



National
Milk Producers
Federation

News for Dairy Co-Ops

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Market Prices

Farm Bill Still Pending in Senate

Efforts to bring the Senate's version of the 2007 farm bill to a vote failed last month, but Senate leaders are expected to try again to pass the measure this month, perhaps even this week. NMPF is closely following the process, although significant differences remain between Republican and Democrats and the nature and number of amendments under consideration.

The partisan stalemate last month developed in part because of the large number of amendments that were offered to the bill by both parties. Senate Majority Leader Harry Reid is still deciding which non-controversial amendments should be included in the overall package; these amendments together will be voted on as one group. Once that is done, the leadership will select amendments from both parties that pertain to the Farm Bill, but that will require a vote. Finally, there will be a few amendments that do not directly relate to the Farm Bill that will be voted on.

NMPF, along with 18 other farm groups, sent a letter last week to the Senate leadership asking that the process be completed this year, and not pushed into 2008. A copy of that letter can be found [here](#).

Immigration Crackdown Delayed; NMPF Reconvenes Task Force To Address Issue

The Bush administration said last month that it will modify its planned crackdown on U.S. companies that may be employing illegal immigrants. After it announced this summer that it would begin sending "no match" letters to employers in order to rectify discrepancies in employees' Social Security numbers, the Administration was sued by a coalition of organizations opposed to the measure. After a judge in California temporarily delayed implementation of the no match rule, the White House last month has asked the judge to further delay hearing the lawsuit until March 24, or until a new program is ready.

In the meantime, NMPF is again convening its immigration task force to discuss the current situation and develop a plan for additional possible legislative and regulatory activities. That meeting is today, December 3rd.

Peru FTA Passes House - Senate Up Next

The Peru Free Trade Agreement was passed by the House on November 7 by a vote of 285 to 132. This was one of the largest margins ever in favor of a trade agreement.

The agreement will provide a combination of some immediate market openings for U.S. dairy exports, coupled with gradual transition periods to ultimately open trade between the U.S. and Peru. Upon implementation of the FTA, the U.S. dairy industry will gain immediate open access for whey and lactose, as well as tariff-free access for sizable amounts of cheese and skim milk powder, among other important dairy products.

U.S. exporters anticipate achieving additional market access in Peru as tariffs are ultimately phased out completely by the seventeenth year of the FTA. These expanded export opportunities are expected to help grow a market that totaled \$12 million in U.S. dairy exports last year. The anticipated benefit from additional exports of cheese, whey, skim milk powder, and other dairy products will average approximately \$100 million a year over the first several years of the agreement.

The Senate is likely to bring up the agreement around December 11th. It is expected to pass the Senate comfortably.

Dairy Disaster Aid Program Provides Hope to Producers in Need

Starting today, eligible dairy producers throughout the country will be able to go to their local USDA Farm Service Agency (FSA) service centers to put their names down for the Dairy Disaster Aid Program (DDAP - III).

Approved back in May, the DDAP - III will offer \$16 million in federal aid to dairy producers who suffered production losses due to natural disasters between January 1, 2005, and February 28, 2007. The program includes compensation for events such as lost herds or dumped milk when dairy plants were closed or containment equipment was damaged because of weather-related disaster. Also, power outages, fuel shortages, and infrastructure damage that temporarily interrupted the movement of dairy products to store shelves will be considered.

Dairy producers must have experienced losses in primary and contiguous counties declared or designated a natural disaster to qualify for the program. Eligibility may also extend to producers in counties receiving an FSA Administrator's Physical Loss Notice determination. There are eligible counties in all 50 states. This [file](#) contains a list of those counties.

After entitled producers have signed up for DDAP - III, the USDA will determine payment by multiplying the eligible pounds by the average price received for commercial milk production in the affected disaster areas during the specified time period. If the total amount is not enough to fully compensate producers for their losses, the USDA will pay those losses at two levels to more evenly dispense limited funds and maximize the program's effectiveness.

Because the final parameters of the DDAP are still subject to public input, NMPF will be submitting comments to USDA to ensure that the program is carried out in a way most beneficial to dairy producers.

For more information on DDAP - III, please visit the [USDA's website](#).

Highlights of National Milk Annual Meeting

Of the multitude of events that transpired over the four days of NMPF's 91st annual meeting in Orlando last month, here are a few key ones:

Cheese Contest

Foremost Farms USA of Baraboo, WI, was awarded the title of Best Overall Cheese Grand Champion in this year's annual cheese contest. Foremost's aged cheddar entry, made at its Marshfield plant, earned a score of 99.7 from judges, and was a favorite among participants. A full list of all the top finishers in the cheese contest can be found [here](#).

This year's cheese contest boasted 122 entries from 11 co-ops, totaling 2,284 pounds of cheese. Entries that weren't consumed at the cheese reception were donated to 2nd Harvest, an organization that gives food to the needy.

