

THE Agricultural Business Council of Kansas City

November 2, 2009

Kansas Wheat Acres Continue to Decline; Biotech Could Help

Contributed by GrainNet

For the past few years, acres planted to wheat throughout the U.S. have fallen while acres sown to corn and soybeans are on the increase. Wheat is falling out of favor with many farmers perplexing many of those involved in the industry.

The issue or situation referred to as "The Wheat Conundrum" was addressed by wheat leaders at a forum sponsored by the Agribusiness Council at its October luncheon at the American Royal. Daren Coppock, CEO of the National Association of Wheat Growers and Justin Gilpin, chief executive officer of Kansas Wheat set the stage by describing the challenges the wheat industry faces, including lack of research and development into wheat and declining profitability for wheat farmers compared to other crops.

Wheat farmers, on average, are projected to return about \$100 per acre over variable expenses in 2009-10, while soybean producers net about \$250 per acre and corn producers nearly \$300 per acre - based on figures from the University of Missouri's Food and Agriculture Research Policy Institute. The ratio of income has remained largely the same for the last decade, FAPRI reports.

Should the trend continue, Coppock said wheat acres will continue to be sacrificed as farmers turn to more profitable crops. "While that's an immediate term problem for the wheat growers and wheat industry, it's also a problem for our customers," he explained.

"As they look down the road and see a potential supply problem, they need to be able to get access to quality wheat at competitive prices at acceptable quantities. This is an issue that the whole wheat chain cares about."



John Deere Chief Economist to Address Nov. 6 Meeting



"Global Agricultural Trends and Related Issues," is the topic for John Deere Chief Economist J.B. Penn for the Council's November 6 [breakfast](#) meeting at the Hyatt Regency Crowne Center. The meeting begins at 7:15 a.m. on November 6.

Dr. Penn is a well-known national agricultural figure and one of the nation's preeminent agricultural economists. At John Deere, he is responsible for analyzing global macro-economic, policy, and trade developments to help the company achieve sustainable, strong business results. Prior to joining Deere & Company in 2006, Penn had served as USDA Under Secretary for Farm and Foreign Agricultural Services since 2001. During his time at USDA, he was a key agricultural negotiator in the Doha round of World Trade Organization negotiations.

As is the Council's tradition, the November meeting is being held in conjunction with the annual leader conference hosted by the **Agricultural Future of America (AFA)**. This outstanding event, now in its 13th year, attracts over 500 of the nation's top college-age agricultural leaders from 30 states and 70 colleges and universities.

The U.S. exports about half its wheat to other countries and is regarded as the world leader in supplying high-quality, consistent wheat. If acreage continues to decline, the U.S. seems unlikely to retain that distinction.

Any solution?

Both Coppock and Gilpin pointed to biotechnology investments as the obvious answer - the same kind of technology that brought farmers Roundup Ready soybeans and Bt corn. Biotechnology has the potential to pay dividends to farmers and consumers alike. Coppock noted U.S. consumers, food companies, millers and bakers show little resistance to biotechnology. Many overseas markets are willing to accept biotech wheat, too.

But not all consumers are ready. "Other markets have expressed pretty strong concern on behalf of their customers," said Coppock. Those are the markets in which American wheat growers need to have conversations over the next several years, he pointed out.

"We need to explain," he continued, "that this trend - of declining wheat acreage and production, slower yield growth, lower returns per acre compared to other crops, wheat being pushed on marginal land as other crops take better land - are all bad trends for people who buy, use and eat wheat. We need to be able to get technology in the hands of producers that helps alleviate that problem."

Gilpin pointed out that biotechnology could bring about improved quality characteristics and other traits that prove beneficial to end-users, not just farmers. Biotechnology means more than just looking at agronomic factors, he told Council members. "We can seek biotechnology investments that improve end-use functionality and quality of wheat."

Gilpin further explained: "It's not just an issue of trying to create a better variety, but a more desired variety, one that gets pulled through the marketplace, not just pushed through it. "The U.S. is regarded as a quality provider throughout the world. We can expand on that and capitalize on that with new traits we bring to the marketplace."

Missouri's Farmers Offer "Free Groceries for a Year!"

