



MO-AG Wrap-Up

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February 11, 2009

FROM STEVE'S DESK

by Steve Taylor



Wrong Problem, Wrong Answer

In the last edition of the Wrap-Up, I mentioned a bill introduced in the Missouri State Senate that would inflict unnecessary regulations and costs on all licensed grain dealers in the State of Missouri. Senate Bill 143 (SB134) would require all licensed grain dealers to document the underlying economic factors that determine the difference between cash price and futures price (the basis) for every sale of grain. SB143 would create a regulatory burden and inflict heavy costs on grain dealers and grain producers in Missouri. If someone asks you about SB143, here are some brief talking points that you can use to show that SB143 targets the wrong problem with the wrong answer:

Wrong Problem

Lack of competition in the grain industry is NOT a problem. The grain industry currently operates in a very competitive free market environment which ensures fairness. Any grain dealer which bids low provides competitors with an enhanced money making opportunity that is quickly taken advantage of and brings "all bidders" quickly back in-line.

Wrong Answer

More regulations are NOT the answer. SB143 proposes regulations which would require data be collected in "actual contract time" and include such items as transportation costs, destination pricing, current discount/premium structures and numerous other potential market factors. Grain dealers would incur significant costs for added personnel in an attempt to provide this data. This cost of doing business will be passed on to grain producers in the form of lower bid prices. SB143 would put grain dealers licensed in Missouri at a cost and trading disadvantage compared to competing grain buyers located across the state line. This, in turn, will shift revenues, profits, jobs and taxes outside of Missouri.

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Right Problem

The lack of convergence is a problem. The underlying motivation for SB143 is the concern about large differences between local cash grain prices and Chicago futures price. Factors that contributed to the unusual basis include: 1) the widespread national issue regarding lack of convergence between cash market and the futures market; 2) global competition; and 3) volatility in transportation costs with cost of ocean freight varying from \$30 per ton to over \$100 per ton.

Right Answer

Demand action from Washington DC. The convergence issue is being addressed nationally by the Commodity Futures Trading Commission (CFTC). The CFTC formed a Blue-Ribbon Panel as part of its Agricultural Advisory Committee to study the convergence issue. The Panel is to report back to the Commission in the spring of 2010. Congress and the Obama Administration need to ensure that the problem isn't just "studied" but real action occurs and the problem is solved.

Become informed. Those in the business of grain must become and stay informed. Whether you are the grain producer, merchandiser, or end-user, you must understand the realities of today's modern grain markets. By being informed, you can make informed decisions for your business. You can also join with us who are working hard to encourage policymakers to make changes in policy that protect the interests of all of us in agriculture.

If you want more information on SB143, please log-on to the MO-AG website at www.mo-ag.com or call our office at 573-636-6130.

MEMBER NEWS

Nurse Tank Workshop March 11th in Chillicothe

Due to some nurse tank failures within the past few years, the USDOT has stepped up its inspections of nurse tanks and has taken some tanks with the missing ASME data plates out of service. In response, the Missouri Agribusiness Association is working with United States Department of Transportation (USDOT), Federal Motor Carriers Safety Administration (FMCSA) and The Fertilizer Institute (TFI) to provide you with a Nurse Tank Workshop that will assist you in making sure that you are ready when USDOT comes to inspect your nurse tanks. The Nurse Tank Workshop will be held on March 11, 2009 at the Grand River Inn in Chillicothe, MO. Please contact the MO-AG office at 573-636-6130 or go to the website www.mo-ag.com to register.

Join Our Mailing List!

Conservation Contractor Training Sessions Planned

The Missouri Department of Conservation (MDC) has once again partnered with the Missouri Agribusiness Association (MO-AG) and we welcome our new partner, the Missouri Small Business and Technology Development Centers, to deliver Conservation Contractor Training workshops. The workshops are designed only for existing businesses and contractors or those individuals interested in providing services to landowners. There are 14 workshops scheduled, starting on February 18th and ending on December 3rd. Please contact the MO-AG office at 573-636-6130 or go to the website www.mo-ag.com to register.

