

October 2008

VT Milk Commission Creates Lively Debate over Fluid Milk Proposal

On September 9th the VT Milk Commission released the details of a proposal intended to establish a retail fluid milk premium for fluid or beverage milk products sold at retail within the state of Vermont, subject to certain exemptions. As stated by the Milk Commission *"The proposed premium is primarily intended to interrupt the upward "ratcheting effect" on Vermont retail milk prices caused by the volatility in federally regulated minimum fluid milk prices. The proposed premium is further intended to signal the wholesale and retail sectors of the Vermont fluid milk marketplace to return to Vermont producers a portion of the surplus profit margin present in at least the dominant, chain store segment of the retail sector."*

While the intended purpose is noble, to return more dollars to farmers while protecting consumers from increased prices, the measure has created a lightning storm of responses from farmers, milk processors, and retailers.

The proposal would require fluid milk processors to pay a minimum price on all milk sold at retail in the state. At \$27.00 per hundredweight, this proposed fluid milk premium is significantly higher than what is required by the federal order system. If adopted, the proposal would allow the Vermont Milk Commission to return an average of \$5,900 per year to dairy farmers in the region.

Robert Wellington, Chief Economist with Agrimark Cooperative stated "At the end of the day, if you give farmers a very little bit of money but you're charging consumers a lot, what have you accomplished? Maybe there's a better way to get that money. So we're supportive of the concept, we're always trying to increase Class 1 prices, we just have concerns, most of them relating to how you can price milk, particularly that flows across the border."

Carl Herbein, a dairy cost accounting expert for the International Dairy Foods Association

(IDFA) testified that dairy product companies cannot absorb the price increase, which represents about 10 percent of the cost of raw materials, and remain in business. In testimony on behalf of IDFA, Herbein challenged many of the assumptions that the Vermont Milk Commission used to develop the proposed milk premium.

"In an economy with rising costs of production and business operations, it is inaccurate to suggest the processors and retailers are generating 'surplus' profits," Herbein said. He testified that the commission's theory that the increase per gallon could be absorbed by the retailer is flawed, and the increase would ultimately be passed through the system to milk consumers in Vermont.

Vermont Secretary of Agriculture Roger Allbee countered this statement at the October 17th meeting of the VT Milk Commission suggesting that the State would consider creating a cap for the retail price charged for beverage milk sold in Vermont. The commission's special counsel, Daniel Smith, cited the section of law making clear the Milk Commission "has authority to set a retail cap."

Jim Harrison president of the Vermont Grocers Association expressed concern about the cap and the requirement for retailers to absorb the increased cost of milk rather than pass it on to consumers. Harrison, called the potential milk price caps "an unwarranted intrusion into private enterprise" and an "unprecedented use of price control for one particular commodity."

The Vermont Milk Commission is seeking more information on a proposed over-order premium on milk sold in the state. The commission will hold a hearing Nov. 18, in Montpelier, to gather comments on whether to set a \$27/cwt. floor price for the premium, and whether to set a cap on retail prices. A deliberative hearing is set for December 8th.

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Sources include the Burlington Free Press, VT Public Radio, and Reuters.

Chemical Use Regulations: A Primer on REACH vs. TSCA

Alliance Executive Director Rick Zimmerman attended the Chemicals Policy Roundtable Discussion on September 29th in Albany, NY. The Roundtable, hosted by the NYS Department of Environmental Conservation, featured the Lowell Center for Sustainable Production at UMASS Lowell during this day-long forum. A major point of discussion at the Roundtable and similar events held across the country, was the recently adopted EU approach to chemical regulation generally known as REACH. Currently, the primary federal chemicals management statute, the Toxic Substances Control Act of 1976 (TSCA), is the law of the land.

There is a growing movement to replace TSCA standards with a REACH like approach. REACH addresses the **R**egistration, **E**valuation, **A**uthorization and **R**estriction of **C**hemical substances. The new European Community law entered into force on 1 June, 2007.

