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Senators working with Vilsack to raise dairy price support

By Stewart Doan

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U.S. Senators Arlen Specter (D-PA) and Bob Casey (D-PA) say Agriculture Secretary Tom Vilsack has agreed to raise the price support for dairy products as a first step to help the nation's financially-strapped dairy farmers.

The Pennsylvania Democrats said Vilsack made the announcement during a meeting Wednesday with 14 senators from states in which dairy is an important enterprise.

"I'm glad the Secretary of Agriculture and Office of Management and Budget have taken action to provide some immediate help," Specter said. "This meaningful but temporary increase in the Dairy Price Support program will begin to restore farm level prices and help restore producers' ability to produce basic cash flow for their operations."

From January through April of this year, the all-milk price averaged \$4.80 per hundredweight below the U.S. average cash cost of production. Industry officials estimate dairy farmers currently are losing \$100 per cow per month.

According to Specter and Casey, Vilsack said in the meeting that USDA was negotiating a final support price increase with the White House Office of Management and Budget and hoped to have a final decision prior to the August recess.

"There are obstacles to getting this done, but this was a strategy meeting, not just a discussion," Sen. Patrick Leahy (D-VT) said after the meeting. "We will work together to continue to build support for this. He [Vilsack] also understands the need to act without delay."

In an effort to expedite the process, the Senators sent a letter to OMB Director Peter Orszag urging that he act promptly to approve of the USDA's planned price support increase in order to ease the crisis in the dairy sector.

"Unaddressed, current circumstances threaten the long-term stability of the industry, the nation's milk production infrastructure, and the livelihood of thousands of rural communities," the senators wrote.

Sen. Russ Feingold (D-WI) said Vilsack also promised to work with the Anti-Trust Division of the Department of Justice to improve competition in agriculture. Earlier this year, Feingold asked Christine Varney, assistant attorney general-antitrust, to examine whether increased concentration at the cooperative, processor and retail levels is leading to increased margins in the middle and harming both dairy farmers and consumers.

“As farm level prices have fallen, retail level prices for dairy products have often not followed suit and profits have even soared for some dairy processors. Systemic problems like this within the dairy industry must be examined,” Feingold said.

#30