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Market Prices

CWT Initiates Seventh Herd Retirement Round to Aid Dairy Farmers

In light of the perilous financial plight affecting America's dairy farmers, Cooperatives Working Together (CWT) announced yesterday that it will conduct its latest herd retirement round. Bids are being accepted now through Friday, May 1st.

"We all recognize that 2009 is shaping up to be among the toughest years on record for dairy farmers, but CWT will help shorten the price plunge farmers are facing, and speed the recovery," said Jerry Kozak, President and CEO of NMPF, which manages CWT.

This is the seventh herd retirement round since CWT began operations in the summer of 2003. Kozak said that, given the dramatic downturn in dairy economics in the past six months, CWT is anticipating a large number of bids. However, since the value of cows and heifers has dropped dramatically, the price level of bids accepted will be much lower than in recent years. As has been the case in recent herd retirement rounds, Kozak said CWT has no set target for the volume of milk or the number of cows to be removed in this round.

"As always, CWT staff will continue to use the program's funds wisely. Dairy farmers hoping to have their bids accepted should fully recognize the competitive nature of the bidding process and be realistic in determining the value of their cows when preparing their bids," he said. "Whether CWT will remove a significant number of dairy animals will depend on the number of bids received and the price level of those bids. CWT will not pay more for cows than what they are currently worth in the marketplace."

As was the case in 2008, in addition to submitting bids for their milk herds, participating farmers will have the option of offering all of their bred heifers, at a flat price of \$700 per animal. In addition, there are two program rule changes in this round:

1. Members of CWT whose bids were accepted in a previous round may bid again in this round. This is a one-time exception to the exclusion affecting prior participants in the program;
2. Producers whose bids are accepted in the next and future herd retirements will be paid in two installments: 90% of the amount bid times the producer's 12 months of milk production when it is verified that that all cows have gone to slaughter, and the remaining 10% plus interest at the end of 12 months following the farm audit, IF both the producer and his dairy facility - whether owned or leased - do not become involved in the

commercial production and marketing of milk during that period.

Detailed information can be found at www.cwt.coop. All bids must be postmarked by Friday, May 1st, in order to be considered. All dairy producers submitting bids to sell their herds must be members of CWT effective January 2009, either through their membership in a fully participating cooperative, or as an independent member of CWT.

NMPF Applauds Decision By USDA To Increase Use of Surplus Dairy Powder

NMPF thanked Agriculture Secretary Tom Vilsack on March 26, 2009, for the U.S. Department of Agriculture's decision to increase the use of surplus nonfat dry milk powder in feeding programs. NMPF said the move represents a "win-win scenario" that will benefit both dairy farmers and needy families across the U.S. suffering from the global economic downturn.

Secretary Vilsack announced last Thursday that the USDA will direct 200 million pounds of nonfat dry milk to the federal school lunch program, and to food banks. Additional quantities of powdered milk may also be directed for use in foreign food aid programs.

The movement of the powdered milk out of USDA storage will eliminate a source of surplus dairy products that could overhang commercial markets and delay a recovery of dairy farm prices, which are, on average, below \$1 per gallon this month.

"This is an important first step taken by Secretary Vilsack to use the resources of the USDA to help address the economic crisis facing dairy farmers, who right now are suffering from punishingly low milk prices. Using government surpluses in a way that doesn't displace commercial dairy sales benefits everyone served by these programs," said Jerry Kozak, President & CEO of NMPF.

Kozak also thanked the many members of Congress who also had weighed in with the USDA, urging the agency to move aggressively to confront sagging dairy prices. He said that USDA should also consider using other tools at its disposal, such as purchasing additional quantities of consumer-ready dairy products, such as process cheeses and infant formula, for using in feeding programs through the so-called Section 32 program. He also renewed the request NMPF made in January to resurrect the USDA's dormant Dairy Export Incentive Program, to help boost overseas sales of U.S. dairy products in certain markets.

"We recognize that it takes time for the government to implement a multi-pronged approach to deal with the price depression confronting dairy farmers," Kozak said. "We look forward to continue working with the Obama Administration, and those in the USDA and other agencies, in identifying more tools that the government can use."

An [audio clip](#) of the response to the nonfat dry milk distribution plan is available on the USDA website, as well as the [press release](#) that USDA released on the topic.

[NMPF also sent a letter](#) to the White House earlier in last month, urging President Obama to take immediate action to help address the economic crisis facing dairy farmers. Among

other things, the letter urged the Obama Administration to boost the use of dairy products in federal feeding programs, maximize the value of the dairy product price support program, and activate the Dairy Export Incentive Program.

