



03-26-09

USDA transfers dry milk to help consumers & dairy industry

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In response to mounting dairy industry problems, on Thursday Agriculture Secretary Tom Vilsack responded by announcing USDA measures designed to help support both low-income families struggling to put nutritious food on their tables and dairy farmers challenged by high feed costs and low dairy prices. Vilsack said approximately 200 million pounds of nonfat dry milk will be transferred from the Commodity Credit Corporation (CCC) to USDA's Food and Nutrition Service for use in domestic feeding programs.

"President Obama understands that providing food to those in need will help many weather these tough economic times," Secretary Vilsack said. "At the same time, USDA's disposal plan will benefit dairy farmers, who have seen markets disappear and prices plummet in recent months, by increasing consumption of milk and other dairy products."

National Farmers Union President Roger Johnson welcomed the USDA announcement as "a win-win, aiding struggling dairy producers and providing assistance to the growing number of Americans who need help putting food on their tables." Johnson added that "Dairy producers are facing many challenges – shrinking demand, collapsing market prices, soaring input costs and reduced credit availability. While there is no easy answer or simple fix to the extraordinary challenges facing America's dairy producers, today's announcement is the right step in the right direction. This ensures that during these difficult economic times no one goes hungry and all Americans have access to affordable food."

Johnson also pointed out that, as authorized by the 2008 Farm Bill, USDA will begin disbursement of Milk Income Loss Contract (MILC) payments in the next few weeks.

House Agriculture Committee Chair Collin Peterson (D-MN) also called the USDA announcement "a win-win situation" which he said will help both dairy farmers and struggling American families. He noted that 36 members of Congress wrote Vilsack in January, asking him to use USDA authority to make dairy purchases for feeding programs and pointing out that a record 31 million people qualified for food stamps under the Supplemental Nutrition Assistance Program (SNAP) at the end of 2008.

USDA has a long history of delivering nutritional assistance through domestic and international feeding programs and administers 15 domestic nutrition programs that touch the lives of one in every five people in America each day.

The nonfat dry milk (NDM) was acquired by the CCC under the Dairy Product Price Support Program. Under this program, CCC purchases NDM, butter and cheddar cheese at statutorily mandated prices. These purchases support the prices of NDM, butter, and cheese and the price farmers receive for milk.

USDA will make available about 200 million pounds of NDM for further processing or barter. The acquired products are expected to include items such as instantized NDM, ultra high temperature milk, cheese, and soups for domestic feeding programs. This includes:

- 40 million pounds of NDM will be fortified and instantized, placed into consumer-sized packages, and made available for use in the National School Lunch Program, TEFAP, CSFP, and FDPIR;
- 30 million pounds of NDM will be donated to states for further processing to acquire fortified fat-free fluid milk and macaroni and cheese, for use in the National School Lunch Program;
- 60 million pounds of NDM will be bartered for 1% ultra high temperature milk, for use in TEFAP;
- 20 million pounds of NDM will be bartered for ready-to-eat, milk-based soups (Creamy Tomato, Cheese), for use in TEFAP; and
- 50 million pounds of NDM will be bartered for reduced fat and lite cheeses, for use in the National School Lunch Program and TEFAP.

In addition to the 200 million pounds above, USDA also plans to make NDM available as follows:

- at least 1 million pounds on a competitive basis, for the production of casein;
- about 500,000 pounds for use in the McGovern-Dole International Food for Education and Child Nutrition Program; and
- about 1 million pounds for use by the U.S. Agency for International Development, based on anticipated requests from the State Department.

USDA expects that the products should be moving through the supply chain starting in this spring and continuing through 2009.

For more information about USDA's Dairy Product Price Support Program, go to: <http://www.fsa.usda.gov>.