

2/01/10

Spring Farm Bill Hearings Expected

In a speech to the National Association of Wheat Growers, House Ag. Committee Chairman Collin Peterson (D-MN) said that he plans to begin hearings on the 2012 farm bill in March or April. He also said that he is determined to write a bill within the budget baseline that exists in 2012 and will not go to other committees to get money, as we did for the current farm bill.

Peterson said, at least initially, he expects each major farm bill section to stay within its 2012 baseline. This will be very difficult as the nutrition and conservation sections will likely try to claim funds located in the farm program section. Various farm program supports, including direct payments, will likely be targeted as a source of funds.

He encouraged farmers to take control of the debate in order to keep reformers from influencing policy. Peterson stated that "Reformers contend that Congress can decide what size farms should get farm payments, but we are not smart enough in government to decide what farm size is. "I am for farming that is productive, efficient and economical."

In regards to a farm safety net, Peterson commented that "We need to give you a safety net that will give you back your cost of production. However, it's very hard to define cost of production. I have not been able to do that in a way that moves forward." With this in mind Peterson said that he believes that crop insurance may be the centerpiece of that safety net at some point in the future, saying, "Down the road the safety net may be primarily crop insurance. We need to cover every crop grown in this country."

As we enter farm bill negotiations, increased funding for nutrition programs may demand the most money. A recent Gallop survey indicated that nearly one in five Americans said they lacked the money to buy the food they needed at some point in the last year. The numbers soared at the start of the recession, but dipped in 2009 despite the continuing rise in unemployment. The dip was attributed to slightly lower food prices, the increasing use of food stamps and a rise in the amount of the food stamps benefit. A record 38 million Americans or one-in-eight now receive food stamps.

Louisiana State FSA Committee Named

The Obama Administration has announced the individuals who will serve on the Louisiana Farm Service Agency State Committee. The State Committee members will oversee the activities of the agency, including carrying out the state agricultural conservation programs, resolving appeals from the agriculture community and helping to keep producers informed about FSA programs. The five member committee includes:

Ray Young (Chairman)

Young, from Wisner, Louisiana farms 1,700 acres of cotton, corn wheat and soybeans. He also runs an agriculture consulting business, in partnership with his son, Jesse. He received his undergraduate degree in agriculture from Louisiana Tech University and his graduate degree in entomology from Louisiana State University.

John Earles

Earles, from Bunkie, Louisiana owns and operates a 7,000 acre farm where he grows rice, sugarcane, soybeans and wheat. Earles serves as President of the

Central Louisiana Sugar Co Op as well as a board member on the American Sugar Cane League Board.

David Habetz

Habetz, from Ragley, Louisiana has farmed rice, soybeans, wheat and cattle in Beauregard Parish for thirty-four years. He currently serves as the President of the Calcasieu-Cameron Rice Growers Association as well as a state board member of the Louisiana Rice Association. Habetz is a graduate of the Louisiana State University Leadership Development Program.

JD Pennywell

Pennywell, from Stonewall, Louisiana has worked for the DeSoto FSA County Committee as an advisor and member since 1991. He also raises cattle on 135 acres and grows hay on 80 acres. In addition to his work in agriculture, Pennywell worked for the DeSoto Parish School system for forty years.

Donna Winters

Winters, from Lake Providence, Louisiana is a partner in the Roberta Planting Company, a diversified farming operation that produces corn, soybeans and wheat on 3,300 acres. Since 1993, Winters has served as a member of the Louisiana Cotton Producers Association Executive Committee. She is also a member of the Louisiana State Museum Board of Directors.

#### Boozman to Challenge Lincoln?

The Arkansas Democrat reported that "Rep. John Boozman, the only Republican member of the Arkansas congressional delegation, plans to give up his House seat and enter the Senate primary race, altering an already volatile Arkansas political landscape. Several Republican sources familiar with the situation said Boozman - who revealed only last week that he was considering the Senate race - has made calls in recent days to tell others of his plans to seek the seat held by Democratic Sen. Blanche Lincoln."

#### Agricultural Prices

##### Corn

USDA estimated that the U.S. average price received by farmers for corn during December was \$3.59/bu. This was 6 cents/bu. below the previous month and 51 cents/bu. below the year-ago level.

##### Cotton

USDA estimated the December U.S. average price received by farmer for upland cotton at 62.8 cents/lb. based on sales of 2.536 million bales. This price was 4.3 cents/lb. above the prior month and 9.5 cents/lb. above the year-ago level. The inclusion of the December price and marketing information brings the marketing-year weighted-average price received by farmers to 60.5 cents/lb. Should prices remain near this level, the total counter-cyclical payment would be around 4 cents/lb. USDA is allowed to advance up to 40% of the projected counter-cyclical payment this month.

