

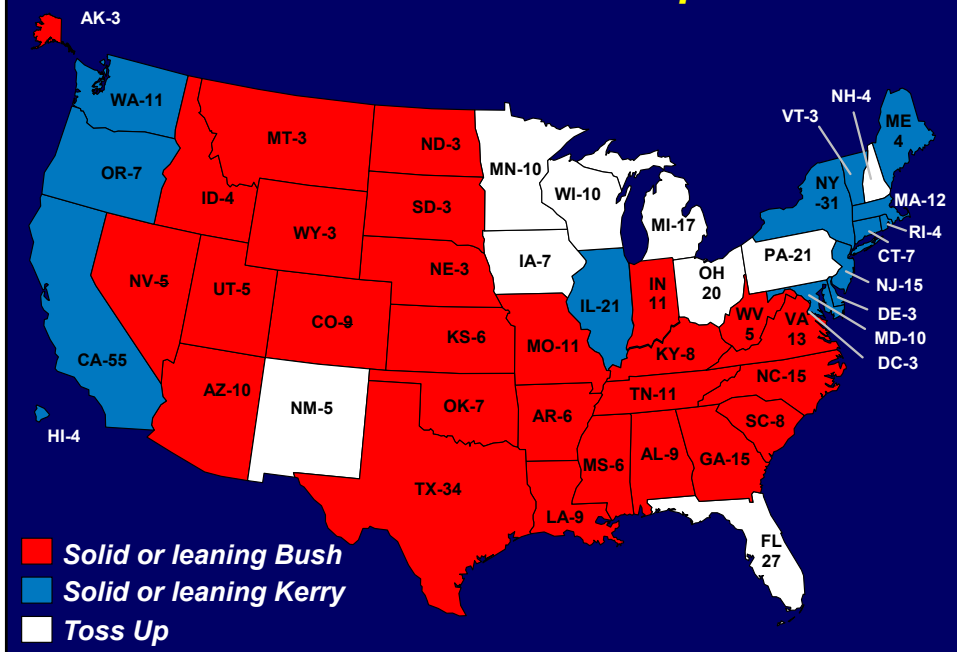
Influencing Policy Makers in a Changing Environment

Presentation by Jean-Mari Peltier,
President of the National Council of
Farmer Cooperatives

Election Day Prognostication

- Razor tight Presidential Margins
- House: 30 seat turnover
 - Democrats need 12 seat net gain
 - Likely continued Republican Control
- Senate: 8 of 34 are open seats
 - Democrats need net gain of 2 if Bush wins
 - 8% turnover

2004 Electoral Map



Shifting Farm Committees

- House Agriculture: 51% turnover since '02
 - Senate Agriculture: New Chair
 - Tom Harkin?
 - Pat Roberts?
 - Saxby Chamblis?
- Agriculture Members Changes:
Dooley, Ose, Smith, Putnam, Neugebauer or Stenholm?
Cochran?

Changes in the Agencies too...

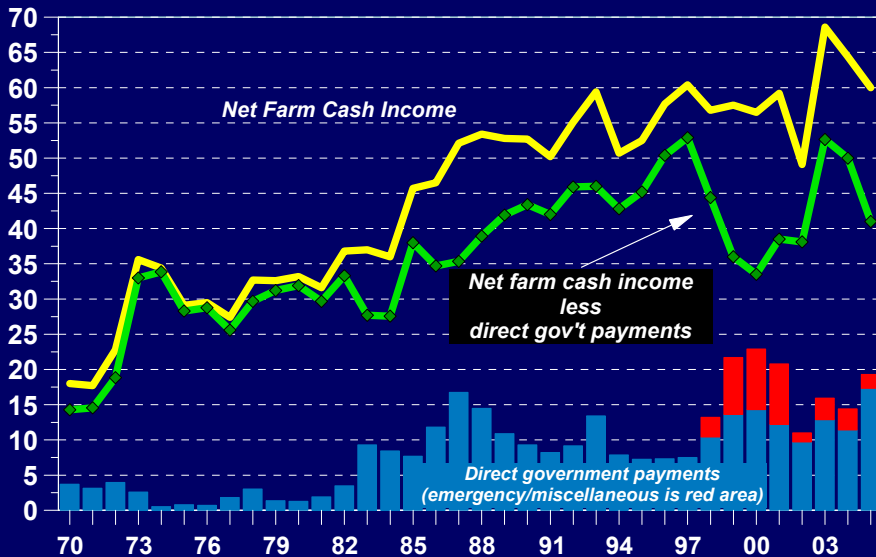
- Average tenure: 18 months
- Speculation on several cabinet members
- Who might be in a Kerry Cabinet?

