase of implementation.

Recent inspections along the U.S.-Canada border resulted in numerous interceptions of prohibited fruits and vegetables, originating from regions other than Canada. These products pose a risk of introducing plant pests into the United States. APHIS is also concerned about agricultural and other products originating in Canada that could serve as host material for pests and diseases if left un-inspected.

The current ag. quarantine and inspection fees are:

- Commercial Trucks: \$5.25 per entry; \$105 annually

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Tournament Update

To the many of you who braved scorching heat to defend your golfing honor at the Alliance Golf Outing at Turning Stone on June 27, we apologize for the lack of follow up. As soon as information on winning teams and total dollars raised are provided the results will be posted on the Alliance web site. In the interim—thanks to all who organized teams, turned out, and played. The event is crucial to on-going support of educational programs sponsored by the Alliance.

NORTHEAST AG & FEED NEWS

Import Safety Focus of Interagency Group

The Interagency Working Group on Import Safety (Working Group) has announced a public meeting in Washington DC on October 1, 2007 to identify actions the public and private sectors can take to promote the safety of products imported into the United States. The Working Group was created by the Executive order on July 18, 2007 to conduct a comprehensive review of current import safety practices and determine where improvements can be made.

This issue is of concern to Alliance members because of the need to balance security with the costs and efficiency of moving material across borders.

The mission of the Working Group is to identify actions and appropriate steps that can be pursued, within existing resources, to promote the safety of imported products, including the following:

(1) *Reviewing or assessing current procedures and methods aimed at ensuring the safety of products exported to the United States,*

(2) *Identifying potential means to promote all appropriate steps by U.S. importers to enhance the safety of imported*

products,

(3) *Surveying authorities and practices of Federal, State, and local government agencies regarding the safety of imports to identify best practices and enhance coordination among agencies.*

The Working Group delivered a Strategic Framework to promote import safety to the President by the September 17, 2007, and plans a follow-up Action Plan released by mid-November 2007. This Action Plan will take into consideration the feedback received from the public, and recommend specific actions the Federal Government and all parties involved can take to enhance import safety on all levels. Louise Calderwood, Alliance Government Relations Director, will review the Strategic Framework, and contact Alliance members for input and feedback to the Working Group at the October 1 meeting. Keep an eye on the Alliance web site for more information on the Strategic Framework.

The objective of the Import Safety public meeting, to

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No Match: Temporary Halt to Immigration Raids Granted

A hearing scheduled for October 1 by federal judge Maxine M. Chesney of federal court for the Northern District of California, will temporarily bar the Department of Homeland Security from carrying out new rules to crack down on employers of illegal immigrants, dealing a legal setback to a central part of the Bush administration's effort to step up enforcement of the immigration laws.

The judge also ordered the Social Security Administration to suspend a mailing, scheduled to begin September 12, of some 140,000 letters to employers advising them that some of their employees' Social Security information did not match the agency's records. Illegal immigrants often apply for work with false Social Security numbers. The Social Security Administration countered the suspension and asked the San Francisco judge to allow it to send out no-match letters and to move up a hearing date on the issue from Oct. 1 to Sept. 19.

The ruling came in response to a lawsuit filed by the A.F.L.-C.I.O., several California labor groups and the American Civil Liberties Union. The suit argues that

because of errors in the Social Security Administration's database, many American citizen and legal immigrant workers could be dismissed because of the new rules. The suit also claims the rules could lead to discrimination against Hispanic workers.

Many individuals have written letters of concern regarding the new "no-match rules" including NY Com-

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Save the Date!

Upcoming NEAFA Events

83rd Annual Seminar & Tea Party

February 11 & 12, 2008

Marriott Copley Place, Boston, MA

Ruminant Health & Nutrition Conference

March 25, 2008

Holiday Inn, Liverpool/ Syracuse, NY

New England Dairy Feed Conference

March 26, 2008

Fireside Inn, Lebanon, NH

NORTHEAST AG & FEED NEWS

Freight Rail Rates and Trends: GAO Update

The Government Accountability Office (GAO) – the investigatory arm of Congress, has issued an updated report on freight rail rates to reflect 2005 waybill data that became available after it issued its Oct. 2006 report. The updated report, issued Aug. 15, found that freight rail rates increased 7 percent in 2005 over 2004 levels – the largest increase in 20 years, and only the second time in that span that rates outpaced the rate of inflation. Freight rates for grain exceeded those of each of the other categories measured – motor vehicles, coal and miscellaneous mixed shipments.

The GAO also found that miscellaneous revenues generated by freight railroads (a category that includes some fuel surcharges) nearly tripled, from \$633 million in 2004 to \$1.7 billion in 2005 – accounting for 3.7 percent of total freight rail revenue reported. It also found that by 2005, railroad-owned cars were hauling only 40 percent of the freight tonnage, down 20 percent since 1987.

