



Maryland Farm Bureau – 2009 Issues of Concern

The following issue summaries are provided for your consideration as you begin your policy development process. We believe that these issues may be the subjects of debate in Annapolis, in Washington or before your local government during 2010. Please call Valerie Connelly or Kurt Fuchs if you have any questions or need additional information. We thank you for your commitment to an inclusive and thorough policy development process in 2009!

State Policy Issues:

Accuracy of farm data in Bay analysis – The Chesapeake Bay Model and other analytical tools used to measure agriculture’s impact on the environment lack up-to-date, accurate farm input and yield data. The Bay model folks are using 5 year census information, with some yield data dating back more than a decade. How do we show we are better stewards? How can we get the best data included in the analysis? What annual summaries are already being completed by farmers that could be used to update the Bay Model? Should AIRs from nutrient management plans be filed electronically to allow aggregate data (on a county or watershed basis) to be used in the model annually? Should NRCS share data about the BMPs that have been installed on farms? How can we capture data on BMPs that were not paid for by government?

Septic Tank Management –In 2009, the General Assembly passed legislation to mandate nitrogen removal septic technology for new homes and homes with failing septic systems in the critical area. The critical area is the first 1000 feet from the shoreline. In 2010, there is the possibility of legislation to institute a state-wide mandate for nitrogen removal septic systems. There is also likely to be legislation to require pump-out of all existing septic systems in the state every 3 years. Can we support the pump out option as a middle ground and a common sense approach to preventing systems from failing? If so, what is the best way to enact this process? How would a homeowner prove the system was pumped? Should the county collect the data? What are the pros and cons of such a requirement?

Sewage Sludge Utilization – Sewage sludge application has traditionally been regulated solely by the MD Department of the Environment, through a permit process. During the last several years, local governments have requested a role in the approval process for the application of sewage sludge on land within their jurisdictions. Some counties would like to prohibit out-of-county sludge from being applied. Others want to set up buffer requirements for application near residential areas. Several bills were introduced in 2009 to give local governments more authority in this area. Should local governments have the authority to set parameters for sewage sludge use on land in their jurisdiction? How would this impact farm use of sewage sludge as a fertilizer?

Farmer's Markets – There has been a dramatic increase in both the number of farmer's markets as well as the number of agricultural producers selling their harvest at several markets, sometimes in multiple jurisdictions. Is there a need for more uniformity amongst health code requirements for participation in markets across the state? Although much of the County Health Code requirements are based on State provisions, localities tend to interpret and carry out these provisions in differing manners, at times causing frustration and undue paperwork for direct-marketing operations. Would the agricultural community be better served if vendors could become certified under one statewide farmer's market health certificate, without going through the certification process in each and every jurisdiction they intend to market their fresh meats and produce?

Defining "Locally-Produced" - One of the most important trends in consumer food spending is purchasing "locally-produced" food. Whether it is fresh meats and dairy products, fresh fruits and vegetables, or even value-added processed items like jams and pickled foods, the "Buy Local" trend has taken root across the country. Our state's agricultural community is particularly poised to take advantage of this consumer preference shift because we're located within easy reach of significant population centers like DC, Philadelphia, Baltimore, and Wilmington. The only question, is what does local mean? A lack of definition allows for slick marketing to imply sweet corn brought up from North Carolina and sold in a supermarket in Maryland is local sweet corn. Even with the best of intentions producers, consumers, and retailers alike may all have a different idea of local products. Unless they have a framework for what constitutes a local product, they're free to interpret it as they see fit. Would it benefit both the industry and consumers to have a set definition for "locally-produced" agricultural products? Might this definition include both a maximum mile radius with an "and/or produced in Maryland" clause?

National Policy Issues:

Policy Development – Confronting the Issues

The AFBF Board of Directors has approved seven issues for policy development for 2009-2010. These issues, on the national and international level, raise numerous questions needing further discussion by farmers and ranchers.

Abandonment of Orchards: Abandoned orchards and fruit groves can harbor dangerous pests and diseases for fruit trees. The current economic climate could increase orchard abandonment and place producers within close proximity at higher risk. Availability of federal and local funds that have historically supported these programs has been reduced in many counties. Farm Bureau policy is limited on this issue. What are possible solutions to this problem? What kind of a financial-based incentive would work for fruit producers? What other incentives and/or disincentives could be implemented? Can this issue be addressed without infringing on private property rights?

Biotech versus Conventional Seed: Concern is increasing about the availability of good, high quality germ plasm in conventional seed. Several aspects of this issue are currently being discussed and debated within the farm community. Farm Bureau policy contains numerous statements in support of biotech seed, but contains minimal language regarding conventional seed. Is conventional seed availability an issue for farmers?

