



News & Views

The latest dairy news

May Class III Price Up 46 Cents

The May Class III price is \$13.38, up 46 cents from April and up \$3.54 from last year. The Class IV price is \$15.29, up \$1.56 from April and up \$5.15 from last year. This is the highest Class IV price since September 2008.

CWT Announces Tenth Herd Retirement

After reviewing a number of economic benchmarks including cull rates and cull cow prices, Cooperatives Working Together (CWT) decided to conduct another herd retirement. Bids were accepted until Friday, June 25.

“It is our belief that a herd retirement at this time will add to the positive momentum already building and should result in speeding up the milk price recovery already in progress,” said Jerry Kozak, President and CEO of NMPF, which manages CWT.

This is the tenth herd retirement since CWT began operations in the summer of 2003. The most recent was conducted in the fall of 2009. As was the case in 2009’s herd retirement rounds, CWT has no set target for the volume of milk or the number of cows to be removed in this herd retirement.

Meanwhile, CWT’s export assistance program has been aggressive in the past three months since it was reactivated. The program has helped export nearly 16,000 metric tons of cheese to 17 countries.

EPA to Delay Deadline for Spill Control Regulation of Bulk Milk Tanks

The National Milk Producers Federation (NMPF) commends the U.S. Environmental Protection Agency (EPA) for taking a sensible approach to regulating dairy farms under the Spill, Prevention, Control, and Countermeasure (SPCC) regulations by pushing back the deadline for farms’ compliance with those regulations.

In a letter to NMPF dated June 9, the EPA committed to finalizing the SPCC exemption for bulk milk storage “as expeditiously as possible ... to have that process completed by early 2011.” In addition, EPA will be extending the compliance deadline for dairy producers until that time.

Last month, NMPF requested EPA to take such actions to provide certainty in the SPCC regulations so that dairy producers could appropriately make decisions on their need for regulatory compliance. EPA first proposed to exempt milk containers and associated piping and equipment constructed according to current applicable 3-A Sanitary Standards and subject to the current, applicable Grade “A” Pasteurized Milk Ordinance (PMO), or an equivalent state dairy regulatory requirement, from the SPCC regulations on January 15, 2009.

The goal of the SPCC program is to prevent oil spills into waters of the United States and adjoining shorelines. A key element of the program calls for farmers and other facilities to have an oil spill prevention plan, called an SPCC plan. The SPCC plans are required for farms which have an aggregate storage capacity of oil products of 1320 gallons, or more, for every storage container larger than 55 gallons. This storage does not include vehicle storage capacity, but it does potentially include bulk milk tanks, as the butterfat in milk is regarded under the law as a form of oil.

A farm with less than 10,000 gallons of total storage capacity and no single storage greater than 5,000 gallons can self-certify their SPCC plan. Farms that do not meet this exemption must have a plan certified by a professional engineer. NMPF’s concern is that this regulation could require a significant number of farms to require outside certification of their facilities.

Upcoming Events

July

- 6 MMPA Advisory Committee Meeting – *Novi*
- 15-20 Michigan Livestock Expo – *East Lansing*
- 19-23 Michigan Dairy Expo – *East Lansing*
- 20 Michigan Agriculture Sale-abration – *East Lansing*
- 20-22 Ag Expo – *East Lansing*

August

- 18-19 MMPA OYDC Conference

NMPF Keeping Markets Open for U.S. Dairy Products

NMPF has been active in working to keep key markets open in both Europe and China, while also attempting to increase market opportunities in Cuba.

The situation in China is a challenging and continually evolving one. The Chinese government indicated in late April that it would continue to accept only U.S. food-grade dairy products accompanied by a certificate dated May 31 or earlier, regardless of when the product actually arrived in China. On May 31, Chinese authorities told the U.S. government that it does not currently plan to enforce the June 1 health certificate deadline that had been previously announced. Chinese customs officers have not been informed that they are to stop accepting shipments lacking a certificate dated prior to June 1. Although this far falls short of the certainty that is needed to restore smooth market functioning, it is better than a definitive market closure. It is NMPF's understanding that swift movement by the U.S. to work towards finding agreement on new certificate language has been helpful, and could resolve this situation, if China accepts reasonable offers by the U.S. government.

Another issue of great concern to many NMPF members has been the EU Somatic Cell Count issue. Late last year, the EU informed the U.S. government that exporters would need to test for compliance to the EU's 400,000 SCC limit at the individual farm level, rather than at the tanker or silo levels, as had customarily been the practice. This poses a significant challenge for many co-ops and as a result, NMPF has been working with our government to evaluate the legitimacy of the EU's requirements, and to evaluate more workable compliance criteria.

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year). Trigger conditions would result in nonpayment to the producer for a percentage of the established base. Every producer in the U.S. would be subject to the structured nonpayment. For example, if the formula indicated 2 percent excess milk production nationwide, a producer would be paid for not more than 98 percent of the producer's established base. The value of the excess production would be collected by USDA to be turned over to a DMSP Board that would use the monies to expand dairy consumption both domestically and internationally. The efforts of the current checkoff program would not be duplicated.

This overview is intended only to summarize the action taken by the NMPF Board on June 9. Even though the Task Force, NMPF staff, and outside consultants have already dedicated many hours to developing these concepts, additional study will take place. I believe the dairy industry has correctly identified many deficiencies in our current programs and is taking careful steps to correct those issues through this effort to lay the Foundation for a Better Future.

Ken

Producers scoring 95 percent or more on Grade A Surveys and Federal Check Ratings

Organic Valley North BTU *February 2010*

Harley S. Schrock*
Leland F. Lehman*
Mervin C. Hochstetler
Raymond D. Yoder
Marlin R. Miller

MMPA South Central BTU *May 2010*

Michael Schwartz*
Hammond Dairy Farm LLC*
Penney Farms*
Ralph Fusco*
Thomas & Gregory Adams
Leo Bur Farms LLC
Magda Farms
Richard & Patricia Hawkins
Joseph Steury
John Graber
Ransler Farms

MMPA Constantine Northern Indiana BTU *May 2010*

Gerald D. Bontrager*
Kenneth R. Bontrager*
David E. Yoder*
Timothy R. Lengacher
David J. Mast
Jerry C. Slabach
Delmar J. Fry
Perry D. Borntreger
David W. Nissley
David E. Miller
David R. Mast
Raymond S. Eash
Ferman R. Bontrager
Maynard J. Mast
Darrel D. Yoder
Cletus H. Miller

** producers scoring 100 percent*