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[The President's Pen](#)

Frequent contact with our membership is an essential part of the Alliance and so I plan to include an occasional column in the monthly newsletter. I will use this as an opportunity to share Alliance happenings with members and to comment on issues that impact all of us engaged in agriculture.



As you can see from this issue of the newsletter, the Alliance is stating opposition to the 45% hike in commercial vehicle tolls being proposed for the New York State Thruway. Several Alliance board members have arranged to attend hearings in August (see the newsletter article) and we have included letters that you can print off and customize to send to organizations and elected officials. Our voices as business owners are essential to push back on unjustified and burdensome government imposed tolls and taxes levied on us and on the farmers we support. Please take the time to add your voice to the issue. The Thruway Authority needs to hear from you, whether your business is based in New York or if you receive or send products to the state.

At the June meeting at the Turning Stone Resort the Alliance Board was hard at work, before hitting the golf course, reviewing responses to the member survey we have been conducting in support of our strategic planning effort. We value the input we receive from members and have several changes in store based on your feedback. Keep your eyes focused on future newsletters for changes to Alliance activities built from your input.

Over the upcoming months I plan to visit state legislators, regulators and university faculty in northern New England to familiarize them with the work of the Alliance. I will take this opportunity to increase awareness of animal agriculture in the northeast and to build relationships with key leaders in our industry. This will be third year that I have travelled throughout New England on behalf of the Alliance, paralleling the contacts we maintain in New York on behalf of our members.

Please feel welcome to contact me directly with any questions or suggestions you might have regarding the Alliance.

Sincerely,

Art Whitman

Ag & Feed Alliance Joins Coalition To Fight Toll Increases

Your help is needed!



A proposed 45 percent NYS Thruway toll increase on commercial truck traffic has prompted strong opposition from a broad based coalition. The Ag and Feed Alliance has joined with 20 other business groups in a coalition to fight the proposal. "Increased tolls will lead to increased feed costs for dairy farmers", commented Ag and Feed Alliance President Art Whitman. "Milk prices are headed down and commodity prices are rising rapidly. Our industry cannot

tolerate additional costs imposed by government."

The feed industry relies heavily on the Thruway for delivering products to farmers as well as receiving ingredients that make up our feed rations. The thousands of dollars of increased tolls will be passed on to the end user of our products. Farmers cannot afford to shoulder these extra costs.

Last month, the New York State Thruway Authority proposed the toll increase on vehicles with three or more axles and heights of seven feet six inches or higher. The proposed new rates would increase the cost of a trip from Albany to Williamsville from \$65.15 to \$94.45 for trucks. If approved by the Thruway board, the toll increase would be in effect by October.

Call to Action

Your message of opposition, combined with specifics on cost increases, is critically important to successfully push back on this threat. Please take advantage of the following opportunities to express your opinion. The Thruway Authority and our State government leaders need to hear from you!

1. Send comments to the Thruway Authority. Customize the attached letter and email it to the Thruway Authority through the following link:

[NYS Thruway Authority Letter](#)

- o Email the NYS Thruway letter to: tollcomments@thruway.ny.gov
- o Or Mail to:
Toll Comments
c/o Legal Department
New York State Thruway Authority
200 Southern Boulevard, PO Box 189
Albany, New York 12201-0189

2. Send your customized letter to State leaders through the following messaging system: <http://www.votervoice.net/core.aspx?APP=GAC&AID=614&IssueID=29295&SiteID=1>.

Thanks to our friends at Unshackle Upstate, we can use their automated messaging system to send our letters to the Governor, State Legislators and the State Comptroller. Customize the [attached message](#) and cut and paste it into the message box, in substitution for the existing message. (See link above). Follow the instructions on the website to complete your letters.

3. The Thruway Authority is holding three public hearings and Ag and Feed Alliance members are encouraged to participate. Your presence will demonstrate how important this issue is to your business. You may submit a statement at the hearing. Details are as

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Buffalo Area

Date: August 16, 2012

Time: 6:00 p.m. - 8:00 p.m.

Location: Buffalo & Erie County Public Library, Auditorium (Main Level)

Address: 1 Lafayette Square, Buffalo, NY 14203

Syracuse Area

Date: August 17, 2012

Time: 11:00 a.m. - 1:00 p.m.

Location: Double Tree by Hilton Hotel

Address: 6301 State Route 298, East Syracuse, NY 13057

Downstate Area

Date: August, 18, 2012

Time: 10:00 a.m. - 12:00 p.m.

