



National  
Milk Producers  
Federation

# News for Dairy Co-Ops

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February 4, 2008

Volume 66. No. 2

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## Market Prices

### Farm Bill Still Awaiting Action

NMPF is still pushing for the Farm Bill to be finished before March 15th, which is when the current bill's short-term extension expires. Congressional staff discussions continue between the House and Senate, but action has been slowed due largely to the focus on the pending economic stimulus package. The House Ways and Means and Senate Finance committees need to iron out the details of the budget issues in the Farm Bill before many of the substantive issues, such as payment limitations, can be resolved.

The White House has stayed firm on its position that President Bush will veto a bill that includes tax increases. On the other hand, agricultural leaders in Congress have said that they have no interest in a simple extension of the current Farm Bill, and instead would let current law expire after March 15th, allowing farm policy to revert back to permanent law. Without an extension of the 2002 legislation, a permanent 1949 law takes effect that will require the U.S. Department of Agriculture to increase price supports for several commodities, including milk, corn and wheat. Under the 1949 law, the USDA would buy dairy products at a price support level of at least \$28 per hundredweight.

NMPF will keep members up to date on any progress in the Farm Bill negotiations.

### CWT Announces Inclusion of Bred Heifer Option in Next Herd Retirement

On January 28, CWT officials declared that dairy producers wanting to participate in the next herd retirement will be given the option of selling all their bred heifers, along with their other milk cows, through the program.

CWT will establish a flat rate for each bred heifer to be paid to any producer who elects to offer those animals with their herd retirement bid, meaning that producers whose bids are accepted will receive payments from CWT, in addition to payments from a packing facility for the animals' beef value.

CWT's Chief Operating Officer Jim Tillison stated that this decision "is the result of many months of work by our members to devise a new program to enhance the effectiveness of CWT's milk reduction activities."

When the next herd retirement round is conducted, producers interested in choosing the heifer option will have to indicate the number of bred heifers they have at the time the bid is submitted, and the location of the heifers. CWT will pay a flat fee, announced at the time the retirement program commences, for each heifer. Producers will have to sell all

their bred heifers, regardless of age.

Tillison said that whether a producer elects to also sell his bred heifers will have no bearing on whether the producer's herd retirement bid is accepted by CWT. Also, if the farmer's herd retirement bid is not accepted, the bred heifers he or she offers will not be accepted, either.

A fifth herd retirement round has yet not been announced by CWT. Additional details can be found at the [CWT website](#).

### **FDA Releases Risk Assessment on Cloned Livestock**

The safety of meat and milk from cloned animals was affirmed last month by the Food and Drug Administration, but livestock owners interested in selling those products are still being asked to observe a moratorium while marketplace issues are sorted out by the government.

On Jan. 15th, the FDA announced that it had completed a several-years long investigation into the risk that may be posed by cloned animal products. The agency found that the meat and milk from cloned animals are as safe as products from conventionally-produced livestock, and that no material differences exist in the milk from such animals. It also said there are no safety issues related to the offspring of clones, and it gave the go-ahead to the marketing of products from cloned animals' offspring.

However, as a result of a requests by interested food industry parties, including NMPF, the U.S. Department of Agriculture asked that the food industry continue to observe the voluntary moratorium on allowing milk and meat from cloned animals into the food system, pending further review of the domestic and international economic implications of a change in the regulatory status of cloned livestock. The USDA has not said how long the process of transition toward lifting the moratorium is expected to take.

The FDA said it will not require labeling of foods from cloned animals, and stated the following: "The agency is not requiring labeling or any other additional measures for food from cattle, swine, and goat clones, or their offspring because food derived from these sources is no different from food derived from conventionally bred animals. Should a producer express a desire for voluntary labeling (e.g., "this product is clone-free"), it will be considered on a case-by-case basis to ensure compliance with statutory requirements that labeling be truthful and not misleading."

For more on the issue, visit the [Animal Health section](#) of NMPF's website.

### **NMPF Rejects Proposal for Management of Mexican Sugar Trade**

As Congress worked on the Farm Bill throughout the month of January, NMPF and other U.S. agricultural interests became aware of a proposal being considered by House and Senate Farm Bill conferees to manage American sugar trade with Mexico. Such a proposal would dampen the flow of free trade between the two countries, setting a dangerous precedent that would threaten the trade status of other agricultural products, such as dairy.

