



News Release

2101 Wilson Blvd., Suite 400, Arlington, VA 22201
703.243.6111 • www.nmpf.org

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

FOR IMMEDIATE RELEASE
Friday, June 26, 2009

Contact: Christopher Galen
(703) 243-6111 ext. 356
E-Mail: CGalen@nmpf.org

NMPF Calls For Temporary Expansion Of Dairy Price Support Program To Help Farmers Bolstering USDA Safety Net Program Will Help Improve Farm Prices At Critical Time

ARLINGTON, VA – The National Milk Producers Federation today asked the U.S. Department of Agriculture to boost its purchase prices for cheese and milk powder in order to bolster the current rock-bottom milk prices that are threatening the livelihoods of thousands of dairy farmers.

In a letter sent Friday to Agriculture Secretary Tom Vilsack, NMPF requested that the USDA raise the purchase price for cheese blocks from \$1.13/lb. to \$1.19; raise the purchase price for barrel cheese from \$1.10 to \$1.16/lb.; and raise the purchase price for nonfat dry milk powder from \$0.80/lb. to \$0.84. These price levels are identical to those suggested by NMPF to Congress as it wrote the farm bill in 2007 and 2008. Higher product prices will translate into higher farm-level prices, according to NMPF.

Under the Dairy Product Price Support Program, the USDA serves as a buyer of last resort to help clear commodity dairy markets during periods of exceptionally low farm-level prices. The current price levels were written into the 2008 Farm Bill, passed by Congress a year ago, but the USDA has the authority to increase those prices, according to NMPF. The letter to Vilsack asks the USDA to temporarily boost those purchase prices for a three-month period of July through September.

"Secretary Vilsack is sensitive to the fact that farmers are desperate for any type of price relief, as they are caught in the crushing vise of low prices and high input costs," said Jerry Kozak, President and CEO of NMPF. "Raising the price support levels by a few pennies a pound will be a simple and effective way to offer some assistance to farmers facing a very difficult summer." Kozak calculates that raising the price support levels for cheese and nonfat dry milk will hike farmer income by \$235 million this year.

-more-

NMPF NEWS RELEASE///PAGE TWO

Kozak said that USDA has already taken several important steps to help farmers in 2009, including liquidating 200 million pounds of surplus milk powder, reauthorizing the Dairy Export Incentive Program in May, and expediting the payments under the Milk Income Loss Contract program.

The NMPF letter also asked USDA to authorize DEIP bonuses for the new fiscal year that begins July 1st, which, if fully implemented, could help clear another 1.7 billion pounds of milk from the U.S. market. The letter also reiterated NMPF's intention to maximize the use of its Cooperatives Working Together self-help program, which is currently concluding its largest-ever reduction in surplus milk volume.

“As much as we’d like there to be some silver bullet that will restore dairy farm profitability, there is no simple solution to a problem tied to the poor health of the global economy. But strengthening the price support safety net represents a needed and quick fix to keep many farmers afloat at a time when the tide of red ink continues to rise,” 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.