Plain Talk

By Elwood Kirkpatrick
President

CWT Expansion Begins July 1

As a Cooperatives Working Together (CWT) member cooperative, we will double our investment and begin contributing ten cents per hundredweight to the program, starting with July's milk production.

With 70 percent of U.S. milk production represented in the expanded version of CWT, the program's officials are confident that the program will be better equipped to bolster milk prices than previously, when we only contributed five cents per hundredweight to the program.

The revenue gained from the additional five cents per hundredweight over the program's original five-cent commitment will be used to further fund CWT's two-pronged approach to export product and reduce cow numbers. The additional funds will help to make CWT more effective in the future.

A herd retirement program is planned for this round of CWT, but it will not take place soon. There is currently not enough money in the program to fund a herd retirement large enough to positively affect milk prices. A small scale herd retirement effort would likely sap money from the program without providing a return of higher milk prices, so the committee has decided to wait for funds to grow before moving ahead.

I am hopeful that through the two-pronged CWT approach, we can continue to bolster milk prices and hopefully, see higher milk prices in the future.

In former rounds of CWT, the export portion was not utilized very much, and tended to be costly, due to low world market prices for dairy products. Since then, world market prices for dairy products have risen, making it less costly for CWT to assist in exporting dairy products.

CWT's current Export Assistance program has been very successful this year, aiding companies in the export of product to over 30 different countries. At press time, CWT's year to date exports equaled:

- Cheese – 6.89 million pounds
- Whole milk powder – 3.88 million pounds
- Anhydrous milk fat – 2.56 million pounds
- Butter – 11.51 million pounds

Through the program, transactions occur as overseas buyers are found for the products and as CWT's member cooperatives bid to be compensated for selling the products to those bidders.

National milk production is up more than 4 percent this year. The continual export of dairy products through CWT's Export Assistance program has helped to keep milk prices above government support levels. Without exports, the dairy markets could not have absorbed such a large increase in milk production and milk prices would be lower than what they currently are.

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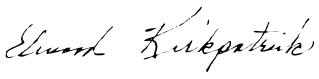
If you have any questions regarding any aspect of the CWT program, please contact me in the Novi office.