In Congressional Testimony, IDairy Urges Action to Implement Mandatory Animal ID

At a Congressional hearing on March 11, the dairy industry renewed calls for a mandatory National Animal Identification System (NAIS) to serve as a collective insurance policy in the event of an animal disease emergency.

Dairy producer Karen Jordan, DVM, from Siler City, North Carolina, testified that the dairy industry "collectively believes that our industry will be best served when all dairy operations, and ultimately, all dairy cows, are identified in a national central database." Jordan serves as chairperson of NMPF's Animal Health & Welfare Committee.

Since 2005, IDairy has worked to make NAIS a reality for the dairy industry. Today, nearly 75 percent of dairy producers participate in NAIS by having their premises registered. In many states, including Michigan, Wisconsin, Idaho, New York, Pennsylvania, Indiana, Utah, Nevada, and South Carolina, more than 90 percent of their dairy producers have participated in premises registration. However, until animal ID becomes mandatory, obtaining the last 25 percent participation will be difficult.

While USDA has pursued a voluntary NAIS program for nearly a decade, the dairy industry has been a prominent supporter of mandatory animal ID. In an animal disease emergency, Jordan said, "the system is only as strong as its weakest link. Now is the time for Congress and USDA to work together to make mandatory animal ID a reality."

A video recording and written version of Jordan's testimony are available on the [IDairy website](#).

NMPF and IDFA File Joint Petition to FDA on Non-Nutritive Sweeteners

NMPF and the International Dairy Foods Association (IDFA) filed a citizen's petition on March 16th with the Food and Drug Administration (FDA), requesting a modification of the standards for milk and other dairy products to allow the use of non-nutritive sweeteners. According to the petition, this "small but valuable step" would help to promote more healthful eating practices and decrease childhood obesity.

The current standard requires processors to use special labeling, such as "reduced-calorie chocolate milk" or "no sugar added," for milk made with non-nutritive sweeteners. These phrases, according to market research, don't appeal to children and have contributed to an overall decline in milk consumption in schools, the petition states. Allowing milk processors to use any "safe and suitable" sweetener in flavored milk and still label it "milk" would help to stem the drop in consumption, while promoting healthy eating habits that will last a lifetime.

A copy of the petition is available on the [NMPF website](#).

Mexican Retaliatory Tariffs Produce Minimal Impact on U.S. Dairy Exports

In mid-March, the top U.S. dairy export market, Mexico, announced retaliatory tariffs on a range of U.S. products, due to lack of U.S. compliance with NAFTA's cross-border trucking obligations. The impact to U.S. dairy exports was slight, affecting only one food preparation ingredients tariff line worth approximately \$15 million in exports in 2008.

However, Mexico has warned that it has the ability to revise the retaliation list as it sees fit, particularly if it does not see progress towards the U.S. coming into compliance with its trucking access obligations. Because of this, NMPF is working hard in concert with the U.S. Dairy Export Council (USDEC) to help encourage U.S. adherence to the agreement it struck with Mexico under NAFTA.

Dairy Industry Leaders Gear up for NDLC in Colorado

Registration is still open for individuals wishing to participate in the 2009 National Dairy Leaders Conference (NDLC) that will take place Sunday, April 19 - Tuesday, April 21 in Broomfield, CO. Participants may register online at www.dairyevents.com or fill out the [registration form](#) until April 18. After that, attendees may register in-person at the conference. The late fee of \$95 has been waived and is no longer applicable.

The NDLC provides a forum for key players in the dairy industry to facilitate discussion and interaction as participants examine key challenges and opportunities facing dairy producers and marketers. Dairy producers, cooperative executives and directors, processors, dairy suppliers and consultants, state and federal regulators, promotion organization executives, and academics are all invited to attend.

This year, the program will kick off with an appearance by Representative John Salazar, the U.S. Congressman from Colorado's third district. Other speakers and experts will present on a wide range of important issues relating to the dairy industry, such as the current outlook for the dairy economy, farm labor availability and immigration policy, the impact of dairy exports in challenging times, animal care, and climate change legislation.

NDLC thanks the following organizations for sponsoring events at the meeting: Elanco Animal Health; Maryland & Virginia Milk Producers Cooperative; McLeod, Watkinson & Miller; Watson/Mulhern LLC; Western Dairy Association; United Dairywomen of Arizona; and the U.S. Dairy Export Council. CoBank has also provided a general sponsorship for the conference.

