

Farm, agribusiness lobbying costs top \$100 million in 2009

The annual cost of lobbying by farm and commodity organizations and agribusiness companies and trade associations totaled \$103.6 million for the first time last year, up 4.6 percent from 2008, according to lobbying reports totaled by the Center for Responsive Politics. The increase from the previous year's \$99 million was only slightly less than the increase of more than 5 percent tallied for all federal lobbying spending, a record exceeding \$3.47 billion last year.

“Lobbying appears recession proof,” says CRP Executive Director Sheila Krumholz in a report on the group’s Web site (www.opensecrets.org). “Even when companies are scaling back other operations, many view lobbying as a critical tool in protecting their future interests, particularly when Congress is preparing to take action on issues that could affect their bottom lines.”

Agribusiness was outspent considerably by several other sectors last year, topped by the nearly \$266.8 million by health care and pharmaceutical industry lobbying, followed by general business associations (\$183 million), oil and gas (\$168.4 million) and insurance (\$164.2 million). Coca-Cola and PepsiCo each narrowly topped Monsanto as last year’s top lobbying spenders in agribusiness (see table for those with more than \$1 million).

Top Farm, Agribusiness Lobby Spending Reports in 2009

Coca-Cola Co.	\$9,390,000	CropLife America	\$1,884,037
PepsiCo Inc.	\$9,159,500	American Crystal Sugar	\$1,845,354
Monsanto Co.	\$8,694,000	American Sugar Alliance	\$1,340,000
Food Marketing Institute	\$4,087,230	Smithfield Foods	\$1,310,000
Kraft Foods	\$3,390,000	Cargill Inc	\$1,310,000
Grocery Manufacturers Assn.	\$3,240,000	National Pork Producers Council	\$1,305,811
Tyson Foods	\$2,498,540	Archer Daniels Midland	\$1,240,000
Nestlé	\$2,470,194	Fertilizer Institute	\$1,139,241
American Farm Bureau Federation	\$2,390,000	CF Industries	\$1,080,000
Deere & Co	\$1,900,000	United Fresh Produce Assn.	\$1,040,000
US Beet Sugar Assn	\$1,900,000	General Mills	\$1,000,000

Farm and agribusiness lobbying expenses vastly outranked contributions by their political action committees to congressional candidates in 2009, which came to nearly \$6.8 million. The PACs we have followed for more than 20 years favored incumbent Democrats, this year by 57-43 percent, reversing a partisan advantage enjoyed by Republicans when they controlled Congress. The following page table lists those that have contributed at least \$10,000 over the last year.

Agriculture and Food PAC Contributions for 2009-10 Election Cycle

General Farm Organizations

PAC Sponsor	Total	Democrat	Republican
Alabama Farmers Federation	60,500	31,000	29,000
Texas Farm Bureau	16,500	13,500	3,000
North Carolina Farm Bureau	11,500	7,500	4,000

American Sugarbeet Growers	22,000	10,000	12,000
US Beet Sugar Assn	20,000	15,000	5,000
Snake River Sugar	14,000	12,000	2,000
US Sugar Corp	13,500	11,000	2,500

Commodity Organizations

PAC Sponsor	Total	Democrat	Republican
National Cotton Council	177,600	109,000	68,600
USA Rice Federation	58,000	31,500	26,500
Western Pistachio Assn	38,000	22,000	16,000
American Peanut Shellers	33,000	29,000	4,000
American Soybean Assn	30,000	21,500	8,500
Western Peanut Growers	27,500	19,500	8,000
Southern Cotton Growers	27,500	20,500	7,000
Natl Corn Growers Assn	21,000	17,500	3,500
National Potato Council	17,500	16,000	1,500
Western Growers Assn	15,000	10,000	5,000
U.S. Rice Producers Assn	15,000	10,000	5,000
Illinois Corn Growers Assn	12,500	12,500	0
California Canning Peach Assn	11,500	7,000	4,500
Natl Assn of Wheat Growers	11,419	6,919	4,500

Other Farmer Cooperatives

PAC Sponsor	Total	Democrat	Republican
Ag Processing Inc	39,500	9,000	30,500
Farmers' Rice Cooperative	33,240	20,000	13,240
Sunkist Growers	26,300	17,000	9,300
Florida Citrus Mutual	25,000	14,000	11,000
Riceland Foods	24,500	16,000	8,500
Blue Diamond Growers	19,400	13,000	6,400
CHS Inc	14,000	7,000	7,000
California Citrus Mutual	13,000	7,500	5,500
Calcot Ltd	12,000	8,500	3,500

Dairy Cooperatives & Processors

PAC Sponsor	Total	Democrat	Republican
Dean Foods	289,500	162,000	127,500
California Dairies	243,300	90,000	153,300
Dairy Farmers of America	173,000	143,000	30,000
Land O'Lakes	101,300	64,000	37,300
Intl Dairy Foods Assn	73,500	40,500	33,000
National Milk Producers Fed	46,800	38,300	8,500
Western United Dairymen	28,000	19,500	8,500
Associated Milk Producers	20,000	19,000	1,000