The average price in December for LA cotton was estimated at 60 cents/lb. This price was 4.4 cents/lb. below the prior month but 15.1 cents/lb. above the year-ago level. This price would be the highest December monthly average since 2003.

##### Cottonseed

USDA estimated the August-to-December U.S. average price of cottonseed at \$149/ton. No price was estimated for LA.

#### Rice

The U.S. average price for all rice during December was estimate at \$14.40/cwt. The long-grain price was estimated at \$13.30/cwt. while the medium and short grain price was estimated at \$17.00/cwt. The January 2010 publication of Agricultural Prices contains the marketing-year price and sales information for the 2008 marketing year.

#### Sorghum

The U.S. average sorghum price for December was estimated at \$5.71/cwt. which was slightly above the November average of \$5.67/cwt.

#### Soybeans

USDA estimated the U.S. average price of soybeans at \$9.80/bu. for December. This price was 27 cent/bu. above the prior month but around 56 cents/bu. below the year-ago rate. The LA price was estimated at \$9.41/bu.

#### Cotton Ginnings

USDA reported that the U.S. had ginned 11,389,800 running bales from the 2009 crop through January 15, 2010. This compares to 12,094,300 bales through this same period last year.

LA was estimated to have ginned 338,900 running bales through January 15. This compares to 279,600 bales ginned through this same period last year and 695,800 bales from the 2007 crop.

#### Legislation To Raise Debt Ceiling Passes Senate

The U.S. Senate has passed legislation allowing an increase in the nation's debt limit by a record \$1.9 trillion. The legislation also would restore the pay-as-you-go budget requirement. The party-line vote was successful because Senator-elect Scott Brown has yet to be seated. The bill now goes to the House for consideration and will likely pass.

The bill authorizes the Treasury to borrow enough money to cover the government's bills through the rest of the year. The increase raises the legal cap on borrowing to \$14.294 trillion, which would increase the nation's accumulated debt to about the size of the overall U.S. economy (\$14.463 trillion GDP).

As of January 22, 2010, the total U.S. public debt was estimated at \$12.3 trillion. The current statutory U.S. debt limit is \$12.394 trillion. The spread between the current debt and statutory debt limit would not even cover the interest on the 2009 debt of over \$383 billion.

On top of this, the President's proposed FY-2011 budget includes revenues of \$2.2 trillion and spending of \$3.8 trillion, leaving a \$1.6 trillion budget deficit. The projected budget deficit for FY-2010 is \$1.35 trillion. More FY-2011 budget details will be included as details become available. However, the FY-2011 President's budget is just a proposal and must be passed by Congress.

To pile on even more, the Federal Deposit Insurance Corporation (FDIC) is technically bankrupt. The FDIC balance sheet through the third quarter of

2009 shows assets of \$62.6 billion and liabilities of \$70.8 billion, an \$8.2 billion deficit. Mitchell Glassman, the guy at the FDIC in charge of shutting down banks, recently testified before Congress that "While the economy is showing signs of improvement, recovery in the banking industry tends to lag behind other sectors. We expect to see the level of failures continue to be high during 2010." In fact, the FDIC took control of 5 banks over the weekend.

What this really means is that the FDIC will also likely be coming to Congress for money to ensure that most deposits are safe. Some estimate that Congress may have to provide as much as \$400 billion before all of the bad real estate loans are written down. If this occurs, we will be increasing our budget deficit (borrowing from ourselves) and paying interest on this money to ensure our deposits at local banks.

#### MAP and FMD Funding Announced

Agriculture Secretary Tom Vilsack announced the allocation of \$234.5 million to 70 U.S. trade organizations to help promote American food and agricultural products overseas. The funding was allocated under the Market Access Program (MAP) and the Foreign Market Development (FMD) Cooperator Program, both administered by USDA's Foreign Agricultural Service (FAS).

The MAP uses funds from USDA's Commodity Credit Corporation (CCC) to share the costs of overseas market development and promotional activities with U.S. nonprofit agricultural trade organizations, state regional trade groups, and cooperatives. Activities conducted with MAP funding include market research, consumer promotions for retail products, technical capacity building, and seminars to educate overseas customers. There was \$200 million allotted to MAP funds and Cotton Council International was the largest recipient with \$20,332,612. The American Soybean Association received \$5,171,415, the U.S. Grains Council received \$7,389,243, the U.S. Wheat Association received \$5,487,119 and the USA Rice Federation/U.S. Rice Producers Association received \$3,771,169.

