

**Michigan Commission of Agriculture Meeting
Michigan Department of Agriculture
4th Floor, Ottawa State Office Building, Pridgeon Room
611 West Ottawa Street, Lansing, Michigan**

**MEETING MINUTES
May 15, 2001**

PRESENT:

Jordan Tatter, Chair, Commission of Agriculture
Douglas Darling, Vice-Chair, Commission of Agriculture
Nora Viau, Commission of Agriculture
Bill Pridgeon, Commission of Agriculture
Dan Wyant, Director, Michigan Department of Agriculture

ABSENT:

James Maitland, Secretary, Commission of Agriculture

OTHERS PRESENT *(All or part of the meeting):*

Michigan Department of Agriculture Staff
Ron Zellar, Assistant Attorney General
Al Almy, Michigan Farm Bureau
Mark Arney, Michigan Apple Committee
Dr. Margaret Benson, Michigan State University
Bob Boehm, Michigan Farm Bureau
Dr. Frank Brewer, Michigan State University
John Czarnecki, Michigan Economic Development Corporation
Steve Errer, Fillion, Michigan
Mike Frederick, Senator George McManus Office
Clark Gerstacker, Midland, Michigan
Richard Godfrey, Jonesville, Michigan
Tom Guthrie, Michigan Integrated Food and Farming Systems
Dr. John Hanieski, Economic Consulting Services, LLC
Dr. Eric Hanson, Michigan State University
Paul Jackson, Michigan Farm Bureau
Dan Klein, Plainwell, Michigan
Tonia Koppenaal, Michigan Farm Bureau
Ben Kudwa, Michigan Potato Industry Commission
Joe Lothamer, Cherry Marketing Institute
Jeff McAlvey, Lansing, Michigan
James McLoskey, Tuscola County Economic Development Corporation
Scott Piggott, Michigan Farm Bureau
Jody Pollok, Corn Marketing Program of Michigan
Terry Profitt, Sunny Fresh Foods
Ron Nelson, Michigan Farm Bureau
W. Lyndon Uphaus, Manchester, Michigan
Larry Ward, Broin and Associates, Inc.
Barry Winkel, South Haven, Michigan
Virginia Zeeb, Bath, Michigan
Jim Zook, MSU-Extension

CALL TO ORDER AND ROLL CALL

Chair Tatter called the meeting of the Michigan Commission of Agriculture to order at 10:02 a.m., Tuesday, May 15, 2001. The roll was called with Director Wyant and all Commissioners present, except for Commissioners Darling and Maitland. (*Commissioner Darling arrived at 10:40 a.m.*)

APPROVAL OF AGENDA

MOTION: COMMISSIONER PRIDGEON MOVED TO APPROVE THE MAY 15, 2001 AGENDA AS PRESENTED. SECONDED. MOTION CARRIED UNANIMOUSLY.

APPROVAL OF MARCH 8, 2001 MEETING MINUTES

MOTION: COMMISSIONER VIAU MOVED TO APPROVE THE MARCH 8, 2001 MEETING MINUTES AS PRESENTED. SECONDED. MOTION CARRIED UNANIMOUSLY.

NEXT MEETING

The next regular meeting of the Commission of Agriculture is tentatively scheduled for Wednesday, June 13, 2001 and Thursday, June 14, 2001. The meeting will be held at the Bavarian Lodge & Conference Center, One Covered Bridge Lane, Frankenmuth, Michigan.

APPROVAL OF COMMISSIONERS' PER DIEM AND/OR TRAVEL

MOTION: COMMISSIONER PRIDGEON MOVED TO APPROVE COMMISSIONER TATTER'S AND DARLING'S PER DIEM AND TRAVEL TO ATTEND THE JUNE 7-8, 2001 GREAT LAKES FORUM ON AGRI-FOOD, GUELPH, ONTARIO. SECONDED. MOTION CARRIED UNANIMOUSLY.

APPROVAL OF DIRECTOR'S OUT OF STATE TRAVEL

MOTION: COMMISSIONER VIAU MOVED TO APPROVE DIRECTOR WYANT'S TRAVEL:

- MAY 5-6, 2001, NATIONAL ASSOCIATION OF STATE DEPARTMENTS OF AGRICULTURE MEETING, CHICAGO, ILLINOIS
- MAY 7, 2001, FOOD MARKETING INSTITUTE SHOW, CHICAGO, ILLINOIS
- MAY 8, 2001, ENVIRONMENTAL PROTECTION AGENCY MEETING, INDIANAPOLIS, INDIANA.

SECONDED. MOTION CARRIED UNANIMOUSLY.

