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November 18, 2009

REMINDERS

2010 MO-AG Winter Convention Exhibitor Registration Open until Friday, December 4

You have until December 4th to register for a booth for the MO-AG Winter Convention. The exhibitor brochures have been mailed, but you can also download the brochure by [clicking here](#).

2010 MO-AG Sponsorship Letter in the Mail

At this time, we are accepting sponsorships for the 2010 MO-AG programs. Please check your mailbox or [click here](#) for more information. Thanks again for everyone who was a 2009 MO-AG Sponsor.

NH3 Nurse Tank Testing Workshop to Be Held on December 10-11 in Columbia, MO

Missouri Agribusiness Association (MO-AG), in partnership with the Agricultural Retailers Association (ARA) and the U.S. Department of Transportation (DOT), will be offering a workshop to provide you with the training your company needs to test NH3 nurse tanks and comply with U.S. DOT regulations. The workshop will be held on December 10-11 at Stoney Creek Inn in Columbia, MO. The brochures have been mailed and can also be accessed by [clicking here](#). Please register by December 1, 2009 to participate in the workshop.

NEWS YOU CAN USE

Ag Groups: Chesapeake Bay Bill Could Impose Excessive Regulation

Organizations representing wheat and corn growers in the Chesapeake Bay region provided input this week to leaders of a Senate Environment and Public Works subcommittee considering a bill that could drastically expand Environmental Protection Agency (EPA) jurisdiction over agricultural operations in that area.

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A letter, sent Monday to correspond with a subcommittee hearing on the issue, specifically addressed S. 1816, a bill to reauthorize the Chesapeake Bay program under the Clean Water Act (CWA). S. 1816 would codify a May 2009 executive order and give EPA and other federal agencies broad and undefined new authorities despite the fact that many reports and most milestones required by the executive order are still being drafted and are not yet public. For instance, the bill would codify court-ordered Total Maximum Daily Loads (TMDLs) while shortening the process for TMDL completion, imposing burdensome regulations and penalties before procedures and practices are defined.

Bill language also significantly expands EPA authority to withhold state funds, withhold current and new permits and supersede state and local programs. The legislation carries strong penalties with short time-frames for correction, leaving no flexibility for agricultural practices like harvest or weather occurrences. The groups told EPW leaders that, with respect to water quality, agriculture is the Chesapeake Bay watershed's most effective and efficient land use, but the economic costs imposed by S. 1816 would likely mean many farms would be sold for less-desirable uses like housing developments.

The coalition - made up of NAWG, Maryland Grain Producers Association, New York Corn Growers Association, Virginia Grain Producers Association and National Corn Growers Association - wrote, in part:

"We ask that you carefully consider the broad implications of this legislation for production agriculture and the important role our industry will play in assuring water quality. This legislation subjugates state and local actions to the approval of federal authority through the Environmental Protection Agency (EPA). Our producers and members are concerned about the requirements established by this legislation with little or no consideration to economic impact or future growth."

The groups argued the efforts to achieve Chesapeake Bay water quality should be cooperative, rather than strictly regulatory, and encouraged the Water and Wildlife Subcommittee to reauthorize the Chesapeake Bay Program without substantive changes. The Chesapeake legislation is one of a number of efforts to clarify or amend the Clean Water Act, with the effect of broadly expanding EPA jurisdiction over agricultural activities.

In January, the Sixth Circuit Court of Appeals handed down the first U.S. court ruling that pesticide discharge is a point source of pollution subject to additional regulation and permitting under the CWA. The pending Clean Water Restoration Act would remove the term "navigable" from the definition of the "waters of the United States" in the CWA, clarifying a concept questioned in court many times in recent years, but also dramatically expanding EPA's regulatory jurisdiction. [Source: *AgProfessional*]

Economist Envisions Shrinking Ag Under Cap and Trade

Farm Bureau's chief economist says climate change proposals present the nation with a dilemma. Cap and trade proposals will shrink agriculture in the U.S., according to Bob Young, chief economist at the American Farm Bureau, who says not allowing the offsets will jack up production costs and force some producers to quit, while allowing offsets will result in land brought out of production to be put into trees.

"I think the real question then becomes do you like the agriculture you end up with," Young told Brownfield during an interview. "It'd be a much more brittle agriculture, it'd be much less resilient to short crop situations, because you just wouldn't have the dirt to respond with, and that, I think becomes the real question: do you like what you end up with at the end of the day."

Young observes that most of the carbon reductions come from changing the mix of electricity generation, as well as paying offsets to other countries to keep land in trees. He says that if that's the case, it should be done without cap and trade provisions. [*Source: Brownfield*]

Bad Omen for Pork Industry

As of noon Friday the 13th of November, pork producers will have lost more money than they lost in the pork-price disaster of 1998-99, reported Ron Plain, University of Missouri livestock economist. "Hog farmers are losing more money than they did in what they thought was a once-a-lifetime crunch just a decade ago," Plain said. He spoke at the annual Swine Institute held in Columbia by the Missouri Pork Association and the University of Missouri Commercial Agriculture team. "From October 2007 to October 2009, the average hog was marketed at a loss of \$19.18 per head. Farmers lost money raising hogs in 23 of the last 25 months. "The 1998-99 disaster lasted 27 months and claimed \$4.75 billion in hog farm equity," Plain said. "So far, in the last 25 months through October, hog producers lost \$4.6 billion."