Location: Hilton Garden Inn

Address: 15 Crossroads Court, Newburgh, NY 12550

Grain Futures Jump as Crops Wither

Searing temperatures across much of the US in late June and early July have reduced crop yield forecasts as growing conditions have deteriorated. Although temperatures have dropped to more seasonable levels no significant rainfall is forecast for many of the impacted areas and crop conditions are beyond repair for large acreages. Coupled with sagging milk prices, the grim crop outlook is further reducing profit margins for dairy farmers.

The weather concerns offset the USDA acreage report from earlier this summer which indicated farmers planted more corn and soybeans than forecasted. Planted corn acres are the largest since 1937 and soybean acreage is the third highest ever. The decline in growing conditions for corn and soybeans resulted in estimated yield reductions of an alarming 8% and even abundant rainfall would not replace the record 2012 corn crop that was predicted. In early July 2012 corn conditions declined to 48% of the crop reported to be in good or excellent condition, compared to 69% at the same time last year. Corn prices responded to the crop reports with a 9.7% increase over the past week of June ending at \$6.92 per bushel. Year-over-year prices have increased by 9.8%.

Soybean conditions worsened as 22% of the crop was reported is in very poor or poor condition compared to 15% in late June. Soybeans reported as being in good or excellent condition have decreased by 8% from late June to 45%. Soybean prices increased by 3.4% in early July, ending at \$15.32 per bushel. Year-over-year prices increased by 15.9%.

Over the next few weeks corn pollination will dictate how severe yield damage will be due to harsh weather conditions. The U.S. corn crop is entering the critical pollination growth stage which is when kernels become pollinated and grow. If extreme hot and dry weather persists throughout the pollination period, major yield loss will be felt throughout the Corn Belt.

Poor crop conditions have lead to higher crop prices and, when coupled with depressed milk prices, lead to reduced income for dairy farmers. In May the milk to feed ratio was a dismal 1.3, meaning that 1 pound of milk would buy 1.3 pounds of a standard 16% crude protein dairy grain. For comparison, in 1987 the ratio was above four pounds of grain purchased per pound of milk sold and even in 2009, a low income year for the dairy industry, the ratio was close to 2 pounds of grain per pound of milk.

In time for the July 4 recess and trips to their home states, the US Senate approved a new Farm Bill with proposed sweeping changes to direct payments and farmer insurance programs. The House Agriculture Committee passed their version of the Bill by a 35-11 margin on July 12th.

The Senate version of the bill eliminates about \$5 billion a year in direct payments that have been given to farmers and farmland owners, whether or not they grew crops. It makes the subsidized crop insurance program the primary safety net when crop prices drop. The Senate's passage of proposed dairy reforms mirrors what the [National Milk Producers Federation](#) (NMPF) proposed in its "Foundation for the Future" dairy reform plan that has been under development for two years.

For the first time crop insurance would be subject to payment limits, and recipients of the subsidy would have to follow soil and water conservation requirements, as they do in other farm programs, if the Senate version of the bill is successful. The bill reduces the premium subsidy for farmers with adjusted gross incomes of more than \$750,000. The measure would affect only 1,500 out of the 1.5 million farmers and save \$1 billion over 10 years.

Currently, the government subsidizes about 62 percent of the crop insurance premiums, and the policies typically guarantee 75 percent to 85 percent of a farmer's revenue. The crop insurance subsidy would cost about \$9 billion a year.

Dairy provisions in the Senate version of the Farm Bill, include dairy margin insurance, which protects a farmer's margin between milk and feed prices. The program includes both basic margin protection of \$4 and supplemental insurance up to an \$8 margin. The basic insurance is free, although anyone signing up for the program also then agrees to participate in a "market stabilization" program that requires the producer to cut back production or forfeit 2% to 8% of his milk check when the margin protection program is activated. The farmer must sign up for the basic insurance in order to purchase additional supplemental insurance.

The dairy reforms in the Senate bill also eliminate dairy prices supports, which have been a cornerstone of dairy policy since the 1940s. It also eliminates direct payments, called Milk Income Loss Contract (MILC) payments, which are triggered during periods of low milk prices. The House Agricultural Committee measure provides farmers with the option of margin insurance or price supports; this provision is sure to incur heated debate as the full House considers the proposed legislation.

Although NMPF and most cooperatives championed these reforms, many dairy processors and free-market dairy producers oppose the plan due to the inclusion of the market stabilization program, which they dub "supply management." Speaker of the House John Boehner (R-Ohio) also opposes the market stabilization program, and has publicly stated it will not be included in the final version of the farm bill.

While most agriculture groups support the Senate bill, many Southern farmers, especially rice and peanut farmers, say it provides an inadequate safety net because it eliminates direct payments. The House Committee version will carry much stronger support across the southern United States.