Visit www.nmpf.org/NDLC for more information. A complete [NDLC program](#) can also be found online.

NMPF Accepting Applications for National Dairy Leadership Scholarship Program Until May 1

The National Milk Producers Federation is accepting applications for its National Dairy Leadership Scholarship Program for the academic year 2009-2010.

Each year, NMPF awards four to five scholarships to outstanding graduate level and Ph. D. students who are pursuing research of direct benefit to milk marketing cooperatives and the dairy producers. The top scholarship applicant will be awarded the Hintz Memorial Scholarship, in honor of the late Cass-Clay Creamery Board Chairman Murray Hintz.

The NMPF Scholarship Committee awards scholarships to graduate students conducting research in the areas of animal health, dairy product development, agriculture economics, environmental science, and dairy food science. Applications are due no later than Friday, May 1, 2009. For an application or more information, please visit the NMPF website at www.nmpf.org/about_nmpf/scholarship or call Sarah Olson at 703-243-6111.

NMPF Board of Directors Hear From Agriculture Secretary as Part of Full Agenda at March Meeting

The NMPF Board of Directors worked through a packed agenda last month during its winter meeting. Among the key issues covered were economics, trade, food safety, and animal health. New Agriculture Secretary Tom Vilsack addressed the board, and pledged to work with the dairy producer community on ways to rectify the economic crisis across the country. Two weeks later, Vilsack announced that USDA would remove 200 million pounds of nonfat dry milk from its surplus stocks [see story above].

For a full review of NMPF's accomplishments in 2008, please see NMPF's new annual report at www.nmpf.org/publications/aa_report.

NMPF Bolsters Regulatory Department with New Staff Member

In order to advance the organization's ability to respond to the scientific and regulatory challenges facing its membership, NMPF announced changes to its regulatory staff, including the hiring of Betsy Flores as Director of Regulatory Affairs.

Flores will complete NMPF's regulatory department that also includes Dr. Rob Byrne, Sr. Vice President of Scientific and Regulatory Affairs, and Dr. Jamie Jonker, who is being promoted to Senior Director of Regulatory Affairs. During his four years at NMPF, Jonker has taken on more responsibility in all regulatory areas, especially those focusing on animal- and farm-related issues affecting dairy producers. Jonker will direct NMPF's efforts in the Animal Care area with the launch of the National Dairy FARM Program: Farmers Assuring Responsible Management.

In her new role, Flores will also focus on Dairy FARM, which will assure consumers that milk and other products from American dairy farms are the end result of responsible animal care practices. She will also focus on other education and training modules that are identified as part of the FARM program in the future, and will assist in other areas of the regulatory department.

A Washington, D.C. veteran, Flores was previously the Manager of Food and Agriculture at the Biotechnology Industry Organization (BIO) and worked for the Monsanto Company before that. She holds a B.A. from the State University of West Georgia and an M.A. from Johns Hopkins University. Flores can be reached at BFlores@nmpf.org.

Featured Associate Member Profile: Elanco Animal Health

Elanco is a global research-based company that develops and markets products to improve animal health and food animal production in 75 countries. Elanco employs more than 2,000 people worldwide, with offices in more than 30 countries, and is a division of [Eli Lilly and Company](#), a leading innovation-driven pharmaceutical corporation.

Elanco, develops products that enhance animal health, wellness and performance to help the food industry produce an abundant supply of safe and affordable food. Elanco's primary focus has been on feed additives and other products for the food animal segment of the animal industry.

Elanco's global headquarters is in Greenfield, Indiana, which also serves as the home of its United States business operations.

Elanco has helped shape the animal health industry around the world. They introduced their first antibiotic for veterinary use only in 1953. Since then, Elanco has brought more than 35 agricultural and animal health products to the global marketplace, including food industry products such as antibacterials, parasiticides, anticoccidials, productivity enhancers and feed additives, as well as pet medicines.

Along with their state-of-the-art laboratories, Elanco also partners with companies throughout the world to develop products to improve animal health. Whether for livestock or pets, Elanco is committed to research, development and implementation of products that benefit animals, consumers, and the environment. They partner with the most innovative companies worldwide to develop products that increase food production and help companion animals live longer, happier, healthier lives.

Elanco's company representative is Mark Hart, Dairy Marketing Manager. He can be reached at the Greenfield office (317) 276-5559. For more information on Elanco, please visit their website at www.elanco.com.

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Editor: Christopher Galen (703) 243-6111 *E-mail:* CGalen@nmpf.org