INTRODUCTION OF TRAVELING DELEGATION

Dr. Frank Brewer of the MSU Institute of International Agriculture introduced a delegation from Tbilisi, Georgia (formerly the Soviet Union.) The delegation is visiting the United States to study privatization of agricultural and urban lands. The guests will be traveling for approximately two weeks, visiting various areas in Michigan. The Michigan tour offers an opportunity to visit with rural and urban county commissioners, agricultural officials, surveyors, and auctioneers.

Dr. Brewer introduced Dr. David Arenashvili, Chief Policy and Legal Advisor of Land Markets; Mr. Sergo Gudzuadze, Director of the Agricultural Land Market Project, and Ms. Mariam Gabunia, interpreter and Regional Coordinator of the Development of Land Markets.

COMMISSIONERS' COMMENTS

Commissioner Nora Viau reported that spring has arrived in the Upper Peninsula. Small grains are being planted and corn will be planted soon. Homeowners are getting gardens ready for the normal planting time on Memorial Day weekend. The wild cherries are in bloom, as well as the buttercups and trilliums. The flowering crabs are expected to bloom next week. Lilacs are not in bloom yet.

Commissioner Viau said that the weather has been below normal temperatures. In the next 10 days to two weeks, the first cutting of silage alfalfa will be harvested. She also reported that there has been a lot of discussion about hoof-and-mouth disease.

Commissioner Bill Pridgeon reported that he has finished his planting, and that it has been a very busy spring.

Chair Jordan Tatter reported that, other than blueberries, Southwest Michigan fruit crops are still at full potential. Blueberries throughout the Indiana and Michigan growing area were exposed to frost freeze conditions this past weekend. Vegetable and field crops have gone in without problems. Asparagus pricing to growers is 22 cents per pound less than in 1999, at 42 cents per pound compared to 64 cents. This is a massive reduction in grower farm gate value.

Since the March Commission meeting, Chair Tatter participated in the following events:

- Rural/Urban Day Luncheon sponsored by the Benton Harbor/St. Joseph Rotary Club.
- Peach Day at MSU's Southwest Michigan Research and Extension Center.
- MSU's National Leadership Seminar held in Washington, D.C.
- Berrien, Cass, Van Buren Workforce Development Board on which Chair Tatter is treasurer and chair of its Finance Committee.
- Breakfast with Senator George McManus, who was on legislative recess and traveling through Berrien County en route to Texas.
- Van Buren County MSU Extension Council Meeting, of which Chair Tatter is a member.
- Michigan Economic and Environmental Roundtable board meeting, of which he is a member.
- The Cornerstone Alliance and Michigan Economic Development Corporation announcement of an expansion of the Whirlpool Corporation's administrative and research employment in the Benton Harbor/St. Joseph area by transfer of staff to Michigan from Ohio, aided by a MEGA tax credit.
- Bovine TB meeting hosted by the Michigan Farm Bureau.

- A trip to the state of Georgia to meet with fruit, vegetable and food processing participants in regard to their interest in refrigerated warehousing and associated service needs for an expanding horticultural industry resulting from the decline of tobacco production.
- The Michigan State Chamber of Commerce Board, on which he is a member.
- A meeting of the Sunset Coast Growers Cooperative, along with Representative Charles LaSata.
- Berrien County MSU Extension Council meeting, at which Chair Tatter represented the Michigan State Extension and Experiment Station Council.
- Michigan Frozen Food Packers' Distinguished Service to Agriculture award banquet, at which Dr. Don Ricks of MSU's Agriculture Economics Department was honored. Chair Tatter was the Master of Ceremonies.
- The Annual Meeting of the International Association of Refrigerated Warehouses and the World Food Logistics Organization held in Florida. Over 500 individuals from 15 nations attended. Chair Tatter chaired both organizations during the 1980s and he presently chairs their Past Chairman's Council.

In addition to these agricultural associated events, Chair Tatter attended the Berrien County Lincoln Day Dinner, at which Lt. Governor Dick Posthumus was the guest speaker; a birthday party for Congressman Fred Upton, and the campaign kick-off for Bob Craig, who is running for a vacant State House seat.

Chair Tatter's company displayed in the Michigan section of the recent Food Marketing Institute show held in Chicago. MDA staff is to be congratulated for their efforts in again making it possible and worthwhile for Michigan food processors to display their goods to a worldwide buying audience.

Chair Tatter believes that resident processors of commodity packs of Michigan-grown fruits and vegetables have fallen upon economic hard times to an extent unparalleled in his memory. Both prices received by growers and markets for their processed products will be further curtailed this growing and marketing year. MDA and MSU will be looked to for salvation of this pending economic disaster.