Other Trade Associations

PAC Sponsor	Total	Democrat	Republican
Farm Credit Council	407,279	241,131	166,148
American Assn Crop Insurers	121,500	82,500	39,000
American Vet Medical Assn	112,000	57,000	55,000
Food Marketing Institute	76,500	40,500	36,000
CropLife America	74,800	49,000	25,800
Natl Council of Farmer Co-ops	58,279	34,000	24,279
Grocery Manufacturers Assn	56,500	28,500	28,000
The Fertilizer Institute	46,500	32,000	14,500
Agricultural Retailers Assn	21,500	10,500	11,000
Natl Agricultural Aviation Assn	18,500	10,500	8,000
United Fresh Produce Assn	18,500	17,500	1,000
Natl Grain & Feed Assn	14,000	6,000	8,000
Calif Rice Industry Assn Fund	12,000	7,500	4,500

Livestock, Meat & Poultry

PAC Sponsor	Total	Democrat	Republican
United Egg Assn	167,000	113,500	53,500
Natl Cattlemen's Beef Assn	92,064	44,742	47,322
National Chicken Council	72,500	37,000	32,500
Natl Pork Producers Council	64,418	31,418	33,000
Tyson Foods	53,387	42,387	11,000
JBS Swift & Co	45,500	27,700	18,000
Natl Turkey Federation	41,500	29,500	12,000
Smithfield Foods	38,500	14,500	24,000
American Meat Institute	36,500	11,000	25,500
National Meat Assn	12,500	6,000	6,500
Livestock Marketing Assn	10,750	6,000	4,750

Other Agribusiness Companies

PAC Sponsor	Total	Democrat	Republican
Deere & Co	219,500	83,000	136,500
Syngenta	132,500	71,000	61,500
Monsanto	128,500	67,000	61,500
PepsiCo Inc	114,275	68,075	46,200
Kraft Foods	89,000	52,000	37,000
Rain & Hail Insurance	55,500	30,000	25,500
Archer Daniels Midland	54,000	33,000	21,000
ConAgra Foods	29,500	15,000	14,500
Campbell Soup	28,394	8,000	20,394
General Mills	27,500	11,000	16,500
Kellogg Co	24,000	17,500	6,500
Cargill Inc	22,500	6,500	16,000
Dow Agro Sciences	22,000	12,000	10,000
J.R. Simplot Co	19,000	7,500	11,500
Flowers Foods	14,500	0	14,500
Seaboard Corp	10,675	1,850	8,825
CF Industries	10,500	5,500	5,000
Case New Holland	10,000	0	10,000

Sugar Producers & Processors

PAC Sponsor	Total	Democrat	Republican
American Crystal Sugar	942,000	660,000	282,000
American Sugar Cane League	105,500	57,500	48,000
Minn-Dak Farmers Co-op	95,100	63,100	32,000
Great Lakes/Michigan Sugar	90,350	62,100	28,250
Southern Minn Beet Sugar	84,000	58,500	25,500
Florida Sugar Cane League	80,500	41,000	39,500
Sugar Cane Growers of Florida	34,500	21,000	13,500

Federal Election Commission Data from Center for Responsive Politics
1/31/10

Lincoln appeals to Reid on jobs bill

Senate Agriculture Committee Chairman Blanche Lincoln (D-AR) asked Majority Leader Harry Reid to reconsider his decision to cast aside the bi-partisan Hiring Incentives to Restore Employment (HIRE) Act in favor of a more targeted jobs bill designed to win support from liberal Democrats.

“This bill was carefully crafted to achieve significant bipartisan support and contains several important measures to spur business growth and encourage new hires,” Lincoln said of legislation drafted by Sens. Max Baucus (D-MT) and Charles Grassley (R-IA). **It also includes her \$1.5 billion emergency disaster aid package for farmers.**



Sen. Blanche Lincoln

“Arkansas’s farm families, like many across the nation this year, have been devastated by weather-related disasters,” said Lincoln. “Heavy rains and flooding made last season’s harvest nearly impossible and many producers are now unsure if they will be able to survive another year... This disaster package will provide the disaster relief that our producers need quickly.”

The legislation would provide an estimated \$1.1 billion in direct payment assistance to “program” crop producers in counties declared “primary” disaster areas by USDA in 2009. Direct payments will bridge the gap until 2009 Supplemental Revenue Assistance Program (SURE), payments are issued next fall, Lincoln said. Also included is \$150 million to assist specialty crop producers, \$75 million in emergency loans to poultry producers, \$50 million in assistance for livestock producers, \$25 million in aquaculture assistance and \$42 million to aid first handlers of cottonseed.

(The HIRE measure would also renew a \$1-per-gallon tax credit for biodiesel production that lapsed Dec. 31. See next story.)

Lincoln, perhaps the most vulnerable Democratic senator up for re-election in 2010, dispatched over a dozen agriculture committee staff members to her home state this week to brief Arkansas farmers and ranchers on various provisions of the disaster measure and to preview the Committee’s agenda for the balance of the year. In addition, Lincoln herself will be holding events to highlight USDA programs that support initiatives to improve child nutrition, housing, and libraries in rural Arkansas.

A recent Public Policy Polling survey had her trailing Republican U.S. Rep. John Boozman by a shocking 23 points. Other polls have shown her trailing lesser-known GOP opponents, too.

The Sierra Club launched a two-week radio ad campaign Monday criticizing Lincoln for her decision to co-sponsor Alaska Republican Lisa Murkowski’s resolution that aims to thwart EPA regulation of greenhouse gas emissions. “Not only has Senator Lincoln helped stall comprehensive clean energy and climate legislation, now she wants to take us backwards and gut the Clean Air Act too,” Carl Pope, Sierra Club Executive Director, said in a release announcing the ads.