*Compiled from www.agweb.com/, June 21, 2012,
Anna-Lisa Giannini and Jim Dickrell, *Dairy Profit Weekly*, June 25, 2012;
The Associated Press, July 7, 2012*

[NGFA Proposes Changes to Bankruptcy Code for Futures Traders](#)

The National Grain and Feed Association (NGFA) submitted to Congress and the Commodity Futures Trading Commission (CFTC) substantive recommendations to enhance customer protections in the event of another MF Global-type liquidation of a futures commission merchant (FCM).

In a letter to members of the House and Senate Agriculture Committees, as well as the Commodity Futures Trading Commission (CFTC), the NGFA stressed that many former MF Global customers are still seeking return of 28 percent of their funds that were to have been segregated and secure. The NGFA noted that its new recommendations supplement a set of preliminary recommendations it developed and communicated to Congress and the CFTC on April 2 that would enhance reporting, transparency and accountability in an effort to prevent a recurrence of an MF Global-type bankruptcy.

The NGFA's new recommendations focus primarily on policy changes that likely require congressional action, and are targeted at protection of customer assets in the event of an FCM bankruptcy. FCMs are those entities that solicit or accept orders for the purchase or sale of futures or options contracts subject to the rules of a commodity exchange.

The NGFA's recommendations include the following:

- Amendments to U.S. Bankruptcy Code: Five reforms to the U.S. bankruptcy code, which the NGFA said are "critically important" to preserving customers' rights and protecting customers' assets in the event of future FCM insolvencies:
- Fully Segregated Customer Accounts: Establishment of a new type of voluntary account structure for use by FCM customers that would shield customer assets from pooled losses if an FCM bankruptcy occurs.
- Pilot Program for Full-Segregation Option: A pilot program be created "at the earliest possible date" involving commodity futures customers, FCMs, banks and regulators to test the mechanics and begin to judge the true costs of a "full-segregation" account structure, in which FCM customer assets would be shielded from pooled losses.
- SIPC-Like Insurance for Commodity Futures Customer Accounts: Because the full-segregation option ultimately may not prove to be practical for all market participants, the NGFA recommended enactment of legislation to provide that insurance coverage to protect against FCM bankruptcies be extended to commodity futures accounts.

For further information, contact: Todd Kemp, vice president of marketing and treasurer; 202-289-0873, ext. 16; tkemp@ngfa.org.

[Simplified Process For Registering A Licensed Medicated Feed Mill](#)

Our friends at AFIA forwarded the following information which may have relevance to your business. Please check out the FDA website through the link below.

Dear Feed Manufacturer:

Last March AFIA shared the following [information](#) regarding a simplified process for registering a licensed medicated feed mill. However, FDA's Center for Veterinary Medicine (CVM) has now posted to their website an official announcement of the simpler process. We wanted to make sure you were aware of this simpler process in case you had missed our previous communications and to let you know that it is NOT different from what we shared in March.

If you have any questions or feedback on this simplified process, please let Richard Sellers, Keith Epperson or myself know.

*Leah Wilkinson
Director of Ingredients and State Legislative Affairs
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CVM Update - FDA Implements Simpler Process for Feed Mill Registration - <http://www.fda.gov/AnimalVeterinary/NewsEvents/CVMUpdates/ucm309464.htm>

INDUSTRY NEWS

Ag & Feed Alliance Welcomes New Board Members

During their June 26 meeting at the Turning Stone Resort in Verona, New York, the Northeast Ag and Feed Alliance Board of Directors, in accordance with the by-laws, appointed four individuals to fill Board seats vacated by several resignations earlier this year. John Clark of NASF, will serve as Treasurer, Stuart Hall of Central Connecticut Co-op. Farmers Association, Chip Hyde of Central New York Feeds, Inc., and Jenny Mills of Elanco Animal Health will fill three open Board seats. All of these individuals bring many years of industry experience to the Board.

John Clark, an entrepreneur running his own company, has served as the master of ceremonies for the Alliance Annual Meeting and has been a member of the Conventions Committee for many years. Stuart Hall has served a previous term on the Board and is currently a member of the Governmental Relations Committee. Chip Hyde serves as plant manager for Central New York Feeds and recently served on the Board of Directors for LEAD NY, a leadership development organization for the agriculture, food and the natural resources industries. Jenny Mills is a senior sales representative for Elanco and serves on the Board of Directors for the Dairy Shrine, an organization that brings together dairy producers, scientists, students, and others who share a desire to keep the dairy industry strong.

"The new Board members bring skills that will compliment the overall Board" stated President Art Whitman. "I am pleased with the caliber of individuals willing to provide leadership to our organization." The Ag and Feed Alliance bylaws provide for Board vacancies, which occur between annual meetings, to be filled through appointments by the Board of Directors. The appointed Board members will have the opportunity to stand for election at next February's Annual Meeting.