Promotion to launch Jan. 11 at www.FarmersFeedUS.org



Whoever said there's no such thing as a free lunch has never met Missouri's farmers! In fact, they will be offering the chance for all Missouri residents to win free groceries for breakfast, lunch, and dinner - for an entire year!

Beginning Jan. 11, 2010, Missouri residents will be able to register for two grand prizes of "Free Groceries for a Year," courtesy of Missouri's farmers, at www.FarmersFeedUS.org. Upon visiting the site, consumers will be able to register by meeting a Missouri farmer and learning how they produce safe, nutritious and affordable food.

The Council is pleased to also welcome **MoKan NAMA** as a co-host for this meeting.



AFA Names Scholarship Recipient



Olivia Moore, a freshman at Kansas State University majoring in animal science, has been named the recipient of a scholarship funded by the Agricultural Business Council through the Agriculture Future of America. Olivia is from Wyandotte County, Kansas.

She joins Rebecca Ann Haynes of Liberty, Missouri, who is attending the University of Missouri as a recipient of a Council scholarship. The Council provided \$5,000 in scholarship funding through AFA for the two students - both plan to attend the Council's Nov. 6 breakfast meeting. The Council also provided \$5,000 in funding for the American Royal's Royal Six Scholarship Program.

NBAF Groundbreaking Set for Next August

A Senate and House conference committee in early-October approved \$32 million to complete the National Bio and Agro-Defense Facility design phase and to begin construction. The committee also authorized an accompanying study

Consumers can register with each of the five featured farmers daily through April 11, the end of the 90-day program.

"As Missouri farmers, we're thrilled to offer free groceries for a year to the consumers of our great state," said Andrew McCrea, a soybean farmer from Maysville, Missouri, who is a featured farmer on FarmersFeedUS.org. "This is an opportunity for us to share what we produce with Missouri consumers and to let them know we share their values - taking care of our families, taking care of our animals and land and giving back to our communities."

The web site features beef cattle, corn, dairy cattle, hog, and soybean farmers from across the state, each sharing information about their farm and their family. In addition to guiding visitors through their registration to win free groceries, each farmer also offers a brief online tour of their farm. "I'm proud about how farmers in the state of Missouri produce food," McCrea said, "and I want to show people how today's farms operate." Featured farmers include:

- Andrew McCrea, beef cattle farmer, Maysville, Missouri
- Rob Korff, corn farmer, Norborne, Missouri
- Shannon Squibb, dairy cattle farmer, Clever, Missouri
- Kenny Brinker, hog farmer, Auxvasse, Missouri
- Chris Filer, soybean farmer, Garden City, Missouri

Over the course of the 90-day campaign, consumers throughout the state will also see and hear from these farmers as they are featured in advertising and in-store promotions. Consumers will even have the opportunity to interact with these and other Missouri farmers on their blogs and Facebook pages.

Participating Missouri agriculture groups include Missouri Pork Producers Association, Missouri Beef Industry Council, Missouri Corn Growers Association, Missouri Soybean Association, Midwest Dairy Association, FCS Financial, Mo-Ag, The Missouri Egg Council, and MFA, Inc. The Agricultural Business Council of Kansas City has contributed a modest amount toward the program. Council Board Member Don Nikodim, Missouri Pork Producers Association, has been a strong advocate for the program.

Trading In On Greenhouse Gases

By Dennis McLaughlin, McLaughlin Writers Group

In presentations on green house gases and the potential for carbon trading to either benefit agriculture or regulate it, one of the speakers at the AgriBusiness Council's September luncheon added another question to the climate change debate. Beyond questioning whether global warming as an unnatural phenomenon is occurring or whether or not human activity is causing it, Ray Massey, Ph.D., extension professor in the University of Missouri's Department of Agricultural Economics, asked: "What should the average global temperature be?"

The question was somewhat rhetorical, although Dr. Massey wasn't being facetious when he speculated many environmentalists - who already perceive agriculture as a primary culprit in global warming - would probably blame farmers for bad weather in general. He made several serious comments, as well, about the general bias against

to ensure the most modern research safety features are included in the final design. The congressional action sets the stage of an August groundbreaking and confirms an on-time completion of the state-of-the-art lab that will accelerate research to protect the American food supply and agriculture economy.