U.S. Demographics– The changing nature of rural America

- 1% population; 1%GDP
- 7/8 rural counties dominated by non-farm
- Population growth slowing
- Market growth focused on changing consumer preferences, not larger population
- Baby boomers nearing retirement
- Non-farm interests in farm bill expenditures
- Specialty crops/value added

Farm Income and Government Payments

Billion dollars



Significant farm policy influences:

- Overall health of the farm economy
- U.S. demographics
- Global trade rules
- Regulatory Challenges/
- Consumer/environmental interests

Regulatory Challenges

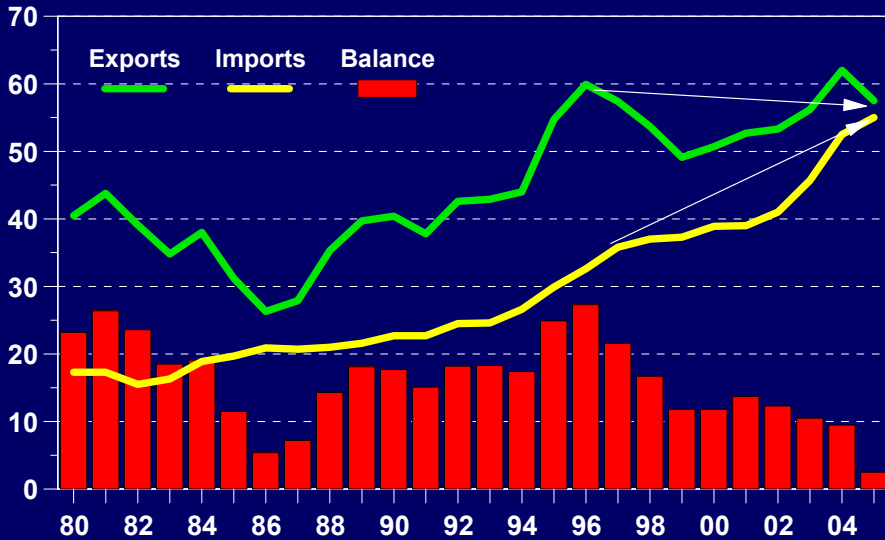
- Environmental regulation
- Changing emphasis in Farm Bill programs
- Food Safety regulation
- Food Security concerns

Agricultural Trade

- Imports up nearly 50% since 1996 (fruits & vegetables...)
- Soybeans -- Brazil & Argentina
- Countries of former Soviet Union
- Textiles and Cotton (WTO case)
- Fertilizer and competitiveness

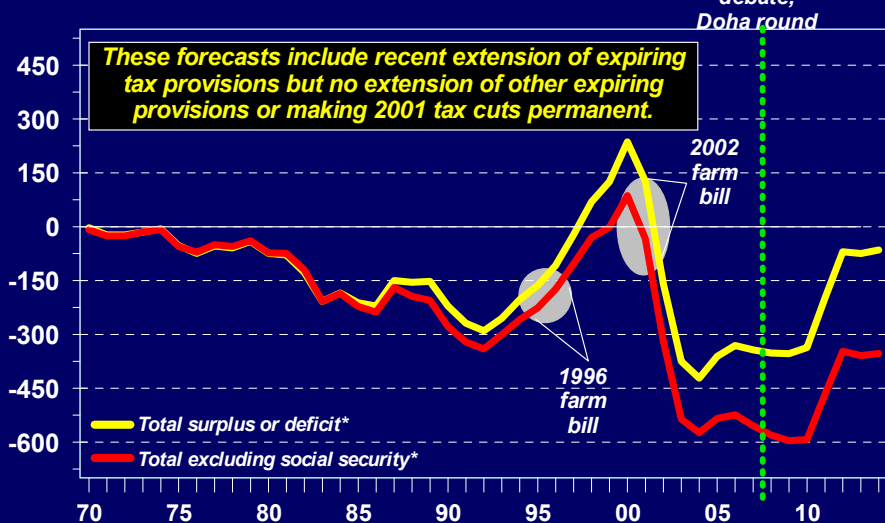
U.S. Ag Trade: A Disappearing Surplus

Billion dollars per fiscal year



U. S. Federal Budget Outlook

Billion dollars



These forecasts include recent extension of expiring tax provisions but no extension of other expiring provisions or making 2001 tax cuts permanent.

*Total surplus or deficit includes social security trust funds & postal service. On budget estimates exclude trust funds.

Farmer Cooperatives are major players:

- 28% of farm supply sales
- 29% of all commodities marketed

Co-ops' Share of U. S. Farm Marketings, Selected Products

<u>Products marketed</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002*</u>
	---- Percent of cash receipts ----				
Milk	83	83	82	83	83
Cotton / cottonseed	43	27	49	42	43
Grains & Oilseeds	39	34	44	38	38
Fruits / vegetables	19	18	18	19	19
Livestock / wool	14	13	12	13	13
All Other	12	12	13	12	12
All products	29	26	27	28	28

** Estimated. Prior years from USDA*

Co-ops' Share of Major U. S. Farm Production Expenses

<u>Farm production item</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002*</u>
	---- % of farm production expenditures ----				
Fertilizer	45	45	43	45	45
Petroleum	50	45	43	46	46
Crop protectants	34	34	35	34	34
Feed	21	19	18	15	17
Seed	10	10	13	13	13
Total of products	29	27	27	26	28

** Estimated. Prior years from USDA*

How Will Coop Voices be Effective?

- What are the issues critical survival of my farming entity?
- What are the issues critical to survival of my cooperative?
- How do we address these issues most effectively?

Effectiveness

- Coalitions
 - Agriculture – Others?
 - Education
 - Turnover
 - One on one
 - Tours, Dinners, Washington Conference
 - Grassroots Network
 - Do I react? PACs? Website

Brings new meaning to Benjamin
Franklin's words...

- We must all hang together
....or assuredly we shall all hang
separately!