



National  
Milk Producers  
Federation

# News for Dairy Co-Ops

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## Market Prices

### CWT Herd Retirement Commences

As dairy farmers suffer from dramatically higher costs of production, Cooperatives Working Together announced today that it will conduct its latest herd retirement round. Bids are being accepted starting now through Monday, June 30th, with cow removals to start in seven weeks.

"All of the economic indicators and benchmarks that guide CWT's decisions, including farmers' cost of production, show that now is the appropriate time for us to initiate this herd retirement," said Jerry Kozak, President and CEO of NMPF, which manages CWT. "In particular, significantly higher feed and energy costs have put dairy farmers between a financial rock and a hard place."

This is fifth herd retirement round since CWT began operations in the summer of 2003. It is the first that will offer bidding producers the option of including all their bred heifers, for a flat fee of \$1,050 per animal.

Detailed information can be found at [www.cwt.coop](http://www.cwt.coop), including a bid application, a calculator to help estimate a farmer's bid, and answers to frequently-asked questions. All bids must be postmarked by Monday, June 30th, in order to be considered. All dairy producers submitting bids to sell their herds must be members of CWT as of January 2008, either through their membership in a fully participating cooperative, or as an independent member of CWT.

Bids will be reviewed in early July, with field auditors then proceeding after mid-July to visit each accepted farm to begin the cow removal process.

CWT is not targeting how many pounds of milk, cows, or herds will be removed. "The final tally will be determined by the quality and quantity of the bids," Kozak said. "As always, we will operate CWT in a cost-effective and frugal manner."

Unlike past herd retirements, regional safeguard limits will not be utilized and, therefore, CWT bidders will not be competing regionally, but nationally.

Through the herd retirement program, if a farmer's bid is accepted, CWT pays that farmer for the volume of milk produced by that herd in a 12 month period. The farmer is responsible for selling the cows for slaughter, and he or she retains the proceeds from that transaction.

As in the past, any producer who had his bid accepted in any of the previous herd retirements is not eligible to participate again. Also, those producers who have a financial interest in more than one dairy farming operation must include all their cows in their bid. A dairyman cannot place a bid for just one of his herds, if he has an interest in multiple operations.

For more information on how to participate in CWT's herd retirement, visit [www.cwt.coop](http://www.cwt.coop), or call 888-Info-CWT (888-463-6298).

### **Farm Bill Survives Presidential Veto**

Both the House and Senate voted last month to override President Bush's veto of the Farm Bill by substantial margins. However, due to a technical glitch, only 14 of the 15 titles are now law.

When the Farm Bill was submitted to the President after it initially cleared the House and Senate, it did not contain the Trade Title (Title III), due to a clerical error. Therefore, it is still necessary to correct the Bill by the inclusion of Title III. The House has already once again voted in favor of the entire Farm Bill (with veto proof margins). The Senate will need to take action this week ensure the inclusion of Title III in the overall package, but the Farm Bill is essentially complete. Title III does not contain any dairy provisions, but it does contain the MAP funding (Market Access Program) which is utilized by USDEC, so it will be important for this Title to get included. It also contains a number of food aid provisions.

According to Agriculture Secretary Ed Schafer "although the Administration has had significant policy differences with the Congress over the wisdom of many of the provisions in the new Farm Bill, it is now the law of the land." Find a summary of the Farm Bill on the [NMPF website](#).

### **Immigration Reform Measure Fails In Senate**

Efforts to provide a transitional solution for America's agricultural employers foundered last month in the Senate, when an immigration reform measure was added to, then dropped from, a spending measure.

Shortly after passage of the Farm Bill, the Senate Appropriations Committee approved including Senator Dianne Feinstein's (D-CA) Emergency Agriculture Relief Act amendment in the supplemental appropriations bill needed to fund the Iraq War. Feinstein's measure in the Appropriations Committee drew broad support, but when the bill went to the full Senate floor, Sen. Robert Menendez (D-NJ) worked to strip the immigration-related provisions from the supplemental appropriations bill. While this procedural challenge was not unexpected, it was particularly disappointing to see it come from an advocate for expanded immigration opportunities. Sen. Menendez claimed that the measures "didn't do enough to help immigrants."

Despite this setback, NMPF will not stop fighting to find a solution to the labor challenges facing dairy operations, including the pursuit of the organization's strategic immigration plan, and continued discussions with reform supporters on Capitol Hill.

### **Climate Change Legislation to Be Considered by Senate This Week**

The Senate is expected to begin discussion on the *Lieberman-Warner Climate Security Act of 2008* the first week in June, a measure that would regulate a cap and trade system for U.S. carbon emissions. NMPF has been closely monitoring the debate and making sure the dairy producer sector has an understanding of the potential benefits as well as the detriments of the legislation.

Through the proposed legislation, carbon-emitting companies would have to reduce emissions, or pay for credits to allow them to continue emitting greenhouse gases (GHG) at current levels. GHG emissions from certain industries will be capped at levels below their historic baseline. These industries can trade in the marketplace for GHG emission "credits."

U.S. agriculture, and especially dairy, is poised to play an important role in the climate change debate. Producers would have the opportunity, but not be required, to voluntarily mitigate GHG emissions through carbon sequestration in soils, methane capture and fertilizer management. The downside is a cap on GHG emissions would increase fuel, fertilizer and utility costs to farmers. At the same time, dairy could provide valuable offset credits to carbon-emitting companies.

NMPF is working with other agriculture organizations as well as utility groups to ensure the offset market remains a positive outcome for our industry.

### **USDA Eliminates Downer Cattle Exception**

The USDA last month took actions that NMPF had requested earlier this spring to completely ban the use of non-ambulatory, or downer, cattle in the food supply.

Agriculture Secretary Ed Schafer said the USDA would now make sure that animals that become nonambulatory after initial veterinary inspection are never allowed into the human food supply. He explained that the new rule would be designed "to maintain consumer confidence in the food supply, eliminate further misunderstanding of the rule and, ultimately, to make a positive impact on the humane handling of cattle."

This new stance on the downer issue contrasts with the old USDA rule. Often cited as confusing and misleading, it had stated that cattle that went down after initial inspection could still be included in the human food supply if they passed a second inspection. Problems had developed with this practice, particularly with the Chino, CA meatpacking incident that led to the biggest meat recall in U.S. history.

In April, NMPF had submitted a citizen petition urging USDA to eliminate the old downer rule. NMPF President and CEO Jerry Kozak welcomed Secretary Schafer's announcement, saying: "This clarification of the rules preventing nonambulatory cattle from entering the food chain is a necessary development as much for what it says about consumer perception as its impact on food safety."

Kozak's full statement and a copy of the citizen petition can be found at the [NMPF website](#).

### **IDFA Withdraws FDA Petition to Change Ice Cream Standards**