Currently, TSCA places the burden of proof on EPA to demonstrate that a chemical poses a risk to human health or the environment before EPA can regulate its production or use. In contrast, REACH generally places a burden on chemical companies to ensure that chemicals do not pose such risks or that measures are identified for handling chemicals safely. In addition, TSCA provides EPA with differing authorities for controlling risks, depending on whether the risks are posed by new or existing chemicals.

Proponents of REACH advocate that newer information on chemicals, such as knowledge of low dose effects and vulnerable subpopulations (and the challenges of acting on the basis of uncertain knowledge), adds new challenges to federal chemicals management systems. Additionally, new solutions such as pollution prevention, design for environment, and green chemistry have, for the most part, not formed a central part of federal policy, receiving only minimal funding and policy attention. Furthermore, REACH is structured to provide a broader

range of data about chemicals that could enable people to make more informed decisions about the products they use in their everyday lives.

Concerns with the REACH approach to pesticide regulation include its reliance on simple cause and effect rather than a substantiated scientific process as a cause for concern of adoption.

In addition, REACH places substantial restrictions on the types of data that chemical companies may claim as confidential. Consistent with one of the key objectives of REACH, the legislation makes information on hazardous chemicals widely available to the public by limiting the types of hazard information that chemical companies may claim as confidential, and generally does not allow confidentiality claims.

A second DEC roundtable occurred October 27th. The Alliance was there and will continue to work with other industry stakeholders to assure that science based risk assessment and analysis continues to drive chemicals use policies in New York and other states throughout the Northeast.

Compiled from SUSTAINABLE BUSINESS AND SAFER CHEMISTRY THROUGH THE SUPPLY CHAIN: AN INNOVATORS ROUNDTABLE, NOVEMBER 14-16, 2005; Chemical Regulation-Comparison of U.S. and Recently Enacted European Union Approaches to Protect against the Risks of Toxic Chemicals, GAO-07-825, August 2007.



New Members and Directory Updates

Welcome to our new member:

Kate Wheeler
 BASF Phone: (585) 787-9906
 635 Drumm Road Fax: (585) 787-9676
 Webster, NY 14580
 Email: kathleen.wheeler@basf.com

Address Updates – Please make note:

Gordon Smith
 Blue Seal Feeds, Inc.
 PO Box 8000
 Londonderry, NH 03053

Robert Pierpont
 no longer with MONSANTO
 New company:
 Elanco Animal Health
 New Email: rapont@aol.com

AFIA Affirms Perspective Through Energy Policy

Earlier this year an article in the Alliance newsletter reviewed the many factors contributing to increased grain prices, most of which were beyond the control of the feed industry (see the May NE Ag and Feed Alliance newsletter). Recently, the American Feed Industry Association's (AFIA) Board of Directors approved a new energy policy restating these challenges and providing recommendations to address the necessary challenge of balancing the needs of the feed and energy sectors. The policy recognizes there are at least six factors impacting feed and grain costs. While the growth of the ethanol industry is one of these factors, it is not the sole reason for increased feed prices.

AFIA's new energy policy suggests courses of action for legislative and regulatory changes including increased domestic energy production; increased research and development of alternative, efficient energy supplies; and a re-focusing of the Conservation Reserve Program to release non-environmentally sensitive acres for crop production without penalty.

It is clear that feed and food price increases in recent months are a result of several factors, including the following matters:

- Increased global crude oil demand,
- Global population expansion and subsequent animal protein demand,
- Record low grain and oilseed inventories,
- The growth of the U.S. biofuels industry, which currently uses corn and soybeans as primary feed stocks,
- Index fund speculative effects on commodity markets, and
- The relatively low value of the U.S. dollar.

AFIA has developed the following position and action plans to address the above factors, which are not all in the industry's control:

Global crude oil demand: The administration and Congress must develop and implement a comprehensive U.S. energy policy that will significantly reduce U.S. dependence on foreign oil.

Record low global grain and oilseed inventories: AFIA actively supports increased production capabilities through seed technology and farming practice enhancements and global acceptance of these advances.

Biofuels competition for available grain and oilseeds: AFIA strongly supports the development and commercialization of financially viable alternative, farm-based biofuels as one part of a comprehensive U.S. energy policy, recognizing food security is at least as important as energy security.

