



Idaho Dairy

THE IDAHO DAIRY FOCUS IS BROUGHT TO YOU BY
IDAHO DAIRYMEN'S ASSOCIATION

focus

The Idaho Dairymen's Association (IDA) was established to continue to develop and sustain an economically viable Idaho Dairy Industry that works together to achieve success in the domestic and global marketplace in meeting the needs of the Idaho dairy farm families.

May 2010

View from the Board Room by IDA President Mike Roth

This past month we conducted district meetings throughout the state. About 60% of the milk produced in the state were present at the meetings with over 225 people attending, a strong showing that is reflective of the anxiety that the dairy industry is facing. All of the meetings were opened with meditations and prayer. Having Catholic, Mormon and Protestant representatives opening the meetings not only help set the tone of the meeting but also is a mirror image of the representation of the majority of Idaho dairy producers and most producers I know nationwide, people of faith.

During the meetings the uncertainty of the immediate future was one item that everyone was in total agreement on. Whether it was the unknown future prices for milk and input cost, ability to borrow operating capital and lender attitudes or if producers were going to be able to take control of the supply side of the industry, all points were expressed. Whether we go forward with any of the proposals is up to you, the producers.

(Continued on page 7)

Washington DC Comes to Idaho

Two Idaho Congressmen along with Representatives from the U.S House Agricultural Committee took part in discussion with Idaho agricultural producers in anticipation of the 2012 Farm Bill. The Committee is seeking testimony in several field hearings across the United States in preparation for consideration of a new Farm Bill beginning next year.

The field hearing, held by the House Agriculture Committee, was attended by six members of the House of Representatives including Committee Chairman Collin Peterson (D-MN), Ranking Member Frank Lucas (R-OK), Representative Stephanie Herseth-Sandlin (D-SD) and Representative Jim Costa, Idaho's lone member on either the House or Senate Agriculture Committees Walt Minnick and Congressman Mike Simpson. Mike Simpson was allowed to participate under an agreement between the House Agriculture Committee and the

(Continued on page 3)

In This Issue:

- Page 2 - "Producers Meeting ...The Rest of The Story"
- Page 2 - Senator Leahy - "No Federal Fix Coming"
- Page 4 - WSU Vet Med Survey
- Page 4 - 5 Producer Survey Results
- Page 6 NMPF : Representing the Dairy Industry in DC
- Page 8 - Energy Grants
- Page 9 - FCStone Downes - O'Neil, "Confusion is par for the Course"
- Page 10 - Meeting Dates

Producer Meetings “..The Rest of the Story”

Over the course of the past month Idaho dairy producer meetings were held in all three of the IDA Districts and an additional meeting was held with Independent shippers from both the Treasure Valley and Magic Valley areas.

The survey that was conducted in Magic Valley at the District II area meeting was also conducted in District I and District III but the results were quite different when looking at the concept of government mandatory supply management. In District I, Treasure Valley, a whopping 65% of the milk production supported a mandatory program. In District III, Eastern Idaho; the margin was less but still strong with 55% support. In the District II meeting as reported in the last issue there was 67% **opposition** to a government mandated program. The only difference in the information that was presented at the meetings is that at both the District I and District III meetings more detailed information was presented on the National Milk Producers Federation proposal “Foundation for the Future.” The complete survey can be found on page 4 and 5 of this issue.

One concern that has to be recognized by the dairy industry and proponents of changes in the current government programs is that **the industry needs to be united** nationwide in what they are proposing for future U.S. dairy policy. Senator Patrick Leahy, a strong supporter of dairy producers in Vermont and the New England area, stated in an interview covering current proposed dairy supply management legislation being crafted by Rep. Peter Welch of Vermont, "there's no way you're going to pass legislation to do that without that unanimity. It just wouldn't go." See the complete Leahy article below.

To move forward with proposed programs there must be unity within the industry regardless if the proposal is voluntary or mandatory.