Communicator of the Year

Hailing from Associated Milk Producers Inc. (AMPI) in New Ulm, MN, Sheryl Meshke received the distinguished designation of the 2007 Communicator of the Year. This honor is a reflection of consistent quality work across the variety of categories in the competition. Meshke demonstrated this throughout the past year, which justified why she was selected for the award. This is the third time she has been so recognized.

Honorary and Retiring Directors

Several familiar faces of member cooperatives earned acknowledgment from NMPF for their work and dedication to the industry.

Three Honorary Director recipients, nominated by their respective co-ops for outstanding service to the dairy industry, were distinguished in a special awards banquet. These recipients were Irving Britton - Prairie Farms Dairy; Elwood Kirkpatrick - Michigan Milk Producers Association; and Carl Peterson - Agri-Mark, Inc.

The awards banquet also included a tribute to outgoing board directors who served on the NMPF board. These individuals each received a 2007 Certificate of Appreciation for their service: Lewis Gardner, Kent Herman, and Steve Matthees - Dairy Farmers of America, Inc.; Gordon Hoover - Land O'Lakes, Inc.; Elwood Kirkpatrick - Michigan Milk Producers Association; Jim McMullen - Tillamook County Creamery Association; Alan Qual - Cass-Clay Creamery; and Bob Swenson - Ellsworth Cooperative Creamery.

New YC Council Selected

A new Young Cooperators Council was selected at annual meeting in Orlando. The new chaircouple is Grant & Christy Gasstrom with Dairylea, the vice chair is Joshua & Cassandra Zonneveld with Land O'Lakes, and the secretary couple is Aaron & Andrea Gasper with the Michigan Milk Producers Association.

Other council members include: Derrick & Leslie Josi with Tillamook County Creamery Assn, Mark & Jill Lamborn with Swiss Valley Farms, Wade & Melinda Martin with Upstate Niagara Cooperative, Mark & Lauren Moseman with Maryland & Virginia Milk Producers, Myles & Lori Payne with Dairy Farmers of America, Jo-Anne & Thomas Ring with Agri-Mark, Inc., Tom & Tammi Serr with Dairy Farmers of America, Curtis & Kami Svedin with Northwest Dairy Association and Robert & Shayla VanHofwegen with United Dairymen of Arizona.

Press Releases, speeches, and presentations from the 2007 Annual Meeting in Orlando are available at the [NMPF website](#).

Canadian Border Opens Despite Protest

The U.S.-Canadian border opened on November 19, allowing all ages of Canadian cattle enter the U.S. market, including dairy replacements. The move drew criticism from some domestic ranchers, who believed that Canadian cattle may still be contaminated with mad cow disease.

The border was initially closed in May 2003 because a cow from Alberta was confirmed to have mad cow disease. Prohibitions against importation of both beef and live cattle were gradually relaxed, culminating with the change last month lifting all restrictions.

Changes Made in NMPF Government Relations Department

There have been a few changes in NMPF's government relations department. First, Shawna Morris, our Director of Government Relations and Trade, had a baby girl last month and will be on maternity leave through March.

A new addition to the government relations staff is Mary Knigge, who is transferring from the communications department. Mary will continue her work with the Young Cooperator program, which will fit well under the government relations umbrella. She will also work on expanding the organization's grassroots efforts. This will include going to Capitol Hill to speak on behalf of NMPF, and assisting with other activities in the department.

The next change will be a retirement at the end of the month: NMPF will bid farewell to Roger Eldridge. After December 31st, Roger will be going back home to Kentucky.

"It has been an honor and privilege to work for dairy farmers and their cooperatives for over three decades," Eldridge said. Roger started as a field rep for Dairymen Inc. in 1971, and has since served the dairy industry in various roles. Roger said he has enjoyed each step more than the other he said, finally rounding it out as NMPF's Vice President of Government Relations, a position he has held since 1998. NMPF thanks Roger for his commitment and dedication to the dairy industry for these past years.

Associate Member Focus: EcoSecurities

EcoSecurities is a world leader in mitigating the challenge of global warming through the generation of carbon credits from greenhouse gas emissions reduction projects. The company owns one of the largest and most well-known carbon credit portfolios in the industry, featuring market milestones such as the first Kyoto project to be registered by the UN, and the first project to receive Certified Emission Reductions (CERs).

Dairy operators can benefit from the carbon market by undertaking activities that reduce GHG emissions, such as the anaerobic digestion of animal waste. Farms with digesters or lagoon covers not only generate revenue from carbon credits, but also have the potential to save money from using methane gas to generate electricity. With rising energy prices,

creating power on-site provides a valuable hedge against this uncertain cost.

EcoSecurities has extensive experience in this sector and has developed upwards of 50 anaerobic digestion projects around the world that provide power and yield carbon credits. For more information about EcoSecurities, visit their website at www.ecosecurities.com.

Company Representative: Andy Dvoracek, Senior Client Manager, who can be reached at 212-356-0160.

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