Two other progressive activist groups, Friends of the Earth and CREDO Action, announced last week their plan to put up billboards in Arkansas targeting Lincoln over the resolution.

National Biodiesel Board conference lauds RFS2

Despite several challenges ahead, the National Biodiesel Board (NBB) focused on the positive news for the renewable fuel during its 2010 annual meeting last week in Grapevine, TX.

NBB chief executive Joe Jobe praised the Environmental Protection Agency for affirming advanced biofuel status for biodiesel in its recently introduced final rule updating implementation of the Renewable Fuels Standard (the so-called RFS2 rule), calling it a great catalyst for the industry.

“Biodiesel has the best energy balance and the best greenhouse gas reduction of any fuel that is currently in the commercial marketplace and is the only advanced biofuel that has reached commercialization in the US,” Jobe said after EPA officials briefed convention-goers on biodiesel’s role in the future of renewable fuels. Under the RFS2, 1.15 billion gallons of biodiesel will be required to enter into commerce this year.

Now, NBB and other biodiesel backers are pleading with Congress to restore a \$1 per gallon tax credit for biodiesel that expired at the end of 2009, forcing producers to lay off thousands of employees, cut payrolls and stop production.

Manning Feraci, NBB’s vice president of federal affairs, called Senate Majority Leader Harry Reid’s decision last week to jettison tax extenders from a bi-partisan jobs bill an unwelcome development. **“Delaying consideration of the biodiesel tax incentive is unacceptable,”** Feraci told NBB members. “[A] retroactive extension...must be addressed immediately and be included in the first legislative vehicle moving in the Senate that is going get signed into law.”

General Motors announced that the company's 2011 model year Duramax 6.6L turbo diesel engines, a standard feature of all GM heavy-duty trucks, will be fully compatible with a 20 percent blend of biodiesel (B20). GM joins Ford and Chrysler in formalizing its support for B20, providing a big boost to the biodiesel industry as these three companies produce more than 80 percent of the diesel light vehicles sold in North America.

The NBB and the National Renewable Energy Laboratory spent more than \$10 million testing B20 during the last five years to ensure the fuel's compatibility in new diesel engines and after-treatment technology, according to an NBB release. Most of the NBB funding for the testing was provided by U.S. soybean farmers through the soybean checkoff program.

Chrysler was the first of the three major U.S. auto makers to formally support B20 use by fleet customers in their Dodge Ram pickups starting in 2007, along with implementing B5 factory fills in the Dodge Ram and Jeep Liberty. This past fall, Ford announced that their model year 2011 Ford F-series Super Duty diesel pickup line will be fully approved for use with B20.

CRP general signup expected in June

USDA officials say they expect a general Conservation Reserve Program (CRP) signup is likely to take place this June and that program enrollment will approach the new, lower 32-million-acre ceiling set by Congress in the 2008 Farm Bill. Approaching the ceiling will come despite the expiration this year of contracts on some 4 million acres enrolled in USDA’s flagship conservation program.

USDA officials foresee 2.9 million acres being eligible in the expected June signup, with another half-million acres likely to be enrolled this year in the continuous CRP program which covers environmentally sensitive land suitable for practices such as riparian, wildlife habitat or wetland buffers; filter strips; wetland restoration; grass waterways; or shelterbelts.

USDA Farm Service Agency Administrator Jonathan Coppess says some of the land under contracts set to expire this year could be enrolled in continuous CRP signup, other acreage will remain in a conservation cover, and some acreage may return to agricultural production. USDA says that of the 3.783 million acres covered by general CRP contracts which expired Oct. 1, 1.045 million were extended for another three or five years while 2.738 million acres came out of CRP.

Now in its 25th year, the CRP has 31 million acres enrolled in the voluntary program, making it the largest public-private partnership for conservation and wildlife habitat in the U.S. The total comes despite contracts expiring on 6.5 million acres over the last three years. Looking ahead, another 15.4 million acres are set to expire by October 2012. For the current fiscal year, USDA expects to pay out some \$1.7 billion in CRP rental payments to some 424,000 farms and ranches across the country.

USDA cites measures of CRP effectiveness

- CRP has restored more than two million acres of wetlands and two million acres of riparian buffers.
- CRP annual reductions include sediment down by 221 million tons, nitrogen down 615 million pounds, and phosphorus down 123 million pounds.
- As the nation's largest carbon sequestration program on private lands, CRP reduced greenhouse gas emissions by an estimated 56 million metric tons in 2008.

Wildlife groups seeks more for targeted conservation acreage

Dave Nomsen, vice president of government affairs for Pheasants Forever and Quail Forever, says his group wants USDA to maintain “a balance between the larger, whole-tract enrollments and the smaller, targeted programs, like CRP SAFE (State Acres for Wildlife Enhancement). Members are urging USDA to consider a new general signup to reallocate acres to some of the very successful programs such as SAFE and similarly targeted programs, which are currently oversubscribed.

Nomsen says programs like SAFE offer “a recipe for clean water, for protecting soil, helping wildlife, and it’s a recipe for a healthy farm.” Due to current federal budget pressures, he warns that to protect CRP’s future, the farm sector needs “to continue to showcase how effective the CRP program has been.” With Agriculture Secretary Tom Vilsack attending a Pheasants Forever meeting in Minnesota this week and then back to Iowa for the annual Pheasant Fest on Feb. 27,



Agriculture Secretary Tom Vilsack prepares to hunt.