"This action is a strong validation of the exhaustive, three-year site selection process that determined Kansas to be the best home on the merits for the NBAF," said Tom Thornton, President and CEO of the Kansas Bioscience Authority who pointed out the \$32 million for the NBAF will be in addition to the \$82 million appropriated over the last four years to build the facility and bring it on stream.

Thornton made special mention of Senators Sam Brownback and Pat Roberts, and applauded the entire Kansas congressional delegation led by Governor Mark Parkinson, the Kansas Legislature, Kansas State University, the City of Manhattan and members of the Heartland Bio Agro Consortium for articulating the importance of this critical national investment.

In congratulating Congress for addressing this urgent national challenge, Thornton said, "It is far past time for us to modernize our research on animal diseases threatening the food supply, and that's a mission we are uniquely prepared to carry out safely and successfully in Kansas."

He also commended Kansas agriculture groups, veterinary leaders and scientific experts who make their voices heard in recent weeks regarding the importance of keeping the NBAF research mission on track without delay.

Animal Health Funding Continues to Roll Into Area

The Kansas Bioscience Authority has committed \$50 million to eight private venture capital funds, significantly increasing the amount of venture capital available for bioscience companies.

According to the Kansas City Area Development Council, each of the venture capital firms will establish an office presence in Kansas and will raise a minimum of \$25 million to establish their funds. The firms chosen provide a range of expertise in the bioscience sectors in which Kansas has existing

agriculture in the climate change discussion. For example the EPA lists 17 key categories of greenhouse gas emissions (GHG); and even though agriculture is linked directly to only four of them, farmers it seems are bearing the brunt of disdain from many policy makers. Such perceptions make it all the more imperative for agriculture to make sure "any cap-and-trade legislation must fully recognize the wide range of carbon mitigation or sequestration benefits that agriculture can provide."



Among other considerations, Dr. Massey also stressed these principles need to be included in GHG legislation:

- The agriculture sector must not be subject to an emissions cap.
- Legislation must be structured so it that it makes economic sense for agriculture.
- Carbon sequestration and greenhouse gas mitigation rates must be based on sound science.
- USDA - not the EPA - should promulgate rules and administer an agricultural offsets program.
- Legislation should not prohibit stackable credits or participation in multiple programs when multiple benefits are achieved for the same practice.

While agriculture is viewed as a problem by many environmental groups and government agencies, agribusiness, Dr. Massey observed, sees itself as a responsible steward of the land and the atmosphere. He said agriculture can provide environmental benefits through carbon sequestration in soils and forests; methane capture and destruction; renewable fuels; and increased efficiency. To illustrate the advances forged by agriculture technology and best management practices over the years, Dr. Massey cited the improved figures for producing one billion kg of milk in 2007 compared to 1944:

- 79% fewer animals
- 77% less feedstuffs
- 65% less water
- 90% less land
- 63% reduction of the carbon footprint.

During his turn at the podium, David Miller, Chief Science Officer for AgraGate Climate Credits Corp., spoke about the opportunities emerging for farmers in the carbon market. Currently, 9,000 farmers, ranchers and landowners with 16 million acres nationally in 36 states are participating in the Chicago Climate Exchange (CCX). Like Dr. Massey, Miller stressed what he thought were the important questions that need to be answered for agriculture as climate change and cap-and-trade legislation was written:



strengths: animal health, bioenergy, biomaterials, plant biology and human health. Nearly all of the selected funds participated in the 2009 Animal Health Investment Forum, held September 1 in Kansas City; they include:

- Burrill & Company
- MPM Capital
- MidPoint Food & Ag
- Meadowlark Venture Partners
- Midwest Venture Partners
- Open Prairie Ventures
- Prolog Ventures
- Triathlon Medical Ventures

In total, the KBA investment will create \$250 million in new funding in the region for animal health and bioscience innovation.

Dairy Farmers Receive \$350 Million Lifeline

Beleaguered dairy farmers will receive an infusion of \$350 million from the government to aid those dairymen who are facing a price-depressing glut of milk combined with a slowdown in exports. Prices have dropped to about \$11 for every hundred pounds of milk this year, down from \$19 last year.

