



## Dairy crisis solution debated at annual meeting

The dairy price situation took center stage at Cooperative Network's annual meeting on November 16, 2009. Land O' Lakes board member and Cooperative Network Dairy Committee Co-Chair Paul Kent moderated a panel discussion that looked at possible directions the dairy industry could follow.

Bill Bruins, president of the Wisconsin Farm Bureau Federation discussed free market solutions and the reasons why the market, not the government, will be key to dairy's recovery. In addition to his Farm Bureau duties, Bill is the general manager of his family's dairy partnership. Homeland

Dairy of Waupun, Wisconsin consists of milking 600 cows, and 1,300 acres of cropland. Bill explained to those in attendance that "the market gave dairy producers \$20 milk in 2008 and producers are better off if they get their dollars from the market, not government programs." Bruins encouraged dairy producers to use the risk management tools available to them to deal with dairy price volatility.

"With volatility comes opportunity, producers need to take advantage of those opportunities," said Bruins.

Larry Tande, president of Holstein Association USA, advocated for its Dairy Price Stabilization Pro-

gram (DPSP). Tande explained the DPSP will "create financial incentives for producers to pay attention to the amount of milk produced and it was not a government-run supply management program like Canada or the European quota programs." Under the DPSP, dairy producers would be allowed to produce a predetermined amount of milk based on what they produced the previous year and what the market demands. Tande, who milks 55 cows near Medford, Minn., explained that the Holstein Association developed the DPSP to deal with the volatility of the dairy prices.

Scott Brown, program director of livestock and dairy at the Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri explained the positive effects of Cooperatives Working Together (CWT). Brown, who has researched the economic effects of the CWT program, said that "in 2009 the CWT activity is the largest in the history of the program and milk prices have increased by \$1.54 per cwt as a result of CWT activities." Brown said that since CWT started in 2004, the two main components of CWT have had positive impacts on prices. According to Brown, the herd retirement program added \$0.59 per cwt to milk prices and the export assistance program added \$0.08 per cwt.

Brown stressed that "continued operation of the CWT program is essential for producers to continue to receive benefits from the program."

Cooperative Network members asked questions of the panel about exports, cow numbers and the potential for growth of the dairy industry in Minnesota and Wisconsin.



Left: Bill Bruins, Wisconsin Farm Bureau Federation, discussed how free market solutions will be instrumental in the dairy industry's recovery to attendees at Cooperative Network's annual meeting on November 16, 2009, in Bloomington, Minn.



### Cooperative Network dairy events

**February 18**—Minnesota Co-op Day at the Capitol, St. Paul, Minn.

**February 26**—Cooperative Network Dairy Committee Meeting, Eau Claire, Wis.

**March 2**—Minnesota Dairy Day at the Capitol, St. Paul, Minn.

**April 6-7**—Dairy Policy and Directors Leadership Conference, Eau Claire, Wis.

## Cooperative Network eyes dairy legislative issues

As the legislatures in both Minnesota and Wisconsin are convening in 2010, Cooperative Network is working on issues on behalf of the dairy industry in both states.

In **Minnesota**, Cooperative Network is:

- again seeking funding for the Livestock Investment Grant (LIG) program. In the first year of the LIG program funding was only available to award 38 of the 576 grant requests,
- raising the cap from \$7,500 for Conciliation Court (also known as Small Claims Court), and
- dealing with how the Minnesota State Patrol inspects anhydrous ammonia tanks.

This year is a bonding year in Minnesota, and Cooperative Network will monitor the "Bonding Bill" which includes bonding for transportation projects to make sure rural Minnesota gets its fair share.

In **Wisconsin**, Cooperative Network is:

- trying to secure a one-year milk contractor assessment holiday from the Agricultural Producer Security Program,
- attempting to lower the fees collected from producers in the Agricultural Chemical Cleanup Program,
- opposing a bill which would allow for the sale of raw milk, and
- supporting the statewide standards contained in the Livestock Siting Law.

Also at issue in Wisconsin is Governor Jim Doyle's Clean Energy Jobs Act. The legislation's roots trace back to the Governor's Task Force on Global Warming. Areas of concern for the dairy industry are:

- A provision which would prohibit truck idling that will impact milk trucks while they are picking up milk at a producer's farm, and
- Requirements that all new buildings meet an energy efficiency standard set by the Department of Commerce. This includes milking parlors.

Cooperative Network feels an economic assessment needs to be done to properly evaluate the new costs for the industry and the potential for job gains or losses in the Clean Energy Jobs Act.

## Dept. of Justice plans Madison dairy antitrust workshop

The U.S. Department of Justice (DOJ) announced it will be holding a June 7 workshop at the University of Wisconsin-Madison to examine antitrust enforcement in the dairy industry as part of upcoming series of DOJ/USDA workshops about agriculture competition.

Leading the effort to bring the DOJ workshop to Madison is Senator Herb Kohl (D-WI) who is chairman of the Senate Agriculture Appropriations panel and chairman of the Senate Subcommittee on Antitrust, Competition Policy and Consumer Rights.

A renewed focus on antitrust enforcement has resulted in some confusion regarding the antitrust protections provided to dairy cooperatives. Without the limited antitrust immunity provided by the Capper-Volstead Act, farmers who work together to pro-

cess and market their products would be subject to criminal prosecution for violation of antitrust statutes.

Cooperative members in Minnesota and Wisconsin will be asking state legislators to convey the importance of the Capper-Volstead Act to their congressional delegation during cooperative lobby days in both states.

"Protecting the Capper-Volstead Act and the other laws that give dairy farmers the ability to form cooperatives is a priority for Cooperative Network," said Bill Oemichen, Cooperative Network president and CEO. "Without Capper-Volstead, many dairy cooperatives would cease to exist. This is as true today as it was in 1922 when Minnesota congressman Andrew Volstead co-authored the Capper-Volstead Act."

## USDA Sec. Vilsack appoints committee

USDA Secretary Tom Vilsack recently appointed a federal Dairy Industry Advisory Committee. Several members appointed by Vilsack have Cooperative Network ties.

Ed Welch, president and CEO of AMPI, and dairy producer Jim Goodman, a board member of Vernon Electric Cooperative, were selected to represent producers on the 17-member committee. Former Wisconsin Federation of Cooperatives and Minnesota Association of Cooperatives (Cooperative Network) CEO and current Wisconsin Department of Agriculture Trade and Consumer Protection Secretary Rod Nilsestuen was chosen to represent state government. All will serve two-year terms, beginning Jan. 1, 2010, and expiring Jan. 1, 2012.

Over the next two years, the committee will review the issues of milk price volatility, dairy farmer profitability, consolidation, and fair prices, and offer suggestions on ways USDA can best address the needs of a struggling dairy industry.

"The committee provides a unique opportunity to shape dairy policy," said Welch. "Though we'll each have unique views, I think we'll all agree the recent dairy market volatility is not good for producers or their customers. I hope stabilizing the overall dairy economy is our goal."

Cooperative  
Network

## Dairy Update

Dairy Update is a quarterly newsletter to provide timely information on matters pertaining to Cooperative Network's dairy member-owned cooperatives.

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