Under the FMD program, USDA's CCC establishes a partnership with nonprofit U.S. agricultural trade organizations. Funding priority is given to organizations that represent an entire industry or are nationwide in membership and scope. Program activities focus on reducing market impediments, improving the processing capabilities of importers, modifying restrictive regulatory codes and standards in foreign markets, and identifying new markets or uses for U.S. products. There was \$34.5 million allocated to this program. The American Soybean Association was the largest recipient under this program and received \$6,825,849. Cotton Council International received \$4,753,847, the U.S. Grains Council received \$4,033,859, the U.S. Wheat Associates received \$3,845,230 and the USA Rice Federation received \$1,543,614.

#### Northeast Telephone Company to Receive Broadband Funding

Agriculture Secretary Tom Vilsack announced the selection of fourteen Recovery Act Broadband Infrastructure projects that will receive funding made available by the American Recovery and Reinvestment Act. Congress awarded USDA Recovery Act funding to help bring broadband services to rural un-served and underserved communities.

In LA, Northeast Louisiana Telephone Company, Inc., located in Morehouse Parish, is scheduled to receive a \$4,359,000 grant and \$8,124,600 loan. The company plans to replace its current copper network with buried fiber optic cable that will give customers access to high-speed internet, digital TV and expanded telephone service. Funding is contingent upon meeting the terms of the loan and/or grant agreement. As part of these terms, the project must be completed within three years.

#### Greek Farmers Blocking Roads in Protest

Reuters reported that Greek farmers have been blocking highways for around three weeks as they demand greater support from Greek's debt-ridden government. Greece is running a budget deficit of 12.5% while under the Maastricht Treaty, they are supposed to keep it at 3%.

Thousands of wheat, corn and cotton growers have caused major transportation disruptions across Greece by blocking roads with their trucks and tractors.

Others have blocked the Promahonas border crossing with Bulgaria and the railway, ignoring appeals by Greek businesses to stop. Shops and markets were running short on goods and the action was costing "over EUR20 million a day," according to the president of the chamber of commerce and industry in Athens.

Greece has one of the EU's biggest farming sectors, accounting for about 5% of the country's GDP. But most of it consists of small-scale farmers who rely on EU subsidies and guaranteed minimum prices to survive. However, the country is in a severe financial crisis and cannot afford to meet farmer demands. Agriculture Minister Katerina Batzeli met with the farmers and passed along this message.

#### Climate Change Comments

The New York Times reported that just a month after world leaders fashioned a tentative and nonbinding agreement at the climate change summit meeting in Copenhagen, the deal already appears at risk of coming undone, the top United Nations climate official warned on Wednesday. "Facing a Jan. 31 deadline, major countries have yet to submit their plans for reducing emissions of climate-altering gases, one of the major provisions of the agreement," according to Yvo de Boer, the Dutch official who is executive secretary of the United Nations Framework Convention on Climate Change, which organized the climate meeting.

Fewer than two dozen countries have even submitted letters saying they agree to the terms of the three-page accord. And there has been virtually no progress on spelling out the terms of nearly \$30 billion in short-term financial assistance promised to those countries expected to be hardest hit by climate change. Still unresolved are such basic questions as who will donate how much, where the money will go and who will oversee the spending.

Bloomberg reported that the Securities and Exchange Commission voted to require that companies weigh the impact of climate-change laws and regulations when assessing what information to include in corporate filings and what to disclose to investors. Companies in the U.S. should also consider international accords, indirect effects such as lower demand for goods that produce greenhouse gases, and physical impacts such as the

potential for increased insurance claims in coastal regions as a result of rising sea levels.

#### Joint Meeting of LCGA, AAL and LAC Self-Insured Fund Upcoming

This year, the Louisiana Cotton and Grain Association, the Agricultural Association of Louisiana and the LAC Self-Insured fund will combine our annual meetings. The joint meeting will be held Thursday, February 18, 2010, at the Bayou DeSiard Country Club. The meeting will begin at 9:00 a.m. and conclude mid afternoon. We have an informative meeting planned and several FSA representatives will be available after the meeting to discuss the SURE disaster program discussed below.

#### SURE Calculator Available Online

Agriculture Secretary Tom Vilsack announced that USDA now has a web-based 2008 crop program payment calculator to help producers calculate the financial benefits they may receive under the Supplemental Revenue Assistance Payments (SURE) program. The calculator was designed by USDA's Farm Service Agency (FSA) to give producers a tool to help them better understand and participate in this new crop disaster program.

The calculator collects information about farming operations, including planted acreage, actual production, insurance coverage data and other federal disaster payments. This relevant information is used to calculate an estimated payment for crop losses.

The calculator provides an estimated 2008 program payment to help producers better understand what they may qualify for under SURE, but it does not constitute an application for the program. The calculator is available on the FSA website at <http://www.fsa.usda.gov/sure>. For more information or to apply for SURE, producers should visit their local FSA county office.