Nomsen says he's hopeful that Vilsack "will be bringing us some much needed good news about the Conservation Reserve Program's future."

Testimony from USDA Farm Service Agency Administrator Jonathan Coppess before the House Agriculture Committee in October, 2009:

- "The last time that USDA had a general sign-up was in 2006. We start Fiscal Year 2010 with 31 million acres in the CRP – about 2.6 million fewer acres than a year ago. With declining commodity prices for wheat, corn, soybeans and other crops since the highs of 2007 and 2008, interest in CRP enrollment is again accelerating."
- "Looking forward, contracts for about 15.3 million acres currently enrolled in CRP are scheduled to expire between Fiscal Years 2010 and 2012."
- "The President's budget for Fiscal Year 2010 assumes that general sign-ups will be conducted in Fiscal Years 2010–2012. The combination of general sign-ups and ongoing continuous sign-ups are expected to maintain CRP enrollment at, or near, 32 million acres through 2012."
- "Various continuous sign-up opportunities exist under the CRP, including the State Acres for Wildlife Enhancement (SAFE) program, new conservation initiatives, and various Conservation Reserve Enhancement Program (CREP) projects. These practices generally target smaller parcels of some of the most environmentally fragile land."
- "However, acres in these continuous sign-up practices, added together with general sign-up acres, must total to no more than 32 million acres at any point in time."

Farm groups say latest 'guest worker' rule may not work

Barely more than a year after the last rule changes for temporary farm workers, the Obama administration has reversed the course set by the Bush administration in its final days. And farm groups say the reversal makes the program too costly.

As of March 15, **farming operations are likely to be paying workers an extra \$1 to \$2 per hour under the USDA calculations which had been used before the Bush changes.** Ron Gaskill, American Farm Bureau Federation senior director for congressional relations, says the wage-rate change alone will cost some of employers an additional \$1 million per year. Gaskill says other mandated changes – such as making prospective employers responsible for all the costs and fees involved in bringing foreign workers to the U.S. and requiring employers to document their efforts to hire U.S. workers – mean that more harvesting will be driven south of the border, cutting U.S. crop sales and boosting imports.

Tom Nassif, president and CEO of the Western Growers fresh produce trade association, says, "We know our produce is going to be harvested by foreign workers. The question is, will it be here in the U.S. or will it be abroad?" He predicts that the changes announced last Thursday by the Labor Department will trigger court challenges. More immediately, he says, "farmers are stuck with regulations that are cumbersome and not workable because they are too costly and ignore the realities of farming."

Nassif says **"Even with an economy that is suffering through 10 percent unemployed, domestic workers are not applying for these jobs."** Farm Bureau's Gaskill agrees: "I know one employer who's got a request in for 300 workers right now, from domestic sources. He was

able to find 30 that actually responded to his advertisement for workers and only three that actually came to work, and it's not known how long they'll stay." Gaskill says "All we want is a legal, stable workforce. That's all we're asking for. Changing the H-2A program certainly isn't the way to get that." Instead of solving the problem of a serious shortage of farm workers, Gaskill says, "the Department of Labor has made known that the H-2A program is a domestic worker protection program. It is not intended to be a guest worker program for employers."

Farm Bureau's President Bob Stallman says the program "comes at a critical time of economic uncertainty and undoes a number of improvements implemented by the department only a year ago." He called on the administration and Congress to authorize "a useful program that enables capable, dependable and willing employees to come to the U.S. temporarily to do the jobs that domestic workers don't want."

For a Labor Department Fact Sheet with details on new H-2A requirements, go to <http://www.dol.gov/opa/media/press/eta/eta20100198-fs.htm>. To read the 112-page Feb. 12 Federal Register final rule for "Temporary Agricultural Employment of H-2A Aliens in the United States," go to: <http://edocket.access.gpo.gov/2010/2010-2731.htm>.

The new H-2A rule, according to U.S. Secretary of Labor Hilda Solis:

- "This new rule will make it possible for all workers who are working hard on American soil to receive fair pay while at the same time expand opportunities for U.S. workers. The actions that we have taken through this rulemaking also will enable us to detect and remedy different forms of worker violations."
- "The U.S. Department of Homeland Security may not approve an H-2A visa petition unless the Department of Labor, through its Employment and Training Administration, certifies that there are not sufficient U.S. workers qualified and available to perform the labor involved in the petition and that the employment of the foreign worker will not have an adverse effect on the wages and working conditions of similarly employed U.S. workers."

Ag awaits Supreme Court decision on CWA permit ruling

Ag groups await a ruling from the U.S. Supreme Court expected next week on a lower court ruling imposing Clean Water Act (CWA) permitting requirements on the application of pesticides on, over or near water. "The Court is working on it this week and our understanding is the earliest we'll know is Monday," Tyler Wegmeyer, director of congressional relations for the American Farm Bureau Federation (AFBF) announced at the bureau's Commodity Advisory Committee conference in San Antonio.

The chances of the High Court taking the case are "slim and none," agricultural lawyer Gary Baise predicted shortly after the AFBF, National Cotton Council (NCC), CropLife America (CLA) and a host of other groups petitioned the Court in November for a review of the U.S. Sixth Circuit Court of Appeals January 2009 decision in the NCC vs EPA case.

