

Chicken Wire

Senator **ISAKSON** talks to growers

By Senator Johnny Isakson



Senator Johnny Isakson, (R) Ga

Thank you to the members of the United Poultry Growers Association and the readers of Chicken Wire Newsletter for allowing me to contribute to your publication.

Georgia's number one industry remains agriculture, and those who grow the products to make our food are more important to our health and our economy than ever as the world's population continues to

increase. It is important that Congress remains fully engaged in food safety issues and the economic issues affecting the agriculture industry.

The Senate recently named Sen. Blanche Lincoln of Arkansas as chairwoman of the U.S. Senate Committee on Agriculture, Nutrition and Forestry. Lincoln was named chairman after Sen. Tom Harkin of Iowa left the post to assume the chairmanship of the Senate Health, Education, Labor and Pensions Committee, which was previously chaired by the late Sen. Edward Kennedy. Lincoln, the first Arkansan and first female ever to serve as chairman, has served on the committee since she was elected to the Senate in 1998. When Lincoln was in the U.S. House of Representatives, she also served on the House Agriculture Committee. She is expected to be a strong advocate for Southern commodities, including cotton, poultry and rice.

One of the issues currently being discussed in Washington that directly affects the agriculture industry - and every industry and citizen in America - is a 'cap-and-trade'

energy bill. I am concerned that some in Congress and the administration are rushing to judgment on a cap-and-trade system to regulate carbon. Cap-and-trade will raise the cost of energy to all Georgians, especially those who rely on electric energy. Such a program will tax carbon and redistribute that tax toward other programs unrelated to energy. We need incentives to reduce carbon, not taxes to punish its production.

I strongly oppose the Waxman-Markey climate change bill that passed the House on June 26, 2009. The Senate likely will draft its own bill and is not expected to consider the Waxman-Markey bill. Senate Environment and Public Works Committee Chairwoman Barbara Boxer is not expected to introduce a climate change bill until the end of September, but most say chances are slim the Senate will pass a bill anytime soon.

It certainly is in the geopolitical and environmental interests of the United States to reduce our dependence on imported foreign oil. However, I believe such a

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Pilgrim's Makes Deal with Brazilian Meat Giant

While company officials are mum, sources say a \$2 billion merger deal is in the offing to bring bankrupt Pilgrim's Pride back from the brink with a foreign owner. In early September, the word was Brazil based JBS had launched a takeover bid leading the market to boost shares for the ailing Pilgrim's. In Georgia, local growers have been hammered

with plant closings in Douglas and Athens. UPGA members have helped lead the effort to find a new buyer, but Pilgrim's officials have resisted lowering their price to what many believe is a more realistic number.

If the rumored JBS buy out were to proceed, market watchers believe the deal would get U.S. antitrust approval despite the fact it would lead to an even more concentrated domestic meat industry. Pilgrim's \$23.9 billion in sales, would put the new JBS just behind Tyson's \$26.9 billion poultry business. After purchasing Gold Kist, Inc in 2006, the company collapsed under the huge debt burden, filing for bankruptcy protection last year. ❖

UPDATE: JBS to buy Pilgrim's stock

The Secret Deal is no secret any longer, with Pilgrim's Pride and JBS agreeing to a \$800 million cash deal for approximately 64% of the reorganized Pilgrim's common stock! The announcement on September 16th ends weeks of rumors on the fate of the beleaguered poultry giant. (see upga website for the company's full release). Pilgrim's believes the plan will be approved before the end of the year, but acknowledged there remains antitrust and other financial and regulatory reviews before it becomes a reality.

ANNUAL MEETING NOTICE

Wednesday, October 21, 2009
12:00 PM

2410 Westgate Blvd, Suite 101
Albany, GA 31707
Phone: 229-420-4863

Two Board member positions will be elected by director's ballot at the annual meeting. Growers Lucius Adkins and Steven Bullock have been nominated to fill two expiring 3-year terms

'Isakson' continued . . .

reduction is possible through the development of all our domestic sources of energy, including nuclear, wind, biomass and biofuels, solar, hydro, geothermal, clean coal, and exploration of oil off U.S. shores.

In Georgia, we also remain particularly focused on the availability and accessibility of water. Since U.S. District Judge Paul Magnuson's ruling in July that Georgia must stop withdrawing water in three years from Lake Lanier for the metro Atlanta region unless it can get permission from Congress to do so, I have been working closely with all stakeholders in Georgia toward a resolution. All options must remain on the table, including litigation, legislation and negotiation.

On July 30, 2009, Gov. Perdue sent a letter to Florida Gov. Charlie Crist and Alabama Gov. Bob Riley inviting them to return to the table and resume water negotiations, offering 40 different dates for the two to consider. Gov. Perdue also has appointed an "impact team" that includes business officials, local government leaders and representatives from state agencies. Georgia Power President and CEO Michael Garrett will head that team.

