



National
Milk Producers
Federation

News for Dairy Co-Ops

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CWT Committee Approves New Two-Year Membership Agreement

Given the gravity of the economic crisis facing the dairy industry, CWT members are being asked to commit to a two-year program, from Jan. 2009 through Dec. 2010. Dairy cooperatives and individual producers have been asked to sign a two-year membership agreement at the current rate of 10¢ per hundredweight. This will allow CWT to secure adequate resources to have a significant impact on cow numbers in the coming months.

The CWT committee, which convened last month via conference call, also approved two herd retirement rule changes:

- Producers who were accepted in a previous herd retirement will be allowed to bid in the first herd retirement CWT executes in 2009, but no other subsequent rounds;
- Producers who have their bids accepted must agree that both they, and their dairy facility, will stay out of the dairy business for 12 months. They will be paid in two installments - 90% upon completion of the farm audit, and 10% plus interest at the end of 12 months if they and their facility did not produce milk during that period.

CWT and its members are making an all-out effort to expand the number of cooperatives and individual producers that are investing in CWT for the next two years. Direct mail, radio, and print advertising are all being used to maximize participation.

For more information about CWT, please visit www.cwt.coop.

USDA Considers Elimination of Producer-Handler Exemption in Federal Milk Marketing Orders

The U.S. Department of Agriculture is already moving forward to examine a petition submitted last month by NMPF to eliminate the producer-handler exemption in all Federal Milk Marketing Orders. In the proposal, submitted by NMPF and International Dairy Foods Association, large producer-handlers bottling more than 450,000 pounds of milk per month would no longer be able to circumvent minimum pricing and region-wide pooling provisions. [The USDA said on Feb. 6](#) that it is considering initiation of a formal rulemaking proceeding that could include a public hearing to collect evidence regarding the proposed changes.

[In its petition to USDA on Jan. 30](#), NMPF expressed its belief that all milk bottlers across the country should be regulated under the same rules, based on their impact on the market, and the rules need to be adjusted in light of the growing number of huge mega-farms that can exploit a loophole in milk pricing regulations.

National Dairy FARM Program Developing New National On-Farm Animal Care Plan

The National Dairy *FARM* Program: Farmers Assuring Responsible Management, a joint effort between NMPF and Dairy Management Inc. (DMI), is working to develop a national on-farm animal care program for the dairy industry to demonstrate the commitment producers have to animal care and the production of wholesome products.

Dairy *FARM* was created to bolster consumer trust and confidence in the U.S. dairy industry and demonstrate the industry's commitment to the highest levels of animal care and quality assurance. The program will be made available to all producers and cooperatives to assist them in their ability to quantify to customers that steps being taken on-farm to ensure conscientious care of dairy cattle.

Currently, the NMPF Animal Health & Welfare Committee is revising the "[Caring for Dairy Animals](#)" manual. The "Caring for Dairy Animals" manual includes best management practices for a variety of animal care issues including animal health and on-farm environment, facilities/housing, nutrition, equipment/milking procedures, transportation and handling, and more. The manual will be updated to reflect current animal-health practices, innovations and technology. The technical writing group from the NMPF Animal Health & Welfare Committee includes:

- Keith Carlson, Agri-Education
- Jim Carroll, Dairy Farmers of America
- Jamie Jonker, NMPF Staff
- Karen Jordan, DVM, NMPF Animal Health & Welfare Committee Chair
- John Mahoney, DVM, Land O'Lakes Inc.
- David Pelzer, DMI Staff
- Gatz Riddell,, DVM American Association of Bovine Practitioners
- Ryan Ruppert, Beef Quality Assurance Program
- Tom Thompson, United Dairywomen of Arizona
- Leon Weaver DVM, Continental Dairy Products Inc. and Select Milk Producers Inc.

The long-term plan of the Dairy *FARM* animal well-being program will be announced later this year. Co-ops and processors may choose to participate in the program to bring consistency to dairy animal care nationwide. NMPF and DMI will work with co-ops, processors, and state and regional dairy producer organizations to implement it.

In order enhance the program's validity, NMPF and DMI are also working together to develop third-party program verification to assure credibility and effectiveness. Additional Dairy *FARM* initiatives designed to assure the quality, safety and wholesomeness of dairy products will be introduced in the future.

NMPF Asks FDA to Delay Enhanced Feed Ban Implementation

NMPF and 11 other agricultural organizations [sent a letter last month to the Obama Administration](#) requesting that implementation of FDA's BSE Ruminant Feed Ban, which was finalized last year, be postponed for 60 days. That would allow the organizations to provide the most current data and evidence of the Ruminant Feed Ban's impact on producer operations.

The letter also asked that the comment period on the Ruminant Feed Ban be reopened for an additional 30 days so that the affected industries may further comment on the impact of the requirements contained in the final Ruminant Feed Ban.

