

September 2009

Alliance Engages Against New York DOT On Truck Regs Alliance members are encouraged to contact DOT and submit comments

The Northeast Ag and Feed Alliance joined with 25 other organizations to create an industry coalition to fight a proposed NY regulation that will restrict truck travel on certain state highways in the Finger Lakes Region. Driven by the political desire to stop Metro New York trash trucks from using certain state highways, New York's Department of Transportation introduced regulations to keep trucks with trailers of 45 feet or longer, from specific north-south roads. Exemptions from these regulations would include local deliveries or businesses located on these roads. Trucks with 45+ foot trailers would have to travel around the region, preferably on interstate highways. Restricted roads include: portions of routes 38 41, 41A, 79, 89, 90 and 96.

In comments submitted to DOT, Alliance President John Mitchell stated that the impact from these travel restrictions would cause substantial increases in feed costs to farmers within and outside the restricted region. "Between the regulatory burdens of proving the right to make local deliveries to the extra time and fuel required by driving around the region for long hauls, this proposal is going to cost the industry substantially. Inevitably farmers are faced with higher feed costs and they certainly cannot afford it." "There is no reasonable way to avoid economic hardship within an industry that competes for and serves businesses located within or in close proximity to the restricted region", stated Mitchell. "The food and agriculture system is a prime example of an industry that will be impacted from this government regulation."

Alliance members are strongly encouraged to submit comments to DOT stating why these regulations will hurt your business. **Comments are due October 9th and can be submitted through the truck coalition website:** <http://mta.revone.com/trucksbringit.aspx>. Details of the regulations can also be found on the industry coalition's website. In addition, please contact your State legislators to let them know how serious this issue is. You may visit our website at www.northeastalliance.com and view the Alliance's comments, the press statement released by the truck coalition and a map of the restricted roads.

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Alliance/Other Business Groups Stand Against Taxes and Fees

The Northeast Ag and Feed Alliance joined with 16 other business organizations to remind New York's Governor Paterson and State Legislative Leaders that balancing the budget on increased taxes and fees will be the recipe for further economic decline in the Empire State. The Coalition held a press conference on September 9th, in advance of special legislative sessions to consider remedies for closing a state budget deficit, currently exceeding \$2 billion.

Despite the passage of a budget containing the biggest tax increase in New York history, the State continues to face a growing gap between revenues and spending. The coalition reminded the Governor and legislative leaders that the right solution requires spending cuts rather than tax increases. "Governor Paterson and the Legislature must close the budget gap by cutting costs, and then they must start giving back what they've taken from us by reducing the costs of living, working and running a business in this state," stated Brian Sampson, of Unshackle Upstate. "New York has real fiscal problems that cannot be solved by continually reaching into the pockets of taxpayers."

The Feed Alliance, along with the New York Corn Growers Association and the New York Farm Bureau, represented a large sector of the agribusiness community. To read the complete statement of this pro-business coalition, go to our website at www.northeastalliance.com.

Wheat Variable Storage Rate Endorsed by NGFA

The National Grain and Feed Association (NGFA) has notified the CME Group that it supports the variable storage rate concept being considered by the exchange, calling it “the next logical step” in the ongoing effort to encourage convergence between cash and futures market values in the CBOT wheat futures contract.

In a statement submitted to the CME Group, the NGFA urged the exchange to propose to the Commodity Futures Trading Commission (CFTC) that the variable storage rate concept be implemented by December if the September CBOT wheat futures contract at expiration does not exhibit better convergence than expected. Convergence – the narrowing between futures and cash prices as futures contracts near expiration – has been lacking for the CBOT wheat contract for more than two years.

Under the variable storage rate concept, storage (premium) charges assessed by grain elevators approved by the CME Group would expand or contract based upon the carry in the market that is implied by futures-market spreads.

Under the proposal being considered by the CME Group and supported by the NGFA, an increase in the storage rate would be triggered if futures market spreads reached 80 percent or more of full carry. Such an increase in storage rates would make it more costly to continue to hold or roll futures market positions forward, which has contributed to the significant gap between futures and

cash market values. Similarly, a decrease in storage rates would be triggered if futures-market spreads declined to 50 percent of full carry. Under the proposal, the maximum that storage rates could increase or decrease would be about 3 cents per bushel per month, which the NGFA supported as a “significant adjustment” that should enhance convergence.

The NGFA said variable storage rates would better reflect cash fundamentals and enhance the ability of market participants to manage basis risk, which has increased dramatically in recent years. Better management of basis risk also should benefit banks and other lenders that provide financing to the agricultural sector, the NGFA noted.

