



Dairy Promotion and Policy Organizations Provide the Dairy Industry with "A Winning Hand"

Over 1,000 dairy producers and industry representatives gathered in Las Vegas, Nevada for the 2006 joint annual meeting of the National Dairy Promotion and Research Board (NDB), United Dairy Industry Association (UDIA) and the National Milk Producers Federation (NMPF). The meeting, held October 31- November 2, demonstrated how promotion and policy programs managed by the three organizations provide the dairy industry with "A Winning Hand."

CWT Program – 8 to 1 Return on Investment

The meeting opened with a "Town Hall" session to discuss the past performance and future results of the Cooperatives Working Together Program. Dr. Scott Brown, a University of Missouri agricultural economist who often provides analysis on farm programs to the U.S. Congress, shared the results of his independent evaluation of the CWT program.

Dr. Brown's analysis showed that the CWT program alone was responsible for a minimum 40 cent return on every nickel invested into the CWT program from 2004-06.



MPPA President Elwood Kirkpatrick asks a question of the speaker during the General Session.

"From 2004 to 2006, CWT participants have seen an eight to one return on investment," reported Brown. "You should all be commended for hanging together for this program."

Secretary of Agriculture Attends Meeting

One of the highlights of the meeting was the attendance of Agriculture Secretary Mike Johanns who applauded the establishment of the CWT Program. "It is refreshing to see dairy producers collaborate to address supply and demand," remarked Johanns. "It demonstrates the power of collaboration."

Johanns spent much of his speech describing how federal farm programs may change in the future, explaining that the next Farm Bill should result in policies that are equitable, predictable and beyond challenge by our trading partners. "We must take care and craft policies that are not disputable on the world stage," explained Johanns.

While federal investments in farm programs are "wise," Johanns also noted that much of dollar value of farm programs goes to just five crops, and that most American farmers receive virtually nothing from the government. "It is important that we more evenly distribute support," commented Johanns.

NMPF – Transition, Activism and Optimism – Themes for the Future

Jerry Kozak, NMPF President and CEO addressed the challenges the dairy industry will face in the coming years



Secretary of Agriculture Mike Johanns addressed meeting participants marking the first time in 12 years that the head of the USDA has attended the meeting.

which revolved around the themes of Transition, Activism and Optimism.

"Being in this transitional environment I believe it is important that we position ourselves for the future and make some modifications that will help us adapt when the WTO finally gets resolved," Kozak explained

Kozak urged meeting participants to maintain a unified front and a unified message when working with elected officials on farm policy. "United, we can get a great deal accomplished, as we did with the 2002 Farm Bill. But if we let individual or regional differences prevail, we will not be successful in our efforts," he explained.

Saying that the dairy producer industry "needs activists, not pacifists, Kozak highlighted an example where activism is paying dividends, and that is the Cooperatives Working Together program. He urged members to contribute to the program at the new, higher assessment of 10 cents per hundredweight, a level that will increase the value of CWT to all farmers. The alternative is that CWT could become ineffectual.

Joint Meeting 2006

National Dairy Promotion & Research Board National Milk Producers Federation United Dairy Industry Association



Chris Galen, NMPF Senior Vice President of Communications, (left) moderates the NMPF "Town Hall" session which featured a review of the Cooperatives Working Together program by Walt Wosje, CWT Chief Operating Officer, and an overview of an independent evaluation on the CWT program by Dr. Scott Brown (right).

"We need leaders from all the NMPF cooperatives to step up to the plate and steer us away from that unfortunate direction. We need people to stop thinking solely of themselves, getting a free ride at the expense of others, and standing outside the fire, while most are choosing to do the right thing," Kozak said.

"If we make the right decisions during this transition; if we strategically adapt our policies to a changing environment; if we truly become activists and create a team supported by all farmers while committing the resources necessary; if we continue our efforts of self-help such as CWT; then, we should be

thoroughly optimistic about our future," Kozak remarked.

DMI – Working to Meet Unmet Demand

Tom Gallagher, Chief Executive Officer, Dairy Management Inc. discussed how partnerships with foodservice companies, ingredient companies, schools and processors have helped turn unmet demand into sales. "Beyond current sales, we can document well over 8 billion pounds of demand for dairy products," explained Gallagher.

One example provided by Gallagher is the partnership with Burger King, Sonic and Subway which resulted in more than 100 million

incremental pounds of Class 1 milk sold.

"When we add these partnerships to the established partnerships with McDonald's and Wendy's.....we see 35,000 stores that offer milk in plastic

containers, flavors and cold that didn't so just 3 years ago," reports Gallagher. "That's 450 million 8-ounce units sold each year...that's 1.25 million units sold each day."

Gallagher commented on how 6,000 schools in this country have made the conversion to plastic containers of milk – up from zero five years ago. When looking at the partnerships with schools and foodservice companies Gallagher pointed out that "Consumers in the next 12 months will grab over 1 billion plastic containers of milk that they couldn't have grabbed 3 years ago...and that number will repeat year after year after year."

In order to keep the momentum going, Gallagher explained how DMI has partnered with five milk processors to co-invest in equipment that will help the processors convert their existing school business to plastic containers.

Looking to the future, Gallagher outlined the need to update the industry's infrastructure. "The single biggest obstacle for us in trying to meet unmet demand lies in our infrastructure," explained Gallagher. He urged meeting participants to speed up the ability to adapt to meet unmet demand. "We have to ask ourselves what is it we can do to speed up the transition to make us an adaptable, consumer-driven industry."

"When consumers can buy what they want, where they want it, how they want it, that's when we'll meet unmet demand," concluded Gallagher.



A panel discussion was held on how partnerships are benefiting the dairy industry. Panelists included representatives from Cabot Creamery, Smith Dairy Company and HP Hood.