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Sent: Thursday, December 31, 2009 12:38 PM
To: ATR-Agricultural Workshops <agriculturalworkshops@usdoj.gov>; Hilde Steffey <hilde@farmaid.org>
Subject: Farm Aid Comments for DOJ/USDA competition workshop on dairy
Attach: Farm Aid DOJ_USDA Comments 2009_2010.doc

(submitted electronically to: agriculturalworkshops@usdoj.gov)

December 31, 2009

The Honorable Eric Holder
Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

The Honorable Tom Vilsack
Secretary
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Farm Aid is a national non-profit organization that has worked over the past 25 years to build a vibrant, family farm-centered system of agriculture in America. While we have a strong record of working on competition and concentration issues across agricultural sectors, we would like to focus our attention in this comment to the unprecedented crisis facing dairy farmers in this country for consideration in the upcoming Department of Justice/U.S. Department of Agriculture competition workshop regarding Dairy, scheduled for June 7, 2010 in Madison, Wisconsin.

Farm Aid artists and board members Willie Nelson, Neil Young, John Mellencamp and Dave Matthews host an annual concert to raise funds to support Farm Aid's work with family farmers and to inspire people to choose family-farmed food. Since 1985, Farm Aid has raised more than \$36 million to support programs that help farmers thrive, expand the reach of the Good Food Movement, take political action to challenge the dominant system of industrial agriculture and promote food from family farms.

At Farm Aid we are in the unique position of having our ear to the ground, listening to the struggles of family farmers on a daily basis. Since day one, Farm Aid has operated a 1-800 hotline service for family farmers in crisis. This year we have received record calls from farmers overall, and from dairy farmers in particular. More than a quarter of our 950+ contacts in 2009 came from struggling dairy farmers, many calling our office as a last resort.

Nationwide, it is estimated that dairy farmers have been losing up to \$200 per cow, per month. Dairy farmers have been paid as low as \$9 for a hundred weight (cwt) of fluid milk this past year, but need to recoup at least \$18-\$27 per cwt (depending on the cost of production in their region) just

to break even. They are literally paying to go to work everyday.

The crisis in dairy is not simply the result of overproduction or because of a sudden decline in demand spurred on by the global recession, as many who are profiting from the crisis would lead us to believe. Dairy farmers have been hit with a catastrophic combination of factors beyond their control. They are struggling to pay bills from record high feed and fuel costs in 2008; adequate credit is extremely difficult to come by amidst a global economic downturn; and unregulated imports of milk substitutes continue to increase without regulation. Most damaging of all, however, is an ineffective milk pricing system that is vulnerable to extreme volatility and price gouging especially in the highly concentrated marketplace in which dairy farmers have been forced to operate for decades due to a severe lack of effective oversight anti-trust enforcement.

Since the early 1980s, the spread between farm milk price and retail milk price has steadily widened without any public benefit. Farmers have received less and less for their milk over time as consumers continue to pay more at the grocery store. This leaves dairy processors and cooperatives as the main profiteers. The numbers tell it all. During the past year, despite an unprecedented collapse in farm milk price (the price of milk paid to farmers by processors collapsed a record 30% in January 2009 alone, down 50% since July 2008), the retail price for consumers has barely budged. Meanwhile, the top dairy processors announced surging profit margins for the past three quarters.

A July 2007 report put out by the Government Accounting Office (GAO) indicates that there are too few players controlling the market for dairy, creating the perfect opportunity for price manipulation. This is a clear market failure demanding immediate government intervention to ensure that dairy processors and cooperatives are paying farmers a fair price for their milk. We urge you not to use the current listening sessions as an excuse for continued postponement in addressing the immediate threats of price manipulation established in the 2007 GAO report. Follow-up action to this report must be taken without delay, while other important dairy issues can and will be addressed at the dairy workshop in June 2010.

A real commitment to antitrust enforcement is critical to keeping family dairies in operation. Dairy farmers produce much more than just milk. The U.S. has a tradition of local and regional dairies, making dairy farmers a base for strong local and regional economies. Dairy farmers support other local farmers who raise hay and grain for animal feed, spend money at the lumber store and hardware store, invest in the local bank, provide jobs for haulers who transport feed and milk, and more. The loss of these farms will reduce spending in small businesses, investments in banks and shrink the community tax base. If current trends continue, we risk losing an estimated 20,000 of our nation's 60,000 dairy farms and billions of dollars from our rural economies, which are already hurting during these tough economic times.

We also risk entire states devoid of a single dairy farm. As our independent dairy farmers go out of business, our milk supply gets more consolidated by giant confinement dairies in select states that do not contribute to our local economies or act as stewards of the land like our family farmers do.

Instead, we are forced to rely on factory farms and imported milk substitutes that compromise public and environmental health and safety. A stable network of local dairy farms is essential for communities to provide their residents with access to safe, healthful food. Fighting on behalf of America's dairy farmer is a matter of farm security, food security and, ultimately, national security.

Are we going to have a food system that allows a level playing field for family farmers and consumers or a system of increased consolidation that puts more power into the hands of powerful corporations? During this time of unprecedented instability in the milk market, dairy farmers seek nothing more than a fair and competitive pricing system that allows them to stay on the land and support their families, while producing safe, fresh milk and dairy products for all of us.

You have the power and the responsibility to change the fate of countless hardworking men and women for the better and they need you to do the right thing. The situation is dire, the impacts are widespread, and we need solutions now.

Thank you for the opportunity to submit comments for review.

Signed,

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Somerville, MA 02143
(617) 354-2922

Addendum

We recommend that the following individuals be contacted to serve as panelists for the Wisconsin Dairy Workshop. Please contact us if you require further contact information.

John Bunting
New York dairy farmer
Editor of The Milkweed

Joel Greeno
Wisconsin dairy farmer
President, American Raw Milk Producers Pricing Association
National Family Farm Coalition Executive Committee

John Kinsman
Wisconsin dairy farmer
President, Family Farm Defenders
Secretary, National Family Farm Coalition Executive Committee

Jerry Harvey
Iowa dairy farmer

Kathy Ozer
Executive Director

