



WASHINGTON UPDATE

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Short Term
Efforts on Dairy
Price Recovery



Secretary Vilsack

Has made several administrative moves to reduce inventories of dairy products, increase exports and increase the dairy support price.

The status of the \$350 Million Sanders Dairy Amendment

- Heartburn from the western states
- Cheese purchases and producer payments (\$90 million and \$290 million)

Other short term efforts?

- MILC payments to date:
-- over \$1 billion
- If cheese purchases increase farm milk prices, the Secretary will be urged to spend more funds



Longer Term Efforts to End Price Volatility

Supply Management

DAIRY PRICE STABILIZATION PROGRAM

- Holstein Plan
- California Milk Producers and Dairy Farmers Working Together Plan
- Incentives and disincentives to keep annual milk production stable nationally
- “Market Access Fees” - No herd retirement

Mandatory CWT Program

Growth Management Initiative

- Everyone has to participate
- Would increase the ability to influence milk supplies
- Question remains as to how much the federal government would control the management of the program
- Other issues such as trade matters with the WTO have to be looked at

Reforming the Federal Milk Marketing Orders

- **Do they need to be tweaked or do they need radical surgery?**
- **Issues such as the “make allowance” and how the various Classes of milk are structured in the future are some of the items that need to be looked at.**
- **Too early to tell what aspects of the FMMO’s will be reviewed and changed**
- **Many other thorny issues**

ESTABLISH A DAIRY PRODUCER
INSURANCE PROGRAM TO HELP COVER
COST OF PRODUCTION EXPENSES

- Would be partially federally subsidized
- Premium would be paid by dairy producers to participate
- Would help cover cost of production expenses during periods of low milk prices

It has been suggested that the MILC and price support programs be phased out and the money put into the insurance program

Improve Current Risk
Management Programs and
Perhaps Expand Them As Well

Current risk management
programs have low dairy producer
participation

Need more education and
understanding as to how they
work at the producer level

Status of Secretary Vilsack's Dairy Advisory Committee

- More than 300 nominees for 15 slots on the Committee
- Major charge of the Committee is the issue of price volatility
- Replaces for now the Federal Milk Marketing Order Commission in the 2008 Farm Bill

Price Discovery Issues

- CME considered too thin a price discovery mechanism
- Needs to be more transparent and broader in scope
- Competitive milk pricing approach is being examined
- Other potential ideas?

Farm Bill Implementation

- Speeding up the FMMO decision making process
- Consideration of cost of production to dairy producers in “make allowance” changes
- The MILC Feed Adjuster

Other Legislative Issues

Immigration Reform

Food Safety

Climate Change

Bulk Milk Truck

Weight Limitation