Commissioner Douglas Darling suggested that he give his report after the noon recess.

LEGISLATIVE REPORT – Brad Deacon, Legislative Liaison

Brad Deacon, Legislative Liaison, distributed and reviewed the *May 2001 Legislative Status 2001-02*. Two major issues currently being addressed by MDA are the budget and Senate Bill 350. This bill revises testing requirements for equines and also establishes an identification system. SB 350 has passed the Senate and referred to the House Agriculture and Resource Management Committee.

Director Wyant reported that MDA and the Department of Natural Resources are reviewing implications of an initiative to codify aquatic species responsibilities under the Michigan Aquaculture Act.

PRESENTATION BY MICHIGAN COMMODITIES ON MDA'S INTERNATIONAL MARKET DEVELOPMENT GRANTS: Paul Burke, Manager of the MDA International Marketing Program, Agriculture Development Division

Paul Burke, Manager of the MDA International Marketing Program believes that one way to measure the success of any international marketing program is by the amount of

federal and private resources that the program accesses and leverages. In FY 2000 the MDA International Market Development Grant Program was funded at \$100,000 and in FY 2001 it was funded at \$150,000. Mr. Burke said that the presentations, to follow his comments, by the Michigan Apple Committee, the Cherry Marketing Institute, and the Michigan Potato and Carrot Industry Commission, illustrate the success of the program.

Mark Arney of the Michigan Apple Committee distributed and reviewed information highlighting some of the activities that the committee has been able to participate in as a result of receiving grant monies.

- An exhibit in Miami, Florida at a Foreign Agricultural Service sponsored Caribbean Expo;
- Trade Ads and attendance at a convention in Latin America and Israel;
- A research study on Mexico. Mexico imports approximately 10 million bushels of apples a year, primarily from the State of Washington. Mr. Arney distributed a copy of a letter requesting that USDA place a high priority on negotiations with the Mexican government on behalf of the Michigan apple industry. A meeting on the issue will be held May 22-23, 2001 in New Orleans.

Barry Winkel of the Michigan Apple Committee added that while in Mexico he had the opportunity to meet with 40-45 Mexican buyers. He said that the Mexicans buy produce through wholesalers, not chain stores. Mexicans like U.S. apples because of their consistency and sweetness. However, there is a problem with Mexican protocol and that Michigan cannot afford to hire Mexican inspectors to live here year round. He noted that shippers went through a mock protocol last year to show the Mexican government that Michigan could meet its requirements. Michigan shippers feel that in the first year alone it could move a quarter of a million bushels of apples into Mexico if Michigan could satisfy Mexico's demands.

Joe Lothamer, Director of Promotions of the Cherry Marketing Institute (CMI) gave a Power Point presentation highlighting the Cherry Marketing Institute's use of the grant monies. Mr. Lothamer explained that CMI is guided by the U.S. Cherry Export Council, and the Council assists in marketing research involvement, international partnerships, and promotions. The goal of the marketing program is to increase the amount of cherries sold abroad. The first year CMI was awarded \$19,000 to promote canned cherries in Germany. This year it was awarded \$35,000 to establish a partnership in Germany and to attend two regional bakery trade shows. The partnership established was with one of the largest German bakery wholesale distributors. They are currently developing a new U.S. cherry label for its product. Eighty-five percent of the U.S. exports go to the German bakery industry. While a substantial amount of the product goes to Japan, the majority goes to Germany's 40,000 bakery shops.

Ben Kudwa of The Michigan Potato and Carrot Industry Commission distributed and reviewed information regarding its international market development grant. He explained that the original plan was to conduct market research for chipping potatoes in Costa Rica. This particular project represents phase two of a market development program for the export of Michigan potatoes. It included a market development seminar held in conjunction with SNAXPO, the annual meeting and trade show of the Snack Food Association held February 9-11, 2001, in Florida. Costa Rica imports fresh potatoes for chip manufacturing; however, movement has been minimal due to phytosanitary issues. There is interest by the Costa Rican snack industry to import U.S.-grown potatoes. Michigan is the largest production location for potatoes for snack manufacturing. Phases three and four included a visit of buyers to Michigan, followed by a return visit to Costa Rica processing plants.

Mr. Burke explained that MDA's International Marketing Program helps to develop export markets by providing an effective method for developing these markets. The program combines many opportunities for funding. He distributed and reviewed information about the grants awarded. He also discussed the USDA Branded Market Access Program. This program reimburses producer-owned cooperatives and small value-added processors up to 44 percent for international promotion expenses. In FY 2000 the number of Michigan firms enrolled in the program grew from five to 18. The amount of money that firms were eligible to be reimbursed increased 52 percent, from \$184,500 in FY99 to \$380,700 in FY00.

