

# DAIRY FARMERS REFUTE MILK PRICE COLLAPSE CAUSED BY OVERPRODUCTION

*Farmers Cite Broken Dairy Pricing System at CME Controlled by Corrupt Dairy Cooperatives as Root of Dairy Crisis*

Washington D.C. (March 4, 2009) – The National Family Farm Coalition today held a press conference call to highlight some of the deeper causes for the unprecedented collapse in dairy prices, with farmers facing \$10 per hundredweight milk, while costs of production average \$20 nationwide. NFFC Dairy Subcommittee Chairman Paul Rozwadowski, a Wisconsin dairy farmer, said, “Those ag economists and others who are falsely accusing dairy farmers of overproducing milk and stating we have too large a supply of dairy products as a way to justify these ruinous low prices couldn’t be more wrong. Until we deal with the reality of a broken pricing system, massive imports and corruption in our dairy cooperatives, we will never be able to obtain fair prices for farmers that cover our cost of production.”

NFFC has long argued that the dairy pricing system was prone to manipulation due to thinly traded markets at the Chicago Mercantile Exchange (CME) which determine farm milk price. Thanks to the tireless efforts of NFFC, Dairy Farmers of America, the nation’s largest dairy cooperative, was fined \$12 million in December 2008 for price manipulation by the Commodity Futures Trading Commission. The Department of Justice launched a two-year antitrust investigation into DFA, and its partners Dean Foods and National Dairy Holdings. The Bush Administration refused to let the findings become public.

Rozwadowski also noted that NFFC had sent a letter to USDA Secretary Tom Vilsack urging him to implement Section 608c(18) of the 1937 Agriculture Act that gives him authority to fix dairy prices to reflect farmers' cost of production. The letter can be found on our website at [nffc.net](http://nffc.net).

John Bunting, a New York dairy farmer, outlined the findings of his new briefing report, “Dairy Farm Crisis 2009: A Look Beyond Conventional Analysis.” Among his findings were:

- Nearly as much nonfat dry milk was exported in December 2008 as in December 2007.
- Massive imports of milk protein concentrates (which have never been approved by the FDA), caseinates and casein increased in December 2008.
- Butter and cheese imports also increased in December 2008 over December 2007.
- Commercial disappearance of dairy products (i.e. demand for dairy products) increased in December 2008 over December 2007 by 2.7%.

Bunting said, “This data shows demand was still up and the U.S. imported massive amounts of dairy products even as milk prices began to slide for farmers late last year. Milk prices have nothing to do with market demand and everything to do with the price of cheese traded at the Chicago Mercantile Exchange, where there is a .96 correlation.”

NFFC has heavily criticized National Milk Producers Federation (NMPF) as falsely speaking on behalf of dairy farmers and for pushing their flawed and ethically dubious “cow kill” programs known as “Cooperatives Working Together.” Bunting said, “How will cow kills help control our supply when massive amounts of imports are entering the U.S.? Over 4.2 billion pounds of dairy products are being imported into the United States, not even counting MPCs and caseinates! That’s about 230 tanker truck loads of milk imported every single day in 2008. NMPF is about enhancing the bottom lines of processors, and not helping farmers obtain a fair price.”

NFFC believes the only way to ensure the survival of America’s remaining 60,000 dairy farmers is to reform the pricing system. In 2007, Senators Bob Casey (D-PA) and Arlen Specter (R-PA) introduced a S. 1722, which would have priced milk based on a national average cost of production with an inventory management program to deal with overproduction if necessary.

Bunting said, “Our current financial crisis occurred from not having government oversight, which leads to serious trouble. Right now, there is no government oversight of trading at the CME, or of our dairy cooperatives who are betraying their members’ interests. Without transparency at the CME, we have little information on just who is profiting off this milk price collapse.”

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National Family Farm Coalition (NFFC), founded in 1986, unites and strengthens the voices and actions of its diverse grassroots members to demand viable livelihoods for family farmers, safe and healthy food for everyone, and economically and environmentally sound rural communities.

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