The main change with the Enhanced BSE Feed Ban is that the brain and spinal cord must be removed from cattle 30 months of age or older prior to rendering. FDA has stated that potential impacts on cattle producers include:

- Unless cattle producers can provide age verification, renderers may choose not to collect dead stock;
- Producers need to identify alternative means of disposing of dead stock;
- There will be potential collateral impact on disposal of other livestock;
- The estimated cost to producers is \$28-39 million per year, possibly including:
 - lower cattle prices to offset segregation and disposal costs at slaughter, and;
 - a loss for cattle no longer rendered.

Some renderers are already modifying operations to comply with the new rules in advance of scheduled implementation. As a result, some services, specifically general dead stock pickup, are being curtailed, and in some cases, ended. This development is adversely impacting dairy farmers across the country making deadstock removal more expensive or entirely unavailable.

The rule is scheduled to take effect on April 27, 2009.

House Agriculture Committee Directs EPA to Provide Greater EPCRA Rule Clarity

NMPF and other livestock groups met in late January with staff members of the House Agriculture Committee to brief them on EPA's implementation of the new EPCRA air emissions reporting rule, and the problems that milk producers and others are having in trying to comply. The House Agriculture staff followed up this briefing with their own request to meet with and be briefed by EPA staff, and that happened on February 26.

Following the initial briefing, House Agriculture staff reported that they now fully understand why producers are confused by the new EPCRA reporting requirement, given the lack of clarity conveyed by EPA as to how they were dealing with the rule. EPA staff indicated in the second meeting that they fully intend to issue more detailed guidance about how producers should go about reporting under EPCRA, but they are awaiting direction from new Obama policy officials at EPA who have yet to be appointed.

Producer confusion on this issue stems from the December 18, 2008, final EPA rule that exempted animal waste from emissions reporting under the CERCLA regulations. In the same rule, EPA determined that EPCRA reporting was still required. The effective date for this rule was January 20, 2009. Many in the industry viewed the January 20 deadline as the date for compliance with EPCRA reporting and not just the effective date of the CERCLA exemption.

EPA indicated that one of the challenges in developing such guidance for the final rule is the wide divergence among states and localities in the information needed and wanted. It was pointed out to EPA that it is this same wide divergence in information that is making it so confusing for farmers in dealing with the state and local emergency response officials.

EPA was asked if the agency had ever considered signaling to farmers that January 20th was not a reporting deadline. EPA replied that they had not considered it since they had never treated January 20th as a deadline - in their view producers who emitted more than the threshold quantity have always had to report under EPCRA. (NOTE: Producers who are participating in the EPA Air Consent Agreement do not need to report under EPCRA until the National Air Emissions Monitoring Study is completed and results submitted to EPA, sometime early in 2010).

The House Agriculture staff strongly encouraged EPA to finalize its guidance as soon as possible, and redouble its outreach efforts to eliminate confusion. EPA agreed and will reach out to several agriculture groups and the state and local emergency responders.

Proposed EPA Amendment to SPCC Rule Induces Joint Comments from NMPF and NCFC

On February 17, 2009, NMPF and the National Council of Farmer Cooperatives (NCFC) [sent a letter to the Environmental Protection Agency \(EPA\)](#) regarding a proposed amendment to the Spill Prevention, Control and Countermeasure (SPCC) rule. The amendment would exempt milk containers from the SPCC requirements, provided they are constructed according to the currently applicable 3-A Sanitary Standards and are subject to the current applicable Grade "A" Pasteurized Milk Ordinance (PMO) or State dairy regulatory equivalent to the current applicable PMO.

NMPF and NCFC concurred with EPA's proposed amendment, stating that the two organizations had specifically requested that milk storage containers on farms and in processing plants not be subjected to the SPCC requirements due to the level of testing and inspection currently conducted on these containers.

The comments urged EPA to formally adopt this exemption to the SPCC rule for all milk and milk product containers as soon as possible. The comments asked that EPA's final rule on the issue should clearly state that milk and milk products and the containers in which they are stored do not pose a risk or potential of spilling into U.S. navigable waters, and are not oil.

NMPF Prepares to Testify about Concerns of Trans-Pacific Partnership FTA

NMPF submitted comments and will be testifying this Wednesday about concerns regarding the Trans-Pacific Partnership FTA, and how dairy might be dealt with under that agreement. It is unclear yet what the incoming Obama Administration will decide to do about this agreement, the push for which originally came from the Bush Administration. It will be up to the President Obama, and USTR Ron Kirk, to decide if they will continue forward with this effort.

NMPF and the vast majority of the dairy producer community are calling for the full exclusion of U.S.-New Zealand dairy trade from the TPP-FTA if it moves forward. Although not opposed the TPP-FTA in concept, NMPF does not support this effort to advance the TPP as it currently stands, given its existing mix of trading partners that would be involved.

