

COOL challengers drop lawsuit against USDA

By CAROL RYAN DUMAS
Capital Press

The North American Meat Institute and its allies filed legal papers in U.S. District Court Feb. 9 to dismiss their lawsuit against USDA over mandatory country-of-origin labeling for beef and pork.

The lawsuit, initiated in July 2013 by NAMI, American Association of Meat Processors, National Cattlemen's Beef Association, National Pork Producers Council and others, attempted to block implementation of USDA's amended COOL rule.

Dismissal of the lawsuit was just a formality because

the case had run its course, said Colin Woodall, vice president of government affairs for NCBA.

The case was based on First Amendment rights, with the meat organizations arguing the government could not "compel them to speak" — labeling product as to country of origin — in a marketing program as it does not involve the welfare or safety of consumers, he said.

A ruling in the case would have affected every labeling program in the country, and the court wasn't ready to take that on, he said.

But dismissal of the case is not the end of the discus-

sion and not the final say on whether COOL should remain in place, he said.

Given last fall's decision by the World Trade Organization (that USDA's COOL rule is out of compliance with U.S. trade obligations) the issue could lead to legislative action, he said.

The court case suffered three legal defeats before plaintiffs decided not to appeal to the U.S. Supreme Court and agreed to have the case dismissed, according to a press release from R-CALF, and other groups that intervened in the case on behalf of USDA.

NAMI verified the agree-

ment to dismiss but declined comment beyond the following written statement by its president and CEO Barry Carpenter:

"While we remain disappointed with the court's ruling on country of origin labeling, we agree with the World Trade Organization's assessment that the U.S. rule is out of compliance with its trade obligations to Canada and Mexico.

"As Secretary (Tom) Vilsack has said, a statutory fix is needed to bring the U.S. into compliance to avoid retaliatory tariffs and we're committed to working with Congress to fix COOL once and for all."

In October 2014, a WTO compliance panel ruled that USDA's amended COOL rule violates international trade obligations with its detrimental effects on Canadian and Mexican livestock exported to the U.S. and upheld Canada's and Mexico's challenge to COOL.

The panel found the amended rule increased the original rule's detrimental impact on the competitive opportunities of imported livestock in the U.S. market and increased the incentive for U.S. meatpackers to choose domestic livestock over imported livestock.

The ruling came as no

surprise to the U.S. meat industry, which has warned of retaliatory tariffs on U.S. products exported to Canada and Mexico.

Last week, Canada's Agriculture Minister Gerry Ritz met with key representatives of the U.S. Senate and House agriculture committees, calling for a legislative fix to COOL and stating that Canada will continue to assert its rights to achieve a fair resolution, according to Agriculture and Agri-Foods Canada.

"We will use all options, including retaliation, to ensure this harm is put to a permanent end," Ritz said in an AAFC press release.

Lawmakers hear howls, but no action expected on wolves

By DON JENKINS
Capital Press

OLYMPIA — Ranchers, county commissioners and rural lawmakers told a House committee Thursday that wolves are jeopardizing more than livestock.

"It's really wreaking havoc with our economy," Stevens County Commissioner Wes McCart told the House Agriculture and Natural Resources Committee. "Our citizens are ready to leave, and they're ready to lynch me."

McCart said he can't do anything for angry constituents. State wildlife managers will be in control at least until wolves are numerous enough and widely distributed enough to be taken off the state's endangered species list. State officials estimate that will be 2021 at the earliest.

To speed things up, Republican lawmakers Joel Kretz and Shelly Short have introduced bills to relocate some wolves closer to Western Washington or take wolves off the endangered species list in Eastern Washington.

De-listing wolves by re-



Don Jenkins/Capital Press

Klickitat County, Wash., ranchers Clay Schuster, left, and Pace Amidon sign in Feb. 5 in Olympia to testify on wolf-related legislation. The bills, introduced by lawmakers concerned about livestock predation, are unlikely to pass this session.

gion will "absolutely not" pass the Democratic-controlled House this year, the agriculture committee's chairman, Aberdeen Democrat Brian Blake, said.

Transferring wolves to the westside also is a non-starter in the House. "I have never supported the translocation of the wolf population, and that has not changed," Blake said. "I have no interest in having wolves in the (his) 19th District."

