

Northern Farms Co-op affiliates with Eastern

SYRACUSE, N.Y. — Stanley Korona, president of Eastern Milk Producers Cooperative, today announced that effective April 7, Northern Farms Cooperative, of Montpelier, Vt. became affiliated members of Eastern. Korona noted the public announcement was delayed pending the response of a second Vermont cooperative which had been offered a nearly identical affiliation. The other cooperative, however, decided on a full merger with a different organization.

Under the affiliation Northern Farms Cooperative will retain its identity as one of the oldest and most respected dairy organizations in Vermont. Its members gain important benefits as affiliated Eastern members while keeping their own cooperative structure and state office intact. Northern Farms personnel continue to service the membership from Montpelier.

Northern President, Arthur Huestis, said, "Northern members wanted to keep the tradition and identity of the cooperative alive. Although we needed the marketing clout Eastern would provide, we didn't want to be lost in a larger organization. Northern was fortunate to negotiate an affiliation which accomplishes both goals." He added, "We have a long term contract, voting representation on the Eastern Board, delegates at policy meetings, service charges identical to other Eastern members - and yet Northern Farms keeps its identity.

Eastern is pleased with the affiliation, according to General Manager Michael Donovan. "The agreement proves the fundamental commitment we have made to milk marketing in Vermont. Including previous Eastern members, we are now responsible for marketing the production of about 250 Vermont dairymen", Donovan said.

Eastern agrees to guarantee the milk market for Northern producers, and to guarantee payment for milk shipped by all member dairy farmers. Additionally, Northern farmers are eligible to participate in Eastern group insurance plans and other member services. Among these services is the Dairy Products Distribution Program, with annual sales of \$5 million, which discounts quality cheeses, dairy products and other foods and supplies to members.

The initial affiliation contract is

18 months, followed by automatic renewal terms of one year. Leaders of both Eastern and Northern expect the affiliation to continue many years into the future because of the benefits to both parties. Eastern gains marketing strength and flexibility; Northern gains market protection for the lowest possible cost.

Korona explained that Northern affiliates will pay regular Eastern dues and equity. "Eastern equity is only 5 cents per hundred pounds, on a pay-as-you-ship basis. We do not require large equity contributions 'up front', as do some other dairy cooperatives", Korona noted. "The Eastern board and management are sensitive to the financial pressure dairy farmers are experiencing, so our policy has been to keep equity levels as low as possible."

The recently concluded affiliation agreement has roots extending to past turmoil in New England milk marketing. Huestis said, "Eastern was a major factor in helping our cooperative recover from the Dairy Brothers bankruptcy last year. They offered to market the production of our affected members and have been doing so successfully since that time. Our Board was impressed at Eastern's market savvy and their ability to operate with such efficiency." Huestis believes affiliation discussions were a natural outgrowth of the fine relationship which developed between the two cooperatives.

Northern President Huestis already has been seated on the Eastern Board of Directors. Leo Connor, Sr., of Bridport, continues as director of Eastern District #5.

Maurice Castagner, Executive Secretary of Northern, said, "The last several years have been difficult for cooperative in Vermont -

it has been a time of uncertainty. Our members now express greater confidence in the future - a positive change I believe has resulted from this affiliation."

Eastern Milk Producers is the largest dairy cooperative in the Northeast, with more than 4,000

members in Pennsylvania, New York, Vermont, and Delaware. The cooperative annually markets approximately 2 billion pounds of milk to manufacturing and fluid milk customers. These marketings have a value of about \$240 million dollars.

Farm fuel bill cited

HARRISBURG — Sen. Edward W. Helfrick (R-27th) introduced legislation this week which will benefit the agribusiness communities throughout Pennsylvania. On Monday, the chairman of the Senate Agriculture and Rural Affairs Committee presented an amendment to the legislature which will modify the Fuel Use Tax Act.

Senate Bill 762, explains Helfrick, will exclude diesel-powered bulk feed vehicles from paying the fuel use tax. Earlier this year, Helfrick introduced similar legislation, SB 379, which provides the same tax exclusion for gasoline-powered bulk feed trucks. SB 379 was referred to the Senate Finance Committee on Feb. 24.

Pennsylvania's eight cent excise tax is not imposed on fuel used by, sold or delivered for use in farm machinery or equipment that is engaged in the production or harvesting of farm or agricultural products. This applies to equip-

ment used within a ten-mile radius of the farm homestead.

The fuel use tax exemption, if this legislation is passed, would be expanded to include diesel-powered bulk feed trucks "designed and used to deliver animal feed in bulk when used off highways for actual production and dissemination of bulk feed products." These sales and

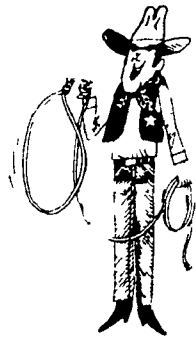
deliveries must be supported by satisfactory documents.

SB 762 has been referred to the Senate Finance Committee which is chaired by Sen. Edward L. Howard (R-10th). Cosponsors of this legislation include: Noah W. Wenger, R-36; David J. Brightbill, R-48; James E. Ross, D-47; Michael A. O'Pake, D-11; and Tim Shaffer, R-21.

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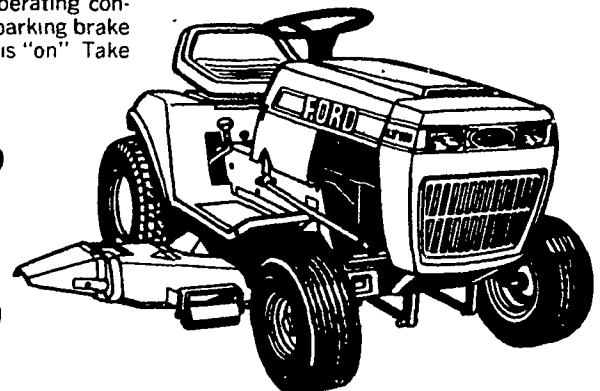
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