The final agreement on how to allocate water from the basin will ultimately impact the whole state and every water basin within the state. All stakeholders need to work together and have a unified voice. Without Congressional authorization within three years, the metro Atlanta area would only have the guarantee of downstream flows for water supply in an amount equal to a 1975 estimate of "incidental flow."

Judge Magnuson's ruling gives Georgia, Alabama and Florida three years to try to reach agreement on how to allocate water from the basin and then to get the agreement authorized by Congress. The entire Georgia congressional delegation is working with Gov. Perdue and his staff to pursue that course.

I will continue to work to reach an agreement that is in the best interest of all of Georgia while at the same time respecting the interests and concerns of Florida and Alabama. This is a huge challenge, but it is a challenge we must meet. ❖

JUSTICE/USDA To Hold Workshops to Explore Ag Competition

WASHINGTON - Attorney General Eric Holder and Agriculture Secretary Tom Vilsack announced in August that the Department of Justice and the U.S. Department of Agriculture (USDA) will hold joint public workshops to explore competition issues affecting the agriculture industry in the 21st century and the appropriate role for antitrust and regulatory enforcement in that industry. These are the first joint Department of Justice/USDA workshops ever to be held to discuss competition and regulatory issues in the agriculture industry.

The workshops will address the dynamics of competition in agriculture markets including, among other issues, buyer power (also known as monopsony) and vertical integration. They will examine legal doctrines and jurisprudence and current economic learning, and will provide an

opportunity for farmers, ranchers, consumer groups, processors, the agribusinesses, and other interested parties to provide examples of potentially anticompetitive conduct.

The goals of the workshops are to promote dialogue among interested parties and foster learning with respect to the appropriate legal and economic analyses of these issues, as well as to listen to and learn from parties with real-world experience in the agriculture sector.

"Maintaining a robust agricultural sector is crucial to the strength of the American economy and to who we are as a nation," said Attorney General Holder. "Through the dialogue established in these workshops and, ultimately through our actions, we are committed to ensuring that competition and regulatory actions benefit all American consumers and businesses." ❖

USDA Proposes Changes to Their Regulations: Regarding Grain Inspection, Packers & Stockyards Administration's Testing of Scales

WASHINGTON - The U.S. Dept. of Agriculture's Grain Inspection, Packers & Stockyards Administration (GIPSA) is proposing a new requirement that stockyard owners, market agencies, dealers, packers, or live poultry dealers that weight livestock, live poultry, or feed, have their scales tested at least twice annually.

The proposal would mandate that scale owners complete the first of the two scale tests between January 1 and June 30 of the calendar year. The remaining scale test would be required to be completed between July 1 and December 31 of the calendar year. In addition, a minimum period of 120 days would be required between these two tests. More frequent testing would still be required in cases where a scale does not maintain accuracy between tests.

The proposed rule was published in the August 24th Federal Register. GIPSA is accepting public comments received by October 23, 2009. Additional information is available in GIPSA's Federal Register notice at www.gipsa.usda.gov.

"It is important to have a fair and competitive marketplace that benefits agriculture, rural economies and American consumers," said Agriculture Secretary Vilsack. "The joint workshops between the Department of Justice and USDA will allow a dialogue on very important issues facing agriculture today."

The first workshop will be held in early 2010. Interested parties should submit written comments in both paper and electronic form to the Department of Justice no later than Dec. 31, 2009. All comments received will be publicly posted. Two paper copies should be addressed to the Legal Policy Section, Antitrust Division, U.S. Department of Justice, 450 5th Street, N.W., Suite 11700, Washington, D.C. 20001. ❖

U.S. and China Battle Over Trade May Hurt Poultry Exports

An escalation in words between trading partners China and the U.S. may have an impact on poultry. The Obama administration recently announced it would increase tariffs on imports of Chinese tires. In retaliation, Chinese officials say they are now weighing potential restrictions on American poultry imports. Many believe that an ensuing trade war could put a serious damper on worldwide economic recovery efforts.

