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Farm Bill Passed - Finally!

Following months of controversy and compromise The Food, Conservation, and Energy Act of 2008 passed both bodies of congress by strong margins, and overrode a Presidential veto. While some organizations fault the Bill for continuation of direct payments to commodity crop growers in a time of record crop prices, most recognize the strong support of specialty crops, dairy, nutrition and renewable energy as positive improvements over previous policy.

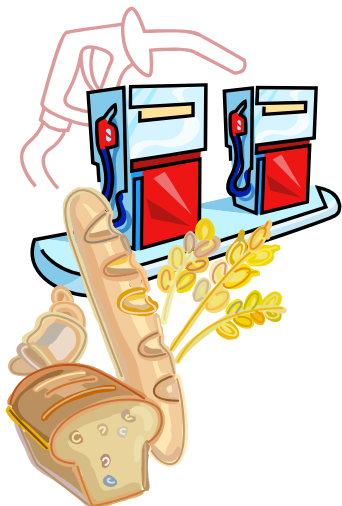
- **Nutrition Programs:** Invests \$10.4 billion, providing needed funding for food banks, and improving and expanding access to the food stamp program by reforming benefit rules to cover rising food costs.
- **Renewable Energy:** Invests an additional \$1 billion in renewable energy research, development and production; and encourages a transition from corn-based ethanol to cellulosic ethanol by reducing the tax credit for corn ethanol and increasing the credit for cellulosic ethanol production.
- **Specialty & Organic Crops:** Devotes \$1.3 billion in funding for organic agriculture, fruit and vegetable programs and local food networks; and includes a new title dedicated to the needs of specialty crops and organic agriculture
- **Conservation Programs:** Extends and provides \$7.9 billion of new funding for popular conservation programs, including the Environmental Quality Incentive Program, Farm Protection Program, Wetlands Reserve Program, and the Conservation Reserve Program.
- **Dairy Industry Assistance:** Strengthens the existing safety net for dairy farmers by increasing the differential for the Milk Income Loss Contract (MILC) trigger price to 45%, increasing the eligible pounds of milk to nearly 3 million, and ties the price of feed to MILC's trigger price in difficult financial times.

Alliance Weighs in on Two Feed Industry Bills

NEAFA's governmental relations efforts in NY reaped returns through recently passed legislation that will streamline the feed manufacturers licensing program. Senate bill 7123 (Young) / Assembly bill 8584 B (Markey) will eliminate current duplication of licensing systems, remove county governments from administering licensing program and minimizes the regulatory hurdles of obtaining a license. Alliance's efforts helped tailor the legislation to improve on the current feed manufacturers law. NEAFA recognizes Assembly members Magee and Markey along with Senator Young for their leadership on this legislation.

In addition, the Alliance formally opposed legislation that would have established a feed and food certification program in New York. A5318 (Ortiz) would have required the Department of Agriculture and Markets to create a program to certify certain feed mills and food products and establish an animal feed certification fund. The bill was kept from passage by the Assembly Agriculture Committee. NEAFA appreciates the supportive efforts of Agriculture Committee Chairman, Bill Magee.

Food vs. Fuel - The Debate Heats Up



Various trade organizations and interest groups are staking positions in light of continued escalation of grain prices and reports of worldwide shortages in rice, corn and soybeans. The recent cyclone in Myanmar has added a sharp point to the discussions. Just last week Senator Grassley (R-IA) issued a scathing response to the anti-ethanol PR campaign spearheaded by the Grocery Manufacturers Association.

The rapid increase in food prices over the past couple of years has raised serious concerns about the food and nutrition situation of poor people in developing countries, about inflation, and - in some countries - about civil unrest. Real prices are still below their mid-1970s peak, but they have reached their highest point since that time. While the price of grain represents only a fraction of the total input cost of common foods such as breakfast cereals and meat, food vs. fuel has become the target for food advocacy groups.

Three factors have been identified as contributing to increased grain prices. The high price of energy has become increasingly intertwined with food prices. With oil prices at an all-time high and support of biofuel production, U.S. cultivation has shifted toward biofuel feedstocks, especially corn, often at the expense of soybean and wheat cultivation. About 30 percent of U.S. corn production will go into ethanol in 2008 rather than into world food and feed markets. High energy prices have also increased the cost of cultivation, fertilizers, pesticides, and transportation.

"It's not food, it's not fuel, its China."



At the same time, the growing world population is demanding more and different kinds of food. Rapid economic growth in many developing countries has pushed up consumers' purchasing power, generated rising demand for food, and shifted food demand away from traditional staples and toward higher-value foods like meat and milk. This dietary shift is leading to increased demand for grains used to feed livestock.

Change in Chinese meat consumption habits since 1995 is diverting eight billion bushels of grain per year to livestock feed and could empty global grain stocks by September 2010, according to a new study from Biofuels Digest. The study, "Meat vs. Fuel: Grain use in the U.S. and China, 1995-2008," concluded that a complete shutdown of the U.S. ethanol industry would extend the deadline only until 2013.

"It's not food, it's not fuel, its China," said Jim Lane, editor of Biofuels Digest and author of the report. The study determined that China's meat consumption since 1995 has increased by 112 percent to 53 kilograms per person per year. The study found that the U.S. increased corn production by 157 million tonnes of corn since 1995: 31 million net tonnes of grain went to support U.S. ethanol production, and 27 million tonnes supported a 15 percent increase in U.S. population during the period. By contrast, the study projected that livestock grain demand to supply Chinese meat consumption increased by 199 million tonnes between 1995 and 2007.

Continued on page 3

Ed Fitzgerald - Winner in Survey Drawing

Ed Fitzgerald of the Vermont Rail System was the winner in a drawing from all Tea Party Survey respondents. Ed has chosen to accept \$100 off a membership as his prize. We appreciate feedback from all the respondents and will incorporate your thoughts into planning next year's event.