Leahy — “No Federal Fix Coming”

(Burlington WCAX-TV, VT)

Sen. Patrick Leahy, D-Vermont, says there are no fixes coming out of the federal government for Vermont's dairy crisis.

Vt. Agriculture Commissioner Roger Allbee says the financial stress of low milk prices could force 200 dairy farms out of business by the end of the year.

Rep. Peter Welch, D-Vermont, is proposing a quota system where milk production is limited to prevent an oversupply that causes prices to plummet.

Leahy says it will be a challenge to get farmers from all over the country to support that idea.

"That will work if the farmers themselves want it. But I'd like to see it nationally," Leahy said. **"There's no way you're going to pass legislation to do that without that unanimity. It just wouldn't go."**

Leahy has seen the government attempt numerous relief strategies. He says the best one was the Northeast Dairy Compact which forced dairy processors to pay more to farmers whenever market prices dipped.

4-30-10 <http://www.wcax.com/Global/story.asp?S=12404749>

www.idahodairymen.org

(Continued from page 1)

House Appropriations Committee. It was noted in the hearing that two states had all of their house delegation members present. Out of the six (6) house members present, the entire Idaho and South Dakota U.S. House members were in attendance.

Participating for the Idaho Dairymen's Association was dairy producer Adrian Boer. Others appearing on behalf of Idaho agriculture were; Fred Brossy representing Idaho's organic agriculture industry, Scott Brown representing the Idaho grain growers, Doug Gross representing Idaho potato growers, Kelly Henggeler representing Idaho fruit growers, Galen Lee representing Idaho sugar growers, Brian Kernohan representing Idaho forestry, Ron Bitner representing the Idaho winegrape industry, Charlie Lyons representing Idaho beef producers and Cindy Siddoway representing Idaho's wool growers.

Adrian is a member of National Milk Producers Federations (NMPF) and serves on the NMPF Strategic Planning Task Force, his written testimony, which can be found at www.idahodairymen.org, emphasized the work of the Task Force and outlines what NMPF has titled a "Foundation for the Future."

A common theme that ran through all of the witness's testimony is agriculture's need for immigration reform as a top priority. The ability to maintain our current workforce coupled with avenues to legally attain a work force through H2A programs for those who qualify along with development of new work visa programs for year round employees needs to be addressed.

The perspective on the House members also displayed not only appreciation for agricultural producers but also concern for the future farm bill but also past failures. Congressman Minnick, recognized as the host stated "the current farm bill does a poor job of protecting producers in times of stress"

Chairmen Peterson outlined the purpose of the farm programs should be to "giving people who want to farm the ability to manage their risk." All of the committee members recognized that the "base line" appropriations funding for the 2012 farm bill will be substantially lower than the current farm bill. The net result might be a decrease in payments going out to producers.

The value of the hearings can be summed up by Idaho Congressman Mike Simpson statements opening with "agriculture is the most important industry in the state" and closing with "too few people in our nation appreciate the complexities of maintaining a domestic supply of food while too many under appreciate the work, money, and emotion that goes into being a farmer or rancher. We have to do everything we can to keep our food grown right here in the United States. I want to commend Congressman Minnick for his leadership in bringing the Committee to Idaho and thank the Committee for allowing me to take part in the hearing."

We Want to Know more about **health event record keeping and evaluation** on your dairies. Washington State University's Veterinary Medicine Extension will be conducting a survey of dairy farmers and veterinarians to learn more about **how** disease/treatment records are recorded, used and valued. Mail surveys will be sent out in early June. When it arrives please complete and return it right away. **Your participation will be invaluable in helping us better serve the dairy industry through the development of more efficient health data record keeping and evaluation.** For more information, or to request a survey, please contact Sandy Poisson (509-335-8225 or spoisson@vetmed.wsu.edu) or Dr. John Wenz (509-335-0773 or jrwenz@vetmed.wsu.edu).