PRESENTATION OF DRAFT GENERALLY ACCEPTED AGRICULTURAL AND MANAGEMENT PRACTICES (GAAMP):

Dr. Margaret Benson of the MSU Department of Animal Science and chair of the GAAMP for The Care of Farm Animals Committee presented and reviewed the draft GAAMP for The Care of Farm Animals.

Commissioner Tatter noted that the page numbers should be corrected and the titles of committee members needed to be added.

MOTION: COMMISSIONER VIAU MOVED TO ACCEPT THE DRAFT GENERALLY AGRICULTURAL AND MANAGEMENT PRACTICES FOR THE CARE OF FARM ANIMALS AND MAKE THEM AVAILABLE FOR PUBLIC REVIEW. SECONDED. MOTION CARRIED UNANIMOUSLY.

Dr. Eric Hanson of the MSU Department of Horticulture and chair of the GAAMP for Cranberry Production presented and reviewed the draft GAAMP for Cranberry Production.

Chair Tatter noted that the titles of committee members be added and that the committee list be placed either in the front or back of the document in order to be consistent with other GAAMPs.

MOTION: COMMISSIONER DARLING MOVED TO ACCEPT THE DRAFT GENERALLY AGRICULTURAL AND MANAGEMENT PRACTICES FOR CRANBERRY PRODUCTION AND MAKE THEM AVAILABLE FOR PUBLIC REVIEW. SECONDED. MOTION CARRIED UNANIMOUSLY.

Dave Charney, Commission liaison, informed the Commission that a public meeting to receive comments on these two GAAMPs has been scheduled for May 30, 2001 at 1 p.m. in the MDA Pidgeon Conference Room, Lansing, Michigan.

Vicki Pontz-Teachout, Director of the Environmental Stewardship Division, explained that Dr. Maynard Hogberg, chair of the Generally Accepted Agricultural and Management Practices for Site Selection and Odor Control was unable to attend today's meeting. Dr. Hogberg continues to work with his committee on suggested changes and additions to the GAAMP. The draft GAAMP will be brought to the Commission at its June meeting.

Chair Tatter again recommended that the page numbers be added to the document, as well as placing the committee list either at the front or back of the document in order to be consistent with other GAAMPs.

REVIEW OF RIGHT TO FARM CASES: Marvin Johansen of the Environmental Stewardship Division

Marvin Johansen of the Environmental Stewardship Division reviewed a Right to Farm case in Berrien County. The case involves an equine facility owned and operated by Greg Gross, located in Three Oaks, Michigan. The complaint is an environmental problem concerning manure mismanagement and odors. An investigation was performed by MDA and Mr. Gross was advised to work with MSU Extension to find another means of manure management. However, to date MDA has not been able to verify a significant effort on the owner's part to correct the manure mismanagement problems.

Mr. Johansen is requesting that Chair Tatter accompany MDA staff to visit with the owner. If agreed, a letter will be sent to Mr. Gross from Chair Tatter informing him of the meeting date and time.

MOTION: COMMISSIONER DARLING MOVED THAT CHAIR TATTER ACCOMPANY MDA STAFF TO THE EQUINE FACILITY OWNED AND OPERATED BY GREG GROSS TO DISCUSS THE RIGHT-TO-FARM COMPLAINT INVOLVING MANURE MISMANAGEMENT. SECONDED. MOTION CARRIED UNANIMOUSLY.

Mr. Johansen also discussed a Right-To-Farm case referred to MDA from the Department of Environmental Quality (DEQ). The case involves a small dairy facility located in Engadine, Michigan, owned by Mr. and Mrs. Ronald Rall. The complaint is an environmental problem concerning the uncontrolled access by dairy cows to a creek. MDA has attempted to work with the owner to resolve the issue. However, to date MDA has not been able to verify that the problem has been corrected. The owner has refused state inspectors to access the property.

Mr. Johansen is recommending that the case be referred back to the DEQ for further action.

Commissioner Viau said that Mrs. Rall has contacted her about this complaint. Mrs. Rall indicated that she does not understand the charges and has many questions. Commissioner Viau suggested that she contact the owner again and ask that Mrs. Rall submit her questions in writing, or contact Mr. Johansen directly.

It was agreed that another attempt would be made to resolve the issue; however, if the owner is unwilling to work with MDA, the case will be referred back to the DEQ.