Vermont Feed Dealers Annual Conference September 19 & 20, 2012

The Vermont Feed Dealers and Manufacturers have engaged an outstanding lineup of speakers for their Annual Meeting to be held at the Double Tree Conference Center in South Burlington Vermont on Wednesday, September 19th and Thursday, September 20th.

The Wednesday night reception, co-hosted with the Vermont Dairy Industry Association, will honor the 2012 Dairy Farmer of the Year, the Tupper Award winner and recipients of the Vermont Feed Dealers scholarships. The event will showcase Vermont wines and cheeses.

Featured topics and speakers for September 20th:

A U.S. Perspective on Sustainable Agriculture-Feed and Seed - Jim Tobin, Vice President for Industry Affairs, Monsanto.

The Wild World of Global Economics & Issues Impacting the U.S. Dairy Industry - David Kohl, Professor Emeritus Virginia Tech, President AgriVisions, LLC.

It's Not My Grandfather's Dairy Farm: Conants' Riverside Farm - Ransom Conant, sixth generation engaged in his family's 400 cow, 800 acre farm.

The Cellars at Jasper Hill: Looking Ahead to Profit Opportunities for Vermont Dairy Farmers - Mateo Kehler and his brother Andy in 2003 own a 22,000

square foot underground cheese aging facility.

Current Developments within the UVM College of Agriculture and Life Sciences - Dr. Tom Vogelmann, Dean of the College of Agriculture and Life Sciences and Director of the Vermont Agricultural Experiment Station at the University of Vermont.

GOOD WORKS NEWS



*First Place team - Kemin Industries: Don Addison, Mike O'Neill and Jeff Case
(4th teammate, not in photo: Don Putnam)*

Sixth Annual "Golf For Good Works" Another Success!

The Northeast Ag and Feed Alliance recently hosted its sixth annual "Golf for Good Works" golf tournament at the Turning Stone Resort in Verona, New York. Following an industry reception on Thursday, the event began Friday morning with a shotgun start fielding 28 teams. By the end of the day, the Alliance raised over \$7,000 to support worthy initiatives such as the North American Intercollegiate Dairy Challenge. In fact, Dairy Challenge representatives were on hand selling Hole in One Prize chances worth \$5,000. Over \$1,200 was raised in support for the Dairy Challenge. Many thanks to the teams who came out to enjoy the day and secure their bragging rights for another year.

Congratulations to the Kemin Industries Team for their First Place victory!

Special Thanks to our Generous Sponsors

Hole In One Sponsors:

Diamond V
Interstate Commodities, Inc.

Eagle Sponsor:

Gannon Associates

Individual Hole Sponsors & Door Prize Donations:

AfgrITech, LLC - AminoPlus - Arm & Hammer Animal Nutrition - Baker Commodities, Inc. - Cargill, Inc. - EMM Sales & Service, Inc./Walinga, Inc. - Feed Ingredient Trading Corp. - Gannon Associates - Harbor Point Minerals - Interstate Commodities, Inc. - Land O'Lakes Purina Feed - Lansing Trade Group, LLC - Lutz Feed Company, Inc. - Mercer Milling

Company - Papillon Agricultural Co. - Prince Agri Products, Inc. - Shur-Gain, Western
New York Energy, LLC - Whitman's Feed Store

***A complete collection of photos is available on our website at:
www.northeastalliance.com***

Remember, if you missed one, past issues of NEAFA
News are always available on our website at:

www.northeastalliance.com/newsletter.html

NEAFA News is a publication of the Northeast Ag & Feed Alliance.

Calendar of Events:

NGFA/Grain Journal - Safety, Health & Environmental Quality Grain Grades & Weights Conference

July 26-27, 2012

Westin Crown Center

Kansas City, Missouri

For more information: www.ngfa.org

Joint Safety/Health and Grain Quality Conference

August 1-2, 2012

Sheraton Kansas City Hotel at Crown Center

Kansas City, Missouri

For more information: Call Grain Journal at 800-728-7511

42nd Annual Liquid Feed Symposium

September 12-14, 2012

Grand Hyatt

Denver, Colorado

For more information: www.liquidfeed.org

NEAFA Board of Directors Meeting

September 19, 2012

Double Tree Conference Center

South Burlington, Vermont

Vermont Feed Dealers Annual Conference

September 19-20, 2012

Double Tree Conference Center

South Burlington, Vermont

AFIA Import/Export Seminar

December 4-5, 2012

Renaissance Arlington Capital View

Arlington, Virginia

NEAFA Annual Meeting

February 4-5, 2013

Marriott Hotel - Wolf Road

Albany, New York