In an interview with *Agri-Pulse*, Wegmeyer agreed that a favorable outcome seems unlikely, especially after the Justice Department filed a response in opposition to the petition. "We're not putting a lot of money on the table thinking that's going to happen," he acknowledged.

Instead, AFBF and its allies are pinning their hopes on a narrow implementation of the Sixth Circuit ruling by the Environmental Protection Agency (EPA), which was given two years to implement a CWA permitting system for the estimated 5.6 million pesticide applications performed annually by approximately 365,000 applicators. “We’re working to encourage EPA to implement the most reasonable application of the 6th Circuit’s decision in case our Supreme Court appeal is not successful,” CLA president and CEO Jay Vroom said recently.

EPA is working with water regulators in 46 states to develop a draft permit that it hopes will be ready for public comment in April. Agricultural stakeholders were briefed by the Agency about three weeks ago. “EPA seems to be struggling with a lot of aspects of this process,” said Keith Menchey, NCC’s manager of science and environmental affairs. “Some states are livid about this because of the additional burden this will place on them.” Menchey indicated that NCC is still trying to define the real world impact of the permitting mandate on agricultural producers.

Renewable Fuels Association reports: ethanol industry strong

In a state of the industry speech, Renewable Fuels Association President and CEO Bob Dinneen acknowledged recent difficulties, but said tremendous gains the ethanol industry has achieved in the past decade portends a bright future. “I can say, with confidence and conviction, that the state of the U.S. ethanol industry is strong. We are rebounding from the recession that has taken such a toll on every industry. We are responding to every attack that our adversaries are making against us. And we are ready to take another giant step towards energy security, economic security and environmental security for all Americans.” Despite the troubled economy, the ethanol industry continued to expand, opening 1.5 billion gallons of new capacity and preparing to fully meet the demands of the Renewable Fuels Standard (RFS). Additionally, Dinneen said, the industry continued to provide a lifeline to rural economies, helping nearly 400,000 Americans find work or keep their jobs.

He said that while an EPA letter in December indicating pending approval of a 15-percent ethanol blend waiver (E15), the industry was troubled by the agency’s apparent plan to restrict the waiver to 2001 and newer vehicles. “There is no data to suggest any unique issues with older vehicles, and the bifurcation of fuel and vehicle markets cannot be resolved with labeling alone. A full waiver, for all motor vehicles, must be our objective.”

Dinneen said the once-torrid food-versus-fuel debate looks “silly” today, claiming that “most economists now acknowledge what we said all along: the skyrocketing price of oil, speculation in commodity markets and monetary policy were responsible for food price inflation, not ethanol.”

He also said that opinion leaders and policymakers need to be reminded that increases in yield and efficiency – a record harvest in 2009 of 13.2 billion bushels and a record yield average of 165.2 bushels per acre – “would not have been possible were it not for the increased demand for grain used in ethanol production.” Dinneen also cited updated assumptions and data points used by EPA to determine corn-based ethanol’s carbon footprint exceeds reductions in greenhouse gas emissions prescribed by Congress in the RFS.

And he called for a federal loan guarantee program that works for cellulosic ethanol producers, chastising the Department of Energy for develop promulgating a complicated loan guarantee program that instead of getting “these high risk technologies across the valley of death . . . only [makes] the trek across the valley longer and harder.”

U.S. exports record 5.6 million tons of distillers grains in 2009

The U.S. ethanol industry exported 5.64 million metric tons (mmt) of distillers grains worth nearly \$1 billion in 2009, shattering the previous record set in 2008, according to data released by USDA's Foreign Agriculture Service. Exports in '09 were 24 percent above '08 levels and more than five times higher than the amount of distillers grains exported just five years ago.

"The increasing availability of the ethanol co-product is providing livestock and poultry feeders around the world with a feed source that can partially displace the need for corn, soybean meal, and other ingredients in feed rations," said Renewable Fuels Association (RFA) vice president of research and analysis Geoff Cooper.

The amount of distillers grains exported in last year is equivalent to the feed value of 5.4 mmt (212 million bushels) of whole corn and 1.6 mmt of soybean meal, according to displacement ratios developed by Argonne National Laboratory. Assuming world average yield rates, distillers grains exports eliminated the need for nearly 5 million acres of corn and soybeans internationally, RFA said.

Total U.S. distillers grains production in 2009 was approximately 30.5 mmt, meaning exports accounted for more than 18 percent of total use.

Chicago exchange to begin trading DDG futures in April

CME Group announced plans to begin trading Distillers' Dried Grain agricultural commodity futures contracts on the CBOT on April 26.

"This product will enable our feed customers to directly manage price risk of feed inputs that they haven't been able to before," said Tim Andriesen, CME Group Managing Director for Commodities. "Using the Distillers' Dried Grain futures, along with our corn, natural gas and ethanol contracts, also allows real margin management for participants in the fast-growing ethanol sector."

Each contract is equivalent to 100 short tons of Distillers' Dried Grains, CME said, adding that deliverable grades must include a minimum of 26 percent protein and 8 percent fat as well a maximum of 12 percent fiber content and 11.5 percent moisture content. For more information, go to www.cmegroup.com/commodities.

WTO official says recent ag consults "useful"

World Trade Organization (WTO) agriculture negotiations during the first two weeks of February saw some useful consultations on outstanding issues standing in the way of a new global trade agreement, according to New Zealand's WTO Ambassador David Walker, who chairs the talks.