Eastern Idaho

Total Cows Surveyed: 2,658

What percent would you be willing to reduce

0%	198	7%
1%	700	26%
2%	500	19%
3%	470	18%
5%	700	26%
0-5%		0%
5-10%		0%
10%	90	3%
10%+		0%
Whatever it takes		0%
Undecided		0%

Would you be willing to sign a legal ling binding document

Yes	2,518	95%
No	140	5%
Maybe		0%

What percent participation needed

50%		0%
75%	120	5%
80%	930	35%
85%	275	10%
More than 85%	1,333	50%
Don't want it		0%

Would you support government mandated supply management

Based on Cow Numbers

Yes	1,455	55%
No	973	37%
Undecided	230	9%

Based on Dairies

Yes	5	45%
No	5	45%
Undecided	1	9%

Treasure Valley

Total Cows Surveyed: 44,430

What percent would you be willing to reduce

0%	12,100	27%
1%	3,600	8%
2%	8,860	20%
3%	2,100	5%
5%		0%
0-5%	13,050	29%
5-10%		0%
10%		0%
10%+	2,320	5%
Whatever it takes	2,400	5%
Undecided		0%

Would you be willing to sign a legal ling binding document

Yes	23,955	54%
No	20,475	46%
Maybe		0%

What percent participation needed

50%		0%
75%		0%
80%		0%
85%	645	1%
More than 85%	43,585	98%
Don't want it	200	0%

Would you support government mandated supply management

Based on Cow Numbers

Yes	28,970	65%
No	12,560	28%
Undecided	2,900	7%

Based on Dairies

Yes	13	59%
No	7	32%
Undecided	2	9%

Magic Valley

Total Cows Surveyed: 259,351

What percent would you be willing to reduce

0%	34,633	13%
1%	12,100	5%
2%	25,500	10%
3%	1,200	0%
5%	59,940	23%
0-5%	40,713	16%
5-10%	68,200	26%
10%	9,335	4%
10%+		0%
Whatever it takes	3,660	1%
Undecided	4,070	2%

Would you be willing to sign a legal ling binding document

Yes	199,468	77%
No	52,083	20%
Maybe	7,800	3%

What percent participation needed

50%	-	0%
75%	3,580	1%
80%	10,820	4%
85%	25,500	10%
More than 85%	207,198	80%
Don't want it	12,253	5%

Would you support government mandated supply management

Based on Cow Numbers

Yes	79,655	31%
No	174,701	67%
Undecided	4,995	2%

Based on Dairies

Yes	27	31%
No	55	63%
Undecided	5	6%

All Districts Combined

Total Cows Surveyed: 306,439

What percent would you be willing to reduce

0%	46,931	15%
1%	16,400	5%
2%	34,860	11%
3%	3,770	1%
5%	60,640	20%
0-5%	53,763	18%
5-10%	68,200	22%
10%	9,425	3%
10%+	2,320	1%
Whatever it takes	6,060	2%
Undecided	4,070	1%

Would you be willing to sign a legal ling binding document

Yes	225,941	74%
No	72,698	24%
Maybe	7,800	3%

What percent participation needed

50%	-	0%
75%	3,700	1%
80%	11,750	4%
85%	26,420	9%
More than 85%	252,116	82%
Don't want it	12,453	4%

Would you support government mandated supply management

Based on Cow Numbers

Yes	110,080	36%
No	188,234	61%
Undecided	8,125	3%

Based on Dairies

Yes	45	37%
No	67	56%
Undecided	8	7%

Dairy Focus Note: Those Representing Your Concerns in Washington DC

Many times dairy producer's wonder who is representing their concerns in Washington DC. The Idaho Dairymen's Association is an associate member of both state and national organizations to help us facilitate not only our policy positions but also emerging issues facing the dairy industry as a whole. **National Milk Producers Federation (NMPF)** is one of the organizations that we value as a partner in our efforts on immigration, EPA regulations, trade issues and milk marketing. NMPF is based in Arlington, VA, and the article below is an example of their efforts. If successful, it is an example of an effort that all dairy producers will benefit from.

