

## LeHi presents figures to combat CNI proposal

BINGHAMTON, N.Y. — John C. York, vice president member relations for LeHigh Valley Farmer's Cooperative Milk Producers testified before the U.S. House of Representatives' Dairy and Poultry Subcommittee.

York told the panel on Monday his co-op has a vital interest in the stability of the dairy industry and the viability of dairy farmers in the Northeast.

The Northeast section of the U.S. does not produce sufficient milk to satisfy the consumption of both fluid milk and dairy manufactured product requirements. Further proof of this problem is found in a study entitled "Competitive Position of Food Products in the Northeast" prepared by the Penn State and released in March, 1979.

The study reveals that the Northeast imports 44 percent of the dairy products consumed, he said.

The goal of adequate milk production in the Northeast depends upon sufficient incentive to dairy farmers to maintain and expand their dairy farm operations. Current and prospective cost-price relationships will not achieve that goal, York said.

Evidence of this conclusion is found in a report of

the Secretary of Agriculture, submitted on July 16, 1979, to the Senate Agricultural Committee. The report mandated by the 1973 Agriculture and Consumer Protection Act was to "promote as much understanding as possible about the cost situation facing American dairy farmers." The 24 regions studied in the report includes the Northeast. Region 3 specifically refers to Pennsylvania and New York, two of the 5 top U.S. milk production states.

The study shows that, in 1977, the net dairy farm production cost was \$10.23 per cwt., while the New York Federal Order Blend price to farmers averaged \$9.61 per cwt. The adjusted above 1977 cost by the (Cornell) New York State Index of Prices Paid by dairy farmers for 1979 establishes a cost of \$12.28 per cwt. compared with the New York Blend of \$11.75.

Projecting the figures for 1980 by a conservative 10% increase in the Cornell Index of Cost provides a net cost in 1980 of \$13.49 per cwt. Assuming 80 percent of parity for 1980, and a Minnesota-Wisconsin manufactured price of \$12.05 per cwt., the estimated blend to farmers in the New York Order will likely be \$12.96. Cost of production figures



John York, Lehigh Valley Cooperative Vice President, was among several leaders to testify at the House Ag Committee hearing.

indicate costs are running more than 50 cents per cwt. over blend milk prices. Consequently, greater effort must be put forth to stabilize and strengthen the dairy industry of the Northeast.

"We must all repel any movement designed to adversely affect the dairy industry of the Northeast which would include:

1. The proposal by the Community Nutrition Institute to allow reclassification of reconstituted milk into Class II. The impact study by the Agricultural Experiment Station, University of

Minnesota, on reconstituted milk indicates a Northeast Blend price reduction of \$.42 using 1976 data. Current data and within markets of the Northeast suggest more near a \$1.00 Blend price reduction, not to mention the added energy utilized in making reconstituted milk.

2. The 1979 Trade Act allowing cheese imports to increase 15% over the 1978 level. The USDA Agricultural Economic Report 278, January, 1978, reveals a \$.09 per cwt. loss to each dairy producer for every 500 million pounds of milk equivalent imports.

3. The crippling of cooperative organizations by changes in the Capper-Volstead Act, or any movement to abolish the Federal Milk Order program.

4. Any opposition to maintaining of Support Prices at a level to reflect

changing cost of production. Food production is the greatest ally of the free world, either during peace time or war time conditions. Let us be assured of this ally by providing sufficient economic incentives to keep our farmers in business, York urged.

## Order 4 Class I milk set at \$14.15 for March

ALEXANDRIA, VA — Middle Atlantic Order Market Administrator Joseph D. Shure today announced a Class I milk price of \$14.15 per hundredweight for March 1980.

This price is up three cents from February and is 82 cents higher than last March.

Order No. 4 prices are announced for milk testing 3.5 percent butterfat, f.o.b. plants located within 55 miles of Philadelphia, PA and also within 75 miles from the nearer of Washington, D.C. or Baltimore, MD.

There is also a six cent direct delivery differential applicable to producer milk received at plants located within 55 miles of Philadelphia.

Shure announced a Class II milk price of \$11.42 per

hundredweight for January 1980 and a butterfat differential of 15.0 cents for the month. The Class II milk price and the butterfat differential are unchanged from the previous month.