MOTION: COMMISSIONER DARLING MOVED THAT AN ATTEMPT BE MADE BY COMMISSIONER VIAU AND MDA STAFF TO WORK WITH MR. AND MRS. RONALD RALL TO RESOLVE THE ENVIRONMENTAL ISSUE AT THEIR FACILITY. HOWEVER, IF THE CASE CANNOT BE RESOLVED PRIOR TO THE NEXT COMMISSION MEETING, THE CASE WOULD BE REFERRED BACK TO THE MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY. SECONDED. MOTION CARRIED UNANIMOUSLY.

UPDATE ON HOLDING HORSE RACING EVENTS OUTSIDE OF COUNTY FAIR DATES: Barbara Hensinger, Director of the Fairs, Racing and Exhibitions Division, and Bill Woodman of the Fairs, Racing and Exhibitions Division

Barbara Hensinger, Director of the Fairs, Racing and Exhibitions Division, gave an update on the 2001 county fair horse racing dates. County fair races will be held at 30 fairs

this year. The Vassar County Fair will not be holding horse racing and the MDA has been working to move those scheduled races to another fair. The Croswell County Fair and the Fowlerville Fair have agreed to hold those races.

Ms. Hensinger also reported that youth horse racing will be held this summer at three fairs: Mecosta County Fair, St. Joseph County Fair and Dickinson County Fair.

Bill Woodman of the Fairs, Racing and Exhibition Division reported that the fairs would be running 13 race weeks, with 680 races held at the county fairs. He also said that MDA has initiated an inter-association collaborative effort with the Michigan Association of Fairs and Exhibitions and the Northern Fairs and Racing Association to address issues within industry.

PUBLIC COMMENT:

Ron Nelson of the Michigan Farm Bureau addressed the state's current budget situation and the possible effects program reductions would have on MDA. He noted the importance of continuing MDA's marketing efforts and the importance of creating new incentives and opportunities for expanding agri-business. He also noted the efforts and progress made on the bovine tuberculosis situation in Michigan and the importance of continuing to move forward. He added that the foot-and-mouth disease issue is an important one.

Mr. Nelson added that it is important that others realize that the Department of Agriculture's programs, unlike most state programs, affect every Michigan citizen, every day, one way or another.

Tom Guthrie of the Michigan Integrated Food and Farming Systems agreed with Mr. Nelson's comments. He also expressed his appreciation for MDA efforts with the Food Marketing Institute show in Chicago, Illinois.

RECESS:

The meeting recessed at 11:50 a.m.

RECONVENE:

The meeting reconvened at 1:00 p.m.

COMMISSIONER'S COMMENTS (continued):

Commissioner Doug Darling reported that he participated in the following: a Conservation Reserve Enhancement Program (CREP) educational meeting about the River Raisin Watershed, a Farmland Preservation Tour bus send-off held at Dick Versham's farm, meetings with various Congressmen and State Representatives, and a Monroe County tourism meeting. Commissioner Darling said that he has received concerns about the change in licensing fee for farm market vendors, and concerns about the PA 116 and Purchase of Development Rights exemption. He noted that there continues to be concern about commodity prices.

UPDATE ON BOVINE TUBERCULOSIS: Dr. Michael Chaddock, Director of the Animal Industry Division and Katherine Fedder, Director of the Food and Dairy Division

Dr. Michael Chaddock, State Veterinarian and Director of the Animal Industry Division distributed and reviewed information about Michigan's bovine tuberculosis situation. There have been two additional bovine tuberculosis positive beef herds diagnosed in Alpena County. One herd was the result of a trace-out, the other was found through annual testing in the High Risk Area.

Commissioner Darling referred to the "Bovine Tuberculosis Positive Herd Locations" list and suggested that the number of times a herd has been tested be included.

Dr. Chaddock reported that statewide testing has been completed on 3,200 farms, or 82 percent of the state's total dairy farms. The goal is to have all Michigan dairy farms either tested or committed to a test date by June 22, 2001. He also reported the following:

- The total number of beef farms tested from January 1, 2001 through May 2001 was 643. The total number of beef animals tested was 19,022.
- The total number of beef farms tested from January 1, 2000 through December 31, 2000 was 2,444. The total number of beef animals tested was 52,746.
- The total number of beef farms tested from January 1, 1995 through May 1, 2001 was 3,296. The total number of beef animals tested was 99,833.

Dr. Chaddock said it is important to note that as testing continues in the core area of Northeast Michigan it is likely more infected herds will be found. Many of those herds tested negative in the past, but are now testing positive. Epidemiological research is being completed in order to present a possible connection between these herds. This information will offer additional information on how the disease is being spread. MDA is currently developing a strategic plan, as well as a request for split state status. The department continues to involve all partners in its efforts.