SURE provides crop disaster assistance payments to eligible producers on farms that have incurred crop production or crop quality losses. The program takes into consideration crop losses on all crops grown by a producer nationwide. SURE provides assistance in an amount equal to 60 percent of the difference between the SURE farm guarantee and total farm revenue. The farm guarantee is based on the amount of crop insurance and Noninsured Crop Disaster Assistance Program (NAP) coverage on the farm. Total farm revenue takes into account the actual value of production on the farm as well as insurance indemnities and certain farm program payments.

#### 2010-crop Farm Program Sign-up Open

Agriculture Secretary Tom Vilsack has announced that enrollment for the 2010 Direct and Counter-cyclical Program (DCP) and the Average Crop Revenue Election (ACRE) program has begun and will continue through June 1, 2010. Enrollment in the DCP program is optional each year. Enrollment in the ACRE program is also optional but, once enrolled, the producer is committed through the 2012 crop year. USDA urges producers to make use of the eDCP automated website to sign up, or producers can visit any USDA Service Center to complete their 2010 DCP or ACRE contract.

For 2010, eligible producers may request to receive advance direct payments based on 22% of the direct payment. The June 1, 2010, deadline is mandatory

for all participants. USDA will not accept any late-filed applications. USDA will issue advance direct payments beginning Dec. 1, 2009.

#### NCC Annual Meeting Registration Open

Meeting information, including housing and travel, as well as online registration, for the NCC's 2010 Annual Meeting, Feb. 4-8, at The Peabody Hotel in Memphis is now available. The annual meeting site, <http://www.cotton.org/news/meetings/am/2010/index.cfm>, also can be accessed from the Annual Meeting icon on the NCC's home page, <http://www.cotton.org>.

#### Dates to Note

2010

Through Mar 1 SURE program application period for 2008-crop losses

Feb Final 2008-crop rice counter-cyclical payment; partial 2009-crop counter-cyclical payment for rice and upland cotton

Feb 5 American Cotton Producer Meeting, Peabody Hotel, Memphis, TN

Feb 5-8 National Cotton Council Annual Meeting, Peabody Hotel, Memphis, TN

Feb 10-12 LA Agricultural Technology and Management Conference, SAI Convention Centre', Alexandria, LA

Feb 18 Agricultural Association of Louisiana and Louisiana Cotton and Grain Association annual meeting, Bayou DeSiard Country Club, Monroe, LA

Feb 24 Joint Cotton Industry Bale Packaging Committee meeting, Peabody Hotel, Memphis, TN

Feb 25 Southern Cotton Ginners Annual Meeting, Memphis, TN

Feb 26-27 Mid-South Farm and Gin Show, Memphis, TN

Mar Partial 2009-crop counter-cyclical payment for corn, sorghum and soybeans

Mar 2-4 Cotton Board/Cotton Incorporated meeting, Peabody Hotel, Little Rock, AR

Mar 25 Boll Weevil Eradication Commission meeting, Scott Center, Winnsboro, LA

Jun 1 Sign-up for 2010-crop DCP and ACRE program ends

Jun 8-10 Cotton Incorporated Board Meeting, Omni Mandalay, Dallas, TX

Jun 15-17 Stoneville Ginner School, Stoneville, MS

Jul 19-21 Southern Cotton Ginners Association summer meeting, Marriott Cool Springs, Franklin TN

Aug 3-5 Cotton Board/Cotton Incorporated meeting, Marriott Portland, Portland, OR

Aug 17-18 American Cotton Producer/Cotton Foundation meeting, Overton Hotel, Lubbock, TX

Aug 25-27 National Cotton Council Mid-Year Board Meeting, Peabody Hotel, Memphis, TN

Sep 20-24 International Cotton Advisory Committee (ICAC) meeting, Lubbock, TX

Oct Final direct payment for 2010 crops; final 2009-crop counter-cyclical payment for most program crops (excluding rice)

Dec Partial direct payment for 2011 crops

Dec 7-9 Cotton Board/Cotton Incorporated meeting

2011

Feb Final 2009-crop counter-cyclical payment for rice; partial 2010-crop counter-cyclical payment for rice and upland cotton

Feb 10-14 National Cotton Council Annual Meeting, Manchester Grand Hyatt San Diego, San Diego, CA

Mar Partial 2010-crop counter-cyclical payment for corn, sorghum and soybeans

Aug 24-26 National Cotton Council Mid-Year Board Meeting, Hilton Santa Fe Resort at Buffalo Thunder, Santa Fe, New Mexico

2012

Feb 2-5 National Cotton Council Annual Meeting, Marriott Waterside Hotel and Marina, Tampa, FL

2013

Feb 7-11 National Cotton Council Annual Meeting, Peabody Hotel, Memphis, TN

2014

Feb 12-16 National Cotton Council Annual Meeting, J W Marriott, Washington, DC

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