

**April 2010**

## **New York DOT Drops Truck Route Restrictions Proposal**

The New York Department of Transportation announced recently that it is not going to proceed with proposed regulations that would restrict certain trucks on state highways within the Finger Lakes Region of New York State. The Northeast Ag and Feed Alliance actively opposed this proposal and was a member of a large coalition of trucking interests that lead the fight against the draft regulations. DOT acknowledged the severe impact upon local businesses, including agricultural businesses, as justification for not enacting the regulations. "This is a significant victory for our industry and a very good example of how we can effectively impact the public policy process" said John Mitchell, Feed Alliance President. "The Feed Alliance was actively involved and conveyed our industry's perspective. This work is an important part of our organization's mission."



The Department received thousands of comments, a majority of them opposed to the draft regulations. The DOT stated that the draft regulations have unintended consequences and will simply move large truck traffic from one community to another, as the majority of all trips by truck traffic are actually local in nature.

## **NYS Senate Agriculture Committee Defeats Farm Labor Bill**

In a six to three vote, the NYS Senate Agriculture Committee, lead by Chairman Darrel Aubertine (Cape Vincent, NY) defeated legislation that would have mandated time and a half overtime, collective bargaining and a host of other costly provisions onto the backs of NYS farmers. This controversial legislation, S 2247B, was actively opposed by the Northeast Ag and Feed Alliance. "The Alliance congratulates members of the Senate Agriculture Committee for taking this action today, stated John Mitchell, Feed Alliance President. " We know that this issue has been controversial within the halls of the State Legislature, but there is no doubt of the economic toll it would take on NYS farmers should it become law." Senators voting to defeat this bill included: Aubertine, Catherine Young (Olean, NY - *Ranking Minority Member*), David Valesky (Syracuse, NY), Michael Ranzenhofer (Amherst, NY), James Seward (Milford, NY) and George Winner (Elmira, NY). Senator Neil Breslin (Albany County) voted in support of the bill and Senators Bill Stachowski (Erie County) and Velmanette Montgomery (Brooklyn) voted "without recommendation" which are counted as a yes votes within the legislative process.



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## **Fourth Annual "Golf for Good Works" Sponsorship Opportunities Available Now!**

**Friday, June 25, 2010 ∞ Turning Stone Casino Resort ∞ Verona, NY**



"Golf for Good Works"! What better way to spend a beautiful June morning than to play the links with your friends and colleagues and raise needed funds for important agricultural education programs.

For more information on sponsoring this annual event, check out our website at: [www.northeastalliance.com](http://www.northeastalliance.com)

Registration brochures and on-line registration - *Coming Soon!*

## Dairy Round-Up

### International Perspective:

Significant changes on the international dairy landscape could have impacts on the prices received by US farmers and their access to developing markets.

Prices paid to European dairy farmers have stabilized after plummeting last summer and spiking last fall. Continued volatility in the European market has the potential to reduce international dairy prices. The spring flush as cows go to pasture coupled with manufacturers finding lower cost substitutes for high priced European butter will probably hold prices steady or cause a slight downward trend. The euro is starting to soften against the dollar which will increase trading of European milk on the international market and may lower the international price.



*Left to right:  
Danone product, Fonterra emblem, milk powder  
for the Asian market (from Fonterra)*

Leatherhead Food International growth forecasts suggest that dairy processors have plenty to gain from investment in emerging markets. Leatherhead analyst Chris Brockman said emerging markets are likely to be a major driver for merger and acquisition activity in the coming years as the European dairy industry seeks to fast track access to high growth regions. Danone, a French dairy processing firm, is investing more than \$13 million in refurbishing their production plants, largely to focus on producing food for developing markets. Leatherhead predicts increases of 5.5% to 9.2% for various dairy products in the Asian and Eastern European markets. In Western Europe growth is being driven by high value functional products, while Asia and Eastern Europe offer major volume gains and the opportunity to establish market share.

Fonterra, the New Zealand dairy giant is investing significant capital to keep pace with the Chinese market for enhanced milk powders.

Fonterra has taken options on land for the new plant and expects it to become operational in September 2012. The plant will have capacity to process up to 2.2 million litres of milk per day (49,000 cwt) in Canterbury, NZ. The dairy company is still considering its options for the site, which include a milk powder plant – similar to its recently-opened drier at Edendale in Southland or a production plant for high-value nutritional milk powders. Fonterra is actively pursuing the Chinese market and has spent over fifteen years developing enhanced milk powder products that appeal to Asian consumers.

