

FARM BUREAUS SUPPORTING DAIRY FARMERS

March 15, 2018

Dana Coale
Deputy Administrator, Dairy Programs
Agricultural Marketing Service
United States Department of Agriculture
Stop 0225, Room 2968 – South
1400 Independence Avenue, SW
Washington, D.C. 20250

Dear Administrator Coale,

Over the last three years thousands of U.S. dairy farmers have gone out of business due to depressed domestic milk prices. U.S. milk prices are lower for a variety of reasons including unfair pricing and price distorting intervention programs in foreign markets, the loss of marketing opportunities here at home, and record-high milk production around the world.

The challenges facing dairy farmer members have escalated in recent weeks. Specifically, Dean Foods sent termination notices to over 100 independent farmers in Tennessee, Kentucky, Indiana, Pennsylvania, the Carolinas, New York and others, indirectly related to the opening of a new fluid milk processing facility in Ft. Wayne, Indiana. In addition, Maryland and Virginia milk cooperative sent a late-February letter notifying members their advance milk checks would be temporarily reduced due to financial restructuring and credit renegotiating. Piedmont Milk Producers announced plans to restructure their business model in light of regulatory challenges related to Federal Milk Marketing Orders. Finally, Land O'Lakes cooperative is offering dairy farmers under the age of 70 the ability to submit bids to take less than their full equity in the cooperative to receive a cash payment for ending milk shipments by June 30, 2018.

At a time when milk prices are already expected to reach multi-year lows, these market developments jeopardize many family dairy farmers who have already weathered three consecutive years of low milk prices and high costs of production. Without a meaningful dialogue and a path forward, many producers and Farm Bureau members will permanently exit the dairy industry.

Each of the undersigned state Farm Bureaus request a fairly immediate audience with USDA-AMS-Dairy Programs and the respective Federal Milk Marketing Order Market Administrators to timely review options for short-term administrative action to maintain orderly marketing conditions. American Farm Bureau Federation has grassroots-developed policy on Federal Milk Marketing Orders related to pool qualification and transportation credits, and in 2018 passed policy supporting improved contractual relationships between farmers and their milk handlers. Additionally, we support the use of milk and dairy products in food donation programs and after-school care programs. We believe efforts and dialogue in these areas could help to maintain orderly marketing conditions during this critical junction for the dairy industry.

We appreciate and thank USDA for working to quickly implement the Congressional improvements to the Margin Protection Program, but also urge a time sensitive dialogue to ensure stability and orderly marketing conditions for the U.S. milk supply.

Sincerely,



Jeff Aiken
President
Tennessee Farm Bureau Federation



Frank Burkett
President
Ohio Farm Bureau Federation



Richard "Rick" R. Ebert
President
Pennsylvania Farm Bureau Federation



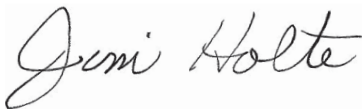
David Fisher
President
New York Farm Bureau Federation



Chuck Fry
President
Maryland Farm Bureau Federation



Mark Haney
President
Kentucky Farm Bureau Federation



James "Jim" Holte
President
Wisconsin Farm Bureau Federation



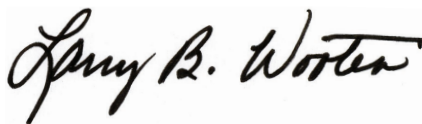
Randy Kron
President
Indiana Farm Bureau Federation



Harry Ott
President
South Carolina Farm Bureau Federation



Wayne F. Pryor
President
Virginia Farm Bureau Federation



Larry B. Wooten
President
North Carolina Farm Bureau Federation