Katherine Fedder, director of the Food and Dairy Division, explained that the Pasteurized Milk Ordinance (PMO) is the model that states and the Food and Drug Administration (FDA) have agreed upon. The PMO allows milk to move freely from state to state with some assurance of uniform standards, inspections, etc. Every other year the states and FDA meet to review PMO modifications. The conference was held last week in Wichita, Kansas.

Ms. Fedder stated that the reason Michigan must perform annual testing of all dairy herds is due to its current bovine tuberculosis status. Recently, a Michigan delegation met with USDA and FDA to obtain their support for a draft proposal. The proposal would give Michigan another option if it had a modified accredited status. Michigan also would have the option of developing a testing protocol for dairy herds as long as the protocol was agreed upon by the state, USDA and FDA. Michigan is in the process of having further discussions with USDA and FDA about the protocol. The goal is not to have to perform a second round of testing.

DIRECTOR'S REPORT: Dan Wyant

Foot-and-Mouth Disease: Dr. Chaddock thanked Dr. Debra Donch for her efforts on the Foot-And-Mouth Disease (FMD) issue. FMD, bovine tuberculosis, and BSE are separate diseases, each is spread differently, and each has different consequences. FMD is the most contagious viral disease known to animals and can be spread by humans. FMD would be

economically devastating to Michigan's livestock industry. It does not cause mortality, but does create very sick and infected animals. The United States has been free from FMD since the late 1920s. Any type of program that the U.S. has would be a cooperative venture with Mexico and Canada.

Dr. Chaddock distributed and reviewed materials regarding Foot-And-Mouth Disease. He explained that FMD is not a new disease. It has occurred worldwide in every continent, except North America, Antarctica and Australia. There is concern by the U.S. because of the close trading partnership and travel between Europe and Great Britain.

Because of the concern and potential spread to the U.S., MDA and USDA have developed a plan that includes the following measures:

- Emergency Management;
- Surveillance and Monitoring;
- Education and Communication.

USDA is the primary agency responsible for keeping the disease out of the country and the primary agency to respond to a outbreak. Any plan, however, is a joint effort between all the states should an outbreak occur. One outbreak in this country would quickly spread to other states because of the continual animal movement from state to state. It would not be an isolated case.

There are four ports in Michigan where international travelers come in to the state: Sault Ste. Marie, Port Huron, Port of Detroit and Detroit Metropolitan Airport. MDA staff is currently assisting USDA at Detroit Metropolitan Airport in interviewing travelers coming in from Great Britain. MDA is also visiting Michigan ports to gain assurances and an understanding of the entry inspection efforts of USDA. There is also monitoring of interstate health certificates to assure animals imported into Michigan meet state import requirements, and monitoring of interstate health certificates to assure animals exported from Michigan meet requirements.

Dr. Chaddock explained that, because there are four FMD-similar diseases that all have identical clinical signs, it would be impossible for a practitioner or a farmer to make an accurate diagnosis without proper testing by a Foreign Animal Disease diagnostician. There are seven major types of the disease, with over 70 subtypes. Vaccination is not the answer to the disease. Dr. Chaddock said it is important to note that if there would be an outbreak, there would be no movement out of the area of any agricultural animal products. There would have to be controlled movement of people and animals. The disease can be carried on shoes, vehicles, clothes, and by wildlife.

Dave Charney, Emergency Management Coordinator, distributed and reviewed an outline of the draft *"Michigan's FMD Disease Response Plan."* He explained that the plan was developed based on a cooperative effort between MDA, USDA, under the auspices of the Michigan State Police State Emergency Management Division. Later today, an industry meeting will be held to review the plan. The draft plan would then be distributed on May 23, 2001 to all involved agencies. On June 18, 2001 a statewide table-top exercise will be held at the Michigan State Police State Emergency Operations Center. Once the exercise has been held and the final plan is in place, it would be sent to the Governor and Legislature.

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Chair Tatter invited Mike Frederick of Senator McManus' office to address the Commission.

Mike Frederick of Senator George McManus staff said that Senator McManus supports the concept of agriculture processing renaissance zones. However, the Senator is concerned that the intent of the legislation as enacted has not been followed. He will continue to work with Director Wyant on the issue.

DISCUSSION REGARDING "STUFFED MOLASSES" SYRUP: Dale Sherwin, Director of Agriculture Policy, and Paul Burke of the Agriculture Development Division

Dale Sherwin, Director of Agriculture Policy, introduced Bill Bortel, Executive Secretary of Monitor Sugar Beet Growers.

