

Farmer Cooperatives Present Proposal To Aid Self-Help Efforts

WASHINGTON, D.C. — With American agriculture facing a number of long-term challenges, farmer-owned businesses are asking Congress to support cooperative self-help efforts designed to provide long-term support for the economic well being of this nation's farmers.

"The farmer's share of the consumer food dollar has declined to just 20 cents — its lowest level ever," David Graves, president and CEO of the National Council of Farmer Cooperatives (NCFC), recently told the House Committee on Agriculture's Subcommittee on Conservation, Credit, Rural Development and Research. "Increasing the farmer's share by just one cent to 21 cents would generate an additional \$6 billion in total income. The challenge, of course, is how."

To that end, Graves presented

the subcommittee with NCFC's legislative proposal, the Farmer Business and Income Opportunity Act. The proposed act, a product of NCFC's Farm Bill Task Force, seeks to increase the income that farmers receive from the marketplace by encouraging and supporting farmer-owned businesses. "To be successful," said Graves, "farmers and their cooperative businesses must be strategically positioned to be able to compete in what clearly is a rapidly changing global marketplace."

Key recommendations of NCFC's package include:

- Providing improved access to capital through credit and investment initiatives for farmer cooperatives. These include the modernization of the Business & Industry Loan Guarantee program, new tax incentives to en-

courage investment in cooperative businesses, and the creation of an equity capital fund for rural businesses, including farmer cooperatives.

- Clarifying tax laws relating to the organization and operation of farmer cooperatives. This action will allow farmers to benefit more from the value-added processing of their products.

- Revitalizing USDA research,

education and technical assistance programs, including re-establishing a separate agency within USDA to encourage and support farmer cooperatives and strengthening of the Value-Added Technical Assistance Grants program.

- A Sense of Congress resolution to reaffirm support for farmer cooperatives and encourage and enhance the ability of farm-

ers to join together in cooperative self-help efforts.

"We believe," testified Graves, "that enactment of this package would provide farmers with a greater opportunity to improve their income from the marketplace, better manage their risk, capitalize on potential market opportunities, and compete more effectively in a rapidly changing global economy."

USDA Reporting Error Results In \$42-\$54 Million Loss to Cattle Industry

WASHINGTON, D.C. — Cattle producers suffered a \$42-54 million loss because of errors in USDA's price reporting system, the National Cattlemen's Beef

Association (NCBA) said today.

"The economic estimates show that American cattle producers lost between \$42 and \$54 million between April 27 and May 18 because of a government reporting error," said Chuck Lambert, NCBA Chief Economist.

"While there is some question concerning when the injury actually occurred, it is clear that there were significant losses to many individual producers because of an inaccurate price formula."

The errors resulting in the loss occurred when prices were inaccurately calculated, under the USDA mandatory price reporting system that went into effect on April 2.

On May 16, USDA's Agriculture Marketing Service announced that prices for "no-roll" products had been incorporated into Choice and Select product prices reported nationwide. Price reports have been accurate since May 16.

Following the announcement of the error, NCBA commission-

ed two economic studies simultaneously, without consultation, by top economists from Virginia Tech and Kansas State University. See results of loss analysis at <http://www.beef.org/newsroom/index.htm>.

"Now that we have the economic analysis, we are in a better position to consider remedies and determine next steps," said NCBA President Lynn Cornwell and a cattle rancher from Glasgow, Montana.

"NCBA's primary objective is a fair and effective price reporting system," continued Cornwell. "There are many factors influencing the cattle market and a variety of ways to calculate the impact of those factors. We are sharing this data with state beef organizations now so that NCBA members can provide clear direction, based on the best available information, on how to proceed. We plan to consider all available options, including legal recourse and financial compensation, over the next few weeks."

USDA Marks 75th Anniversary Of Cooperative Programs

WASHINGTON, D.C. — During a ceremony held recently, the USDA recognized 75 years of providing research, education, information and technical assistance through Cooperative Services programs. USDA Secretary Ann M. Veneman was joined by former Secretary Earl Butz, as well as employees, former administrators, and other invited guests for the event.

"Our mission provides some valuable tools in the food and agriculture industry's toolbox to help them better compete in today's changing food system," said Veneman. "Seventy-five years after its creation, Cooperative Services recognizes these changes, and our employees are playing a major role in helping promote the opportunities that lie ahead in what promises to be a world of opportunity."

There are about 3,500 farmer-owned agricultural cooperatives in the nation today, which record about \$72 billion per year in sales of crops and livestock and about \$23 billion in farm supply sales. Co-ops help members market their products and, increasingly, add value to the products through further processing, as

well as helping members obtain farm supplies and services at fair prices. Utility cooperatives use the same principles to bring quality electrical and telecommunications services to many rural and urban parts of the nation.

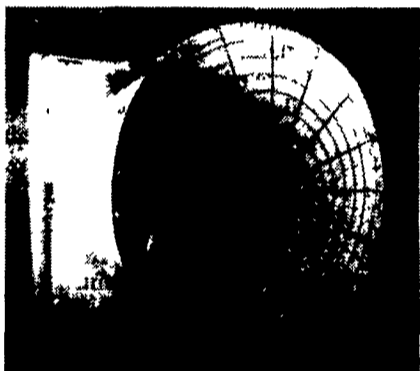
Earlier this week, USDA announced 28 grants totaling almost \$10 million to promote development of value-added products. Nearly 25 percent of the grants were targeted to finding new energy solutions by utilizing raw agricultural commodities. A large majority of the grant recipients were cooperatives.

"We need to continue to think creatively to meet the challenges of this new marketplace in terms of how cooperatives operate," Veneman said. "This can be done by providing the kind of flexibility in our programs that embrace the changing structure of agriculture to ensure the services we deliver are moving our customers forward in this new century."

For more information about USDA's efforts to assist cooperatives, visit the USDA Rural Development web site at <http://www.rurdev.usda.gov/>

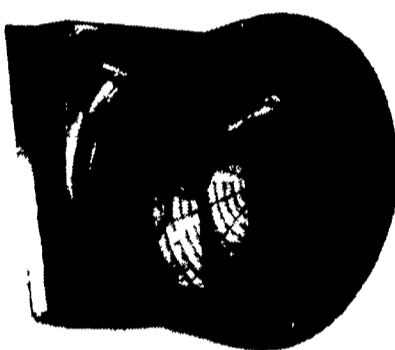
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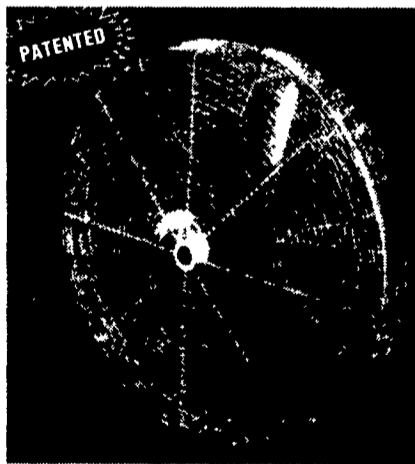
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