



National
Milk Producers
Federation

News for Dairy Co-Ops

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April 25, 2005

Volume 63. No. 8

Homepages



Market Prices

[Newsletter Home](#) | [Print All](#) | [View PDF](#)

USDA Ruling Places Caps On Producer-Handlers in Two Regions

The U.S. Department of Agriculture has agreed with NMPF's contention that large producer-owned bottling operations can disrupt milk marketing conditions, and has issued a recommended decision to limit the exemption from Federal Order pricing regulations that such producer-handlers currently enjoy. NMPF had testified at the USDA hearings on this issue two years ago, out of concern that the growth of unregulated producer-handlers is placing other dairy producers at an economic and competitive disadvantage.

The USDA's decision establishes a three million pound per month cap on the milk output that remains outside the pool in the Pacific Northwest and Arizona-Las Vegas Federal Order areas. Any producer-handlers which exceed that monthly cap will be regulated like other bottlers, and be expected to pay into the pools in those two orders.

The recommended decision was published in the April 13th Federal Register. Interested persons have 60 days to file comments in response to the recommended decision.

[Back to Top](#) | [Newsletter Home](#)

National Hearing in June to Review Class I Pricing Issues

The U.S. Department of Agriculture has announced a hearing on defining Class I products in all federal orders, beginning at 8:00 am on June 20 at the Sheraton Station Square Hotel in Pittsburgh, Pennsylvania.

Currently, Class I products include milk-based beverages with nonfat milk solids of at least 6½ % nonfat milk solids and less than 9 % butterfat (regular milk has just under 9 % nonfat milk solids). There are exemptions for shelf-stable infant feeding and meal replacement formulas, and for whey sold as a beverage.

The meeting room is booked for the entire week, as the notice includes 12 separate proposals.

Among others, the hearing will consider proposals to drop the nonfat solids standard from 6½ % to zero; to eliminate the whey exemption; to more clearly define or expand the current exemption for meal replacements; to exempt alcoholic beverages, pet drinks, yogurt-based drinks, and high protein drinks; and to set criteria for moving Class II beverages to Class I on a case-by-case basis.

NMPF will testify in support of its own proposal to change the 6½ % nonfat milk solids standard to a milk-equivalent 2¼ % milk protein standard, including whey protein. This is

aimed at strengthening the current standards by focusing on the most valuable component of skim milk, in order to deal with evolving processing technology and a new array of products.

[Back to Top](#) | [Newsletter](#)
[Home](#)

New Food Guide Pyramid Unveiled by USDA



A slightly revised pyramid was unveiled last week by the U.S. Department of Agriculture in order to help Americans, whose collective weight continues to concern the nation's doctors and dietitians, make better food choices.

The USDA decided to keep the well recognized food guide pyramid, first released 12 years ago. The new pyramid encourages healthy eating and exercise and urges consumers to use an Internet site to design a personalized plan for eating healthy. The triangle is divided by six-different colored bands representing different food groups, and has a set of steps beside it with a stick figure walking up them to emphasize exercise.

Food proportions are shown by the different widths of the bands with grains (orange) the largest, followed by dairy (blue), vegetables (green), fruits (red), meat and beans (purple), and fats, sugars and salt (yellow).

The actual portions of each food group a consumer should eat on a daily basis to maintain their weight depends on age, gender and amount of daily exercise, the USDA said.

A consumer must go to a USDA Web site -- www.mypyramid.gov -- and type in information to obtain the recommended servings.

"Every single American can find a pyramid that is right for them," said Agriculture Secretary Mike Johanns, who announced the new program.

[Back to Top](#) | [Newsletter](#)
[Home](#)

Estate Tax Repeal Passes US House; Senate Fate Uncertain

The U.S. House of Representatives voted earlier this month 272 to 162 to eliminate the federal estate tax after 2010, even as Senate Republicans have already begun seeking a compromise with Democrats opposed to an outright repeal.

The measure passed after the House rejected a Democratic alternative that would have exempted the first \$3 million of an estate's assets from the tax (the first \$6 million for a family estate), while capping the top rate at 47%. The Democratic alternative failed on a nearly party-line 238-194 vote.

Some say the estate tax unfairly burdens small businesses and family farms, discourages

savings, and taxes money already taxed during a person's working life.

