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## **State News**

### **GOVERNOR EASLEY DECLARES APRIL 2008 “POULTRY MONTH” IN NORTH CAROLINA**



*NC Poultry Federation Executive Director Bob Ford and NC Agriculture Commissioner Steve Troxler*

On April 3rd, Gov. Easley honored the contribution of the poultry industry to North Carolina by declaring April as “Poultry Month.” The text of that official proclamation is below:

*WHEREAS, North Carolina’s poultry industry is the top agricultural enterprise in our state, with approximately 5,000 North Carolina farm families producing poultry products valued at approximately \$3 billion dollars, according to estimates released by the North Carolina Department of Agriculture; and*

*WHEREAS, the poultry industry employs over 28,000 North Carolinians in poultry production, hatcheries, feed mills, processing plants, poultry product wholesaling, and rendering and meat byproduct processing facilities, according to estimates released by the North Carolina Department of Agriculture; and*

*WHEREAS, North Carolina’s poultry industry significantly bolsters our state’s economy, accounting for nearly 36% of total farm income, according to the North Carolina Department of Agriculture; and*

*WHEREAS, North Carolina’s poultry industry provides nutritious, wholesome food to North Carolina consumers and to consumers across America and the world;*

*NOW, THEREFORE, I, MICHAEL F. EASLEY, Governor of the State of North Carolina, do hereby proclaim April 2008, as “POULTRY MONTH” in North Carolina and urge all citizens to recognize the importance of the poultry industry in our State.*

### **SANDERSON FARMS COMING TO KINSTON, NC**

Sanderson Farms, Inc. has announced that sites in Kinston, North Carolina, have been selected for construction of a new feed mill, poultry processing plant and hatchery. These facilities will comprise a state-of-the-art poultry complex with the capacity to process 1.25 million birds per week for the retail chill pack market. At full capacity, the complex will employ approximately 1,500 people, will require 130 contract growers, and will be equipped to process and sell 6.7 million pounds per week of dressed poultry meat at full production.

Sanderson Farms expects to invest approximately \$126.5 million in the new North Carolina complex, and anticipates that associated contract growers will invest an additional \$98 million in poultry production facilities. The Company expects to begin construction of the facilities this summer, with initial operation of the new complex scheduled to begin during the fourth fiscal quarter of 2009.

According to Joe F. Sanderson, Jr., chairman and chief executive officer of Sanderson Farms, Inc., the selection of these sites followed a thorough due diligence process and approval by the Company's Board of Directors. "We are grateful for the cooperation from the economic development and governmental officials in the City of Kinston, Lenoir County and the State of North Carolina," said Sanderson. "We believe this expansion will enhance our ability to drive revenues and earnings, and allow us to continue our record of building long-term value for our shareholders. We believe the additional capacity of 1.25 million birds per week represented by the new complex will provide new marketing opportunities for the Company in the fresh retail market. We are pleased that our recent financial performance has put us in a position to continue to grow our Company."

## NORTH CAROLINA MEDIA EDUCATION TOUR A SUCCESS



L-R: Dr. Becky Tilley, NCPF's Bob Ford, Dr. Joanna Quinn, and Dr. Donna Carver.

The media may read up on avian influenza (AI) themselves or they may take others' word on heightened biosecurity, but there's nothing quite like the knowledge gained by visiting a commercial farm alongside some of the most highly versed AI experts and turkey industry representatives in the nation. On Thursday, March 27, these experts and the media, including Goldsboro News-Argus and QSR magazine, participated in a full day of education on AI prevention from the poultry industry and partners.

The media education tour kicked off in Raleigh, N.C., where the team of poultry and AI experts, along with the media, boarded a bus for Goldsboro, N.C., the site of the commercial turkey farm tour. A casual opportunity to provide information and establish relationships between the poultry industry and the media, the tour offered NTF an

opportunity to completely brief the media on what AI is and is not, and to demonstrate the biosecurity first hand, enforcing all visitors to the farm to sign bio-security waivers and dress from head to toe in protective clothing. Following the farm visit, NTF gave the media unprecedented access to a diagnostics lab, where they learned how birds are tested for various diseases, including AI.

This tour was the second media education tour. The first tour, conducted in May 2007, brought reporters to Minnesota for an educational tour of a turkey farm. Having given extra time and attention to key national, agricultural and food trade publications, NTF feels confident that properly prepped media will disseminate correct information to their readers in the event of a national AI situation in this country.



Thanks to the U.S. Poultry and Egg Association for funding the program.

## National News

### **PILGRIM'S, TYSON SUPPORT PETITION TO RELAX ETHANOL MANDATE**

April 27, 2008- Pilgrim's Pride Corporation issued the following statement from Senior Chairman Lonnie "Bo" Pilgrim in support of Gov. Rick Perry's letter to the U.S. Environmental Protection Agency requesting a 50 percent waiver of the renewable fuels standard:

"I am proud to support Gov. Perry in his request for a 50 percent waiver of the renewable fuel standard. Soaring feed-ingredient costs fueled by the federal government's ethanol mandate has created a crisis in our industry, the true effects of which are only just now beginning to be felt by consumers in Texas and other states in the form of higher food prices. These unprecedented increases for corn and soybean meal are expected to add billions of dollars of cost to our industry this year.

