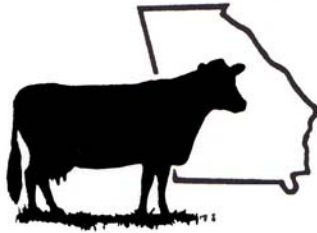


GEORGIA MILK REVIEW

August 2010



FALL DISTRICT MEETINGS BEGIN SEPTEMBER 10TH

With the temperatures hitting 100 for several weeks, many producers will welcome fall's cooler temperatures. Still, it is hard to believe that fall is just around the corner and so are our fall district meetings. Georgia Milk Producers and the American Dairy Association of Georgia will begin their annual fall district meetings on Friday, September 10, 2010. During the meetings, the organizations will hold elections, report on industry issues, promotional efforts and upcoming events. Dinner or lunch will be served at each meeting depending on the time the meeting is set to begin. To preregister for your district meeting, please contact Debbie with SUDIA at 1-800-343-4693. If you need directions to a meeting location, please call Farrah Newberry at 706-310-0020 or go to www.gamilk.org.

<u>DATE</u>	<u>LOCATION</u>
September 10, Friday	Commerce Civic Center in Commerce at NOON
September 13, Monday	Crist Yoder's Residence, Marshallville at 7 p.m.
September 14, Tuesday	Wiregrass Restaurant in Quitman at NOON
September 15, Wednesday	Captain Joe's Seafood in Baxley at NOON
September 16, Thursday	Jenkins Co. Extension Office in Millen at NOON
September 16, Thursday	Little Dutch House Restaurant in Wrens at 7 p.m.
September 17, Friday	McGill/Woodruff Ag Building in Washington at NOON
September 20, Monday	Bonner's Restaurant in Buckhead at 7 p.m.
September 21, Tuesday	Manhattan's Restaurant in Griffin at 7 p.m.
September 23, Thursday	Gordon Co. Extension Office in Calhoun at NOON

ATTEND YOUR DISTRICT MEETING TO ENTER \$500 GRAND PRIZE DRAWING

Georgia Milk Producers will present a Grand Prize of \$500 at the conclusion of all meetings to one lucky Georgia dairy farm family attending their district meeting. Additional door prizes and promotional items will be provided by SUDIA and the American Dairy Association of Georgia at each district meeting.

Producers living in odd-numbered districts will be electing their ADA District Director for the next two year term. Georgia Milk Producers will hold elections for district directors in all 10 districts. To preregister for your district meeting, please contact Sharon Dunaway with SUDIA at 1-800-343-4693.

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DAIRY BRIEFS

The Georgia Dairy Youth Foundation received 501-c-3 non-profit status in July. All donations made to GDYF are now tax deductible.

The initial GDYF Board of Directors elected the first GDYF Board of Directors on August 20. The Board will consist of 15 dairy producers and/or heifer growers and 9 industry, educators and volunteers.

One Georgia dairy's bid was accepted for the recent CWT Herd Retirement. For more information go to www.cwt.coop.

Don Bennink, widely respected owner/partner of North Florida Holsteins, of Bell, FL, has been named 2010 World Dairy Expo Dairyman of the Year. He will be honored at the Expo's Dinner of the Stars. He and his partners milk 4,000 registered Holsteins. He has been an industry leader in implementing practical improvements to cattle care, such as tunnel ventilation, and his quality honor rolls are a testament to cattle care at North Florida.

GMP PRESIDENT REVIEWS NMPF'S PLAN FOUNDATION FOR THE FUTURE (FFTF): HOW WILL IT AFFECT OUR DAIRYMEN?



After reading over the 70+ pages of National Milk Producer Federation's (NMPF) current proposal, Foundation for the Future, and listening to hours of analysis conducted by various economists in Chicago this month, I'm wondering, who gets the future benefits from this plan - coops, producers, processors, retailers or consumers? Dairymen want a fair price for their milk but does **FFTF** help with that goal? I would like to review several parts of the **FFTF** plan below to open dialogue among Georgia producers and discuss whether this proposal is beneficial for southeast dairymen:

Dairy Producer Margin Protection Program: This concept discontinues the Dairy Product Price Support Program (**DPPSP**) and the Milk Income Loss Contract (MILC) in the next Farm Bill and converts the budgetary savings in the federal dairy baseline to establish a new Dairy Producer Margin Protection Program (**DPMPP**).

DPPSP support prices are about \$9.40/cwt of milk, which is too low to help dairymen stay in business. When the government does buy product (usually only nonfat dry milk (NFDM) in last ten years), this inventory slows the milk price recovery. **DPPSP** hurts our export market because powder plants can sell to the government instead of developing markets. As international prices falls below support price we stop exporting NFDM and sell to the government, making us unreliable exporters. As long as we have a **DPPSP** why would dairy manufacturers create new products or even produce other products (whole milk powder) that the world market wants? **DPPSP** program does provide a floor for milk producers' prices, but at what cost?

The MILC program has helped to keep the smaller dairymen in business but does not provide the same amount of support to the larger dairymen. Since getting MILC into the 2012 Farm Bill will be very hard, should we take the budgetary savings from **DPPSP** and MILC for the Dairy Producer Margin Protection Program (**DPMPP**)?