Identical legislation passed the House 264-163 in June 2003, but the measure stalled in the Senate, where Republicans were unable to muster the 60 votes needed to overcome a threatened filibuster.

[Back to Top](#) | [Newsletter](#)
[Home](#)

Bush Administration Backs Off Proposal to Cap Farm Payments

After two months of fierce resistance from farmers and Congress, the Bush administration has dropped an effort to cap government payments to farmers.

President Bush's budget proposal, released in February, contained a proposal to slash billions of dollars from payments to large farm operations, dropping the maximum farmers are allowed to collect from \$360,000 to \$250,000 and closing loopholes allowing some growers to obtain millions of dollars. He also proposed to cut all farm payments by 5 percent.

Last Tuesday, Agriculture Secretary Mike Johanns told key senators that while spending must be reduced to hold down the federal deficit, he is willing to look elsewhere in agriculture programs for cuts.

"We recognize Congress may have other proposals to achieve these savings, and we are willing to work with the Congress on other cost-saving measures," Johanns testified.

[Back to Top](#) | [Newsletter](#)
[Home](#)

AgJobs Bill Fails to Pass Senate

The Agricultural Job Opportunity, Benefits, and Security Act of 2005 (AgJobs bill) was almost passed as an amendment to a Senate Appropriations bill this last week, but failed to get a 60 vote majority.

"A majority of my colleagues sent a strong message today that they support AgJobs and are ready to address immigration reform," said Sen. Larry Craig (R-ID), who is the lead sponsor of the legislation.

The AgJobs legislation offers temporary residency to illegal farmworkers who can demonstrate that they have worked in agriculture for at least 100 days in the 18 months before Dec. 31, 2004, and meet certain other criteria.

Workers granted temporary residency would have to work an additional 360 days in agriculture over the next three to six years to be eligible for permanent residency, which then could lead to citizenship. The farmworkers' spouses and children would also be eligible for permanent residency.

The proposal's supporters said they were encouraged that Craig had forced the Senate to hold its first substantial debate on immigration reform in a decade. Hundreds of agricultural organizations are supporting this bill, and it had over 60 Senate cosponsors last Session. A vote on the bill could occur later this summer.

[Back to Top](#) | [Newsletter](#)
[Home](#)

Farm Leaders Rally For CAFTA With Secretary



Agricultural leaders, including NMPF Chairman Charles Beckendorf, recently attended a rally in support of CAFTA. Hosted by Secretary Mike Johanns, Beckendorf was one of several prominent ag leaders who spoke in support of passage of the CAFTA agreement, expected to be voted on this summer by Congress. Passage of the trade agreement depends heavily on ag groups.

[Back to Top](#) | [Newsletter](#)
[Home](#)

Dairy Relief Collects Over \$140,000 for Asian Disaster Fund



The Dairy Relief Asian Disaster fund collected \$140,255 between January and April to help victims of last December's south Asian earthquake and tsunami. Donations came from dairy farmers, farms businesses, dairy cooperatives, 4-H clubs, college organizations, high schools and middle schools.

"The outpouring of support for this fund was amazing. We once again thank those individuals and organizations that have donated to this fund. I am continually amazed at the amount of support this industry provides in times of need," said Carl Baumann, Executive director of Dairy Relief.

The large number of donations came as a result of tremendous support from cooperatives and their local communities. Dairy Relief's message was heard on radio shows, paired with farmer's milk checks and read about in cooperative publications all over the country.

The donation will be made May 1st to the American Red Cross International Response Fund. One hundred percent of every donation made for this disaster goes to tsunami relief and recovery efforts. The donation will provide tsunami survivors with nutritious

food, basic supplies such as tents and hygiene items, basic healthcare and other supports.

American Red Cross disaster relief experts are helping thousands of tsunami victims, assisting with rehabilitating water and sanitation systems, conducting family linking and reunification, coordinating relief supply distributions and providing psychosocial training for local disaster relief workers, family counselors and school teachers.

[Back to Top](#) | [Newsletter Home](#)

Associate Member Focus: CO-BANK



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The company representative is Gary Sloan. The phone number is 763-765-2700. To learn more about Co-Bank visit www.cobank.com.

[Back to Top](#) | [Newsletter Home](#) | [Full PDF Version](#) | [Contact Us](#) | [Unsubscribe](#)

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