

National Milk Producers Federation

National Milk Producers Federation • 2101 Wilson Blvd., Arlington, VA 22201 • 703-243-6111 FAX 703-841-9328

Agri-Mark, Inc.
Arkansas Dairy Cooperative Association
Associated Milk Producers, Inc.
Continental Dairy Products, Inc.
Cooperative Milk Producers Assn.
Dairy Farmers of America, Inc.
Dairymen's Marketing Cooperative, Inc.
DairyIdea Cooperative Inc.
Ellsworth Cooperative Creamery
Farmers Cooperative Creamery
First District Association
Foremost Farms USA
Humboldt Creamery
Just Jersey Cooperative, Inc.
Land O'Lakes, Inc.
Lone Star Milk Producers, Inc.
Manitowoc Milk Producers Coop.
MD & VA Milk Producers Cooperative Association, Inc.
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Mid-West Dairymen's Company
Northwest Dairy Association
Prairie Farms Dairy, Inc.
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Scioto County Co-op Milk Producers' Assn.
Select Milk Producers, Inc.
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United Dairymen of Arizona
Upstate Niagara Cooperative, Inc.
Zia Milk Producers

March 19, 2009

President Barack Obama
The White House
1600 Pennsylvania Ave, NW
Washington, DC 20500

Dear President Obama:

On behalf of the tens of thousands of struggling dairy farmers across this country, I am writing to urge immediate action by your Administration to help save jobs in rural America. In simplest terms, the nation's dairy farmers are facing an economic disaster. Milk prices have fallen by nearly 50% in one year. On average, dairy farmers' input costs exceeded the price of milk in January by 25% and USDA projections indicate this negative cost-price squeeze likely widened to 30% in February. The resulting losses suffered by the nation's dairy farmers are historic in magnitude.

The National Milk Producers Federation (NMPF) realizes that many others are also facing very difficult circumstances in this struggling economy. We appreciate and support your efforts to stimulate recovery, and we understand that the programs you are implementing will take time to turn things around. In the case of the dairy industry, however, the tools to help alleviate this plight are already available. They require nothing more than for the U.S. government to fully put in place measures already at its disposal, including actions that would also help to address the growing population of Americans experiencing difficulty feeding their families.

We have worked closely with Secretary of Agriculture Tom Vilsack and his dedicated staff for the past month to explore how to more effectively utilize the Dairy Product Price Support Program (DPPSP), as well as to activate the Dairy Export Incentive Program (DEIP) for a short period of time to a limited number of markets. Moreover, USDA continues to explore several options for purchasing nutritious dairy products to provide food to schools and the expanding needy population in our country. Secretary Vilsack has been extremely responsive throughout those discussions. We greatly appreciate the tremendous amount of work he and his team have already devoted to exploring how USDA can best achieve both these goals.

Jerry Kozak, President/Chief Executive Officer

Randy Mooney, Chairman

www.nmpf.org

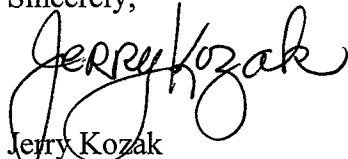
We realize that in these trying times, there are many demands requiring the Federal government's attention. Also, it is sometimes difficult to gain alignment across federal agencies. That is why I am writing to you, Mr. President, about the magnitude of the problem facing our industry. At present, there are hundreds of family dairy farms throughout America going out of business and the vast majority of those hanging on are doing so only by absorbing record losses month after month.

The U.S. and global economic slowdowns are leaving large and growing volumes of U.S. dairy products stranded in manufacturers' inventories. Dairy product prices are crashing below their support levels. Meanwhile millions of needy Americans and cash-strapped schools could benefit from the receipt of nutritious dairy products provided through domestic donation programs. Dairy farmers facing these very difficult pressures strongly urge USDA to aggressively defend dairy product prices at or above the support level, make use of these nutritious products to relieve some of the pain caused at home and abroad by the very same economic crisis, and access all tools at its disposal in order to help provide the necessary assistance to address these challenging circumstances.

If the exorbitantly high volumes of surplus milk production – resulting from a collapse in commercial demand – are left to the market to address without timely and sufficient intervention from USDA, we could see thousands of dairy farms lost this year alone. The impact of these farm failures will ripple through rural communities, costing over 30,000 jobs in the agricultural economy. In these bleak economic times, our greatest fear is that a reluctance to use all currently available policy options will result in fewer family farms, a further deterioration of our hard-hit rural communities, and greater job losses.

Your Administration has the power to help bring existing programs and authorities to bear to help turn the tide on this mounting crisis without the need for any further legislative action. We respectfully ask, Mr. President, that these tools be used to their fullest extent both for the benefit of America's dairy farmers and for the many people that could be helped through expanded use of dairy products in USDA's nutrition assistance programs.

Sincerely,



Jerry Kozak
President & CEO

cc: U.S. Department of Agriculture Secretary Tom Vilsack
U.S. Secretary of State Hillary Rodham Clinton
U.S. Trade Representative Ron Kirk
Office of Management and Budget Director Peter Orszag