About \$60 million of the \$350 million allocation will be used to purchase cheese and other dairy products for food banks and nutrition programs. The remainder will fund direct support to dairy farmers.

The dairy aid was included in an agriculture appropriations bill under an amendment sponsored by Sen. Bernard Sanders, a Vermont independent.

Source: Wall Street Journal, October 22, 2009

House Ag Committee Approves Derivatives Bill

The House Agricultural Committee approved its own version of an over-the-counter derivatives bill that could signal Congress will be enacting sweeping new regulations. The changes the committee okayed in a bipartisan vote make it track more closely with a separate derivatives bill

- Who regulates?
- Will offsets be included?
- Who will set standards for agriculture?
- What will the effects be on inputs?
- What will the effects be on energy markets, the economy and on world markets?

Miller also reminded Council members that there is a strong correlation between energy use and standard of living. "Energy makes manual labor more efficient," he said, "and is a catalyst for transformation of ingredients and raw products to useable goods." He also noted "energy extends the capabilities of the human mind."

Kansas Agriculture On The Air.....Early



AG am In Kansas, airing Monday through Friday at 4:30 in the morning on WIBW-TV (Channel 13), focuses on news, weather and events affecting the Kansas agriculture industry.

Produced with content support from Kansas State University Extension Departments and Channel 13, *AG am* is hosted by Eric Atkinson and the KSU Radio Network.

The format of the show includes these segments:

- *Weather Impacting Kansas* - with Mary Knapp, state climatologist, providing a look at how current weather conditions will affect crop production.
- *Livestock News* - with Eric Atkinson reporting on current events, technology advances and best management practices.
- *AG am Business* - with business and agronomy professionals talking about profitable farming, financing and adapting technology for production operations.
- *Shop Talk* - with experts talking about old and new equipment: how to use it and maintain it.
- *Crop News* - with reporters providing a 'farm to fork' overview of wheat, soybeans and corn from production to packaging.
- *Living History* - a pageant of historical landmarks: old farm houses, school houses and such that have been preserved and sometimes converted into business - but remain treasures from earlier eras.
- *In Transition* - with stories about how families pass their farms along to the next generation.
- *Kansas Master Farmers* - profiles of farmers who have been nominated and named Master Farmer and how they earned the honor.
- *Healthy Yards* - information on fertilizing, insect control, seeding and more.
- *Country Lifestyles* - a look at entertainment, fashion, crafts et al.
- *Kansas Young Farmers* - news about agriculture groups for young people, from 4-H and FFA to the Young Farmer and Rancher programs.

drafted by the House Finance Services Committee.

The two bills will need to be reconciled to address some differences, although Agriculture Chairman Colin Peterson (D-Minn.) said the House may vote separately on the derivatives bill instead of waiting to roll it into a broader regulatory reform package.

Both bill target swap dealers and major speculative swap traders by requiring them to centrally clear their routine products, execute trades on regulated platforms and be subject to capital and margin changes.

Source: *Wall Street Journal*, October 22, 2009

Law Firm Addresses Agribusiness and Food Safety Issues

Shook, Hardy & Bacon presents a free webcast presentation, part of a series called *Hot Topics in Agribusiness and Food Safety*, from noon to 1 pm CST on November 18. The hour long program will focus on these topics:

Natural/Organic Claims: ways to limit risks of making "natural" and "organic" claims.

Country-of-Origin Labeling: the basics of labeling requirements that apply to imported foods or products manufactured with imported ingredients.

Sustainability Standards: the current status of industry-wide standards initially intended to impose sustainable practices on agribusiness from seed to store.

The faculty for this webcast include SHB partners Jim Anderson, Frank Rothrock and Angela Seaton. To register contact Tamy Brown. tnbrown@shb.com or call 816-474-6550 extension 39551.

Instructions on how to participate in this webcast program will be provided upon registration.

Another SHB *Hot Topics in AgriBusiness and Food Safety* webcast is scheduled for February 18, 2010. The focus will be on USDA and FDA development; supply chain management; and supply chain impacts of carbon-constrained agriculture and manufacturing operations.

Ag am In Kansas has a variety of opportunities for business groups to advertise and support this programming. For more information contact Bryan Hallman at hallmanagency@cox.net.