The NGFA said that a major practical reason to implement variable storage rates as soon as possible – preferably no later than December – is that the delivery warehouse storage rate, implemented by the CME Group in July, will decline in December from the current approximately 8 cents per bushel to about 5 cents per bushel per month. “Implementation in December would at least prevent the storage rate from moving in the wrong direction and would prevent further delay in remedying the CBOT wheat futures contract’s recent performance,” said NGFA Risk Management Committee Chairman Rod Clark.

From the NGFA Newsletter

FDA Activates Electronic Portal for Food/Feed Adulteration Incidents

The U.S. Food and Drug Administration (FDA) has activated its new electronic portal through which facilities, starting September 8, are required to report severe food- and feed-product safety incidents that meet the threshold of posing a “reasonable probability” of causing “serious adverse health consequences or death to humans or animals.” Importantly, in response to a request from AFIA, NGFA and other organizations, the agency said it would exercise “enforcement discretion” for 90 days – until December 8 – for facilities that make “reasonable” efforts to comply with the requirement to report through the electronic portal – known as the “Reportable Food Registry” – adulterated commodities or products that meet this danger threshold, and which take other “appropriate actions” to protect human and animal health if encountering such incidents. This is an important accommodation by FDA, since failure to report is deemed under the law to be a prohibited act under the federal Food, Drug and Cosmetic Act, and is a misdemeanor for unintentional violations and a felony for willful violations.

The Reportable Food Registry is the congressionally mandated electronic portal through which U.S. and foreign facilities register with FDA. Within 24 hours, facilities are required to report an incident of use or exposure to an adulterated FDA regulated product that has left their control and would present a “reasonable probability” of causing “serious adverse health consequences or death to humans or animals.” **This program applies to all facilities – domestic and foreign – registered with FDA under the Bioterrorism Act that receive, store, handle, manufacture and distribute grains and oilseeds, milled and processed grain and oilseed products, animal feed and feed ingredients, pet food, and a wide range of other FDA-regulated agricultural commodities, products and foods.** Hypothetically, raw grain containing mycotoxins, at a level that would pose a danger of serious illness or death to humans or the animal species for which the grain is intended, would represent a reportable incident.

The threshold that triggers reporting of a product-safety incident to FDA equates closely with FDA’s Class I recall criteria, which is defined as a “serious emergency situation involving recall of a product that may have an immediate or long range adverse effect on the life or health of animals or humans.”

For more information, contact AIFA Vice President Richard Sellers at rsellers@afia.org.

UCONN: From Cows to Cheddar

The Department of Animal Science at the University of Connecticut maintains an extensive program in animal production. Students have the opportunity to study dairy management and milk production, and management of beef cattle, sheep, swine and poultry. Further, a comprehensive equine program offers instruction in equine management and husbandry in addition to riding and training of horses. Each of these disciplines is supported by on-campus animal facilities. The Kellogg Dairy Center houses a milking herd of approximately 100 Holstein and Jersey cows and associated young stock. The Livestock Facility is home to 80 Angus and Hereford cattle, 60 Dorset, Shropshire and Southdown ewes, and a dozen Yorkshire sows. About 90 horses are housed at the Equine Facility to serve in the equine program, while approximately 2,500 chickens are maintained at the Poultry Facility. The Department currently has 335 undergraduate students seeking a Baccalaureate degree, while an additional 50 are enrolled in the Associate's Degree program.

The Department of Animal Science is firmly committed to science-based instruction, providing students with a strong foundation in coursework required for admission to veterinary schools, for continuing their education by pursuing a master's or doctoral degree, or for developing a resume that documents the educational experiences necessary to successfully enter the career field of their choice. Each year about half of incoming freshmen declare an interest in the Pre-Vet program, and of these perhaps 15 will maintain the stringent academic record and extracurricular activities necessary to consider applying to schools of veterinary medicine. About 75% of UConn Animal Science graduates who apply are accepted to vet schools.

The Kellogg Dairy Center is one of the jewels in the multi-species crown. Opened in 1991, it houses up to 80 Holstein and 20 Jersey cows that are milked 3X daily on their way to producing about 2.4 million pounds of milk annually.

New Alliance Member

Welcome to our newest member ...

Suzanne Demeester
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Plenty of opportunities for students to hone their hands-on skills exist, as one of the milking shifts is staffed entirely by students, and other shifts use students to fill in as necessary. In addition, two dorm rooms at KDC give four students the advantage of exchanging work experience for the cost of housing.



A successful competitor at the UCONN Dairy Show

Students interested in dairy science engage in several annual events including maintaining cows at the Big E, attending the Royal Agricultural Winter fair, visiting dairy farms during the New England dairy travel course and participating in the Dairy Challenge. Students in UCONN's program receive an up-to-date classroom education while broadening their understanding of the dairy industry through events such as these.