Forest Carbon Markets: With the development of voluntary carbon markets, and possible consideration of federal climate change legislation in 2009, the issue of carbon credits for forest landowners is becoming increasingly important. A large segment of Farm Bureau members could earn carbon sequestration revenue. Certain croplands and grasslands might also be eligible. Should Farm Bureau policy address converting existing pastureland and croplands to forests to obtain carbon credits? Should Farm Bureau policy treat cropland sequestration projects and forestry sequestration projects equally?

Milk Pricing: The Federal Milk Marketing Order system was created in 1937 to assist dairy producers/processors with milk marketing and many in the dairy industry believe the system is not reflective of the sector in 2009. Recognizing milk production and delivery systems have changed in the last 70 years, producers, processors, and policymakers are now wondering whether there is a better option than this system. Cornell University Extension Economist, Mark Stephenson, lays out four alternative pricing options. To ensure current policy meets the needs of dairy producers now and into the future, discussion by Farm Bureau members is critical.

Modify Current Product Price Formulas – Right now, milk prices are determined by back-calculating an implied value for milk from the products made from that milk over a set time frame. Product prices, make allowances (the price of processing milk that is included in milk pricing formula), and yield factors are components of price formulas and can be contentious. One option is to change the components within the formulas to better reflect the current conditions.

Survey of Unregulated Milk – In order to de-regulate the milk markets, the government could survey unregulated manufacturing milk sales in a particular market, such as the Upper Midwest, and base national prices on these surveys. While this would lessen the focus of fluid milk utilization, it could cause a price time lag in the rest of the country. This is similar to the previous pricing scheme based on the Minnesota-Wisconsin Grade B manufacturing price series but was ended due to lack of product in that market.

Only Pool Differentials – Under this scenario, all milk in all areas would be unregulated. Both manufacturing and fluid plants would have to negotiate prices with local suppliers and cooperatives, report those prices to a central authority, and then pay the difference in prices from a national average into a pool. Workability, existing USDA authorities, assuring equitable minimum prices, and integration with futures markets are concerns of this system.

Futures or Spot Markets - Many producers are beginning to market their milk in Chicago Mercantile Exchange (CME) futures markets. These prices could be used to set national pay prices or expanded to be the sole marketing entity. While price discovery would be improved, problems like delivering bulky products and perishability would still exist. Spot markets prices, like the current CME spot contracts, could be used to set prices; however, a national and neutral delivery point for milk would be problematic. Technology-assisted trading via the internet has been discussed.

What would be the impact of elimination of the Federal Milk Marketing Orders? Would this be good or bad for dairy producers? Are ten orders sufficient or should the dairy industry consolidate to a single national order? Would a comprehensive national milk pricing formula maximize return to dairy producers and decrease volatility in the marketplace? What would an alternative dairy pricing structure look like? What would be the impact of potential alternative pricing mechanisms? Are there other market-based approaches that would enable dairy producers to maximize trade opportunities?

Public and Animal Health: Attempts to restrict antibiotic use in food animal production are increasing. Coupled with a host of other issues related to the links between food production and animal health ensures amplified scrutiny for producers. Swine flu is just the latest example that certain diseases affect both human beings and animals. Does Farm Bureau policy deal thoroughly with the interactions between animal health and public health? With medical community opinion divided and scientific research inconclusive as to the transmission of many human/animal diseases, where should grassroots producers concentrate their efforts to promote consumer confidence in the food they eat?

Sustainable Certification: The word “sustainable” is the new buzz word for environmentally and socially-conscious consumers. Utilization of certification methods in the market place to designate products developed or grown under sustainable conditions is increasing. Recognition and support of this practice is noted in Federal legislation and by consumers. The current proliferation of certification schemes is causing havoc in the marketplace. Currently, there are two sustainable forest management/product certification systems in the United States. Should Farm Bureau have policy addressing certification systems? What policy could Farm Bureau articulate to assure broad acceptance of wood as a sustainable, renewable resource in building and construction?

Traceability and Labeling: Improved traceability and labeling systems are viewed as important for maintaining foreign market access. Combined with the somewhat different but related concepts of identity preservation and product segregation, these systems could impact nearly all agricultural commodities. Further discussion by Farm Bureau members is needed regarding the following questions: What impacts could these programs potentially have on the agricultural sector? Should Farm Bureau support a traceability system? If so, what should a system look like? Would it encompass on-farm practice audits? Would traceability ensure timely identification of an outbreak’s point of origin and minimize market disruption?