In response to this proposal, NMPF submitted a joint letter urging the Farm Bill conference committee to reject the sugar trade proposal. Mexico ranks first as the top

export destination for beef, dairy, poultry, rice, and other food products. Such a proposal would limit the free trade that the U.S. currently enjoys with Mexico, and be in violation of the North American Free Trade Agreement (NAFTA) and other international trade laws.

The letter called for the protection and full implementation of NAFTA, and NMPF will continue to advocate an open border with Mexico for all U.S. commodities.

### **Ed Schafer Begins New Position as Secretary of Agriculture**

Former North Dakota Ed Schafer was sworn in last month as the nation's 29th Secretary of Agriculture. The grandson of an immigrant farmer from Denmark, the Bismarck native was an executive in his family's Gold Seal company before serving as governor from 1992 to 2000.

At a Senate Agriculture Committee hearing prior to his confirmation, Schafer pledged to work with members of Congress to complete work on the stalemated Farm Bill, which remains hung up on tax and payment limitations issues.

NMPF sent Schafer a letter of congratulations last week, and urged him to make the farm bill, feed costs, and animal health issues a priority during the remainder of 2008.

### **NMPF Meets with EPA to Discuss Review of CAFO Rule**

At the beginning of January, NMPF met with EPA's Office of Management and Budget (OMB) to evaluate a rule which would affect requirements for Concentrated Animal Feeding Operations (CAFOs). The rule, expected to be finalized soon, proposes changes in the definition of CAFOs with respect to their potential to discharge waste, and requires Nutrient Management Plans to be incorporated into the CAFO application.

NMPF believes that the time for compliance must allow for farms to go through the process of nutrient management planning and to make changes to their operations (including capital investments) as a result of this planning. The original CAFO rule provided a three-year compliance time, and NMPF believes this is sufficient for the current rule as well.

In addition, NMPF believes that the rules addressing water and air compliance should be conducted simultaneously to ensure that they do not conflict with each other. A change made because of the current CAFO rule may adversely impact air quality, so any subsequent air quality rules made by EPA should not influence water rules.

The final rule is currently undergoing review by the Office of Management and Budget, which is the last step before publication in the Federal Register. NMPF will notify members when the final rule is published.

### **USDA Releases New Disaster Assistance Information**

On January 25, the USDA stated that eligible farmers and ranchers who have experienced livestock, livestock feed, and crop losses that happened before Dec. 31, 2007, can now apply for federal disaster payments.

The payments will be made under the Livestock Compensation and Livestock Indemnity Programs, which are part of the Consolidated Appropriations Act of 2008. This act also includes Dairy Disaster Assistance Payment (DDAP - III) Program. The new 2008 DDAP - III program provides compensation to dairy producers who observed losses due to natural disasters that occurred before Dec. 31, 2007, which is a new later date than the 2007 program.

More information about the program and eligibility can be found on the [USDA's website](#).

### **NMPF Joins Global Dairy Platform**

NMPF has become a member of the Global Dairy Platform, an association of domestic and international dairy marketing organizations working together to bolster the image of dairy foods. GDP is focused on creating new opportunities for dairy in emerging markets, with an emphasis on shared scientific research to augment nutrition policy, a friendlier regulatory environment, and enhanced consumer demand. To learn more, visit [Global Dairy Platform's website](#).

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### **Associate Member Focus: Kraft Foods**

Kraft Foods, headquartered in Northfield, IL, employs more than 100,000 employees worldwide, providing consumers with brands such as Kraft, Oscar Meyer, Post, and Nabisco. Kraft has operations in 72 countries worldwide, with sales in 155 countries with approximately 190 manufacturing and processing facilities. Kraft also has 11 Research & Development centers.

Kraft Foods' company representative is Mike McCully, Associate Director, who can be reached at Phone: 847-646-8629; Fax: 847-646-4032; or by email at [mmcully@kraft.com](mailto:mmcully@kraft.com). To learn more about Kraft Foods, please [visit their website](#).

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