



National
Milk Producers
Federation

News for Dairy Co-Ops

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Market Prices

NMPF Pursues Energy Cost Indexing During USDA Make Allowance Hearing

The U.S. Department of Agriculture held a hearing Sept. 14 to examine new data concerning dairy plant manufacturing costs, as the USDA decides whether and how to adjust make allowances for cheese, whey, butter, and powder products under the Federal Milk Marketing Order system.

USDA limited its review at the Cleveland meeting to new data, prepared by Cornell University, on manufacturing costs. NMPF used the hearing as an opportunity to reiterate its support for a proposal to adjust the make allowances each month either up or down as energy prices rise and fall.

Since USDA has determined that it will not consider NMPF's proposal to hold Class I and Class II harmless from make allowance changes to Class III and Class IV as a result of this hearing (and the earlier hearing held in February 2006), NMPF is preparing a petition for an emergency public hearing to establish parallel Class I and Class II pricing formulas.

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Young Cooperators Make First Fly-In A Success



NMPF held the first ever Young Cooperator Fly-in last week in Washington D.C. YC's who attended previous Legislative and Policy forums were invited to do another round of Capitol Hill visits with their elected officials. NMPF tried to reach as many state delegations as possible, to once again highlight the importance of immigration reform, CERCLA/EPCRA clarification, the Dairy Farmer Caucus and the upcoming Farm Bill.

NMPF has seen great success each time the YC's visit their federal elected officials. As a result, the NMPF Board agreed to fund this additional fly-in to both take advantage of the YC's advocacy skills and increase Congressional exposure for these important issues. NMPF looks forward to the continuation of this experience for future YC's who participate in the preliminary planning and training sessions held each June.

Kevin Satterwhite (above) with his Representative John Spratt. Kevin is a member of Maryland & Virginia Milk Producers Cooperative Association from Newberry, South Carolina.

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USDA Extends Emergency Grazing on CRP Acres in 30 States

Agriculture Secretary Mike Johanns has extended the window for emergency livestock grazing on Conservation Reserve Program (CRP) acres for farmers and ranchers who are impacted by drought in 30 states. The traditional deadline for emergency grazing on CRP acres is September 30.

"Extremely dry weather conditions have created real hardships for farmers and ranchers in many parts of the country this year," said Johanns. "This emergency relief measure will provide feed and forage to producers who have lost hay stocks and grazing lands because of drought."

The 30 eligible states are Alabama, Arizona, Arkansas, Colorado, Florida, Georgia, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Wisconsin and Wyoming.

State FSA committees and USDA's Natural Resources Conservation Service (NRCS) state technical committees must agree on the need for the emergency grazing extensions before they are finalized. Once approved, producers in the 30 states may graze on CRP land until the following dates:

October 20, 2006 - Idaho, Iowa, Michigan, Minnesota, Montana, North Dakota, South Dakota and Wisconsin; November 10, 2006 - Colorado, Illinois, Kansas, Kentucky, Nebraska, Missouri, Nevada, Utah and Wyoming; and November 30, 2006 - Alabama, Arizona, Arkansas, Florida, Georgia, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee and Texas. Emergency haying of CRP acreage in these states ends Sept. 30, 2006.

In mid-July, USDA announced the expansion of eligible CRP acreage for emergency grazing and haying in Alabama, Colorado, Kansas, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas and Wyoming. The expanded area radiates 150 miles out from any county approved for emergency haying and grazing in any above-mentioned state.

Additionally, USDA announced that CRP rental payments will be reduced by only 10 percent instead of the standard 25 percent on CRP lands that are grazed in 2006.

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National Animal Health Monitoring System to Study Dairy Industry in 2007

The USDA's National Animal Health Monitoring System (NAHMS) is launching its fourth national study of the U.S. dairy industry next year. The NAHMS Dairy 2007 study will address priority issues facing the industry.

Randomly selected dairy producers will be contacted by the USDA's National Agricultural Statistics Service in January to conduct the first phase of the study. Data will be collected from producers in 17 different states. The next two phases of the study will consist of field visits by veterinary medical officers and/or animal health technicians from February through April, and again from May through July.

The three previous studies were conducted in 1991, 1996 and 2002.