In his outlook for 2010, Plain offered little optimism. Live-hog prices next year will average in the range of \$43 to \$47 per hundred-weight. That's based on the Iowa-Minnesota negotiated live-hog base price. That outlook is up \$3 to \$6 from 2009. However, cost of producing a hundred pounds of pork now averages \$52/cwt. Last summer, when corn prices were higher, the cost of production ran \$62. High feed costs, world recession and a glut of pork makes this price crunch severe, Plain said. In the 1998-99 price crisis, an overproduction of hogs led prices to drop below a dime a pound. This time farmers face record-high cost of production with moderately low market prices that

leads to hog profit losses.

The hog-farm price squeeze is likely to get worse, before it gets better. "Bankers will begin forcing the issue," Plain said. "Under their financial rules, bankers don't have much wiggle room. They will not be renewing many hog loans." Farmers are a victim of their own efficiencies. While they sent more sows to slaughter, the pounds of pork continued to increase. Production per sow is up 3.5% this year, Plain said. Weak consumer demand for pork just adds to the pork producers' problems. "We are in a recession that has lasted longer than the Great Depression," Plain said. "Weak demand is felt not only in the U.S., but worldwide." About 20% of the U.S. pork goes for export.

Adding to the drop in demand was the mislabeling of the H1N1 flu as "swine flu." The non-swine flu cost producers an estimated \$6 per hundredweight, Plain said. China, a large buyer of U.S. pork, banned imports on first reports of "swine flu." Recent trade talk indicates China will lift that ban," Plain said. However, resuming trade will not be enough to lift prices to profitable levels. Year in, year out, for 80 years, pork grown in the United States increased 1.5% per year. There were fluctuations, but the trend line was steady. The dilemma of too many pigs and not enough buyers will be solved only one way, Plain said. "Farmers must cut production 15% from the peak for prices to return to break-even."

Farmers have sent sows to slaughter; however, they kept more replacement gilts defeating the potential cut in pork. Since voluntary reductions have not met the need, it may be up to bankers to turn the tide in pork. "Hog farms will be going out of business," Plain said. "Then production will drop and prices will begin to return." A new survey shows the top 25 sow operations in the country have reduced by 6.5%, almost twice the national average cut of 3.4%. Smithfield, the largest U.S. pork producer, cut 9%. [Source: *Missouri Ruralist*]

Weed Control in Wet Fields Can Wait Until Spring

With a wet fall nearing its end, many farmers won't be able to get into fields for weed control this season. That might not be a bad thing, says Kevin Bradley, University of Missouri Extension weed scientist. "I believe that farmers should just wait until spring. We're in the middle of a terribly wet season, and what I can see happening is some farmers trying to spray and really tearing their fields to pieces," he says. "What we've seen time and time again is that if a guy can get out there in the early spring with these same products, you get the best of both worlds with winter annual weed control and some impact on early summer annual weeds."

The combination of saturated soil and a lagging harvest season has made it difficult for farmers to deal with fall weeds like henbit, purple

deadnettle, mustards, pennycress and chickweed that tend to start growing each fall. Encroaching cold weather also presents a hurdle to farmers wanting to spray fields in the coming weeks. Bradley noted that it might not be warm enough for some chemicals to be effective in controlling weeds. "When it starts getting colder and stays cold, it inhibits the effectiveness of spraying something like a glyphosate that kills what is on the ground now," Bradley notes. "We need at least a couple days in a row of temperatures greater than 50 degrees to allow the herbicides to translocate and kill the weed. We're losing our window of opportunity." Despite the prospect of fields covered in green weeds with purple flowers next spring, farmers should not panic. "What we've seen in our MU research is that the early spring application is just as good, if not better, for keeping those fields clean," Bradley says. [Source: *Missouri Ruralist*]

UPCOMING EVENTS

DECEMBER, 2009

- 2-3 2009 MU Ag Crop Management Conference
Columbia, MO
- 6-8 Missouri Farm Bureau Annual Meeting; Tan Tar A;
Camdenton, MO
- 10-11 **NH3 Nurse Tank Testing Clinic, Stoney Creek Inn,
Columbia, MO**
- 11-12 Missouri Cattlemen's Association Annual Meeting and
Convention; Springfield, MO

JANUARY, 2010

- 6-7 **MO-AG Winter Convention; Lodge of Four
Seasons; Lake Ozark, MO**
- 7-9 Missouri Governor's Conference on Agriculture; Hyatt
Regency; St. Louis, MO
- 8-9 Missouri Land Improvement Contractors Winter
Convention; Isle of Capri Hotel; Boonville, MO

FEBRUARY, 2010

- 10-11 Missouri Pork Expo
- 24 MU Agricultural and Life Sciences Career
Fair 2010; Reynolds Alumni Center; Columbia, MO**

Note: Items in **red** are new postings since the last Wrap-Up issue.

Letters to the Editor

Do you have a response to the Missouri Agribusiness Wrap Up? Let us know! The Missouri Agribusiness Wrap Up is a bi-weekly publication of the Missouri Agribusiness Association (MO-AG). MO-AG is a member-owned association based in Jefferson City, Mo. which protects members' interests in state legislation and provides educational opportunities.

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