



News Release

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

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NMPF Strategic Planning Task Force Probes Milk Pricing Proposals

ARLINGTON, VA – The National Milk Producers Federation's Strategic Planning Task Force met Monday in Chicago to further analyze several proposals intended to offer long-term solutions to the twin issues of low milk prices and extreme price volatility.

The group concluded that more information is needed regarding the ramifications of dairy imports and exports on the efficacy of a mandatory supply management proposal that several dairy industry organizations are promoting. The Task Force also recognized the critical importance of evaluating the unintended consequences that could result from the implementation of such a program. The Task Force further agreed to examine a plan to reform the Federal Milk Marketing Order program by eliminating make allowances.

Reflecting a desire to review the most current and complete information available on the impact of globalization on the domestic market, the Task Force was presented with a major research report, conducted by Bain and Company, of how the U.S. dairy sector currently fits into the global dairy system, and how that role may change in the future depending on the course of action taken by the domestic industry in the coming years.

"There is strong interest on the part of our Task Force in making dramatic and positive changes in milk pricing so that we don't have to find ourselves in the same position again in the future," said Jerry Kozak, President and CEO of NMPF. "Because the stakes are so high, we want to be certain that we have fully explored all the consequences of any actions that we recommend, such as how the position of the U.S. dairy business may evolve over time compared to our competitors in other countries."

The Task Force heard detailed analyses of the so-called price stabilization plan, being promoted by the Holstein Association USA and other groups, by Dr. Chuck Nicholson of Cornell University, and Dr. Richard Sexton of the University of California-Davis. Each economist offered his perspective on how that supply management program would be implemented, affect farm-level prices, and alter the flow of both imports to, and exports from, the U.S. market.

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“We recognize that the proposals the Task Force is reviewing won’t relieve the current pain and suffering on dairy farms across the country. However, the severity of the present situation raises the stakes for our effort, and strengthens the resolve of our group to make certain we are as thorough as possible in suggesting changes in future dairy policy,” Kozak said.

While the NMPF Strategic Planning Task Force is focused on future changes in milk pricing, Kozak said that NMPF is continuing to take short-term steps to help improve the pricing situation. This includes having Cooperatives Working Together (CWT) conduct its second-largest ever herd retirement round in August and September, and continuing to work with the U.S. Department of Agriculture to implement corrective improvements, such as the recent increase in the dairy product price support program.

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. Visit www.nmpf.org for more information.