Over 1,000 Dairymen Shift Periods

BY MARTHA GEHRINGER

WASHINGTON, D.C. Dairymen holding contracts for 157,411 cattle intended for slaughter or export in the first disposal period of the dairy termination program have asked to delay their disposal deadlines until later periods, USDA announced this week.

Notification was sent to 1,140 participants in the DTP that their request for contract modification was accepted. These dairymen will now dispose of their herds in buyout periods two or three, if they sign the modified contracts by June 30.

These delayed contracts are part of the out-of-court settlement reached in the National Cattlemen's Association's suit against the USDA regarding the DTP. With this adjustment in buyout periods, the program's impact on the beef market will be reduced.

The settlement permitted dairymen in the first buyout period to move the slaughter or export date of their herds to periods two or three.

All of the dairymen that requested a change were accepted. However, "Until the new contracts are signed we don't know how many animals will actually be shifted," Charles Shaw of the ASCS in Washington reported.

If the dairymen don't sign the new contracts, they must abide by the terms of their original contract, Shaw said. Buyout participants will not have another chance to change their buyout period, he added.

Some of the dairymen who requested the change have started the process of disposing of their animals. When these participants return their new contracts to the ASCS, they will be required to list a new set of intentions stating when their herd will be disposed of, how many head have been slaughtered, and how many head remain to be slaughtered or exported.

This will give the ASCS a final tally of the impact on the marketing schedule. Shaw said he anticipates the influence to be small since many of the cattle shifted were moved into the second buyout period. This move will keep the buying of meat and expected reduction of surplus milk on schedule.

Of the total 157,411 head listed in the original contracts of producers

who requested a modification, 124,968 will move into the second period, and 32,443 will be shifted to the third.

A few participants did not list a preference for the second or third period and were placed into the second period.

"By putting these producers in period two, we are able to keep the program running along the way we were originally planning," Shaw said. Since we geared our meat purchase to the original contracts, we are able to stay on that schedule as the beef will be available, he added.

Having the beef available in the second buyout period also helps us to meet the Brazil sale, he said.

Increasing the second buyout period will offer a financial benefit as well, Shaw said. "If we get rid of the animals by February, when milk production is up, we won't have to buy the extra milk, and we will be saving money in that regard," Shaw explained.

Two shift requests were denied. These two contracts were for a total of 7,441 head and represented one-third of the total number of head being disposed of in their respective states for the first disposal period. Under the agreement with the NCA, to further reduce the impact on the market, the number of cattle in each contract could not exceed this

In Pennsylvania, 44 producers requested a shift in their buyout period. Of the total 4,390 head

listed on the original contracts of A total of 1,569,416 animals will be slaughtered or exported at the completion of the program.

these participants, 4,256 will be moving into the second period and 134 will move into the third period, Jan Waybright of the Pennsylvania ASCS reported.

Speculating on why some dairymen participated in the latest change in the buyout program, Seth Huisman of the ASCS in Washington noted, "Some farmers have young stock they would like to continue to feed to add weight." Or they may wish to wait to market their animals when prices will be better, he continued.

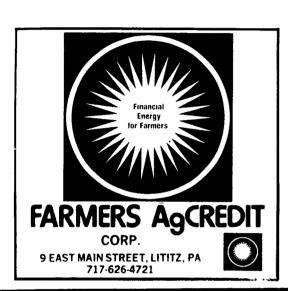
Still others may want to continue milking until their feed is gone, or they may want to squeeze out a few more milk checks before they get rid of their herd, Huisman speculated.

The NCA thinks that with this latest move the USDA has made a step in the right direction, said Roger Bergland of the NCA. He added they would like to see the Brazil purchase agreement, involving large amounts of meat, completed to further reduce the impact on the beef market.

A total of 931,357 head of cattle were originally contracted for disposal during the first period, April 1, 1986 to Aug. 31, 1986.

During the second period, 225,943 head were intended for slaughter. During the third period, March 1, 1987 to Aug. 31, 1987, a total of 271,628 animals were scheduled to be slaughtered.

The recently announced shifts will help spread out the number of animals intended for slaughter expected in August 1986, USDA said. A total of 228,950 head were orginally scheduled for disposal in August, the USDA announced.



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