

NATIONAL FAMILY FARM COALITION PRESS TELECONFERENCE URGES DIRECT PAYMENTS TO DAIRY FARMERS

Farmers Press for More Action to Fix Broken Dairy Industry

Washington D.C. (October 13, 2009) – The National Family Farm Coalition today held a press teleconference to thank Congress for \$350 million in emergency appropriations for dairy farmers. However, NFFC warned that unless a broken pricing system is replaced and antitrust measures are taken to address the lack of competitive markets for farmers' milk, thousands of dairy farms will still be lost this year. Paul Rozwadowski, a Wisconsin dairy farmer and NFFC Dairy Subcommittee chairman, said, "Dairy farmers from across the country stand united in requesting that the \$290 million in appropriations go to direct payment funding to put money in farmers pockets without limits on production. While we appreciate this money, it won't be enough though to keep farms from going broke. While a recent Washington Post editorial blamed farmers for our plight, we do not have control over the price of milk. If dairy processors currently making windfall profits paid us fairly, then there would be no need for these taxpayer bailouts."

Rozwadowski laid blame for the current collapse in dairy prices not on overproduction, but the lack of competition in dairy markets, as evidenced by the latest lawsuit filed in Vermont against Dean Foods, Dairy Farmers of America, Dairy Marketing Services and HP Hood for monopolization and price fixing. Illegal milk protein concentrates imported from abroad have also flooded the U.S. market, further depressing prices. Rozwadowski said, "We believe the Department of Justice needs to do serious antitrust enforcement."

Loren Lopes, a California dairy farmer from Turlock, said, "This is the worst time I have ever experienced in the dairy business. We need a new pricing system to cover our cost of production instead of milk being priced off the Chicago Mercantile Exchange, where the concentration of just a few buyers means there is not much incentive to raise prices. Processors are guaranteed a make allowance and we need the same kind of guarantee for dairy farmers."

Lopes further advocated that the \$290 million in funding from Congress go to farmers for direct payment relief without a cap on production. Lopes said, "We are proposing that the payments be distributed so all farmers can receive \$2 per hundredweight on their milk. That is still way short of what we need as we continue to burn through our equity. We do not agree with National Milk Producers Federation pushing for more cheese purchases. Farmers are not guaranteed we will ever see that money due to the highly flawed pricing system at the CME."

Dave Fitch, a dairy farmer from Herkimer County, New York, noted the devastating economic damage rippling across rural communities due to the prolonged dairy crisis. Fitch said, "We've collected data to show that our county has lost \$800 million in revenue. My farm of 135 cows is losing \$9000 per month. This is now a full blown dairy disaster and close to 25% of dairy farms have already been closed around me. We need a new way to price milk. We thank our Congressmen and Senators for their help, but these are band aid programs. We need a cost of

production to guarantee a safe dairy product consumers can rely on, made in the U.S. New York state alone will suffer a \$1 billion loss thanks to the dairy crisis.”

Fitch also pointed out how the lack of competition caused farmers to live in fear and not speak out about the need for reform: “The big cooperatives control a lot of markets and farmers are scared to be seen publicly urging for a new pricing system when there are only one or two options for them to ship milk to. This shows just how restricted our markets are. We need the DOJ to finish its antitrust investigations into dairy.”

Arden Tewksbury of Progressive Agriculture noted the billions in economic losses to communities due to low milk prices impacting banks, feed dealers and others dependent on the dairy industry. He said a long term solution was S. 1645, the Federal Milk Marketing Improvement Act introduced by Senators Bob Casey and Arlen Specter. A version of the bill had been introduced during the Farm Bill, when NFFC was one of the few groups pointing out the coming crisis in dairy due to the unstable pricing system and concentration in the dairy markets. Tewksbury said S. 1645 would institute a supply management program funded by farmers and price milk off a national average cost of production. Tewksbury said, “Under S. 1645, USDA will determine the cost of production based off of data already collected by USDA. Currently, the biggest reason for manipulation of dairy prices is due to the CME, which has steadily gotten worse in the last ten years. There would be no manipulation by handlers with S. 1645.”

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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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