Mr. Bortel distributed and reviewed information about "*The Stuffed Molasses Sugar Import Loophole*." Stuffed molasses is a syrup that is prepared outside the borders of the U.S. using highly subsidized sugar imported from the world dump market. The dump market sugar is mixed with molasses and water to a specific ration creating "stuffed molasses." This mixture allows the product to exploit a loophole in the U.S. Harmonized Tariff Schedule to evade legitimate duties that are applied to imports of sugar into the U.S. Approximately 125,000 tons of sugar arrive into the U.S. market annually because of the stuffed molasses loophole. The product is shipped across the border into Michigan duty free where the subsidized sugar is extracted and sold on the market in competition with sugar produced by American sugar growers. The remaining molasses is returned to Canada.

The U.S. sugar industry endorses legislation that would address the import quota loophole and restore some certainty to the U.S. market. The amount of sugar unfairly entering the U.S. market as stuffed molasses is certain to grow if the loophole is not closed.

Mr. Bortel suggested that a letter be sent from MDA to Michigan's Congressional delegation in Washington, D.C. asking for their support and action on the stuffed molasses issue.

PRESENTATION OF AGRICULTURE DEVELOPMENT OPPORTUNITIES: Dale Sherwin, Director of Agriculture Policy, and John Czarnecki of the Michigan Economic Development Corporation

Dale Sherwin, Director of Agriculture Policy introduced Terry Profitt of Sunny Fresh Foods. Mr. Profitt said that Sunny Fresh is in the processed egg business and is a subsidiary of Cargill Foods. Sunny Fresh is number-two in the nation in supplying liquid egg to the food service industry; e.g., McDonalds, Burger King, Denny's. They have four plants, with one located in Lake Odessa, Michigan since 1994. At the Michigan plant, eggs are brought in from five different states--Michigan, Ohio, Indiana, Wisconsin and Iowa. Sunny Fresh is trying to develop a closer supplier for the Lake Odessa plant.

Mr. Profitt explained that Sunny Fresh Foods is in the planning stages of a 2.4 million-bird complex to be located south of the Lake Odessa, Michigan plant. The company is looking at southern Michigan or northern Indiana. The plant would employ about 45 people, and require about 2.2 million bushels of corn a year, or 16,000 acres based on 140 bushels per acre. An Agriculture Processing Renaissance Zone designation would be an incentive for the company to locate in Michigan; however, they have yet to make a formal application. The facility would not affect any existing producers in the state, but would need additional production to supply the plant.

Chair Tatter expressed the Commission's appreciation for Mr. Profitt's appearance and presentation at today's meeting.

Mr. Sherwin discussed the proposed ethanol plant in Michigan. He explained that the Corn Marketing Program of Michigan and state corn check-off program commissioned a feasibility study to look at the possibility of building an ethanol plant in Michigan. A group of 12 producers began working on a producer-funded ethanol plant. A private company, Broin and Associates, Inc., has built several other plants in the U.S. and is looking at the Vassar area to build a plant in Michigan.

Mr. Sherwin then introduced Larry Ward, director of Marketing and Management of Broin and Associates, Inc. Mr. Ward distributed and reviewed information about a "*Michigan Ethanol, LLC Ethanol Plant.*" He explained that Broin Companies is a premier ethanol plant development and operating company, with 18 years of experience. The company recently completed a successful startup of an 11th dry mill fuel ethanol plant.

Chair Tatter expressed the Commission's appreciation to Mr. Ward for his appearance and presentation at today's meeting. Chair Tatter asked if anyone in the audience would like to make public comment about the two development projects presented today.

Jim McLoskey of the Tuscola County Economic Development Corporation stated that the renaissance zone application for the ethanol plant has been submitted to both the Michigan Economic Development Corporation and MDA. The project has received approval from the township board and county commissioners. It is estimated that a minimum of 800 farmers would benefit from the project, as well as a minimum of 200 related businesses. Mr. McLoskey asked that the Commission continue to support the agriculture processing renaissance zone designation process.

Jim Zook of MSU-Extension supports the comments made by Mr. McLoskey. He has been working with the Michigan Corn Processors and has assisted with the activities for the proposed site. He believes that in order for Michigan ethanol to compete nationally and globally these types of tax abatements and credits are necessary. Mr. Zook noted the importance of encouraging these types of projects. He said that we should not limit ourselves on the future production of other ethanol facilities within Michigan.

Bob Boehm of the Michigan Farm Bureau stated that its members are supportive of ethanol production and the economic incentives. It is also supportive of the agriculture processing renaissance zones program.

