



September 13, 2009

To Members of Congress:

As someone who continues to witness the devastation that has resulted from the downward spiral of milk producer prices, I write to urge you to take immediate action to end the dairy crisis. I urge Congress to increase the federal support purchase price to provide an effective safety net for producers; address rising imports of concentrated dairy solids through passage of the Milk Import Tariff Equity Act; and implement the Milk Supply Program put forth by the Holstein Association.

As a third generation partner and President of Western Milling, I have witnessed firsthand the emotional and financial losses being faced by a crucial segment of California agriculture. California dairy producers are losing \$200 million per month due to the fact that producer prices do not come close to covering the average cost of production. Beyond the financial loss, the emotional toll and stress that farmers have undergone is unprecedented. Many farm dairy operations that have been in the family for generations have already been forced to close many more are near the brink of financial ruin. This downward spiral will result in a devastating melt-down of our economy if immediate action is not taken by government leaders.

The California Dairy Industry generated more than \$61 billion in economic activity and provided more than 434,000 full-time jobs in 2008. As the number one agriculture business in the state, the industry also provides economic stability to various other segments such as farming, feed companies, fuel companies, freight companies, machinery companies and other service related businesses such as banking, accounting, veterinarian's and much more. Many of these companies that service the Dairy Industry are experiencing difficult times and risk going out of business as well. The heart of the California Dairy Industry is in the San Joaquin Valley where the unemployment rate is already over 15 percent. If Congress does not act to end the dairy crisis soon, that rate will continue to climb even higher.

Dairy producers around the state believe there is a strong need for immediate government intervention not only to stabilize the industry short-term, but to also fix the problem long term by addressing our out dated milk pricing system. We believe the best short term fix is simply to raise the existing federal support purchase price to a level closer to what it currently costs to produce milk. We also think the imports of Milk Protein Concentrates (MPC), Casein and Caseinates should be addressed through passage of the "Milk Import Tariff Equity Act." Currently the classification of these milk products as an "industrial ingredient" and not classified as a "dairy product" has led to the production of cheese that is technically mislabeled, or even illegally labeled. Finally, in the long-term we advocate for the consideration and adoption of the proposed MSP (Milk Supply Program) put forward by the Holstein Association because it will balance future milk production with market demand.

Thanks for consideration of our views. Our industry has never been in greater need of strong government leadership as it does now.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Kruse", is written over a light blue horizontal line.

Kevin Kruse  
President  
Western Milling