The story below was utilized in the front page of the April 29th USA Dairy Today titled Got Milk? Only if it Comes from a Cow, Group Argues." To read the USA article go to:

http://www.usatoday.com/news/health/2010-04-29-1Amilkwars29_ST_N.htm

FDA SHOULD STOP IMITATION PRODUCTS FROM MILKING DAIRY TERMS, SAYS NMPF

A decade after it first asked the federal Food and Drug Administration to crack down on the misappropriation of dairy terminology on imitation milk products, the National Milk Producers Federation today sent another petition to the FDA, asserting that the practice has gotten worse in the past 10 years.

In its petition submitted April 29th, NMPF contends that not only have the terms "soy milk" and "soymilk" continued to proliferate, but also other dairy-specific terms like "yogurt," "cheese," and "ice cream" are now being used by products made out of a wide variety of non-dairy ingredients.

"The FDA has allowed the meaning of 'milk' to be watered down to the point where many products that use the term have never seen the inside of a barn," said Jerry Kozak, President and CEO of NMPF. "You don't got milk if it comes from a hemp plant, you can't say cheese if it's made from rice, and faux yogurt can't be made from soy and still be called yogurt," he said.

This matter was originally brought to the attention of the FDA in February 2000, when NMPF sent a letter asking that the agency make clear to manufacturers of imitation dairy products that product names permitted by federal standards of identity, including dairy terms such as "milk," are to be used only on foods actually made from milk from animals like cows, goats, and sheep. The FDA has failed to act on that petition, so NMPF "is again asking our regulators to defend the letter and the spirit of regulations intended to prevent false and misleading labeling on consumer products," Kozak said. "The use of these terms shouldn't just be determined by the common and convenient vernacular that marketers prefer; they should be used according to what the law allows."

As NMPF had predicted ten years ago when it first brought this issue to the attention of FDA, soy "milks" continue to be marketed and sold right along with dairy milks, and now, a bevy of new artificial dairy products has reached store shelves in the past decade. In many cases, these products don't contain the equivalent levels of nutrients that real milk does.

NMPF's petition cites examples including imitation milks made from hemp, rice, almonds, and other plants,

(continue on page 7)

(Imitation Products Continue from page 6)

legumes and vegetables; yogurts made from soybeans and rice; and cheeses made from soy, rice, and nuts. In some cases, marketers use superficial word changes, such as “cheeze,” in an apparent attempt to skirt the standards of identity regulations.

Non-dairy products “can vary wildly in their composition and are inferior to the nutrient profile of those from dairy milk – although they are marketed as replacements for foods that consumers are familiar with and which have a healthful image,” Kozak said. “Although some phony dairy foods may have a passing resemblance to their authentic counterparts, they are very different in nutritional value, composition, and performance from standardized dairy products.”

Examples of products that exploit the lax enforcement of dairy product labeling can be found here: www.facebook.com/theydontgotmilk. Consumers who have examples of what they believe are improperly-labeled imitation dairy products can post examples at that Facebook page. Additionally, consumers can use a web form on the NMPF website to send examples directly to the Food and Drug Administration and/or urge the agency to take action on the matter at: www.nmpf.org/fda-form.

View from the Board Room Continued...

(Continued from page 1)

The role of the Idaho Dairymen’s Association (IDA) in this process was to facilitate an open dialog amongst producers and to be a resource to respond to our Mission which is “To continue to develop and sustain an economically viable Idaho dairy industry that works together to achieve success in the domestic and global marketplace in meeting the needs of the Idaho dairy farm families.” The IDA is not and should not be involved in the milk marketing arena, so its future role in this debate will be as a resource to producers who choose to move forward in developing opportunities. I believe that a potential exist for producers in Idaho to continue to work together to impact their future in the milk marketing arena. Similar to how we are united in the other areas such as the environment and regulation; it will take a certain mindset for all involved that dictates “we” work together for the industry as a whole and find common ground. I believe everyone who attended the meeting recognizes that after this crises ends, failure to find new innovative solutions that includes changes to current government programs will only bring us back to the same pricing dilemma and equity erosion in the future.