"Those consultations, I think," Walker said, "provided some useful opportunities for discussion, and in each case there's on-going work to be done of one form or another."

The Ambassador's meetings with smaller groups of WTO members covered the special safeguard mechanism (SSM), tariff simplification, tariff rate quota creation, and tropical products and products enjoying preferences.

“Looking at the SSM, in particular, you have seen a number of technical contributions, tabled as documents, by the G33 [group of developing countries]...and they foreshadowed to me that they intend to have some more technical papers available to contribute to further discussions in that area,” he noted in remarks to the full WTO membership on Feb. 12.

Disagreement between India and the United States over the application of the SSM, a measure designed to protect poor farmers by allowing countries to impose a special tariff on certain agricultural goods in the event of an import surge or price fall, has blocked progress in the Doha Round of world trade talks since July 2008.

Walker said the latest round of consultations also yielded a shared sense among major players in the negotiations that value of production relates to basic agricultural products using market prices and that direct payments provided by a member-government to its farmers “should not” be included in that valuation.

Meanwhile, **members continued to make “gradual” progress in the separate technical work on developing “templates,”** or blank forms prepared for listing members' binding commitments on market access and domestic support, and plugging in data used to calculate those commitments, Walker said.

The talks are scheduled to resume on March 3.

Acquisition makes Yara world's largest fertilizer company

Norwegian-based Yara International agreed on Feb. 15 to purchase Terra Industries for \$4.1 billion cash to create the world's largest fertilizer company and improve its position in the U.S. The new company will have about a 30 percent share of the North American fertilizer market, according to Jorgen Ole Haslestad, president and chief executive of Yara, which has manufacturing operations in over 50 locations worldwide and sells product in over 120 countries.

"We have signed the merger agreement on the basis of Yara's proven M&A value creating track record, a positive fertilizer market outlook and the improved competitive edge of US nitrogen producers," Haslestad said in a statement. "The structural changes over the last years in the global and US gas market with ample LNG and shale gas have strongly improved the US producers cost position. North American producers are in addition benefiting from logistical advantages as the US will continue to need large imports of nitrogen, and the high construction costs for new plants now favor existing production capacity."

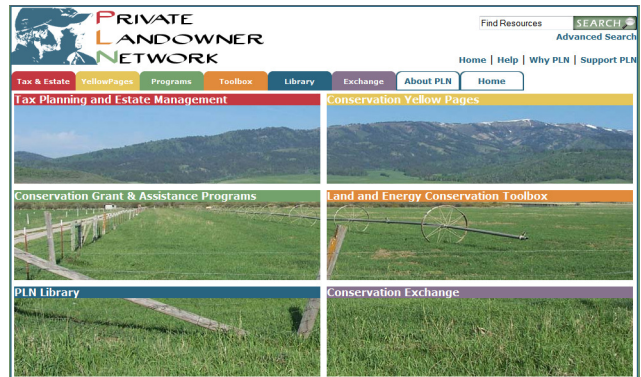
Pending approval of the deal by Terra shareholders and relevant regulatory authorities, Yara will assume ownership of Terra's six nitrogen plants and two ammonia transit pipelines.

Last month, CF Industries withdrew its year-long unsolicited bid to acquire Terra. Yara's offer is worth \$41.10 per share and represents a premium of 23.6 percent above the stock's closing price on Feb. 12. Executives at CF, which had offered nearly the same amount, but in cash and stock, declined to comment on the Yara-Terra transaction.

Land management tools available online

Over the past 10 years, Maine entrepreneur Amos Eno and his staff have built a network of market-oriented, ideologically neutral web sites designed to deliver an integrated set of land management tools to the 13 million families who, as private landowners, control 71% of the land in the lower 48 states. The backbone of the PLN system is an online directory of more than 15,000 conservation resources nationwide, giving landowners a direct connection to conservation information, service providers, non-profit organizations, and federal and state programs.

Eno says the PLN sites, all accessible through www.PrivateLandownerNetwork.org (PLN), “contain no environmental hype, no proselytizing, no crisis prediction, no threats of global warming and drowning polar bears, just easy-to-access information at your fingertips in an online conservation marketplace.” His goal is to give every landowner access to all the land-management information needed in one integrated package.



One of the newest additions to Eno’s dozen web sites is the Northern California Conservation Center

(www.stateconservation.org/nccc), providing comprehensive county-level information for 26 Northern California counties. In addition to conservation resources, the site covers alternative energy sources, energy efficiency and green building, wildlife and wildfire resources, water resources and districts, local farms and farmers’ markets, and native species and invasive species information.

“Privately owned lands will be the largest conservation market in the 21st century,” Eno says. “They are also absolutely critical to any and all new energy infrastructure grid designs and placements.” The key to making it all work, he says, is doing what his PLN has done – build national and state conservation information centers that launch “stewardship actions among private landowners” and “drive business” to rural America’s legal, tax, energy and natural resource advisory service providers.

RMA prepares to unveil 2nd draft of crop insurance agreement

After weeks of discussions and submission of formal comments, USDA’s Risk Management Agency is preparing to unveil the second round of a draft Standard Reinsurance Agreement (SRA) with the crop insurance industry today. (2/17/10)

“**The program has been working very well,**” emphasized RMA Administrator Bill Murphy, during crop insurance industry meetings in San Diego earlier this week. “But the cost of the program has skyrocketed, from about \$1.8 billion in 2006 to just short of \$4 billion in 2009.”

