



News Release

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"Connecting Cows, Cooperatives, Capitol Hill, and Consumers"

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NMPF Urges Congress, Obama Administration to Focus Immediately on Dairy Crisis Government's Focus Should Be On Price Support, DEIP Programs

ARLINGTON, VA – With a new leadership team arriving this past week in the White House, and the U.S. Department of Agriculture, the National Milk Producers Federation (NMPF) today urged that they turn immediate attention to helping dairy farmers weather the crushing collapse in dairy prices.

"The plight of dairy farmers is just part of the overall ongoing story of the global recession, but it also needs to be the focus of the new Congress and the new Obama Administration," said Jerry Kozak, President and CEO of NMPF. "Given the suddenness and severity of the plunge in farm-level milk prices, a significant number of farmers won't survive the winter with the prices they're receiving." Kozak noted that farm-level milk prices in February will be nearly 50% less than at the beginning of 2008, even though farmers' input costs, including feed and fuel, are still above historic averages.

Contrary to rumors that NMPF has been seeking some sort of government dairy cow buyout in the pending stimulus package, Kozak said that NMPF remains focused on utilizing its six year-old Cooperatives Working Together program as the primary means to manage the dairy supply. CWT is a farmer-funded, self-help program that helps balance supply with demand. Kozak said that CWT is in the process of obtaining a line of credit with a major agricultural lender to help it augment its efforts in 2009, making a government loan guarantee unnecessary.

Kozak said that NMPF had already taken a series of steps to focus the attention of policymakers on the dairy crisis. These include:

- [Offering the USDA a list of actions](#) it can take immediately to help producer prices, such as making it easier for cheese makers to sell products to the USDA under the dairy product price support program, using more dairy foods in government feeding programs, and resurrecting the dormant Dairy Export Incentive Program to boost overseas sales of U.S. products. That letter was sent Jan. 8th to outgoing Agriculture Secretary Ed Schafer. Kozak said newly-approved Agriculture Secretary Tom Vilsack should consider the letter's recommendations, especially since the proposals are ones that USDA should be able to implement quickly.

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- Urging the USDA to ensure the maximum flexibility for dairy producers to choose the months they wish to receive their Milk Income Loss Contract payments. NMPF believed the USDA was sending confusing, arbitrary and overly-restrictive information to farmers about the parameters of choosing direct payments, and [in a letter earlier this month](#), urged the department to reconsider its approach. USDA has subsequently sent clarifying instructions to its state and country offices to ensure that farmers are afforded more flexibility in signing up for the MILC program. Kozak said that the MILC program will begin issuing payments to producers on their February milk production, and thus getting the program operating correctly is of critical importance;
- Preventing the agency from selling nonfat dry milk powder at prices lower than specified in the dairy product price support program. [NMPF initiated legal action](#) last month to stop the USDA from using a third-party auction service to sell the powder. The USDA subsequently dropped those plans, ending the need for further litigation by NMPF.

“The new Administration has some unenviable challenges awaiting it, as does Secretary Vilsack at the Department of Agriculture. We are prepared to roll up our sleeves and get to work immediately with the new team at the USDA, and with members of the House and Senate, on any and all possible programs that will help see farmers through this emergency,” Kozak said.

The National Milk Producers Federation, based in Arlington, VA, develops and carries out policies that advance the well being of dairy producers and the cooperatives they own. The members of NMPF’s 31 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of more than 40,000 dairy producers on Capitol Hill and with government agencies.