Food vs. Fuel – Continued from Page 2

Poor weather and speculative capital have also played a role in the rise of food prices. Severe drought in Australia, one of the world's largest wheat producers, has cut into global wheat production and the Myanmar cyclone has cut that countries rice production by seven percent.

While the rhetoric flies and positions are entrenched, science is often sidelined in the fuel vs. food debate. Important facts to consider:

- Ethanol yields 67 percent more energy than is used to grow and harvest the grain and process it into ethanol.
- A tiny fraction of the cost of retail food is a result of farm inputs
- Changes in eating habits worldwide is driving demand for grain across the globe
- Increased oil prices are increasing the cost of every phase of food production, processing and transportation.

Rail Competition Hearing

NASDA President and North Dakota Agriculture Commissioner Roger Johnson testified at an April 24 hearing held by the U.S. Surface Transportation Board (STB) on railroad competition and transportation challenges for the agricultural sector. The hearing focused on the common carrier obligation of railroads and several state government officials, grain shippers, and agricultural organizations also testified.

Johnson emphasized that rail transportation is a critical component to the agriculture industry, but lack of competition among the railroads has resulted in unreasonably high rates and unreliable service for agricultural producers. He said that greater federal oversight of railroad rates and services is urgently needed, especially when competition is absent.

During the hearing, Johnson also said the railroads are discriminating against

intermodal shippers of agricultural commodities. The demand for container shipping of agricultural products is dramatically increasing, due in large part to the worldwide demand for identity-preserved commodities. Johnson noted that high rail rates deter further inland rail shipping of the containerized imports. Often, the containers are unloaded at coastal ports for domestic distribution, further exacerbating serious container shortages in the Midwest.



“... the railroads are discriminating against intermodal shippers of agricultural commodities.”

-Edited from NASDA News

Emergency Agriculture Relief Act Effort Thwarted

The Alliance engaged in an ambitious, though short lived, agricultural guest-worker plan that emerged from the Senate Appropriations Committee in mid-May following collapse of comprehensive immigration reform efforts. The Emergency Agriculture Relief Act would have given temporary legal status to 1.35 million illegal immigrant farm workers, as well as their spouses and children. Farmer organizations emphasized another part of the bill, strengthening the existing H-2A agricultural guest-worker program

Supporters of the Emergency Agriculture Relief Act included agricultural producers and processors who recognize the need for access to legal foreign labor. Detractors included legislators who advocate for tighter immigration laws prior to adoption of reform measures. A nimble rules action in the Senate de-railed the measure.

In coordination with the Agriculture Coalition for Immigration Reform, the Alliance contacted Senate offices, Farm Bureau's and agricultural organizations throughout the northeast voicing support of the Emergency Agriculture Relief Act.

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AAFCO Proceeds with HACCP "Standard" Initiative

During the AAFCO Feed Manufacturing Committee meeting conducted on Jan. 29, Dr. Tim Herrman, director of the Office of the Texas State Chemist, presented a draft hazard analysis and critical control point (HACCP) "standard" developed by an AAFCO task force. Herrmann said that the "standard" and yet-to-be-developed auditing system is being designed to "facilitate uniform adoption among feed manufacturers pursuing the voluntary adoption of HACCP."

In a joint letter, the NGFA, Pet Food Institute, and National Oilseed Processors Association previously had urged the AAFCO Board to suspend the HACCP task force's activities pending the outcome of a full and open discussion of the merits of such a project at a public general session involving AAFCO members, industry advisers and other interested parties.

However, in a subsequent written response to the joint letter, the AAFCO Board affirmed its approval for the HACCP task force activities, stating that any final documents from the task force will initially be subject to approval by the Board of Directors. If approved by the Board, the documents would then be vetted through the AAFCO committee structure, and general AAFCO membership.

HACCP is a science- and risk-based approach to ensuring food safety through the use of a systematic program designed to identify, evaluate and control food safety hazards. Presently, there are no HACCP regulations in place for the U.S. feed industry.

- From NGFA Newsletter

Board Member Profile - Art Whitman, First Vice President

Art Whitman of North Bennington, VT is a long time board member of the Northeast Ag and Feed Alliance, and its predecessor, the New England Grain & Feed Council.

Art was born into Whitman's Feeds. The company was started in 1945 by his father, Bernard Whitman, with the gift of a truck and can milk route from Art's grandfather. With the purchase of a grain warehouse, Whitman's established a custom grinding operation and, until the 1960's, the grain company focused on a custom grinding and mixing of locally grown grains. Bulk storage capacity was added in the mid 1960's. Art's wife Kathy provides essential administrative support and their son Jeff joined the company in 1990. Grain manufacturing was added in 1995 followed by construction of a retail store and additional warehouse space in 2006.

Art is active in several civic and economic development organizations including the Bennington Chamber of Commerce, Bennington County Industrial Corporation, the Shaftsbury Economic Development Committee, the Norshaft Lions Club, and the VT Feed Dealer and Manufacturers Association.



Former Eastern Federation President Passes

Past president of the Eastern Federation of Feed Merchants, Allen Houghton, passed away on May 21, 2008 following a brief illness. Allen served as the Eastern Federation president from 1996-1998. Following graduation from SUNY Morrisville in 1978, Allen was the owner and operator of Houghton Farm Supply in Mannsville, New York.

He is survived by his wife, the former Ann Harter, and by his daughter Stephanie and son, Ryan. Allen's service to the Eastern Federation and feed dealers and manufacturers was valued and appreciated. Donations in Allen's memory can be made to: Sandy Creek Dollars for Scholars c/o Jackie Gregg, 124 Salisbury Street, Sandy Creek NY, 13145.