



2012 Could Be A Pivotal Year in Dairy Industry

As we make our plans for the year 2012, we look forward to the extra day that comes with a Leap Year. The added day that comes every fourth year keeps our annual calendars in sync with the astronomical, or seasonal, year. Spring, summer, fall, and winter would eventually drift away from their current months if this correction was not in place. With 2012 being a Presidential election year, that means one extra day of campaign advertising. Now that I've made this connection I'm beginning to wonder whether leap year is necessary to keep our calendars in sync or instead to keep Madison Avenue more profitable as a result of having one more day to fill with political ads.

Whatever the reason, 2012 has an extra day in it, and we all have enough leftover projects from 2011 that we can use that day to our advantage. One project that will move into the new year (but will require more than one extra day to finish) is the Farm Bill. We were hoping that a new Farm Bill could be enacted through the actions of the Super Committee that was created by Congress to come up with a plan to cut the deficit spending running rampant in the U.S. All of the committees in both the House and Senate were asked to submit plans outlining cuts that could be made in the areas under their control. Unfortunately, that didn't happen; in fact, the only plan that was submitted came from the united Senate and House Agricultural Committees. They submitted a plan to cut about 20% of the cost in their version of the 2012 Farm Bill. With only Ag weighing in, the Super Committee

failed, which pushes the Farm Bill process into 2012.

What happens next is open for speculation. Since there was agreement from both the Senate and House Ag leadership on the 2012 Farm Bill, one possibility is to attach that version to some other piece of legislation. The Farm Bill could then be enacted with that legislation. If no agreement that results in comprehensive spending cuts is reached before January 1, 2013, mandatory across-the-board cuts are scheduled to become law.

Another possibility would be to start over using the traditional methods to formulate a Farm Bill. Some feel, though, that since we have satisfied many people with the current version, why start over? Whatever scenario develops, if it doesn't happen early in 2012 it probably will not happen until after the November election.

One project that was completed in 2011 but took effect on January 1, 2012 is the continuation of the CWT program for 2012 and 2013. Over 70% of the nation's milk supply is agreeing to contribute to the voluntary self help program. The contribution rate, two cents per hundredweight, will be used exclusively for export enhancement. CWT should raise approximately 28 million dollars each year to help export dairy products.

Exports are the fastest growing market that the U.S. dairy industry has available, but sometimes we need a little help to keep the exports flowing smoothly out of our country into other countries. Sometimes our prices are a little high, and that may

not reflect our pay price but could instead result from factors like freight rates, tariffs, or a lack of familiarity in a particular country with the nature and value of our product. Whatever the reason, CWT has proven to help grow exports. With so many economic uncertainties, including the not-so-safe safety net inherent in our current dairy policy, we should all feel better knowing CWT will be around for at least two more years.

Many projects at the state and local levels have moved into 2012 too. As you already know, the MMPA Board of Directors has accepted the recommendations of the Structure Committee and is in the process of informing our members about the details. If the proposals are accepted by the delegates at the Annual Meeting in March, they will go into effect at the beginning of MMPA's new fiscal year on October 1, 2012. The Board is confident that the recommendations make sense in order to accommodate the realities of the 21st century.

I've just scratched the surface on the many issues facing all of us in the new year. We all have multiple issues facing us daily as we operate our dairy farms safely, profitably and responsibly. MMPA will continue its commitment "to market our members' milk to the greatest advantage possible," and I'm happy that we have one extra day in 2012 to commit to that promise.

A handwritten signature in black ink that reads "Ken". The letters are cursive and fluid.