DPMPP will create an insurance program tied to the margin between the national average cost of feed, and national average all-milk price. Once farmers enroll in the program, they will receive indemnity payments during periods when their margins are severely compressed. Farmers would have the option of purchasing supplemental coverage to protect a higher margin level between feed costs and milk prices. Total government expenditures for the **DPMPP** Insurance program is designed so that payments will be less than the total for MILC and **DPPSP** currently being used over the life of the farm bill.

Dairy Market Stabilization Program (DMSP): This program goes into effect when the actual margin (determined using the same calculations of the **DPMPP**) is below a margin trigger level set (using a specific set formula) for two consecutive months. Once **DMSP** is triggered, producers whose milk marketings in a month are less than the required percentage of their base milk marketings would not be subject to a reduction in payment. However, producers who are over their base would not

receive any payment for overbase milk. The percentage of milk marketings on which payment will be based shall be determined according to a formula tied to the severity of the margin loss. A maximum reduction in milk marketings on which payment will be based will also be established according to a predetermined formula.

The program would cease once the margin trigger level has been exceeded for two consecutive months. The **DMSP** will cover all producers in all markets and will be collected by the Agricultural Marketing Service (AMS). To collect the money, AMS will use the same system currently in place that collects dairy promotion assessments. The program will apply to all milk marketed with no exemptions. The USDA will announce that the **DMSP** is being implemented 30 days in advance of the month in which the program goes into effect. Although not effectuated by AMS, the **DMSP** is intended to be a government program administered by that agency. The purpose of the monies collected through the **DMSP** is to effectively stimulate the consumption of dairy products both domestically and internationally.

DMSP is a supply management plan which encourages production increases until your margin is reduced to a point where the plan takes effect and then you get -0-dollars for milk over your base. This is a rather poor way to match supply with demand. This program is very unfair to people with higher value milk (Jersey or class I). For example a Georgia dairyman might pay \$15.00/cwt for his overproduction and a California dairyman might only pay \$9.00/cwt. In the Southeast our coops would have to go outside the Southeast to buy milk to supply the market. Imagine the "give up charges" that we might have to pay to get this extra milk along with the extra transportation costs. Georgia dairymen could easily pay 3X as much as dairymen located in a Class III market. **DMSP** could generate large sums of money to be spent on buying dairy products which will further depress milk price recovery.

It would be better to refund this money to dairymen who did not overproduce. At least the money would stay with dairymen instead of going to processors. This plan would be detrimental to Southeast production growth and would put Southeast producers at a greater economic disadvantage than now. Other parts of the **FFTF** plan will be discussed in future newsletters including the giving away of the higher of Class III or IV in setting the Class I mover. If this part of the plan had been implemented in the year 2000, the net effect would be the average loss of \$0.47/cwt in your milk check each month.

Please come to your district meeting. I plan to be at most district meetings to discuss this plan and answer questions.

Best Regards,
J. Everett Williams



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S.E. PRODUCERS FORM GRASSROOTS ORGANIZATION IN TENNESSEE

With a sense of urgency to pass new dairy policy and many dairy proposals on the table, producers in the Southeast are concerned on how these proposals will affect their businesses. The Southeast has experienced a tremendous loss of dairies and many producers are concerned dairy policy changes may continue to decimate their ability to supply the Southeast fluid market. Realizing the need to unify and strengthen their voice, producers from 10 states met on August 5th in Athens, Tennessee, to form a grass-roots organization to study dairy policy and protect their market.

The grassroots group consisted of producers from Kentucky, Alabama, Georgia, North Carolina, Florida, Mississippi, Arkansas and Tennessee and virtually all milk cooperatives. During their six-hour long meeting, the group identified short-term and long term priorities for reform in dairy policy. The list included: 1) Reforming the producer voting process for Federal Order Administrative Rule changes (Change the "all or nothing" voting procedure). 2) Eliminate "bloc voting" so producers have a vote. 3) Increase Federal Order Location Differentials 4) Eliminate Transportation Credits for Federal Orders 5 and 7. 5) Influence NMPF's Foundation for the Future 6) Work towards Country of Origin Labeling and sustaining dairy product Standards of Identity.

It was determined that this group would form the organizational core of "DPAC South" [working title], and would meet again on September 9th in Atlanta to further define an organizational structure and determine initial plans of action. Once this structure is developed, then meetings will be opened to all Southern dairy producers willing to take an active role in making a difference in policy.

CONSTRUCTION ON DAIRY EXHIBIT BUILDING AT SUNBELT UNDERWAY

For several years, Sunbelt officials, dairy industry leaders and UGA researchers have worked to improve the dairy section at the Sunbelt Agricultural Exposition. Exhibits and seminars showcasing the dairy industry has always been a vital part of the show and the section has slowly increased the number of exhibitors over the past couple of years.

Recognizing the need for improvement, Sunbelt officials began construction on a permanent building that will house dairy exhibits beginning with the show in October 2010. Sunbelt officials are looking for donations to help offset the labor and associated costs of making the building functional for the exhibitors and visitors. If you know of a company or organization that could make a monetary donation please contact Chip Blalock at 229-985-1968. The dates for the Sunbelt Agriculture Exposition are October 19-21, 2010. For more information go to www.sunbeltexpo.com.

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