As currently envisioned, the TPP FTA would include New Zealand, Australia, Peru, Chile, Singapore, Vietnam, and Brunei; the U.S. already has FTAs with Australia, Peru, Chile, and Singapore. Meaningful commercial export opportunities in the other new partners of New Zealand, Vietnam, and Brunei would be far overshadowed by the harm to our industry at home from permitting freer U.S.-New Zealand dairy trade.

NMPF Submits Comments to International Trade Commission Regarding U.S. Import Restraints

Every two years, the International Trade Commission issues a report on significant U.S. import restraints and their impact on the U.S. economy. One area that the ITC continually examines is that of our dairy tariffs, since they are relatively high in comparison with many other U.S. agricultural tariffs.

As it has in the past, [NMPF submitted comments to the ITC](#) to point out the important function served by our existing tariff structure in a global world that still remains extremely distorted and plagued by heavy European Union dairy export subsidies. In its comments, NMPF also pointed out that the U.S. is already far more open to influxes of imports than many other important dairy-consuming countries (e.g. Canada). The two major examples of this are the loopholes in our tariffs regarding the treatment of Milk Protein Concentrate and casein, and the fact that the U.S. experiences significant over-quota imports during times of low global dairy prices.

The report is typically used for informative purposes rather than for policy making. As such, there would not be action taken to impact U.S. dairy tariffs as a result of this analysis.

Registration Deadline for NDLC Less Than a Month Away

Those wishing to participate in the 2009 National Dairy Leaders Conference (NDLC) April 19-21 only have until March 18 to register for the conference and reserve their hotel rooms. The conference will take place from Sunday, April 19th, through Tuesday, April 21st, at the Omni Interlocken Resort Hotel in Broomfield, Colorado, which is just north of Denver.

The NDLC provides a forum for key players in the dairy industry to facilitate discussion and interaction as participants examine key challenges and opportunities facing dairy producers and marketers. Dairy producers, cooperative executives and directors, processors, dairy suppliers and consultants, state and federal regulators, promotion organization executives, and academics are all invited to attend.

This year, the NDLC program will include speakers and experts presenting on a wide range of important issues relating to the dairy industry, such as the current outlook for the dairy economy, farm labor availability and immigration policy, the impact of dairy exports in challenging times, animal care, and climate change legislation. Breakfast and lunch sessions will also feature presenters such as Lucinda Williams, Chair of the Cattlemen's Beef Board and David Crass, who works for Michael Best & Friedrich LLP.

NDLC participants have the opportunity of opting to go on one of two Farm and Industry Tours, which are optional and will take place on Sunday, April 19. Tour A will depart to Casey and Janelle DeHaan's Great Western Dairy farm in Ault, Colorado and conclude with a visit to the Anheuser-Busch Brewery in Fort Collins. Tour B will depart for a visit to the Leprino Foods facility in Denver and conclude with a tour of the Chris and Mary Kraft Family Quail Ridge Dairy at Badger Creek Farm in Fort Morgan, Colorado.

Please visit www.nmpf.org/NDLC for more information about the Farm and Industry Tours and the general program. Registration details can be found at www.nmpf.org/NDLC/details, and registration can be completed online www.dairyevents.com.

NMPF Spring BOD Meeting Set to Take Place Next Week

The NMPF Board of Director's spring 2009 meeting is scheduled for March 9-10 at the Ritz-Carlton, Pentagon City hotel in Arlington, Virginia.

Committee meetings will begin at 9:00 am on the Monday the 9th, and include the Economic Policy Committee meeting, the Political Action Committee (PAC) meeting, the NMPF Dues & Budget Committee meeting, and the NMPF Officers meeting. The day will conclude with a membership reception. The Board of Directors meeting starts at 7:00 am on the 10th.

Anyone with questions about the Board of Directors meeting should contact Anuja Miner.

Featured Associate Member Profile: Neogen Corporation

Founded in 1982, Neogen Corporation (NASDAQ: NEOG) has grown to more than 400 employees in multiple U.S. and international locations, and a worldwide presence. Neogen develops, manufactures and markets a diverse line of products dedicated to food and animal safety.

Neogen Corp. recently received approval from the U.S. Food and Drug Administration and National Conference on Interstate Milk Shipments for a test to detect antibiotics in milk. Neogen said the test is one of the fastest on the market and can be used on the

farm, in milk tankers or in laboratories.

The Company's Food Safety Division develops and markets dehydrated culture media, and rapid diagnostic test kits to detect foodborne bacteria, spoilage organisms, mycotoxins, food allergens, genetic modifications, drug residues, plant diseases, and sanitation concerns. Neogen's Animal Safety Division develops and markets a complete line of diagnostics, veterinary instruments, veterinary pharmaceuticals, nutritional supplements, disinfectants, and rodenticides.

Neogen's representative is Gary White, Market Development Manager, Dairy Antibiotics. He can be reached at 517-372-9200. To learn more about Neogen Corporation, please visit their website at www.neogen.com.

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