One of my goals as President of IDA is to involve as many producers in our organization as possible; these meetings were a step in that direction. They are a great forum to exchange ideas for the Idaho dairy producers and the board members they elect to serve them. We are planning the 2010 milk marketing meeting sometime in late June or early July, hopefully you will be able to join us as we continue moving forward.

Once again thanks to all who attended.

Energy Grants, Incentives for Idaho Dairy Producers

Do you spend an enormous amount of money each year purchasing energy for irrigating, running your dairy, storing potatoes or other energy intensive agricultural operations? Are you looking for ways to save money for your farm or rural business by upgrading to more energy efficient equipment or adding renewable energy for power or heating? You may want to consider a grant or loan guarantee from the USDA's Rural Energy for America Program (REAP).

REAP provides hundreds of grants totaling up to 25 percent of your project's costs, and loan guarantees for up to 75 percent. REAP has provided over \$200 million in grants and loan guarantees for projects ranging from efficient lighting and irrigation system upgrades to wind, solar, small hydro and biomass energy projects across rural America.

Harvesting Clean Energy (HCE) has the technical expertise and regulatory knowledge to greatly increase your success rate when applying for REAP. HCE is offering subsidized grant application services for a limited time and reasonable rates thereafter.

APPLICATION DEADLINE: The final deadline for applications is June 30, 2010, 4:30PM. Applications must be RECEIVED by this time; postmarks are not sufficient. NOTE: We encourage applicants to submit as soon as possible to improve their chances of success.

Please contact Leif Elgethun at 208-301-2293 or Andy Olson at 208-867-3082 if you are interested in Harvesting Clean Energy's grant application services. You can also email Leif at leifelgethun@yahoo.com.

More funding opportunities for rural Idaho

Participation in the following programs will help you lay the groundwork for REAP grants or may be used as standalone funding sources:

Idaho NRCS is offering financial assistance to Idaho's agricultural producers right now through the Environmental Quality Incentives Program (EQIP) for the preparation of 'Agricultural Energy Management Activity Plans.' These Plans will pro-

vide information to producers to help them come to informed decisions of which energy efficiency upgrades may be effective by providing projected energy savings, related upgrade costs and calculating length of payback for each recommended energy saving measure. Plans must be developed by certified Technical Service Providers (TSP), which the participating producer can select. Qualifying producers will be eligible for up to \$1,655 in financial assistance for development and preparation of the plan, which typically covers the entire cost of the plan. For additional information and assistance, contact Mark Weatherstone, Assistant State Conservationist, NRCS at (208)378-5720 or mark.weatherstone@id.usda.gov.

The Idaho Office of Energy Resources is offering a low interest loan program which allows agricultural producers to borrow money at 4% for energy efficiency projects. This program can be combined with any of the other grant or incentive programs allowing producers to finance any portion of the project that must be paid out of pocket at a very low rate. For additional information contact Terry Hoebelheinrich at (208) 287-4899 or terry.hoebelheinrich@oer.idaho.gov or go to: <http://www.energy.idaho.gov/financialassistance/energyloans.htm>.

Some electric utilities offer additional incentives for energy efficiency measures on your farm or rural business. Here are examples, but utility programs vary, so contact your local utility provider for information:

Programs offered by Idaho Power include a 75% incentive for energy efficient replacement of an existing irrigation pump, rewards for turning off your pumps for a few hours on select days, up to \$100k for efficiency upgrades to existing buildings or in new buildings, up to 70% of project cost for complex industrial process upgrades, and payments for reducing energy use during peak demand.