The study also used the Staggers Rail Act's 180 percent of variable cost threshold for challenging rates as a rough measure to determine whether rail shippers are captive to a single Class I carrier. While the GAO said it is difficult to determine precisely how many shippers are captive to a single Class I carrier, 2005 rate data using this threshold indicate that potentially captive traffic declined by 0.5 percent, continuing the decline in recent years. However, the GAO also reported that freight traffic shipped at rates exceeding 300 percent of variable cost increased in 2005, reversing declines that occurred in 2003 and 2004. "...Continued increases in traffic at higher thresholds shown in the 2005 data affirm our: 1) conclusions that STB has the statutory authority and access to information to conduct a rigorous analysis of competition in the freight rail industry that would rely on more than sample data; and 2) recommendation that the STB undertake such an analysis to determine whether rail rates in selected markets reflect justified and reasonable pricing practices or an abuse of market power by railroads." In response, the STB said it had identified potential funding, and that it intends to solicit proposals "from analysts with no connection to the freight railroad industry or STB proceedings for a

fixed-price contract to conduct an appropriate study" on rail competition and rates. The agency did not provide the GAO with a timeline for conducting such a study.

Member Watch!

Upcoming Events of Interest

Oct 1

Interagency Working Group on Import Safety, USDA, Washington, DC; erik.mettler@fda.hhs.gov.

Oct. 4-5

Controlling Rail Expenses Seminar, Washington, DC; Escalation Consultants Inc., (301) 977-7459.

Oct. 23-25

Cornell Nutrition Conference, East Syracuse, NY; www.ansci.cornell.edu/dm.

Nov. 7-9

Dairy Practices Council Annual Conference, Harrisburg, PA.; www.dairypc.org.

International Symposium on Milk Genomics & Human Health, Napa, CA.; milkgenomics.org.

Nov. 13-14

National Conference for Agribusiness, Purdue University, West Lafayette, IN.; www.agecon.purdue.edu/cab.

Penn State Dairy Cattle Nutrition Workshop, Grantville, PA.; www.das.psu.edu.

Ag Issues *continued from page 1*

In other Farm Bill news Sen. Kent Conrad, D-ND, is working on a competing version of the farm bill that is believed to closely mirror the House-passed measure, with the addition of a permanent crop disaster-assistance program. Several Senators are said to be drafting legislation that would mandate significant reform of the current direct payments made to commodity crops. Even under optimum conditions, Senate floor consideration of the bill likely will not occur until late October or early November, which could push final negotiations into the first quarter of 2008. This has occurred with previous farm bills.

NORTHEAST AG & FEED NEWS

Import Safety *continued from page 2*

be held on October 1, 2007, is to identify and recommend actions that persons involved in the production, distribution, importation, regulation, and use of imported products can take to promote the safety of such products.

To achieve this objective, the Working Group seeks public comments to address the following questions:

1. What are the key challenges for industry, consumers, and foreign, State and local governments to ensure the safety of products imported into the United States?
2. Consistent with the Strategic Framework, the Working Group recommended to the President on September 17, 2007, what actions should persons involved in the production, distribution, importation, regulation, and use of imported products, including Federal, State, local and foreign governments, manufacturers, distributors, brokers, importers, and consumers take, individually or jointly, to promote the safety of imported products? What should the Federal government and others do to implement or facilitate the implementation of these actions?
3. For each action, what is the benefit(s) of implementing this recommendation? What is the cost(s) of implementing this recommendation? What challenge(s) does it address? Are there other actions that must or should be taken first before implementing this recommendation?

For more information on the Interagency Working Group on Import Safety or the October 1 meeting please contact Louise Calderwood at 802-586-2239

Inspection Fees *cont. from page 1*

with a purchased transponder.

- Loaded Commercial Railroad Cars: \$7.75 per entry.

Exemptions

While commercial trucks can purchase transponders (decals) to allow annual passage for a one time fee, there is no parallel program for rail cars. Each time a rail car crosses the border a \$7.75 fee assessed. However, commercial railroad cars and commercial trucks are exempt from paying the APHIS user fees if their journey originates and terminates in the United States, and no cargo is loaded or unloaded from the commercial railroad car

or truck while they are within any country other than the United States.

Some haulers are providing their customers with a detailed bill showing individual fees for border crossings. Others are simply adding the fee into the total charges for goods or services. This is the time to contact your suppliers regarding their proper use of seals as material leaves its original shipping point. If material reaches the border with missing or improperly placed seals a fee will be assessed. This can be eliminated through proper placement of seals as material leaves its loading area.

No Match Letter *continued from page 2*

missioner of Agriculture, Patrick Hooker.

In a September 15 letter to President Bush Commissioner Hooker asked if there would be built-in legal protections for employers obtaining clarifying information from workers with inaccurate information. He also inquired into innovations in identity theft technology, how to verify seasonal employees who already left and how to reconcile contradictions between DHS's new 90-day termination policy and SSA policy that prohibits the use of such letters as grounds for employee termination. The Commissioner stated that unless these and other issues are clarified, this policy is likely to be arbitrarily interpreted and inconsistently enforced.

Dairyalea and DFA as well as many other organizations continue to support legislation that improves border enforcement and protects the nation's security, but it must be workable for agriculture's unique labor needs. Dairyalea and DFA are asking Congress and the Bush Administration to quickly resolve these issues so that agriculture's vital immigrant labor force can be maintained.

"Our representatives need to understand the extreme hardships these regulations will cause for our economy, our industry and most importantly, our farms," explains Clyde Rutherford, President of Dairyalea Cooperative Inc. "If farms were to lose these valuable and hard-working employees that contribute to society, it would cause a monumental crisis in the dairy community; cows would not be milked, crops would not be planted, and we would very quickly see a decline in farm production."