

April 2008

Escalation of Feed Costs to hit Food Industry

Consumers will see another major run-up in food prices this summer. Rapidly increasing animal feed costs, a result of competition for corn and oilseeds between livestock and poultry feeding and alternative fuels production.

American Feed Industry Association President & CEO Joel Newman, in his state of the industry report to the AFIA board, said Congress and the Bush Administration must recognize that \$5 a bushel corn – and similar price jumps for soybeans and other food grains -- can no longer be viewed as anomalies or temporary. “Five dollar corn looks to be closer to the new ‘normal’,” Newman said, adding ethanol’s use

of corn will hit 27% of the U.S. corn crop during the 2007-2008 crop year.

Some in the food industry are critical of the increased use of crops for ethanol production. The chief executive for Swiss food giant Nestle is warning against the production and promotion of biofuels. Peter Brabeck-Letmathe, widely quoted in wire services world wide in late March, says planned subsidies for biofuels are

continued on page 4

Management Breakthroughs Highlighted at Annual Nutrition Conferences

The 200 attendees at the Ruminant Health and Nutritional Conference and the New England Dairy Feed Conference were provided cutting edge information on distillers grains in dairy rations, ration management, immune suppression in fresh cows, and use of the Transition Cow Index™. The conferences, held in Syracuse, NY and West Lebanon, NH, provided feed industry members, veterinarians, and dairy producers



Bill Weiss delivers his message.

Thank you to Rick Grant of the Miner Institute and the Alliance Education Committee for organizing these outstanding conferences.



Conference host and presenters, L-R: Dr. Rick Grant, Miner Institute, Conference MC; Dr. Tom Jenkins; Dr. Bill Weiss; Dr. Paul Kononoff; Dr. Jesse Goff; Dr. Ken Nordlund.

with important dairy herd management materials. Visit the NEAFA web site (www.northeastalliance.com) for summaries of presentations. To purchase copies of the conference proceedings please contact Rick Zimmerman at rzimmerman@acds-llc.com.



NORTHEAST AG & FEED NEWS

FDA to Open Offices in China

The U.S. FDA has received approval from the State Department to establish offices in China.

The FDA said it plans to open eight permanent offices at U.S. diplomatic posts in China in the next 18 months, pending authorization from the Chinese government. Along with placing FDA staff in the positions, the agency said it will hire five local Chinese nationals to work with staff at the U.S. Embassy in Beijing and the U.S. Consulates General in Shanghai and Guangzhou.

“In an age when a border is not a barrier, the globalized economy demands nothing less than heightened regulatory interoperability, information exchange, and cooperation, especially on product quality and enforcement matters,” said Dr. Murray M. Lumpkin, deputy commissioner for FDA’s international programs, said in a statement.

The agency said the new offices will allow greater access for inspections and greater interactions with manufacturers to help assure that products meet U.S. standards for safety and manufacturing. *(from the UPI)*

Food Safety and Personnel Management Focus of International Feed Expo.

Almost 20,000 attendees from over 90 countries, and 900 exhibitors converged in late January for the American Feed Industry Association and International Poultry Expo-Meeting Round-up in Atlanta, GA.

Dr. Robert Shoop from Kansas State University addressed hazards associated with hiring and firing staff, Bill Pfister spoke on electrical work practices and

understanding the real world of OSHA, and Richard Sellers explained details of product recalls. AFIA also hosted the first-ever Conference on Pet Food Ingredient Quality focusing on the impact of the melamine issue that the pet food and feed industry faced in early 2007 as well as a look at the global pet food markets.

U.S. Commerce Dept. Secretary Carlos M. Gutierrez reported on getting the feed and poultry sector’s support for free trade agreements with South Korea, Panama and Colombia, all of which are facing approval votes in Congress. Nevertheless, he wisely noted that, “while most of you are still found in the domestic market, poultry and eggs are becoming increasingly export oriented.” Gutierrez stated that from 2002 to 2006, America’s poultry exports increased by 50 percent and that in large overseas markets such as South Korea and Russia, “the U.S. is their number one source of poultry.”



Tom Jenkins presents before an engaged audience.

The Northeast Ag and Feed Alliance Golf for Good Works Tournament.

Save the Date! The Turning Stone Resort, Oneida NY, will be the site for the second annual Golf for Good Works Tournament, Thursday, June 19, 2008. Join us the evening of June 18th for a reception or plan for the 8:00 AM shotgun start on the 19th. Either way this event will be a good time and a great way to raise funds for important programs promoting the agriculture industry. Details for this year’s event will be on our website and mailed to you directly. You may register online, or download registration materials and fax back the registration form.

Tournament sponsorships are very much welcomed! Details will be online and in the mailing.

NORTHEAST AG & FEED NEWS

US Farm Bill On Hold

Several impasses in Washington have led to a deadlock on the US Farm Bill. Some groups in DC feel current record high commodity prices warrant major revision of Title 1 commodity payment programs. Others feel the present market is a temporary anomaly and does not warrant a significant re-write of legislation.

In an attempt to reach agreement Congress voted to extend the current Farm Bill to April 18th. On March 13th President Bush issued a press release stating "The Congress has agreed on legislation to extend current farm programs to April 18, 2008. I will sign this legislation to avoid serious disruptions that might result if the current law is allowed to expire without a responsible farm bill enacted in its place. Farmers and ranchers deserve to know the structure of policies that affect their day-to-day business activities, and right now they face uncertainty."

While the House and the Senate are moving closer to

continued on page 4



The 2008 NEAFA Board recently met in Albany to discuss long term goals and objectives. Those in attendance included: L to R, Barry Baetz; John Mitchell, Pres.; Rich Casler, Sect.; Rob Sheffer, 2nd VP; Art Whitman, 1st VP; Al Ames, Treas.; Kevin Crane, Don Traub.