Rocky Mountain Power's programs include cash incentives for energy efficient measures in new buildings as well as upgrades to existing buildings; cash incentives for upgrading pumps, water distribution, or motors; and incentives for load reduction for customers with over 1 MW of connected load.



www.downesoneill.com - www.dairy.nu

Confusion is Par for the Course By Dave Kurzawski

Many Idaho producers have asked us what we make of the CME spot cheese and Class III futures market lately. We wish we had great answers, but there are a lot of opinions and stories and mixed signals that are leading to more confusion than price direction at this point.

When we examine the current cheese/butter spread, milk supply disruptions in Oceania, an uncertain summer, even more uncertain demand outlook, and the seemingly forgotten prospect that the Fed has the ability to raise interest rates (which will likely be more of a detriment to an ailing producer population than \$4.00 corn), we err on the side of more Class III price strength over the next 30 to 60 days.

One story that has many scratching their heads is the milk supply in this country. Washington, Idaho, Wisconsin all showed impressive gains last month given the current financial climate of U.S. dairies. There are several reasons for this, but the one we're most interested in is the historic spread between cull cows and replacements. Right now in many areas of the country, you can cull one animal and buy another and almost call it a wash. And so long as that is the case, dairymen ought to continue to cull an aging herd at a fast clip.

While the USDA weekly dairy cow slaughter numbers continue to show positive growth at an increasing rate for the sixth straight week, cull numbers lag what we would expect from strong beef prices. For the week ending April 17, 54,800 head were culled which was 13.9% above the corresponding week last year. This was the largest weekly percentage growth 2010 and puts year to date slaughter figures down just 4.7% from last year. Impressive, but we suspect we need to see more culling than that.

We would like to see north of 60,000 head culled on a weekly basis in order to worry about our hefty inventory of 500 pound replacements. In other words, the take away is not entirely about culling more cows. It's about how we are replacing those animals with a younger healthier stock. It's about the fact that even amidst a terrible bear market for milk prices; Milk per Cow continues to rise nationally.

For now we think supply disruptions in other parts of the world will water-down our own milk supply burden. But the cull/replacement situation is real and just may have a hand in a late-2010 milk price slide.

We have been advising producers to tread lightly on marketing milk through the balance of 2010. If there is margin to be captured and profit to be brought home to your dairy, we suspect having 25 or 30 percent of you milk sold - or protected by options - at this time is a good idea. Should futures prices rise as we expect over the next two months, we will become slightly more aggressive in our approach to managing profit margins on the dairy.

We think a collective sigh of relief is in order as we expect Idaho dairy farm profitability to increase nicely over the coming months. But that does not mean you should become complacent. Educate yourself on managing your farm profitability so you are prepared.



IDAHO DAIRYMEN'S ASSOCIATION

1182 Eastland Drive North

Suite A

Twin Falls, Idaho 83301

Upcoming Meetings

- May 13 Immigration Briefing for Congressional Staff
Washington DC
- May 19—20 United Dairymen of Idaho Board Meeting
Twin Falls, Idaho
- June 9 Pathogen Drift Negotiated Rule Making
Boise, Idaho

The *Idaho Dairy Focus* is Brought to You by the ***Idaho Dairymen's Association***

Board of Directors - United Dairymen of Idaho

Mike Roth—President, IDA, Co-Chair, UDI **Tony VanderHulst** —Vice President, IDA **Rick Onaindia**—Treasurer, IDA
Art Lee—Chairmen IDPC, Co-Chair, UDI **Bob Naerebout**—Executive Director, IDA **Deana Sessions**—Administrator, IDPC

Danny Crane
Willie Bokma
Bernie Teunissen

Tom Dorsey
Dave Veenhouwer
Gale Moser

Brian Esplin
Julie Lund
Lou Murgoitio

Dave Rallison
Sherman Toone
Lon Tueller

Frank Teunissen
Arie Roeloffs