Consumer awareness of dairy products remains quite low in some emerging markets, coupled with lack of familiarity with dairy and lactose intolerance in certain countries, consumption growth is held to single digits. However, most analysts do not expect these barriers to block the long-term spread and development of dairy products in emerging markets.

*- Compiled from articles by Guy Montague-Jones, Dairyreporter.com 3/24/10 & 4/07/10*

### US Dairy Perspective:

The problem of a huge cheese inventory continues to plague the dairy sector, but prospects for an improved export picture could provide a way out of the quagmire it now faces. "The outlook on exports is positive," said Michael Marsh, CEO of Western United Dairymen in Modesto, CA. "But we have to move quickly before our competition steps into the breach." Marsh was among speakers during the 2010 Spring Ag Outlook presentation in Visalia, CA. "It's the cheese that is killing us," Marsh said.

Some have faulted the federal government for recent cheese purchases of grated cheese and mozzarella for domestic feeding purchases rather than block cheese purchases which would have removed a greater volume from the market. Blocks of cheddar cheese would have been priced around \$1.30 a pound and would have carved about 50 million pounds of yellow cheese out of the food supply, roughly twice the amount that was removed of the grated and mozzarella products priced over \$2.00 per pound. "It doesn't make sense that people are going hungry at the same time dairy farmers are going broke," Marsh said.

Despite record low prices, some regions of the country, including Wisconsin, continue to expand production dramatically. Both Pennsylvania and Idaho also increased the number of cows last year. Despite efforts to cull the nation's herd, replacements can be quickly put in place because of the ability to determine the sex of the animal resulting from use of bull semen. Marsh said he believes the export market for milk has "almost fully recovered," with nearly 11 percent of what is produced "moving out of the United States. The export market is important today and into the future."

***US Dairy Perspective – continued ...***

The U.S. Dairy Export Council said the importance of foreign sales was evident last year, when lost export sales contributed to an oversupplied U.S. domestic market. After struggling through the first three quarters of 2009, the council said, exports were up 15 percent in the fourth quarter. The council projects overall U.S. dairy exports to increase in 2010 "as global demand cautiously recovers." It said large inventories from Europe "continue to hang over the market, but milk production in Oceania is forecast to decline in the 2009-2010 marketing year."

Some state there is "a panache" associated with agricultural products from the US when they are sold in countries such as China, and there is concern about the need for a consistent US presence. Global gross domestic product figures to developed counties are expected to grow in the second half of 2010 by 1.7 percent and in developing countries by 6 percent.

*- Compiled from CA Farm Bureau Federation and USDA DAIRY MARKET NEWS VOL 77, REPORT 13*

**Alliance's Engagement  
on Canola Embargo  
Prompts Congressional Inquiry**

As a follow up to a December meeting with FDA, the Feed Alliance worked closely with congressional staff as they drafted a letter to FDA regarding the year long obstruction of canola imports based on salmonella testing. Senators Sanders, Leahy, (VT) Gillibrand (NY), Shaheen (NH), Specter and Casey (PA) signed the letter to FDA probing into the excessive time period and lack of a comprehensive plan for resolving the canola meal containment issues. Feedback from Joel Newman, AFIA President and CEO, indicates the letter has been effective in garnering attention about the issue at FDA. An excerpt from the letter includes "...we would appreciate information regarding what outreach the FDA has conducted with canola meal plant operators, which we understand to be mostly in Canada, to help them understand the contamination concerns, the process for holding canola meal deliveries, and what these businesses can do to help correct the problem permanently. We believe an FDA meeting of farmer representatives, canola manufacturers, feed dealers, and other interested parties would be extremely beneficial for all groups involved." The Northeast Ag and Feed Alliance will remain engaged in this issue and keep pushing FDA to address their concerns in a timelier manner. The Alliance estimates that canola meal import restrictions are costing the Northeast dairy industry \$350,000 per day.

**New Atrazine Attack Underway**

New plaintiffs are developing a proposed class-action lawsuit against the herbicide atrazine, filed in federal court in the Southern District of Illinois. This is the latest move from the class action trial lawyers in an on-going assault on the herbicide that has been in continuous use since 1959, and was re-registered as safe for use by the EPA as recently as 2006. The federal filing comes on top of a local lawsuit against atrazine filed in Madison County, Illinois.

The plaintiffs in the Madison County case have voluntarily dropped several allegations from their lawsuit. As recently as March 10, 2010 they have withdrawn claims related to real estate damage, marking the fourth time the suit has been amended to reduce claims.

