

Nutrient credits offer economic pollution solution

By JACQUI FATKA

CHESAPEAKE Bay states are working to reduce nitrogen entering the bay, and it has come to light that ammonia escaping from dairies and feedlots — 80% of which lie within a few miles — is a major source.

Increased regulation of smaller-sized farms isn't the answer to improving environmental performance of the livestock industry; the solution lies in programs that provide incentives for verified nitrogen emission reductions, according to Jeremy Rowland, chief operating officer for Bion Environmental Technologies Inc., a livestock waste treatment technology company.

"Nitrogen pollution from livestock waste is the (Chesapeake) Bay's biggest challenge, but we've found ways to transform that challenge into economic opportunities for livestock producers," said Rowland, whose company completed a successful commercial-scale demonstration project in Texas and has projects under development in Pennsylvania and New York.

"The small livestock farms need to be part of the solution," he said. "They have experienced extremely difficult economic times during the past five years, and they understand that the status quo is not working economically for them. Small livestock farms need to restructure to meet both present and future environmental and economic challenges, and that will require financial transition assistance."

Rowland suggested that smaller herds can aggregate manure or livestock to take advantage of treating nitrogen on the farms.

"It only costs 10-40 cents on the dollar" to implement Bion's livestock waste treatment systems on the farm, he said, adding that it's a "non-regulatory, economically enhanced way" to address environmental concerns.

A portion of the financial savings could be used to provide transition funds that enable livestock farmers to meet their environmental and economic challenges, in return providing taxpayers with the most cost-effective long-term environmental solution.

Bion currently is working on a project at Kreider Farms in Manheim, Pa., to treat the waste from 1,200 dairy cows (*Feedstuffs*, March 1).

Pediatricians call for choking risk labels

By ROD SMITH

THE American Academy of Pediatrics has called for the Food & Drug Administration to require warning labels on certain foods such as hotdogs that are proven to be a choking risk for children or, in lieu of a label, for manufacturers to redesign the food items to minimize the risk.

The academy noted that more than 100 children 14 years old or younger die from choking every year.

Besides hotdogs, the academy also cited apples, grapes, raw carrots, hard candies, peanuts, popcorn and marshmallows as high-risk foods for choking.

Hotdog manufacturers that repre-

Key Points

- Verified nutrient credits can help farmers and taxpayers.
- Livestock producers of all sizes can participate.
- Ammonia should be factored into nutrient management plans.

Over the past two years, Bion has collaborated with the Pennsylvania Department of Environmental Protection (DEP) and representatives from Pennsylvania State University to establish an acceptable nutrient credit calculation and verification methodology for the Kreider Farms project, which DEP originally approved in mid-2008.

DEP projects a total in the range of 110-140 nutrient credits per year for each milk cow's waste that is treated, and perhaps most significantly, a majority of these credits will be generated from airborne ammonia reductions.

More than 40 states have announced plans to develop nutrient trading programs, with Pennsylvania's program being the most advanced.

Nutrient trading programs encourage nitrogen and phosphorous reductions from non-point source facilities (such as agriculture and livestock facilities) by providing a means to sell credits for those reductions.

Point source facilities — like municipal wastewater treatment plants — that have much higher remediation costs can use these certified nutrient credits to offset their own nutrient discharges.

The premise is that nutrients can be reduced in the environment at a significantly lower cost to the community.

Results of a recent study commissioned by the Pennsylvania state legislature projected an average nutrient removal cost of \$28/lb. of nutrient per year to upgrade existing wastewater plants. Bion anticipates that it will be able to reduce that projected cost by as much as 75%, based on its models and anticipated policy modifications.

The Kreider Farms project is expected to generate a steady stream of more than 100,000 tradable nutrient credits per year that could be sold to other entities within the Chesapeake Bay watershed to help them comply with their own discharge limits for nitrogen and phosphorous.

sent about half of the market already use choking risk labels on their hotdogs; they suggest that parents remove casings, if present, and cut hotdogs into small pieces before serving them to children, according to National Hot Dog & Sausage Council president Janet Riley.

She said the council is currently producing a consumer video on how to safely prepare hotdogs for children.

Riley, senior vice president for public affairs at the American Meat Institute, added that a study on the effectiveness of choking hazard labels should be conducted before mandating such labels. ■



Bion claims that municipalities, livestock farmers and taxpayers can all benefit financially if ammonia is correctly factored into the federal plan for saving the Chesapeake Bay.

If such a plan becomes a national success story, it could then be used as a model for other watersheds, including the Mississippi River basin.

Bion filed comments with the Federal Leadership Committee on the Chesapeake Bay suggesting that federal policy-makers have a long way to go to turn loose the private market forces that can transform farm pollution.

"You've got a policy that is not fo-

cused on what needs to be done, which is to enable the livestock farmers to reduce their environmental impacts while maintaining their economic viability," said Craig Scott, Bion vice president for capital markets and investor relations. "This is not going to be done just by government regulation or technology alone. You need a framework of flexible policies built on current science-based metrics to produce cost-effective results — with no environmental backsliding — rather than an agenda for preserving the status quo at any cost." ■

Hormel reports higher hog prices

FINANCIAL REPORT — Hormel Foods Corp. has reported higher net profits for its fiscal 2010 first quarter, noting that four of its five operating divisions experienced double-digit growth in profits.

For its quarter ended Jan. 24, Hormel reported net earnings of \$111.2 million, or 82 cents per share, on revenues of \$1.727 billion, compared with \$81.4 million, or 60 cents per share, on revenues of \$1.689 billion in its fiscal 2009 first quarter.

For its grocery products division, Hormel reported operating earnings and sales of \$54.2 million and \$261.6 million, compared with \$39.6 million and \$241.9 million the year before.

The company said grocery results were a consequence of decreased costs and increased sales for core products such as its Hormel chili, Dinty Moore stews and Spam family of products.

For its refrigerated products division, which includes fresh meats, Hormel reported operating income and sales of \$70.2 million and \$892.3

million, compared with \$45.7 million and \$897.4 million the year before.

It said refrigerated results reflected a favorable spread between hog costs and primal values but also softer demand for bacon, hams and commodity pork and continued weakness in the foodservice sector.

Hormel said it anticipates higher hog costs for the remainder of the fiscal year.

For its Jennie-O Turkey Store business, Hormel reported operating income and sales of \$33.3 million and \$320.0 million, compared with \$29.2 million and \$305.0 million the year before.

The company said turkey results came on stronger commodity and value-added meat sales and an improved whole-bird season in November and December.

In another announcement, Hormel said it paid a cash dividend of 21 cents per share on Feb. 15, representing its 326th consecutive quarterly dividend. ■