We applaud Gov. Perry for his leadership on this critical issue and encourage other leaders in the public and private sectors to join in support."

Tyson Foods President and CEO Richard Bond said he also supported the Texas governor's request to the EPA, and he issued the following statement:

"We applaud Governor Perry for his decision to petition the EPA for a partial waiver from the ethanol mandate. Something has to be done to address corn-based ethanol's detrimental impact on food prices and this is a good first step.

As a major employer in Texas, with more than 10,000 team members, we appreciate Governor Perry's efforts and hope other states will follow his lead. In addition, we hope Congress will also do the right thing by removing the tariff on imported, sugar-based ethanol and by reducing or eliminating the 51 cent per gallon federal tax credit for ethanol produced from corn in the U.S."

## NCPF COMMENTS ON EPA PROPOSED RULE

In late December, EPA published a proposed rule exempting animal agricultural operations from the reporting requirements of EPCRA/CERCLA. This proposed rule is a result of the petition submitted to EPA by NTF, the National Chicken Council and U.S. Poultry and Egg Association in 2005. The proposed rule provides poultry farms an exemption from the burdensome reporting of emissions from its operations.

EPA granted a 90-day comment period for this proposed rule and the NC Poultry Federation, along with many of its members, submitted comments to the docket.

In the comments, many stated that putting these types of emissions under CERCLA/EPCRA emergency reporting requirements would needlessly burden 40,000 family farmers and many local fire and rescue services with paperwork and unnecessary communications.

The text of a letter submitted by Mountaire grower Peggy Chavis is below:

*Ms. Lynn Beasley-Superfund Docket  
U S Environmental Protection Agency-Mail code 2822T  
1200 Pennsylvania Ave NW  
Washington, DC 20460*

*Ms. Beasley:*

*I would just like to make a comment to you and view some thoughts.  
I am a teacher of 35 years. I love children and teaching very much.*

*One of our discussions in class was: WHO ARE THE TWO MOST IMPORTANT PEOPLE IN THE WORLD?  
Many of the children gave different people and why, but it boils down to the following:*

*First, the TEACHERS: Why, because the teachers are the keys to today, tomorrow, and the future. TEACHERS are the keys to learning. If it weren't for the TEACHERS, people could not read or write. People would not be able to have the jobs that they have, because of no education.*

*Second, the MOST IMPORTANT PEOPLE - ARE THE FARMERS. Why, because without the farmers, there would be no food. Everything that we eat the FARMERS had something to do with. Everything we eat or use comes from the land.*

*As a teacher and farmer we still need your help. The FARMERS are the only people that works hard and don't have a set salary. Farmers are handed or paid what others decide and want them to have. The FARMERS do not know when they go to the market what they will be paid. The FARMERS are the most important people trying to work hard so others will have food. But they are the ones that are placed burdens upon by mostly non-farming people.*

*Many people look down on the farmers, and they don't think about their jobs and how important it is to mankind. With the poultry farmers, we are talked about, and scorned. People don't want us in the community, but many of us were here first. We work hard and are good stewards of the land and our environment. We spend lots of money for retro-fits, and updating to keep up with the changing times.*

*I feel that people in higher places, pass too many rules and regulations and don't consider the farmers. We are the ones working hard and struggling. As a farmer we ventilate, add new equipment, and how can someone stop the odors going into the air. We breathe, inhale, exhale, and breathe out the gases/poisons out of our bodies; are we expected to regulate our breathing-THINK THINK. We need the trees, flowers, to breathe; are we to breathe in and never exhaling? PLEASE, think about some of the restrictions people, EPA, and others are trying to place on the farmers. WE HAVE ENOUGH RESTRICTIONS AS IT IS. THINK, BE CAREFUL, AND LET'S WORK TOGETHER. Many people will turn up their nose at the farmers; but they will not turn up their nose or mouth at a good piece of chicken or other food grown by the farmers.*

*Thank you very much for listening.*

*If I can be of assistance, or serve on any board/committee to help, please let me know. It takes everyone working together.*

*Yours for progress,  
Peggy W. Chavis*

## Upcoming Events

May 7<sup>th</sup> & 8<sup>th</sup>

### **NCSU Advanced HACCP Workshop**

Clarion Hotel, Raleigh, NC.

For more information please call: 919/515-2956

May 8<sup>th</sup> & 9<sup>th</sup>

### **NC Poultry Federation Board Meeting**

Myrtle Beach Hilton Resort, Myrtle Beach, SC

For reservations call: 800/876-0010

August 7<sup>th</sup>

### **NC Poultry Federation Annual Meeting and Banquet**

Grandover Resort, Greensboro, NC

For more information: NCPF, 919/783-8218

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*The North Carolina Poultry Federation has been the voice of the North Carolina poultry industry since 1968. Serving producers and processors of chicken, turkey and egg products, the Federation provides a united voice for the industry with government, media and the general public. Our mission is to create a favorable climate for business success for everyone involved in the poultry industry in North Carolina.*

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# Viewpoint

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## Impact of ethanol production on consumers

By David Anderson  
Special to Poultry Times

MT. OLIVE, N.C. — Poultry producers depend on consumer demand to support our business.