'Food, Inc.' Director Defends Movie

Contributed by Bovine Veterinarian Magazine

Movie director/producer Robert Kenner told attendees at the 2009 Food System Summit in Kansas City he did not have a point to prove with the movie *Food, Inc.* which was very critical of agriculture. He said he wanted to present many points of view, and had approached 100 industrial food producers almost all of whom shut the door on him. However, when asked if he talked to "average" farmers and livestock producers (versus the large-scale "factory farms" he portrays in the film) he did not.



Kenner disavowed any connection to the Michael Moore genre of documentary film, but it is difficult to view the work without coming away with the idea that the director did indeed have a point of view: that big ag, conventional ag and even technology in agriculture is a bad thing.

"People are interested in food production and there is a huge movement out there," Kenner said. "I was not aware of it when I began. People want to know about food and there is a movement happening out there. Food producers need to listen to that and there is a lot to be gained."

Kenner said he didn't think *Food, Inc.* and its perceptions represent the broadest population. "People enjoy cheap food, but there are invisible costs. If one out of every three Americans has early onset diabetes that will cost us; food plays a major part in that crisis and that is of concern. It's a growing movement but still in the minority. Things are starting to change. It's an alternative but growing voice."

Kenner believes there is a danger in the "monoculture" of agriculture where farms are concentrated on one type of farming, such as pork production or corn production and so on. He also feels agriculture should return to the diversified farms of yesteryear that had some cows, chickens, pigs and maybe some corn and soybeans on the back 40. But his apparent total lack of understanding of the efficiencies of a production system came through loud and clear. And he seemed to give a pass to other industries that are allowed to specialize and become "mono-industries."

Though he admits to not understanding how these systems work, *Food, Inc.* did make one excellent point. "At the end of the film we say consumers have the power to change the system because they get to vote three times a day," Kenner said. "Consumers have to express their desires and talk back to producers to get the food systems they want. Producers talking to consumers have a lot to be gained."

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The Food System Summit was sponsored by the National Council of Chain Restaurants and the Center for Food Integrity.

Johnny Mac's Serves the Best Pork Loin



The Missouri Pork Association judged Johnny Mac's Bar and Grill of Bonnots Mill as the winner of MPA's Best Breaded Pork Loin Contest.

John and Ruth Bowen, the owners and operators of the Bar and Grill, will receive a check for \$500, a plaque and statewide publicity - on October 22, KCLR Radio (Clear 99) hosted a live remote at the restaurant as part of its afternoon programming.

One of the judges raved that Johnny Mac's entry was one the best loin sandwiches he'd ever had: "It was about half an inch thick, and when I cut through it, it was extremely juicy and tender."

How do they get the loins so thick and juicy? Bowen purchases whole loins through US Food Service. He then butterflies the loin, cutting it into 12-14 ounce pieces on site. For tenderness, the loin is run through a hand-crank meat tenderizer. The loin is then hand breaded in flour and a salted buttermilk mixture and allowed to dry before being deep-fried in peanut oil.

The menu at Johnny Mac's may be small, but the quality of food makes it a local favorite. Bonnots Mill is located just outside of Jefferson City on the Osage River. Bowen and his wife Ruth have been operating the restaurant for the past five years. Their goal is to provide a small town restaurant with a family atmosphere.

Finalists in the MPA competition included Toby Keith's Restaurant, Kansas City, in second with a \$300 prize; the Riverside Smoke House and Grill, Canton, in third with \$200 in winnings. Additionally three other restaurants received Honorable Mentions and checks for \$100: P.T.'s Family Restaurant in Oak Grove, McCorkles Eatery & Pub in Cameron, and Fredrick Inn Steakhouse in St. Joseph.

A selection committee chose six finalist establishments which were then visited by a three-member evaluation team. The committee judged the sandwiches on taste, physical characteristics and appearance. All Missouri restaurants, cafés and taverns that serve breaded or battered pork loin sandwiches are eligible to participate.

The Missouri Pork Association represents the state's pork producers in areas of promotion, research, education and legislation. For more information about this or any other programs of the Missouri Pork Association, go to www.mopork.com, or call the Missouri Pork Association Office at (573) 445-8375.

Source: Missouri Pork Association

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