Mr. Sherwin and Mr. Czarnecki are seeking Commission support of the agriculture processing development projects proposed by Michigan Ethanol, LLC.

MOTION: COMMISSIONER VIAU MOVED THAT THE MICHIGAN AGRICULTURE COMMISSION SUPPORT THE AGRICULTURE PROCESSING DEVELOPMENT PROJECTS PROPOSED BY MICHIGAN ETHANOL, LLC. THE COMMISSION RECOGNIZES THAT THE FUTURE SUCCESS FOR MICHIGAN'S AGRICULTURE INDUSTRY IS TIED TO THE DEVELOPMENT OF THE AGRICULTURE PROCESSING INDUSTRY AND TOOLS SUCH AS AGRICULTURE PROCESSING RENAISSANCE ZONES ARE APPROPRIATE AND NECESSARY TO ATTRACT AND RETAIN NEW AND ESSENTIAL PROCESSORS. SECONDED. COMMISSIONER DARLING ABSTAINED AND MOTION CARRIED.

REVIEW OF THE "FOOD PROCESSING INDUSTRY RETENTION & EXPANSION PROGRAM FINAL REPORT REPORT:" Dr. John Hanieski, Economic Consulting Services, LLC

Dr. John Hanieski of Economic Consulting Services, LLC distributed and reviewed the *"Food Processing Industry Retention & Expansion Program Final Report."* In 1999 MSU, in response to problems in the food processing industry, undertook a retention and expansion program. This involved interviewing food processors to identify problems and solutions. The study looked at industrial competitiveness. There were four sectors surveyed:

- meat processing,
- dairy production,
- grains and edible bean processing, and
- fruits and vegetables processing.

Mr. Hanieski reviewed the 17 survey questions posed to the processors that focused on competitiveness issues. The findings of the study show the following:

- Michigan is a good place to do business.
- Michigan's agri-food industry is mature, commodity-oriented and price driven.
- Both skilled and unskilled labor are in short supply.
- Adoption of genetically modified organisms (GMOs) is the strongest threat and strongest opportunity faced by the agri-food industry.
- Educational and technical assistance is needed to spur innovation and uniqueness. Capital is needed to replace aging plant and equipment.
- Some sectors (e.g., field crops, fruits, vegetables, livestock and dairy) of Michigan's agri-food industry are losing market share and reinvestment in market position is imperative.
- Agri-food enterprises need assistance in addressing heightened food safety and environmental expectations and regulations.
- Consolidation in the supply chain is challenging Michigan firms to be more sophisticated individually and more willing to act collectively as coordinated clusters in meeting supply chain demands.

DIRECTOR'S REPORT (continued):

Director Wyant reported on the following:

- **2002 Farm Bill:** Michigan continues to be involved in discussions with commodity groups and other organizations about the 2002 Farm Bill.
- **EPA:** Michigan continues to be involved in discussions with the Environmental Protection Agency on animal feeding operations.
- **Budget:** MDA is looking at a 1 percent reduction in its budget for 2001; with a 2 percent decrease in the 2002 budget. It is anticipated that additional reductions could occur and MDA may be forced to look at additional program reductions.
- **MACMA versus Burnette:** Dave Charney reported that the pre-hearing meeting was held on May 1. The parties agreed to negotiate a settlement. To date, those negotiations are ongoing. A hearing has been scheduled for June 22 if settlement negotiations fail.

PUBLIC COMMENT:

No public comment received.

ADJOURN:

The meeting adjourned at 3:20 p.m.

ATTACHMENTS:

The following documentation is on file in the Commission of Agriculture office and is available upon request. Contact Dave Charney or Vicki Burke at (517) 373-1104.

Attachment A	Commission of Agriculture March 8, 2001 Meeting Minutes
Attachment B	Legislative Report – May 2001
Attachment C	Michigan Apple Committee Information
Attachment D	Michigan Potato and Carrot Industry Commission Information
Attachment E	MDA's International Market Development Grant Program
Attachment F	Draft GAAMP for The Care of Farm Animals
Attachment G	Draft GAAMP for Cranberry Production
Attachment H	Right-To-Farm Complaint – Greg Gross, Three Oaks, Michigan
Attachment I	Bovine Tuberculosis in Michigan
Attachment J	Draft "Michigan's Foot-And-Mouth Disease Response Plan"
Attachment K	"The Stuffed Molasses Sugar Import Loophole"
Attachment L	"Michigan Ethanol, LLC Ethanol Plant"
Attachment M	"Food Processing Industry Retention & Expansion Program Final Report"