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## **NORTHEAST DAIRY LEADERSHIP TEAM DISCUSSES CURRENT DAIRY SITUATION**

**HARRISBURG** – In early June, the Northeast Dairy Leadership Team (NEDLT) met to discuss the current dairy situation. Led by Pennsylvania Secretary of Agriculture Dennis Wolff, New York Agriculture Commissioner Patrick Hooker and Vermont Secretary of Agriculture, Roger Albee, NEDLT consists of approximately 50 dairy producers and industry leaders.

“This group is acutely aware of the position of our industry and the impact on every dairy farmer irrespective of size or location,” says Secretary Albee. NEDLT has collectively worked together to influence legislators and agricultural policy.

Dr. Scott Brown, Research Assistant Professor at the Food and Agricultural Policy Research Institute (FAPRI), University of Missouri, reported on the CWT program – Cooperatives Working Together. CWT is a unique herd-retirement program that is only found in the United States. This program has seen positive returns to dairy producers and based on historical calculations has had a net positive effect on milk prices by \$0.71 per hundredweight. According to Dr. Brown, “while CWT is not a long term solution, it is effective in allowing dairy producers to immediately receive value from the program.”

“NEDLT dedicates time to discussing critical dairy issues that shape our ability to evaluate any and all solutions which have the potential to return milk margins to a more favorable position, like CWT,” says Ag Commissioner Patrick Hooker.

Andrei Mikhalevsky, Managing Director for Fonterra Ingredients, discussed the global marketplace and worldwide demand for dairy products at the meeting. Even though the next 12 months look difficult for the dairy industry, dairy commodity demand is increasing because of lower prices. However the rate of global milk growth is slowing.



Fonterra is responding to consumer demands with products that boost health and wellness benefits; incorporate ingredients to address nutrition, digestion and immunity; and integrate new products with different flavors and textures.

Marge Killkelly with Council of State Governments spoke about the organization's work to benefit dairy farms. "The council continues to work closely with the northeast state legislatures to support dairy farmers," she said. "We have been looking at stop charges and hauling rates, a shared over-order premium and the effects of labeling milk to determine its origin."

Will Francis and Craig Alexander spoke about the federal order system. "The Federal Order System has been in place for many years and its complexity continues to grow," said Francis, who with the New York State Department of Agriculture and Markets. "You need to know the foundations of the order to be able to discuss possible change."

Alexander, who is with the Market Order System, agreed. "In the last few years, bigger changes have been proposed, such as the Make Allowance and the producer handler exemption," he said. "There are new rules to move the process along more expeditiously but the issues are bigger. That will be a challenge for USDA."

Tom Wegner, Land O'Lakes market analyst, gave an outlook on the dairy commodity markets. "The good news is that milk supply is contracting. USDA estimates it will decrease 1.2 percent in 2009," he said. "However, the global economic recovery and domestic demand will play a significant role in how quickly prices rebound."

Rob Vandenneuvel, General Manager, Milk Producers Council of California, discussed a Growth Management Plan (GMP) concept. Currently US dairy producers try to efficiently produce as much milk as they can. While this may be positive for the individual dairy farmer, it doesn't take into consideration market demands. GMP is a proposed mandatory national plan that will slow milk production and respond to national and international demand, according to Vandenneuvel.



He added, “GMP is designed to control extreme milk price volatility, and the concept is identical to the Holstein Association USA’s Dairy Price Stabilization Program. GMP does not dictate how much milk individual farmers produce and will not limit their management or business decisions.” A market access fee will be applied to all farmers. Dairies that want to expand will pay a modest fee to access additional markets and producers who stay within their allowable growth will receive a refund of their market access. With this incentive-based program, GMP would effectively reduce cyclical variability in milk price.

The last segment of all NEDLT meetings includes a group discussion relating to all meeting presentations. During this discussion a subgroup was named to further evaluate the benefits and ramifications of a growth management program. NEDLT remains focused on the Northeast dairy industry’s profitability for all segments of the dairy chain.

Secretary Wolff concludes, “The Northeast has easy access to 50 percent of the U.S. population. A dairy industry that implements the right initiatives to foster long-term growth will meet regional and international opportunities and will remain viable.”

For more information on the Northeast Leadership Dairy Team visit [www.centerfordairyexcellence.com](http://www.centerfordairyexcellence.com). Click on “Northeast Dairy Leadership Team” icon at the bottom of the page or call the Center for Dairy Excellence at 717-346-0849.

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*Formed in June 2006, the Northeast Dairy Leadership Team’s mission is to drive the dairy industry in the Northeast to achieve growth and enhance profitability. The vision of this group will be a driving force for a vibrant growing dairy industry through dynamic regional stakeholder collaboration. Learn more about this leadership team at [www.centerfordairyexcellence.org/index.php/northeast\\_team.html](http://www.centerfordairyexcellence.org/index.php/northeast_team.html).*