



Legislative Watch

Issues important to today's dairy farmers

Ed Schafer Begins New Position as Secretary of Agriculture

Former North Dakota governor Ed Schafer was sworn as the nation's 29th Secretary of Agriculture in January. 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 limitation issues.

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

Schafer arrives at the position at a time when negotiations over the farm bill are at a critical phase. Unless the House and Senate can craft a compromise farm bill that the President will sign by mid-March, the temporary extension of the 2002 Farm Bill expires on March 15, and several existing farm programs, such as the Milk Income Loss Contract

and Environmental Quality Incentives programs, will end.

NMPF, in its letter to Schafer, said that "America's dairy farmers want this bill signed, sealed and delivered this year, rather than settling for an extension that could negate the many positive elements of the bills that have been approved by the House and Senate." Although the respective House and Senate bills are not identical, NMPF supports the general direction of dairy policy contained in them, and believes they represent an improvement over the policies of the 2002 Farm Bill.

NMPF is not interested in a status quo extension of current farm programs, said President and CEO Jerry Kozak, and would prefer that farm policy revert to the permanent law from 1949, which would be the default result if a new Farm Bill is not passed, or the existing one extended after March 15.

NMPF also asked the Secretary to work with the livestock industry on how to help dairy producers confront the soaring cost of production. Even though milk prices remain above historic averages, "the cost of

making milk has grown stratospherically in the past year, and we need leadership in addressing the need to balance our energy and food policies so that both are abundant and affordable," NMPF wrote. The key feed rations for dairy cattle—corn, soybeans and hay—are all at levels that threaten the economic health of all dairy farmers, Kozak said.

Along those lines, the dairy organization also asked Schafer to fully utilize all the USDA resources at his disposal to help stabilize dairy commodity prices at a time when prices are expected to turn down in 2008.

NMPF also commended Deputy Secretary Chuck Conner for his service as Acting Secretary during the transition between Mike Johann's departure, and Schafer's confirmation.

"USDA has been blessed with high-quality leadership during this critical period when we've been working on the Farm Bill, and Secretary Schafer and Deputy Secretary Conner will be a powerful team in the coming year," Kozak said.

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.

Farm Bill Still Awaiting Action

At press time, NMPF was still pushing for the Farm Bill to be finished before March 15, which is when the current bill's short-term extension expires. Congressional staff discussions are ongoing between the House and Senate, but action has been slowed due largely to the focus on the 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. The President restated his threat to veto any farm bill which fails to limit farm payments, or which raises taxes during the ceremony to swear in new Ag Director Ed Schafer in mid-February.

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 15, 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 hundred-weight.

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.



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