Nevertheless, Blake, sympathetic to problems faced by Kretz's and Short's constituents in northeast Washington, scheduled hearings on the wolf-related bills. "I find it a little disconcerting that folks who aren't bearing the impacts aren't recognizing the problems," Blake said.

He said after the hearing that he hopes the Legislature will at least pass a statement asking state managers to review the wolf plan.

California dairy co-ops petition for federal marketing order

By CAROL RYAN DUMAS
Capital Press

California Dairies Inc., Dairy Farmers of America and Land O'Lakes, representing 80 percent of California's milk production, have submitted a proposal to USDA petitioning for a federal milk marketing order in California.

The co-ops submitted the proposal this week in support of their farmer-owners, seeking more equitable milk pricing for California producers as compared with milk producers in the rest of the nation, said Marie teVelde, director of communications for California Dairies Inc.

Significant disparity between the state's pricing of Class 4b milk, used to manufacture cheese, and Class III pricing for like milk in federal marketing orders initiated the effort to join the federal order system, she said.

The discrepancy lies in how whey is valued in the state's 4b pricing, she said.

California dairy farmers operate under statewide milk-pricing plans administered by the California De-

partment of Food and Agriculture and have petitioned CDFA numerous times to correct the whey value in the pricing formula, she said.

Those efforts, as well as attempts to seek legislative pricing changes, have proved unsuccessful, she said.

"By proposing a Federal Milk Marketing Order in California, we are striving to obtain fair, equitable pricing for our members, allowing them to effectively manage their margins and secure the future of their operations," said Dennis Rodenbaugh, senior vice president and CEO for DFA Western Fluid Group.

The state order served California dairy farm families well for decades but in the past five years, Rodenbaugh said CDFA has failed to recognize changes in milk production costs and the critical need for California producers to receive milk prices on par with the rest of the country.

He said the failure to adapt to changing global market dynamics and to properly administer the state order has resulted in a significant pricing disparity for California

producers.

"This inequitable pricing system has resulted not only in severe pressure to on-farm margins for our members, but also a weakening of California's dairy industry as numerous producers have exited the industry or have relocated out of the state in order to receive a better milk price," he said.

In addition, the large investment in manufacturing infrastructure in the state has diminished due to concerns about an adequate milk supply, he said.

About 45 percent of California's milk production is used to manufacture cheese, and the state's pricing formula is providing a huge discount for processors, according to Milk Producers Council.

The gap between 4b prices and Class III prices began to widen in 2010, with the 4b monthly price averaging \$1.82 per hundredweight of milk lower from 2010 through 2014. That difference adds up to \$1.64 billion and a loss of more than \$940,000 for California's average 1,000-head dairy, according to MPC data.

Cash dairy prices start February mixed

By LEE MIELKE
For the Capital Press

Cash dairy product prices were mixed the first week of February. Block Cheddar closed Friday at \$1.5350 per pound, up a quarter-cent on the week but 69 3/4-cents below a year ago. The blocks were unchanged Monday and Tuesday.

The Cheddar barrels finished the week at \$1.4825, down 2 1/4-cents, and 72 1/4-cents below a year ago. Ten cars of barrel traded hands on the week. The barrels were also unchanged Monday but slipped a quarter-cent Tuesday, to \$1.48 per

Dairy Markets
Lee Mielke



sold last week in the spot market.

Cash butter, after jumping 20 cents last week, appeared to be racing toward \$2 per pound again but ran out of steam after gaining a dime by Wednesday.

It gave back 5 1/2-cents Thursday and Friday and closed at \$1.7950, up 4 1/2-cents on the week but 2 1/2-cents below a year ago. Spot butter dropped a nickel Monday but was unchanged Tuesday, holding at \$1.7450. Eighteen cars were

Cash Grade A nonfat dry milk started the week losing 6 cents after an 8 3/4-cent climb the previous week, but then rallied and ended Friday at \$1.10 per pound, up 3 cents on the week. The powder inched a half-cent lower Monday and inched down a quarter-cent Tuesday, to \$1.0925 per pound. A headline-grabbing record 54 carloads traded hands in the spot market last week, up from 34 the previous week, and 16 cars had already traded by Tuesday, a likely response to New Zealand-based Fonterra lowering its milk production estimate.

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