

Milk Marketing Agency Prepares To Reap Better Prices For Members

BALTIMORE, Md. — Farmers in Federal Order 4 will be ready to bargain for over-order milk prices when the expected drop in milk prices occurs in the fall of 1987.

Their bargaining power lies in the recently formed Mid-Atlantic Milk Marketing Agency. This agency is the result of three milk cooperatives banding together in preparation to obtain a fair and equitable price for their membership's milk, according to Boyd Cook, secretary of the marketing agency.

Functional since October, the Mid-Atlantic agency resembles the Regional Cooperative Marketing Agency, Robert McSparran, president, noted. Both organizations are marketing agencies with the same goal of securing better milk prices for their membership.

While RCMA operates throughout the 11 states in the Northeast portion of the country, the mid-atlantic agency operates only in Federal Order 4 for the benefit of the members in the three founding cooperatives — Inter-State, Maryland-Virginia and Dairymen Inc., Mid-Atlantic division, McSparran added.

Recognizing the need for a milk marketing organization, leaders of the three cooperatives formed the Mid-Atlantic Milk Marketing Agency this summer in case RCMA never functioned, McSparran noted. "When RCMA started this summer it didn't look like they were going to get the 95 percent signup," he said.

"It is important to us that RCMA is viable," McSparran said. RCMA works mainly with the Federal Order 2 milk in Pennsylvania. Some milk moves back and forth between Federal Order 2 and 4. For the success of both organizations bargaining power this milk needs to be protected by one of the groups.

The differences in the structure of the two Federal Orders created the need for two bargaining agencies, McSparran explained. He added the organizations are not a duplication of efforts and will be working together when negotiating for equitable milk prices becomes necessary.

Cook explained that 95 percent of the milk in Federal Order 4 is marketed through a cooperative. In Federal Order 2 only 45 percent of the milk is marketed through a cooperative.

McSparran said that the milk cooperatives in Federal Order 2 elected to join and support the in-place RCMA. Their member

farmers consequently belong and receive the benefits of RCMA.

When the merger between Inter-State and Lehigh Valley Farmers is consummated in February, the new organization, Atlantic Dairy Cooperative, will belong to the Mid-Atlantic Milk Marketing Agency. Presently, Lehigh belongs to RCMA; Atlantic may decide to join RCMA and establish a dual membership, McSparran explained.

Another reason for the formation of the Mid-Atlantic Milk Marketing Agency was to coordinate the marketing efforts of the three member cooperatives, according to John Collins of Dairymen Inc. The marketing agency permits the

cooperatives to serve the same dealer better without underbidding, Collins stated.

The goal of the agency is "obtaining a fair and equitable price for the product," he said. The agency will attempt to hold Class 1 prices at some equitable level, Cook explained.

Presently farmers are receiving an equitable return for their milk, he noted, since interest rates and feed prices are down. The marketing agency's board of director will decide what is an equitable price after looking at the economic conditions.

McSparran noted it is not the goal of either the RCMA or the

Mid-Atlantic group to charge an exorbitant price for milk. Both organizations will work with the dealers to obtain some over-order price, he said.

Membership on the board of directors is determined by the amount of milk marketed by each cooperative. Inter-State has four farmers on the board and Maryland-Virginia and Dairymen Inc. have two farmers.

The officers of the Mid-Atlantic agency includes: McSparran of Inter-State, president; Walter March of Maryland-Virginia, vice president; and Boyd Cook of Dairymen Inc., secretary-treasurer.

Dairymen Inc. Posts Successful Fiscal Year

ATLANTA, Ga. — Dairymen, Inc. recently held their 18th Annual Meeting in Atlanta. Eighteen division directors, the Co-op's outstanding young dairymen couple, Glenn and Debbie Shirley, and 200 other members attended the Atlanta meeting. The theme of this year's meeting was "Success Through Cooperation."

Dairymen completed its fiscal year ending Aug. 31, 1986 with 6,400 members — a net loss of only 287 members for the year. Had not 313 Dairymen members gone out of business last year as part of the U.S. Department of Agriculture's Dairy Termination Program, the Cooperative would have realized a net gain of 55 members.

Despite a marketing year which provided not one, but two major setbacks, referring to the termination program and the summer drought, Dairymen's production actually increased by 181 million pounds to 5.66 billion pounds.

In his Chief Executive Officer's Report at the annual meeting, Ben

E. Morgan Jr., cited the Cooperative's accomplishments that were achieved as a result of "Success Through Cooperation." He said Dairymen's efforts to increase Class I differentials improved incomes for Dairymen members by \$35 million, and by \$70 million to all producers in Dairymen's 16-state production area.

Morgan also noted that Dairymen's efforts to avert the 55 cent per hundredweight Gramm-Rudman-Hollings budget reduction with a 12-cent assessment, saved Dairymen members another \$11.3 million.

The Chief Executive Officer also credited the Sunbelt Dairy Federation with helping Dairymen collect a total of \$23 million in over order premiums which equals about 41 cents per hundredweight on all Grade A Milk.

From a marketing perspective, James W. McDowell Jr., Chief Operation Officer, credited Dairymen's Flav-O-Rich and Farm Best Facilities with helping

guarantee a market for Dairymen members. He noted that about one-third of the Cooperative's member milk was marketed through the 14 Flav-O-Rich facilities through Dairymen's marketing area with 90 percent of that product utilized as fluid products.

Additionally, increasing volumes are processed each year at the Farm Best Long Shelf Life Milk Plant in Savannah. A number of cheese, butter, cultured products and ice cream plants are also operated by Dairymen throughout this same area.

"Instead of just selling your milk at the prevailing market price, we're trying to develop new markets for your products," said McDowell. "We are not in business to milk cows, but to make money."

He said Dairymen also benefited this past year from several joint ventures and predicted the Cooperative would be involved in joint ventures more as we adapt to a total restructuring of the food industry.

McDowell praised Dairymen

members for continuing to produce the highest quality milk. Despite the production variations brought about by drought and heat, members produced the highest quality milk in the Cooperative's history.

James E. Mueller, Dairymen's Chief Financial Officer, presented those in attendance with a detailed financial report, noting that members received milk checks, patronage dividends and Flav-O-Rich dividends totaling \$97.54 for every \$100 of raw milk sales. Included in that amount was a record \$15.2 million of members' equity that was revolved back to members.

Dairymen's 18th annual meeting was attended by about 2,500 directors, delegates and members.

Directors attending the delegate secession from the Middle Atlantic Division included: Fred G. Butler, Samuel B. Foard, Gary R. Brauning, Joyce A. Bupp, Jesse I. Burall, Donald E. Cole, Paul A. Crowl, Crawford R. Galt, Robert L. Grove, Harry W. Hummel, Gene Kilby, Emory M. Kilgore, Harold H. Martin, Marlin E. Martin, Albert H. Mellinger, B. David Patrick, Paul R. Waybright, Myron L. Wilhide.

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