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Group Forms to Study Dairy Farm Impact On Health, Environment

Former U.S. government officials, environmentalists and industry leaders have launched a two-year study into health and environmental impacts of large-scale animal farms.

The National Commission on Industrial Farm Animal Production will probe how large farms -- where the Commission said the bulk of poultry, pork, beef and dairy that Americans consume is raised -- could increase exposure to new diseases or serve as sources of pollution.

The Commission will look at how large farms impact four areas: rural socioeconomics, animal welfare, food safety, and the environment.

The Commission is chaired by former Kansas Governor John Carlin, and also includes Dan Glickman, former secretary of agriculture; Thomas Hayes, president of Cargill Meat Solutions Corp.; and actress/activist Daryl Hannah.

NMPF has had discussions with the Commission about the direction of its investigations. The Commission's next meeting will examine dairy production in California when it conducts a field hearing there in early November.

The project is funded by a \$2.6 million grant from The Pew Charitable Trusts and managed by the Johns Hopkins Bloomberg School of Public Health.

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Mexico Reimposes Tariffs on U.S. Dairy Blends

As part of a World Trade Organization (WTO) case, Mexico was given the authority to impose tariffs on exports of U.S. dairy preparations to Mexico last year. This was in response to a U.S. law that the WTO ruled was not compliant with our WTO obligations.

The law, known as the "Byrd Amendment," distributes tariffs collected in anti-dumping cases to U.S. industry impacted by the unfairly low-priced imports, rather than sending the extra tariffs to the U.S. Treasury. The WTO ruled that the Byrd amendment was a violation and therefore countries whose exports to the U.S. are affected can impose retaliatory tariffs.

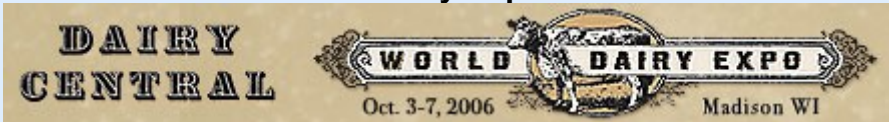
Although the U.S. repealed this law, implementation of the repeal won't occur until the fall of 2007, so Mexico and the other countries that brought the WTO case may impose retaliatory tariffs until the repeal date in Fall 2007.

Mexico imposed a 30% tariff on U.S. exports of dairy preparations in August 2005, effectively cutting off trade in this dairy blends product. This tariff remained in place until August 2006, when the first year of retaliation expired. To take advantage of its second year of retaliation ability, in September 2006 Mexico imposed a 110% tariff on U.S. dairy preparations exported to Mexico. This tariff will remain in place for a month and a half, concluding on October 31, 2006.

NMPF has been working closely with the U.S. Dairy Export Council and the U.S. government throughout this period to urge for a reopening of the market for dairy preparations in a timely manner. All accounts appear to indicate that the present tariff will be lifted after October and will not be renewed thereafter.

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Look for NMPF at World Dairy Expo



For the first time, NMPF will have a booth display at the World Dairy Expo in Madison, WI. The Expo will be held October 3 - 7.

NMPF will highlight the Dairy GREAT program and have a drawing for a \$100 gift certificate each day. Employees at the booth will also answer questions about all NMPF and CWT programs. Look for the NMPF booth in the Arena Level #173.

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Annual Meeting Fast Approaching



The deadline for the NMPF Annual meeting is fast approaching, and room reservations must be made by this Friday, September 29. There will be a \$75 late fee for any registrations made after the 29th. The NMPF annual meeting will once again be held in conjunction with the DMI annual meeting. This year the meeting will take place at Caesars Palace in Las Vegas, NV, October 30 - November 2. Visit www.dairyevents.com to register online or call the NMPF offices for more information.

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Associate Member Focus: Colorado Livestock Association



The Colorado Livestock Association, CLA, was formed in 1998 to represent, inform and advance Colorado's livestock industry. CLA provides information and educational opportunities for members to help them improve their bottom line by including program that improves employee safety, beef quality assurance, proper animal handling and issues related to hiring foreign workers.

To learn more about CLA, ontact Bill Hammerich at 970-378-0500 or visit their website: www.coloradolivestock.org

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