Thus, it is important to understand the current issues and trends that ultimately affect the purchasing decisions of our consumers.

Anderson

As the turkey expert,

Butterball LLC recognizes the importance of responding to the top concerns of today's consumers when developing policies and procedures that govern the production of our products. The list of such topics includes animal welfare, food safety and environmental sustainability. However, when scanning the news, it is apparent that the challenge most directly affecting today's consumer is ever-increasing food prices that are ultimately brought on by increased ethanol production.

With the threat of higher food costs mounting daily, it is important to explore the cause of this phenomenon. Companies within the poultry industry, such as Butterball LLC, need to understand the impact on consumers in order to combat the problem.

So, how has ethanol become such a crucial challenge for the poultry industry? As many of you know, the need for alternate sources of energy has become a widespread environmental call-to-action that has sparked the adoption of government mandates and credits for ethanol production. Consequently, these federal directives have created an ethanol boom that has skyrocketed the demand for corn and, likewise, forced the price of corn and feed costs within the industry to reach record levels.

Under the Renewable Fuel Act

passed in 2005, the federal government mandated that the U.S. refiners produce 7.5 billion gallons of ethanol by the year 2012. Current U.S. ethanol production is sourced from corn. Mandating ethanol in essence, shifted the corn supply away from both human and animal feed source to ethanol. This mandate also eliminated competitive pricing for corn since there is a current 51 cents per gallon tax credit given for ethanol production. Some economists report that by subsidizing corn through the ethanol tax credit, it automatically places others causes for bidding for corn at a \$1.25 /bushel disadvantage. Furthermore, Congress just recently passed legislation to increase the renewable fuel mandate to 36 billion gallons of ethanol production by 2022 with at least 15 billion coming from corn!

What this has meant for animal feedstock pricing since October of 2006 is a two-fold increase in costs. Information from the National Turkey Federation listed overall feed cost for turkey in the U.S. in 2006 at 24 cents per pound of live weight. At the start of 2008, the industry is looking at close to a rising cost of 46 cents per pound of live weight for feed alone. Corn in 2006 was \$2.40 a bushel, as compared to well over \$5 a bushel in the first week of March 2008. This is expected to increase even more to anywhere between \$5.50 and \$6 over the next few months!

As an additional point of reference, let me stress that I am only talking about the impact of rising feed costs on the industry at this time. Everyone who drives a car can take a guess at what fuel costs have done to the turkey industry over the last eight months.

The most concrete examples of the impact of these feed increases on the poultry industry have come in the form of plant-closures and relocation announcements from significant players within the poultry industry. Amidst their responses, several companies have directly cited the soaring costs of feed-in-

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*The ethanol-corn mandate . . . is causing devastation to animal agriculture and to the economies developed around serving this industry.*

”

gredients resulting from ethanol production as the cause of their decision to make these significant changes. In order to help control costs and prevent future losses, companies are being forced to take steps that will decrease poultry and meat production in North America.

With the understanding that sustained increases in feed costs will ultimately result in consumers paying higher prices for all poultry and meat products, it is important to explore how the impact of ethanol production on producers will intensify the effect on the consumers. With each announcement of a plant closing, the local economy and patrons are affected. From the loss of local jobs, to the loss of major local financial contributions that come from the producer's local tax and utility bills, residents within these communities are considerably affected. Growers' farm income is also impacted!

North American plant closures may also result in poultry production operations moving overseas — due to the effects of ethanol production on corn and grain prices that have become too much to bear for national poultry production. The concern with overseas production is that differences in countries' livestock management practices, dietary regimen or food production procedures can impact quality, health, consumer offerings and farm efficiency. They also

pose considerations surrounding environmental impact. They do it cheaper, but is it better?

This trend is putting U.S. livestock producers at a competitive disadvantage. The result is that companies are having to eliminate production, which ultimately reduces U.S. jobs and negatively impacts the U.S. economy. Building renewable energy sources should be a priority for our country, but through the ethanol-corn mandate, it is causing devastation to animal agriculture and to the economies developed around serving this industry.

In addition to the economic effects of this production, environmentalists are starting to raise concerns over the destruction of land related to crop rotation and corn production as more and more acres are used of grain production. The U.S. has always had cheap,

safe, highly nutritious food. It seems ironic that the U.S. government has decided to take this away from today's consumer.

In the presence of such challenges, Butterball LLC, remains committed to developing production practices that ensure we remain the leading low-cost, high-quality producer. As part of our response, we have proactively streamlined our production models and created focuses for each complex based on regional demand. As with any challenge within the industry, Butterball LLC will continue to develop and implement procedures that ensure we remain the turkey expert throughout all circumstances.

*David Anderson is vice president of Live Operations, Butterball LLC in Mt. Olive, N.C., and president of the North Carolina Poultry Federation.*

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