



# Milk Producers Council

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## PRESS RELEASE

### Milk Producers Council Responds to Outrageous Comments by IDFA's CEO

**CALIFORNIA** – Milk Producers Council was outraged by comments made this past week by Connie Tipton, the CEO of the International Dairy Foods Association (IDFA), the main lobbying wing in Washington, DC for the nation's dairy product processors. Ms. Tipton gave a speech on June 16<sup>th</sup> at a Washington, DC conference, which was printed on the IDFA website and was entitled, "Drawing a Line in the Sand against Supply Management." The speech offered sharp criticism towards efforts within the dairy farmer community to develop a better tool for better balancing the production of milk with the consumption. Ms. Tipton's full speech can be found at: <http://www.idfa.org/news--views/details/4848>.

**"Coming from a representative of our nation's processors, these comments should anger every dairy farmer across the country,"** said Rob Vandenheuvel, General Manager of Milk Producers Council. **"As an industry, dairy farmers have gone to great lengths to provide our processors with opportunities to profitably operate. With virtually guaranteed profit margins in the form of 'make allowances' and a government price support program that guarantees a buyer for some of their products even when dairy markets collapse, processors have been largely insulated from market risk.**

**"So why would IDFA, representing many of these processors whom dairy farmers have protected for so many decades and continue to protect, be so strongly opposing efforts to maintain better balance between the production of milk by our farmers and the demand for that milk? It's simple: these processors want to control the supply of milk and ultimately control the dairy farmers."**

In her speech, Ms. Tipton mentioned two main efforts to implement a "supply management" proposal in Congress. One is H.R. 5288 (*the 'Costa proposal' as described in the speech*), which is called the "Dairy Price Stabilization Act of 2010" (*more information is on [www.stabledairies.com](http://www.stabledairies.com)*). This is a stand-alone proposal that would provide dairies with a tangible, financial incentive (not a "quota," as described by Ms. Tipton) to manage future growth in milk production, while continuing to provide an opportunity for any dairy that wishes to expand or any individual that wishes to start a dairy. **"Ms. Tipton's description of this proposal in her speech, using words like 'quota' and 'tax,' is a clear indication that she doesn't have a real understanding of H.R. 5288,"** said Vandenheuvel.

The second proposal mentioned by Ms. Tipton is a broader proposal outlined last week by the National Milk Producers Federation (NMPF). The multi-pronged approach outlined by NMPF includes a "Dairy Market Stabilization Program," which resembles the concept of H.R. 5288 – giving the industry a tool that will help keep the supply and demand for milk and dairy products in better balance (*more information is available at [www.nmpf.org](http://www.nmpf.org)*).

**"The extreme 'booms' and 'busts' that are becoming commonplace in the dairy industry are destroying both the dairy farmers and the end-users of dairy products,"** continued Vandenheuvel. **"Dairy farmers**

have seen the economic devastation of the ‘busts’ – with industry experts estimating that the 65,000 dairies in the U.S. lost more than \$10 Billion in 2009 – and our consumers pay the price of the ‘booms’ – most recently with record-high prices at the stores in 2007 and 2008. The dairy industry is market-driven, so while it is unrealistic and unwise to aim at *eliminating* price volatility, we can successfully *reduce* these extreme price swings if we do a better job of producing what the market needs, rather than arbitrarily producing as much as possible. And that’s the simple goal of these two proposals blasted by Ms. Tipton.

“It’s unconscionable that the one sector of our industry that is largely protected from this volatility – the processors that stand between the farmers and the consumers of dairy products – would take such a bold and negative position against the dairy farmers’ attempts to achieve better balance and economic sustainability.

“For many years, IDFA has advocated the expanded use of forward contracts between dairy farmers and the processors that purchase their milk. These contracts in and of themselves are a form of ‘supply management.’ But a key difference between that form of ‘supply management’ and the proposals blasted by Ms. Tipton is that under forward contracts, processors dictate the terms of the milk production and control the supply of milk. Dairy farmers across the country have seen that type of system used broadly in the poultry and pork industries, and have seen the result: a farmer community that is dominated by the processors of those livestock products. That is why dairy farmers have resisted these policies in the past and are continuing to explore proposals to achieve better balance in the supply and demand of milk, while maintaining control over our own production and our own future.”

Ms. Tipton noted in her speech that “*there is no starting point with room for discussion on supply management – we oppose it in all of its forms and permutations.*” To that point, Vandenheuevel concluded, “**I strongly urge Ms. Tipton and the rest of IDFA to engage dairy farmers in how we can improve the proposals being discussed, rather than spreading the propaganda that is littered in Ms. Tipton’s speech.**”

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