These class prices are based on the January 1980 Minnesota-Wisconsin manufacturing milk price of \$11.37 per hundredweight adjusted to a 3.5 percent butterfat content.

The USDA reported the wholesale price of Grade A butter at Chicago for January was \$1.3016 per pound and the nonfat dry milk price was \$.8270 per pound, f.o.b. plants in the Chicago area.

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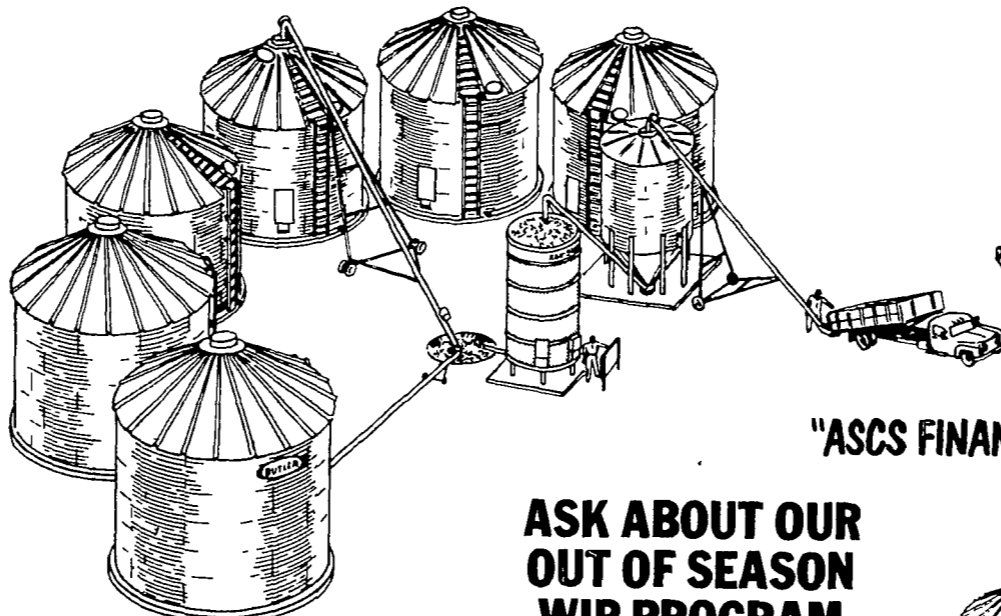
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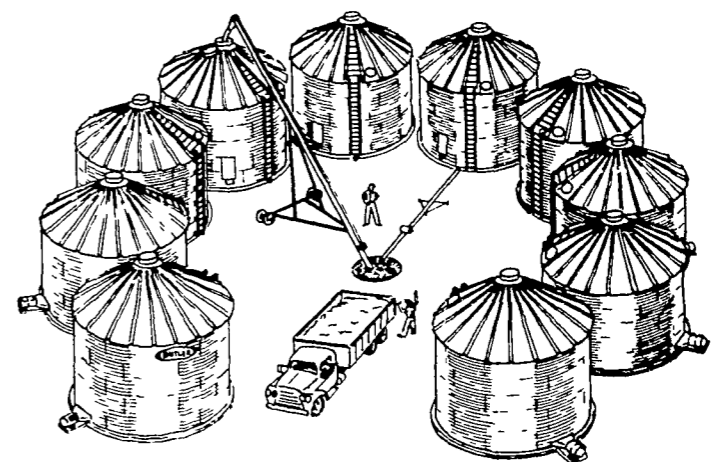
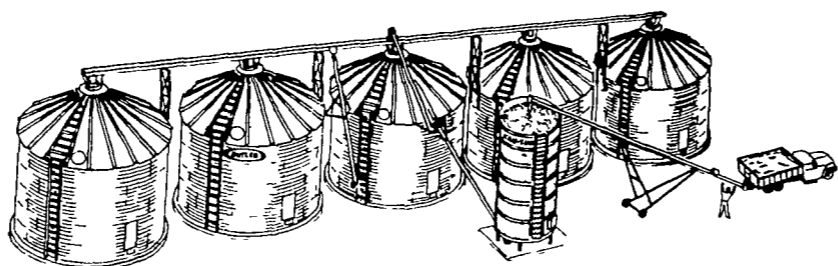
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