In July, World Trade Organization (WTO) officials downplayed any threat of trade wars due to heightened protectionism. But disputes have materialized with countries like the U.S. putting "Buy American" provisions in the economic stimulus package recently enacted. China has put forth a similar "Buy China" policy in its stimulus package. China is already in a dispute with the United States over a U.S. ban of Chinese poultry imports. ❖

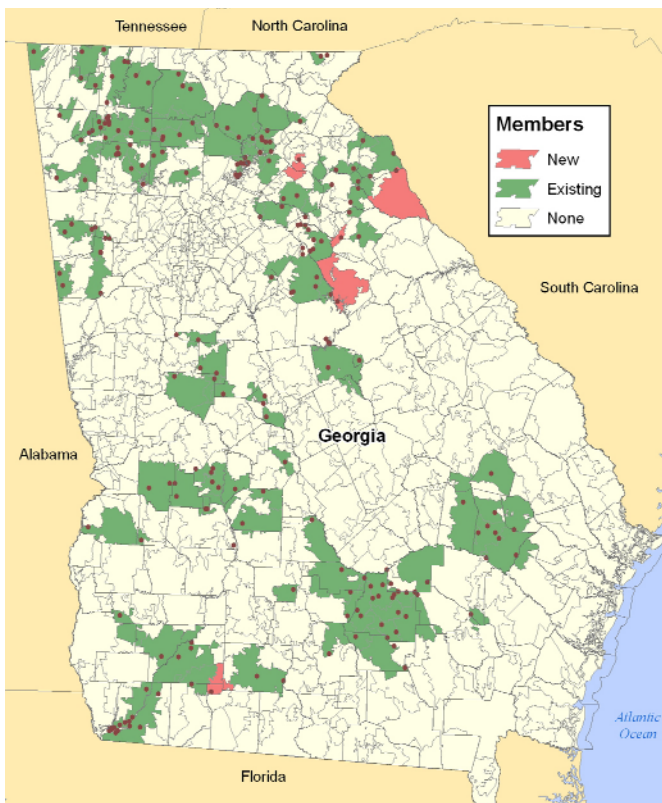


Swine and Avian Influenza in the News

New Studies Show Drugs Help Avian Flu Victims

While swine flu (H1N1) dominates the media coverage in the U.S., the A (H5N1) avian influenza virus continues to spread throughout parts of Southeast Asia, Africa and the Middle East. But two recently published studies reveal that the anti-viral drug Tamiflu(R) gave patients significantly higher survival rates than those not receiving treatment. The results were found in patients with both Avian Flu (H5N1) and Severe Seasonal Flu. Over the last 6 years, the World Health Organization has reported

440 human cases of A (H5N1), 262 of them fatal. The agency reports two new human cases were found in Egypt on August 31, 2009. About the same time, U.N. officials reported a swine flu outbreak in turkeys in Chile. "The detection of an H1N1 virus in turkeys in Chile raises concern that poultry farms elsewhere in the world could also become infected with the pandemic flu virus currently circulating in humans," UN's Food and Agriculture Organization (FAO) said in a statement. ❖



UPGA Membership Distribution

NEW IMPROVEMENTS Litmus Ammonia Indicators

With "Ammonia season" just around the corner, a leader in the testing industry has announced enhancements to its line of litmus products. LITMUS FQI has installed new, automated production equipment which provides for an enhanced protective wrapping to increase shelf life and withstand the rigors of usage in poultry house environments. Company officials say the double sealing and high integrity side seams of the individual wrappers secure the indicators to prevent premature contamination. IVESCO, a leader in Animal Health Product distribution, has agreed to be a distributor for LITMUS FQI. For more information contact, Grayson Upchurch, New Business Development at LITMUS FQI, 5605 Church Street, Flowery Branch, GA 30542, phone (770) 967-3000.



<http://www.litmusfqi.com>



Message from UPGA President Lucius Adkins

It's been a tough year for the poultry industry. Whether you're a grower, a supplier, or even an integrator, the industry has had its share of hardships to bear in this tumultuous economic environment.

A special acknowledgement and a prayer goes out to the hardworking growers that were contracting with Pilgrim's Pride before the company's financial collapse. The closure of the Douglas complex set in motion a devastating situation for many rural Southeast Georgia families and communities and now other parts of the state are reeling too. Who knows if this latest proposed venture with JBS of Brazil will help our growers climb out of this financial quagmire, but let's hope so.

We have to persevere and stay on course for the changes we need in the industry. With that in mind, note inside the announcement of the competition in agriculture workshops being conducted jointly by USDA and the Department of Justice.

UPGA will ensure grower's interests are represented here, but we strongly encourage you to show up and be heard at these public forums. Like so many Americans have done recently during town hall meetings on healthcare reform, voicing your thoughts and opinions at events like this is a true expression of democracy in action. This is a right too many take for granted.

Opportunities like this should be embraced by those who seek change and we commend those policymakers who put this process in motion.

Finally, a warm welcome to the new chair of the Senate Agriculture Committee, Senator Blanche Lambert Lincoln (D-Ark.). Southern commodities will likely benefit from her continued advocacy from this new bully pulpit, including poultry and cotton interests so important to Georgia.

Sincerely,
Lucius Adkins
President, United Poultry Growers Association



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