“You need enough money to make it worthwhile and the agents need enough,” he told representatives of the crop insurance and reinsurance companies. “That’s not questioned at all. The question is the increased cost of the program. Those costs are not sustainable.”

Murphy said the second draft will continue to focus on RMA's primary objectives, but that the agency would show movement in response to concerns raised by the industry. He signaled that there will likely be changes over the structure of the proposed changes. However, the level of proposed cuts could still be a point of contention.

In President Obama's 2011 budget, the Administration proposed cuts totaling \$800 million a year over ten years, compared to concessions valued at about \$100 million per year proposed by the industry.

"We all realize the cost has to come down some, the question is how much?" Murphy asked. He also pointed out that, as a result of the current SRA, **competition in this program has come down to who can pay the best agent commissions, when it should be focused on the basis of service.**

Murphy said negotiations might last longer than originally planned, but he welcomed continued discussions and ideas to make the program better. He planned to provide side-by-side comparisons of the first and second drafts on Wednesday and the full revisions by Friday.

House Agriculture Committee Chairman Collin Peterson (D-MN) said he has personally spoken to Agriculture Secretary Tom Vilsack about his concerns regarding the proposed funding cuts in the first draft of the SRA. Speaking via teleconference from his Minnesota District, Peterson said: **"They (USDA) have gone way overboard and need to back off."**

"This is not what I intended," said Peterson regarding the magnitude of the proposed cuts. "One of the main reasons is that, if this happens, it comes out of the baseline (funding) and that will have an impact on the next farm bill."

Chairman Peterson gears up for 2012 Farm Bill hearings

House Agriculture Committee Chairman Collin Peterson says he plans to start hearings in Washington, DC on the 2012 Farm Bill by the end of March or early April and host field hearings from May through July. Starting about six months earlier than previous farm bill efforts could help prepare a new, bipartisan package before the current one expires in September of 2012, he says.

"We will be faced with some type of reform agenda, both in the commodity and crop insurance areas," Peterson explained to crop insurance industry participants in San Diego via teleconference. **"Maybe we can define reform rather than having others define it for us."**

While noting that he is not advocating budget reconciliation, Peterson said that, given the skyrocketing federal deficit, we have very good possibility of facing a reconciliation mandate while writing the next farm bill. **"Maybe the mother of all reconciliation,"** he added. If that happens, similar to the situation Congress faced when writing the 1996 Farm bill, "everything would be on the table" for potential budget cuts.

Peterson says he intends to write a baseline bill and is going to "fight tooth and nail" against them taking any money out of the baseline. "We are not going to ask for other money from other committees," a decision that he described as a "mistake" when trying to develop the 2008 Farm Bill.

News briefs

Boost for student vets. USDA is moving forward with a plan to address veterinary shortages throughout Rural America by repaying up to \$25,000 per year of the student loans of qualified veterinarians in return for their services in areas suffering from a lack of veterinarians. Major studies indicate significant and growing shortages of food supply veterinarians and veterinarians serving in certain other high-priority specialty areas. A leading cause for this shortage is the heavy cost of four years of professional veterinary medical training, which can average between \$130,000 and \$140,000. USDA's National Institute of Food and Agriculture (NIFA) administers the Veterinary Medicine Loan Repayment Program (VMLRP), and began implementing the program on Jan. 22, 2010, with a Federal Register notice asking for comments and nominations for shortage situations from appropriate officials. Guidance on what constitutes a shortage situation and nomination forms can be found on the NIFA [Web site](#). Nomination forms are due March 8, and can be returned via email to vmlrp@nifa.usda.gov.

New watchdog in town. The Center for Consumer Freedom (CCF) announced the launch of HumaneWatch.org, a watchdog project dedicated to analyzing the activities of the Humane Society of the United States (HSUS). HumaneWatch will include a blog written by CCF's Director of Research, a growing document library, and a database capable of tracking the dozens of nonprofit (and for-profit) organizations that make up HSUS's sprawling financial empire. The Humane Society of the United States has become the animal rights industry's most powerful player, but it has avoided serious public scrutiny for years, says CCF. HSUS raises nearly \$100 million annually from Americans who largely believe their donations filter down to local pet shelters and improve the lives of dogs and cats. But in 2008, less than one-half of one percent of HSUS's budget consisted of grants to actual hands-on "humane societies" that deal with the thankless task of sheltering unwanted pets. In 2008 alone, HSUS put more than \$2.5 million into pension plans—money that its own advertising suggested would be put toward the direct care of animals. (HSUS neither operates nor is legally affiliated with, any pet shelters anywhere.

Broadband trends. During the first decade of the 21st Century, U.S. broadband Internet connectivity by households has increased dramatically. However, usage lags in rural areas and about one-third of the U.S. population does not use the Internet at all, according to a survey of over 50,000 households commissioned by the National Telecommunications and Information Administration (NTIA) and conducted by the United States Census Bureau. The data also reveal that demographic disparities among groups have persisted over time. Persons with high incomes, those who are younger, Asians and Whites, the more highly-educated, married couples, and the employed tend to have higher rates of broadband use at home. Conversely, persons with low incomes, seniors, minorities, the less-educated, non-family households, and the non-employed tend to lag behind other groups in home broadband use. Survey results demonstrate that persons in rural areas are less likely to use the Internet. For example, Blacks and Hispanics in rural areas exhibit a lesser propensity to use broadband than their counterparts in urban areas. A substantial difference in home broadband penetration remains between urban and rural areas. Although the gap has declined since 2007, it still is significant. For more information: http://www.ntia.doc.gov/reports/2010/NTIA_internet_use_report_Feb2010.pdf