While the EPA declares atrazine safe at concentration below 3 ppb, opponents claim impacts at concentrations as low as .1 ppb. The EPA is slated to conduct a re-review of atrazine with a Scientific Advisory Panel scheduled for April 26-29. Atrazine is one of the most widely used herbicides and is considered by some to be especially useful for protecting the environment because of its role in conservation tillage. It has been suggested that atrazine is essential for reduced soil erosion and reduced fertilizer runoff leading to significantly improved water quality in rivers and streams.



In 2003 total annual domestic use averaged approximately 76 million pounds of active ingredient. Crops with the highest percent crop treated are field corn (75%), sugarcane (76%), sorghum (59%), sweet corn (processed) (86%), and sweet corn (fresh) (50%). In terms of pounds applied, corn (86%), sorghum (10%), and sugarcane (3%) account for the greatest use. Less than 1% of atrazine is applied for forestry, turf, and other uses.

*- Compiled from the Center of Regulatory Effectiveness and the Madison/St. Clair Record*



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## NORTHEAST AG & FEED NEWS

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### FDA to Sample Grain, Grain Products for Vomitoxin

The NGFA has learned that the Food and Drug Administration (FDA) on March 26 finalized a plan to sample grain and grain products – starting as early as the week of March 29 – for the presence of the mycotoxin deoxynivalenol (Vomitoxin).

The plan is designed to provide FDA with better information about the potential prevalence of Vomitoxin in raw wheat, corn, barley and oats, as well as milled co-products, intended for both human and animal feed. The agency plans to collect approximately 200 total samples, equally split between:

- human-grade milled wheat products (flour, germ and bran); and
- feed-grade products, which will include samples of raw corn, wheat, barley and oats, as well as corn and wheat co-products.

FDA anticipates that it will complete testing of the samples by July.

The sampling of grains and grain co-products is in response to weather conditions that occurred in several parts of the country during the 2009 crop-growing season. Weather conditions during the growing season that are cooler and wetter than normal are conducive to the development of the Fusarium fungi that produce Vomitoxin, as well as such other mycotoxins as zearalenone and T-2. FDA's sampling plan is to be focused on the following 14 states in which such conditions were present in varying degrees: Kansas, Kentucky, Illinois, Indiana, Maryland, Michigan, Minnesota, Missouri, New York, North Carolina, Ohio, Pennsylvania, Tennessee and Virginia.

Under the regulatory framework adopted by the FDA, the agency issued its most recent advisory levels for Vomitoxin in September 1993. FDA advisory levels provide guidance to the industry concerning levels of a substance present in food or feed that are believed by the agency to provide an adequate margin of safety to protect human and animal health. While FDA reserves the right to take regulatory enforcement action – including seizure of the product – on a case-by-case basis (particularly in egregious situations), enforcement is not the principal purpose of an advisory level.

Importantly, the NGFA is aware that the agency has begun a review of scientific studies on the health risk posed by Vomitoxin to various animal species, particularly ruminants and poultry, to determine if somewhat higher levels may be fed safely. Based upon its review of such scientific data, the agency will determine whether it is appropriate to revise the current advisory levels. The NGFA is communicating closely with the agency during its review.

### Current FDA Advisory Levels for Vomitoxin

<b>Product and Intended Use</b>	<b>Vomitoxin Level (parts per million)</b>
Human Food Products	1 p.p.m.
For grain and grain byproducts destined for swine. (FDA advises that commodities containing this level of Vomitoxin not exceed 20 percent of the ration.)	5 p.p.m.
For grain and grain byproducts destined for beef cattle and feedlot cattle older than four months, as well as for chickens. (FDA recommends that commodities containing this level of Vomitoxin not exceed 50 percent of the ration for these species.)	10 p.p.m.
For grain and grain byproducts destined for all other animal species. (FDA recommends that commodities containing this level of Vomitoxin not exceed 40 percent of the ration.)	5 p.p.m.

## NEAFA Calendar of Events

### NEAFA Board Meeting

April 28, 2010  
Miner Institute  
Chazy, New York

### AFIA Feed Industry Institute

June 14-17, 2010  
St. Louis, Missouri

### NEAFA Annual "Golf for Good Works" Tournament

June 25, 2010  
Turning Stone Casino Resort  
Verona, New York

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

July 28-29, 2010  
Hilton Omaha  
Omaha, Nebraska

**WELCOME  
NEW  
ALLIANCE  
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