North East Legislative Round-Up- Connecticut

Operating a truck, tank vehicle, or tractor-trailer unit, with snow or ice on the roof may soon be subject to a two hundred fifty dollars fine in CT. The transportation committee received a testimony on SB 298 on Feb. 25.

On Feb. 22 the Environmental Committee took testimony on HB 5136 concerning dairy farm viability. As written, the bill requires the Commissioner of Ag to develop, write, and implement a plan to ensure the

continued viability of dairy farms in the state of CT.

Anti-idling language is being considered in CT to prevent idling of more than three minutes. The bill is moving quickly through the legislature with broad support and it is currently in the Senate Transportation Committee. Exceptions to the provision occur when a motor vehicle is forced to remain motionless because of traffic conditions or mechanical difficulties; when it is necessary to operate defrosting, heating or cooling equipment; when it is necessary to operate auxiliary equipment that is located in or on the motor vehicle to accomplish the intended use of the motor vehicle; when the outdoor temperature is below twenty degrees Fahrenheit. Farm vehicles are exempt.

New Hampshire

The need for large animal veterinary services has caused a legislative request to fund the tuition costs for veterinary medicine students willing to practice large animal medicine in NH for 10 years after graduation. The large animal vet Net Tuition Repayment Program would fund the promotion, acquisition, and retention of large animal veterinarians in those areas of the state where there is a need, especially the northern counties.

Vermont

The Senate Committee on Economic Development has taken significant testimony on worker's compensation reform and proposing moderate legislative remedy. Rates paid by VT businesses are amongst the highest in the country. Proposed changes include limiting temporary total disability benefits to two years and modification of vocational rehabilitation benefits. VT feed dealers and agricultural producers have been actively engaged in this discussion.

Proponents of raw milk sales in VT were dealt a set back in mid March when the House limited its review of raw

continued on page 4

Reminder: send us your employee news!

We want to keep Alliance membership up to date with developments in our member companies. Please provide us with press releases or any information regarding employee news or company events. If you would like assistance with drafting a news piece for the Alliance newsletter contact Louise Calderwood at rcalderwod@aol.com (that's right-only one "o").

NORTHEAST AG & FEED NEWS

Tea Party Evaluation- Win a Prize!

In interest of continued program improvement and relevancy to our industry, the Northeast Ag and Feed Alliance is conducting a survey of 2008 Tea Party Attendees. Please go to www.northeastalliance.com and fill out the online survey by April 30, 2008 to be entered into a drawing for one free entry fee for June 19th's Golf Outing or \$100 off 2009 Alliance membership fees. We really want your input to help make next year's event bigger and better!

Escalation *continued from page 1*

"irresponsible and immoral" according to some reports. Brabeck-Letmathe says there will be no food left to eat if 20% of the world's oil demand is fulfilled by biofuels, as predicted. He claims that water and land for cultivation are becoming scarcer.

The combination of crude oil prices topping \$100 a barrel, increasing demand for alternative fuels, increasing export demand for U.S. grains and oilseeds to meet stronger global demand for animal protein, combined with a weak U.S. dollar and significant increase in ag commodity speculators, and you have the inevitable pressure on U.S. food prices, Newman said. *(from AFLA and Farm Progress)*

US Farm Bill *continued from page 3*

reaching agreement on the Bill, there is a power struggle brewing between Senate Finance and Senate Ag as to who would have jurisdiction over the developing Committee crop disaster payment program. Currently several members of Senate Finance also serve on Senate Ag and the Finance committee is lobbying for control of the disaster program. The concern is that future make up of the Finance committee would not assure sufficient attention to the agricultural disaster program.

The White House remains firm in its position that the new Farm Bill must limit new spending. The Administration has frequently threatened to veto a Farm Bill that comes in above cost targets.

Legislative Roundup *cont. from page 3*

milk sales. Testimony from the VT Dept. of Health and an insurance agent provided balance to the discussion. The House agreed to allow a doubling of raw milk sales from 25 quarts per day to 50 quarts per day.

Maine

The ME legislature is taking testimony on LD 1650, a bill addressing regulation of genetically modified organisms. The bill requires manufacturer's of GMOs to report annually to the Commissioner of Agriculture the total potential acreage of GMO crops grown as a result of ME sales. It also provides for a process for manufacturers of GMOs to investigate a violation of a technology use agreement and defines the process for conducting nuisance suites involving GMOs.

Massachusetts

Many agricultural groups are advocating for adoption of the MA Dairy Farm Revitalization Task Force Report. The report lays out a comprehensive legislative approach to dairy farm viability and was expected to be released last Oct. In early March the report was finally released. Topics addressed include renewable energy projects, farm viability programs, a dairy farm tax credit program, and marketing efforts for MA dairy products. While it is probably too late for significant action this legislative session the report will provide a framework for future discussions.

New York

The State Legislature has just closed down on a state budget, in close proximity to the April 1 deadline. Included in the spending plan are several ag priorities that the Feed Alliance supports, including funding for the Farm Viability Institute, a not for profit organization designed to assist projects and programs that directly increase farm profitability in NY. The Institute received \$5 million last fiscal year and will receive \$4.8 million this year. The budget also includes \$2.8 million- Animal Diagnostic Lab at Cornell, \$100,000- Minor Institute, \$1.2 million- Quality Milk Production Services.

The Legislature is considering amendments to the State Feed Manufacturers licensing and inspection law to ease the burden of compliance and eliminate unintended regulatory duplication created in the original law. AB 8584-B (Markey) and SB 7123 (Young) would enhance the current law by eliminating license duplications and regulatory burdens created by the original law. The bill is expected to pass both houses. The Feed Alliance assisted in improving the amendment to minimize the overall impact on feed manufacturers.