Commodity market regulation: The disruptive effects of speculator activity should be expeditiously corrected by Congress.

For more information on this issue contact: Joel Newman at (703) 558-3562 or jnewman@afia.org ... or go to: <http://www.afia.org/Afia/Files/2008%20Misc/AA%20AFIA%20Energy%20Policy%2010-08.pdf>

Alliance Announces Membership Contest-Cash Prizes!

The Northeast Ag and Feed Alliance Membership Committee is sponsoring a Membership Contest, available to all members that have paid their 2008 dues. Cash prizes will be awarded for recruitment of new members based on a point system.

- 10 points for manufactures/dealers
- 8 points for suppliers
- 5 points for additional memberships from a renewing company

Prizes are available in each of the following categories:

- 1st prize-\$500.00 (30 pt min)
- 2nd prize-\$250 (20 pt min)
- 3rd prize-\$100.00 (10 pt min)



So dig out your newly received Membership Directory, look up your friends and neighbors in the feed industry. If you don't find them in the directory, chances are you can recruit them for membership and receive cash for your efforts! Prizes will be awarded at the Tea Party.

As you are speaking to potential members about the benefits of membership be sure to mention:

- Representation on regulatory issues such as the proposed NY DOT road use restrictions (*see story in this issue*)
- Educational opportunities at the Tea Party and the Dairy Nutrition Conference
- Representation on regional issues such as agricultural educational and research at land grant universities
- Fund raising for important regional activities such as the North East Dairy Challenge

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New York Truck Travel Restrictions: Potential Huge Impact to all Agriculture Sectors

The Alliance recently sent letters to NY Governor David Paterson and NY Commissioner of Transportation Astrid Glynn voicing concerns about proposed NY Department of Transportation (NYDOT) regulations. In an effort to address citizen concerns about heavy truck traffic on local roads the (NYDOT) has developed regulations to limit access to Central New York roads based on vehicle size and weight. Effective Nov 15th, restrictions will be placed on oversize/overweight vehicles that travel NY State routes 41, 41A, 38, 90, 89, 79 and 96. Any tractor-trailer or truck-trailer combination with a trailer length of 45 feet or longer will require a permit for pick up and delivery at facilities directly located on these highways or facilities that are only accessible by use of these highways. Exemptions will be granted through an application process for truckers that can demonstrate hardships or emergencies. Temporary Hardship Waivers may be issued with a Feb. 15, 2009, expiration date, after which a formal waiver process will be developed.

The Alliance along with many other NY agricultural groups voiced concern over the regulatory change citing milk pick up and feed and fertilizer delivery as prime examples of agricultural activities requiring free and unfettered access to businesses. The Alliance will continue to fight this initiative as part of a coalition of truck related interests.

NEAFA Calendar of Events

Annual Meeting & Tea Party

February 9-10, 2009
Boston Marriott Copley Place
Boston, MA



Dairy Feed & Nutrition Conf.

April 7, 2009
Location: TBA
Syracuse, NY

Dairy Feed & Nutrition Conf.

April 9, 2009
Fireside Inn
West Lebanon, NH

Albany Transport, Inc. – Feed & Grain Equipment FOR SALE

Straight Trucks - with Bulk Feed Bodies, most are combination blower and auger with side bag fenders. A couple are bag/bulk bodies.

- (2) 1998 Freightliners – Walinga bag/bulk body with boom auger and blower
- (3) 1998 Freightliners – Clark tank body with boom auger and blower
- (2) 1998 Internationals – Clark tank body with boom auger and blower
- (1) 1998 Freightliner – Walinga dump body with blower

**FOR
SALE**

Bulk Feed Trailers – all equipped with boom augers, blowers and covered bag fenders.

1993 Walinga, 1995 Walinga, 1997 Walinga, 1997 Clark, 1999 Walinga, 2000 Hensley, 2003 Hensley and 2005 Hensley

This equipment will be available after November 8th.

Interested parties should contact Ken Downing at:
Phone: 800-724-0885 Email: kendownin@gmail.com