Long-Time FDS Service Manager Retires

Marshall Patton has retired as the Service Manager for Fertilizer Dealer Supply after 15 years of service. Many MO-AG members have come to know Marshall over the years as he has been to your place to work on and help maintain your application equipment. Anyone who knows Marshall, knows the work ethic and integrity which Marshall brought to work every single day. We, at FDS, will miss Marshall but sincerely wish him the best in his retirement. MO-AG members may still occasionally see Marshall around, as he has agreed to drive the FDS delivery truck making deliveries of new equipment.

Missouri Agriculture Outlook Conference - March 11, 2009 in Jefferson City, MO

This Conference will discuss the drivers of Missouri agricultural and bio-fuel markets, with implications for the financial risk of Missouri farms and the rural economy in the long and intermediate terms. Presenters include senior-level FAPRI analysts. To register please visit muconf.missouri.edu/FAPRIOutlook/.

NEWS YOU CAN USE

2, 4-D Under Attack!

The Natural Resources Defense Council (NRDC) is attacking a safe and popular pesticide. The NRDC has filed a petition with the EPA requesting that EPA revoke the registration for 2,4-D. This comes after EPA has already completed its Re-registration Eligibility Decision (RED) in 2005, following a 17-year review process.

The NRDC supports its petition to EPA by stating that 2,4-D is old. (It has been around since 1948.) NRDC states that over 46 million pound of 2,4-D is used annually, making it the 3rd most popular pesticide. NRDC claims that 2,4-D is popular because of its low cost. So, the problem is low cost? Nonsense. What's clear, but what NRDC doesn't

clearly state, is that NRDC simply doesn't like pesticides.

If you would like to help maintain the ability to use 2,4-D, please provide comments to the EPA. Comments can be made on-line at the Federal eRulemaking Portal: <http://www.regulations.gov>. Once there, just follow the on-line instructions for submitting comments.

Or, comments can be made by mail by writing:

Environmental Protection Agency
Office of Pesticide Programs (OPP)
Docket ID number EPA-HQ-OPP-2008-0877
Regulatory Public Docket (7502P)
1200 Pennsylvania Ave., NW.
Washington, DC 20460-0001

When commenting, please refer to docket identification (ID) number EPA-HQ-OPP-2008-0877.

To help you with your comments, talking points can be found on the MO-AG website at: www.mo-ag.com.

Please do not wait. Comments need to be made now in order to make the EPA deadline of February 23rd!!

Now Is A Good Time To Update Conservation Plans

Even as the comment period for conservation programs in the Farm Bill is underway, Indiana State Conservationist Jane Hardisty says right now is a good time for producers to get to their local USDA Service Center to talk with their District Conservationist. "We really need them to get their conservation plan updated and start thinking about the programs they might be interested in," said Hardisty. "And get to the point where we just about have things ready to go, so that when the rules are done, then we can sign them up and get the contracts going." Hardisty says they hope actual sign-up for conservation programs will begin in April, which is why they are encouraging producers to start the planning process now. [Source: *Brownfield*]

One More Reason To Make Sure Your Drivers Are Drug-Free ...

A federal jury in Kansas recently awarded one trucker's family \$23.5 million for a 2006 accident caused by a Swift Trucking Company driver who tested positive for being under the influence of drugs. An Overland Park, KS couple sued Swift in relation to a March 16, 2006 crash that involved a Swift truck driven by Robyn Getchel. The wreck occurred about 1:30 a.m. that day on U.S. 54 near Tucumcari, NM. The collision killed another driver and injured the spine of one of the Kansas couple.

The couple's attorney argued that Getchel recklessly turned into a rest area north of U.S. 54 and failed to maintain proper control of the truck, leading to the crash between the two trucks. Getchel tested positive for methamphetamine following the wreck. Reminder: Perform a pre-employment drug test on each of your CDL drivers and make sure they are enrolled in a Random Drug Test program approved by DOT. Don't forget the DOT Supervisor Training for Alcohol and Substance Abuse Awareness required for all supervisory personnel. [*Source: Asmark Institute*]

Census Shows More Farms, But They're Smaller

There are four percent more farms in the U.S. than there were in 2002. The 2007 Census of Agriculture indicates a net increase of 75,000 farms over the 2002 edition. In the last five years, 300,000 new farms have begun operating in the U.S., according to Carol House Deputy Administrator of the National Agricultural Statistics Service (NASS). "These new farms tend to be more diverse in their production, they have fewer acres, they have lower sales and younger operators and they also work more off-farm." said House last Wednesday during a conference call to reporters following release of the data.

