



News Release

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CWT MEMBERS SUPPORT TWO-YEAR COMMITMENT TO REDUCE MILK SURPLUS

Program Rules Changed to Extend CWT's Impact on Surplus

ARLINGTON, VA – With production costs far exceeding the price dairy farmers are receiving for their milk, the members of Cooperatives Working Together voted Tuesday to fund the self-help program for two full years, from Jan. 2009 through Dec. 2010, to help bring the dairy supply into balance with shrinking demand.

“America’s dairy farmers are looking to CWT to help them overcome the dire financial circumstances they are facing,” said Jerry Kozak, President and CEO of NMPF, which manages CWT. “I’m pleased that our members are willing to support a two-year commitment to the program, in order to give us the resources necessary now to make a positive impact on farmer income.”

The decision to fund CWT for another two years is predicated on achieving the participation of a 67% supermajority of the nation’s milk supply at the current 10 cent per hundredweight membership assessment, Kozak said.

CWT’s members also approved two changes in program policy. First, all members whose bids are accepted in future herd retirement programs will agree and warrant to cease dairy production for one year. This warranty will apply to both the producer and his/her dairy facility.

The second change is that farmers who were successful participants in past CWT herd retirement rounds will be permitted to bid in the next herd retirement round that CWT conducts.

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Kozak said that CWT will, consistent with its long-standing policy, not disclose the precise dates when it will initiate future herd retirement activities, or any thresholds or targets that the organization may have for how much milk or how many cows it will remove.

“There’s been a huge amount of baseless speculation on what CWT will do in 2009,” Kozak said.

Kozak also noted that CWT has not solicited government financial assistance. He indicated that a prominent agricultural lender will provide CWT a line of credit tied to the level of funding that CWT members are committing to invest in the organization over the next two years.

“I can only say that we will use the financial resources our members provide us to achieve the most bang for the buck. Given where milk prices are compared to the cost of production, I believe we are in a position to remove a significant amount of oversupply in the future, but we will continue to be careful stewards with our resources. We are not going to squander money to meet someone else’s arbitrary expectations of what CWT should do,” Kozak said.

Kozak indicated that dairy producers are doing their part to address the economic crisis through their participation in the CWT program, “and they are also expecting the U.S. Department of Agriculture to do its part to help alleviate the situation.” He noted that NMPF has asked the USDA to take several quick actions, including making it easier for manufacturers to sell dairy products to the USDA under the dairy product price support program, using more dairy foods in government feeding programs, and resurrecting the dormant Dairy Export Incentive Program to boost overseas sales of U.S. products.

Cooperatives Working Together is funded by dairy cooperatives and individual dairy farmers, who are contributing 10 cents per hundredweight assessment on their milk production. The money raised by CWT’s investment is being apportioned between two supply management programs that strengthen and stabilize the national all milk price. For more on CWT’s activities, visit www.cwt.coop.

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