Some of the milk produced at KDC is used to make ice cream, yogurt and various cheeses at

the UCONN Dairy Bar, one of the most-visited destinations in the state. Over twenty flavors of delicious ice cream are on the menu along with mild, medium and sharp cheddar cheese and juustoleipa cheese. Juustoleipa means "bread cheese" in Finnish, and the cheese is so-named because it is actually baked during the manufacturing process, giving it a bread-like appearance. The Dairy Bar is almost entirely staffed by students who are involved in both the manufacture and sales of our tasty dairy products.

CMP Dairy to be continued as AMTS.Dairy

AMTS LLC, a privately held company focusing on cattle ration formulation systems based upon the CNCPS, recently announced a new development for current CPM Dairy users. Known as AMTS.Dairy, the new program will be released during the 2009 Cornell Nutrition Conference Pre-Conference Symposium in Syracuse, New York. While the CPM Dairy name will not continue, the software is not dead. Several implementations of the CNCPS exist around the world, but only AMTS LLC has decided to offer a version similar to CPM Dairy.

Many CPM users have been wondering about the future of CPM Dairy. As the first CNCPS license holder (and long time modelers and developers), AMTS LLC has addressed this issue. The academic institutions involved in CPM Dairy chose to discontinue software development due to shrinking research dollars and the desire to dedicate limited resources to improving biological research. For more information about AMTS.Dairy, contact AMTS LLC at: 607-838-3322 or sales@agmodelsystems.com

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We're on the Web!

See us at:

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**U.S. Senate Judiciary Committee Holds
VT Hearing on Dairy Industry Competition**

U.S. Senator Patrick Leahy, along with his Judiciary Committee held a hearing on September 19th in St. Albans, VT on the subject of "Crisis on the Farm: The State of Competition in the Northeast Dairy Industry." Ms. Christine Varney, the Assistant Attorney General of the Antitrust Division of the U.S. Justice Department, was also in attendance. During her confirmation hearing earlier this year, Ms. Varney indicated that dairy pricing as well as agricultural industry consolidation would be one of the main focuses of her work in the U.S. Justice Department. Testifying at the hearing in St. Albans Ms. Varney said she wanted to find out "why our cooperatives are the captive of one distributor."

At the heart of Saturday's hearing was the perceived control of the dairy industry by Texas-based milk processor Dean Foods Co. and the concern that Dean controls most of the milk market through out much of the country. Dean, which was not invited to testify, has denied it controls the milk market, but VT senators Leahy and Sanders said the milk processor is reaping huge profits while dairy farmers are suffering. Dean Foods says it buys less than 15 percent of the nation's raw milk.

Over the last several years, the Vermont Milk Commission has held extensive hearings on the issue of milk pricing. Over sixty witnesses testified on the subject, and they represented all aspects of the dairy industry in the United States - dairy cooperative leaders, farmers, processors, retail establishments, trade groups, and others. After reviewing the testimony given, the Vermont Milk Commission became concerned about the number of processors in the Northeast, and marketing options for farmers. Furthermore, the Commission was concerned that while dairy cooperatives like St. Albans, AgriMark, and Dairy Farmers of America were formed for the purpose of achieving better pricing and were granted limited exemption from anti-trust laws in 1922, today these cooperatives are challenged to achieve this stated purpose due to the consolidation of buyers at the processing and retail levels.

While the investigation of competitiveness in the dairy industry will not bring immediate pricing relief to the many debt strapped dairy farms, the Vermont Milk Commission feels it is an issue that has needed attention from the U.S. Justice Department for some time.

**NEAFA
Calendar of Events**

KSU Feed Man. Short Course

October 5-8, 2009
Manhattan, Kansas

**ADSA Discover Conference
on Food Animal Agriculture**

November 2-5, 2009
Nashville, Indiana

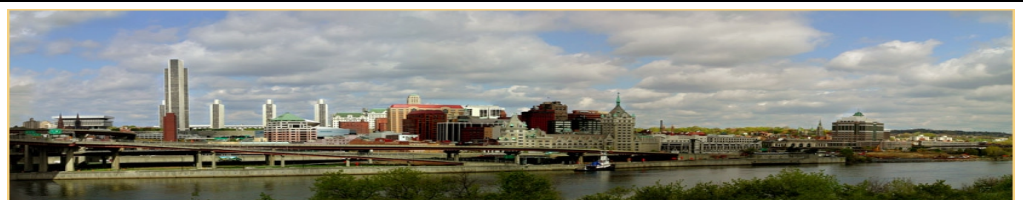
**2009 Equipment
Managers Conference**

November 5-7, 2009
Fort Meyers, Florida

2010 NEAFA Annual Meeting

February 8-10, 2010
Albany, New York

Save the date!



**CELEBRATE OUR PAST,
DISCOVER OUR FUTURE**



2010 Annual Meeting

ALBANY

An Amazing Discovery

February 8 - 10, 2010