Meanwhile, farmers are, on average, getting older. The average age of farm operators is currently 57.1 years, which increased from 55.3 years in 2002, according to the new Ag Census. More than a third of all farms are considered residential or lifestyle farms producing less than a quarter million dollars in annual sales, according to Joe Prusacki, who heads the statistics division of NASS. "And these are operators that indicate that they have a primary occupation other than farming," said Prusacki, speaking on the same call. "Another 21 percent are considered retirement farms where they have sales of less than \$25,000 and the operator says that they are retired."

However, resistance to full retirement seems to be growing. The number of operators aged 75 and over is up 20 percent from 2002. The number of operators under 25 years of age, on the other hand, decreased 30 percent. Most farms in the United States are small; 60 percent of all farms report less than \$10,000 in sales of agricultural products. Of the 2.2 million farms nationwide, only 1 million show positive net cash income from the farm operation. The remaining 1.2 million farms depend on non-farm income to cover farm expenses. [*Source: Brownfield*]

Heads Up! PPR Forms for 2008 Change, Expanded

EPA Form 3540-16, Pesticide Report for Pesticide-Producing and Device-Producing Establishments, is used to collect pesticide production information. On December 30, 2008, EPA posted a revised form and set of instructions to their website. The look of the form has changed for the 2008 reporting year, with some of the biggest changes being to the Product Classification section. The number of categories used to classify products has been expanded to better identify the

products being reported. The numbering system will also change for the existing classifications listed. Our contacts at U.S. EPA report the new form and instructions must be used for submission of the reporting year 2008. Asmark Institute staff has reviewed the changes, built the new revised form and revised the classification codes. All the codes used to classify the type of pesticide have changed. Please go to this website for more information

<http://www.epa.gov/compliance/monitoring/programs/fifra/establishments.html>. [Source: Asmark Institute]

UPCOMING EVENTS

FEBRUARY, 2009

- 11-12 2009 Missouri Pork Expo; Columbia, MO
- 13-15 Missouri Farm Bureau Young Farmers and Ranchers Conference; Lake Ozark, MO
- 18 Conservation Contractor Training; Rolla, MO
- 20-22 Western Farm Show at the American Royal; Kansas City, MO
- 23-24 Missouri Farm Bureau Commodity Conference & Legislative Briefing; Jefferson City, MO
- 25 MU Agriculture and Life Sciences Career Fair; Columbia, MO
- 25 Conservation Contractor Training; University Forest, MO

MARCH, 2009

- 3 Conservation Contractor Training; Hannibal, MO
- 5 Conservation Contractor Training; Columbia, MO
- 10 Conservation Contractor Training; Warrensburg, MO
- 11 Missouri Agriculture Outlook Conference; Jefferson City, MO
- 26 Conservation Contractor Training; Warrenton, MO

APRIL, 2009

- 15 Conservation Contractor Training; Chillicothe, MO

JUNE, 2009

- 10 Conservation Contractor Training; Macon, MO
- 20 Missouri Department of Agriculture Golf Classic,

Holts Summit, MO

JULY, 2009

- 22-24 **MO-AG Summer Meeting; Country Club Hotel;
Lake Ozark, MO**
28 Conservation Contractor Training; St. Louis, MO

AUGUST, 2009

- 25 Conservation Contractor Training; Park Hills, MO

SEPTEMBER, 2009

- 15 Conservation Contractor Training; West Plains, MO

OCTOBER, 2009

- 28 Conservation Contractor Training; St. Joseph, MO

DECEMBER, 2009

- 2-3 Conservation Contractor Training; West Plains, 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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