Alfalfa comment period extended. USDA's Animal and Plant Health Inspection Service (APHIS) announced a 15-day extension of the comment period for the draft environmental impact statement (EIS) evaluating the potential environmental effects of deregulating alfalfa genetically engineered (GE) to be resistant to the herbicide glyphosate, known commercially as

Roundup. This GE alfalfa is commonly referred to as Roundup Ready (RR) alfalfa. The comment period will now end on March 3, 2010. Preliminarily, APHIS concluded that there is no significant impact on the human environment due to granting nonregulated status to RR alfalfa. APHIS considered two alternatives in the draft EIS: to grant nonregulated status to the two RR alfalfa lines, or to maintain the lines' status as regulated articles. APHIS analyzed these alternatives with regard to their potential environmental impacts, socioeconomic impacts, as well as human health and safety impacts. APHIS is also holding a series of public meetings where interested parties can comment on the draft EIS. The final meeting, which will be held in Riverdale, Md., is now scheduled for Wednesday, Feb. 24, 2010. The meeting will take place from 4 p.m. to 7 p.m. in the APHIS Conference Center, 4700 River Road, Riverdale, Md., 20737. The draft EIS is available on the APHIS Web site at <http://www.aphis.usda.gov>

Farm Hands on the Potomac By James C. Webster

Senate Agriculture Committee Chairman **Blanche Lincoln**, D-Ark., “appears to be on her way to earning the dubious title of most vulnerable Senate incumbent of the 2010 cycle,” according to the widely-read *CQ Politics*, which changed its assessment of the race from “tossup” to “leans Republican.” Several polls have shown her trailing, with one in late January that found Rep. **John Boozman**, R-Ark., the best known of several Republicans seeking the nomination to run against her in November, ahead by 56 percent to 33 percent. Just 27 percent of those polled approved of Lincoln’s job, 62 percent disapproved and 19 percent undecided. Lincoln raised \$1.3 million in the fourth quarter of 2009 and had \$5 million on hand Dec. 31. The top fundraiser for the GOP primary collected more than \$300,000 in the quarter and had \$639,000 in the bank.

Rob Neenan, VP government affairs at the California League of Food Processors in Sacramento since 2005, will join United Fresh Produce Assn. in Washington March 1 as VP environmental affairs and sustainability. He earlier was director of trade services at the California Grape and Tree Fruit League and an economist at USDA’s Agricultural Marketing Service.

Will Telligman, legislative affairs coordinator at the International Dairy Foods Assn., has been named legislative and advocacy manager of the Organic Trade Assn., a new position in its new Washington office. Telligman earlier was an intern for Rep. John Spratt, D-S.C.

DuPont named former Senator Majority Leader **Tom Daschle**, D-S.D., to chair its new advisory committee on Agricultural Innovation and Productivity for the 21st Century. Former Pioneer Chairman **Dean Oestreich** is an ex officio member. Others will be named in coming weeks, it says. The panel is to submit recommendations by March 2001 to Executive VP **James C. Borel**, who runs Pioneer Hi-Bred and DuPont Crop Protection, and Pioneer President **Paul E. Schickler**.

Forrest Chumley, a molecular biologist who worked at DuPont, Kansas State and Edenspace Systems Corp., is the first president and CEO of Heartland Plant Innovations, a state-financed, for-profit venture that’s 51 percent owned by the Kansas Association of Wheat Growers to discover and commercialize new genetic traits and technologies for wheat, sorghum and native plants.

Richard Greubel resigned as Tyson Foods president of international operations to take another, yet undisclosed job. COO **James Lochner** will assume his duties until a replacement is named . .

Bob Jensen of Jensen Meat Co., Vista, Calif., was elected chairman of the National Meat Assn. last week, succeeding **David Wimmer**, Wimmer's Meat Products, West Point, Neb. **Robert Rebholtz**, Agri Beef, Boise, Idaho, succeeded Jensen as president.

New members of the United Soybean Board: **F.H. Lyons Jr.**, Arkansas; **Mark Detweiler**, Georgia; **David P. Hartke**, Illinois; **Karen Fear**, Indiana; **Laura L. Foell**, Iowa; **Dennis R. Clark**, Kentucky; **Raymond S. Schexnayder Jr.**, Louisiana; **James A. Call**, Minnesota; **Todd Gibson**, Missouri; **Mark A. Caspers**, Nebraska; **Earl B. Hendrix**, North Carolina; **Vanessa A. Kummer**, North Dakota; **John B. Motter**, Ohio; **Jim Musser**, Pennsylvania; **Stanley R. Hanson**, South Dakota; **Wade A. Cowan**, Texas, and **R. Bruce Johnson**, Virginia.

John Ruan, Des Moines, Iowa, trucking company founder and business owner who endowed the World Food Prize Foundation, died Saturday. He was 96 . . . Farm writer **Ann Toner Gottwald**, Nebraska City, Neb., died of cancer Feb. 6. She was 60. She had reported for the *Lincoln Journal Star*, *Kansas City Star*, *Omaha World-Herald* and *Nebraska Farmer* and was president of the North American Agricultural Journalists in 1985.

Best regards,

Sara Wyant
Editor

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