Local Milk Marketing Outlook for '88

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WESTMINSTER, MD. — Middle Atlantic area dairy producers will continue exiting the milk production business, as houses replace cows and off-farm employment opportunities offer alternatives to 15-hour days and dropping milk prices.

That's the prediction given by John I. Collins, Jr., manager of the Middle Atlantic Division of Dairymen, Inc., during the dairy co-op's informational meeting held January 28 at the Carroll County Ag Center. The cooperative hosted the marketing update meeting for extension agents, agriculture leaders and press representatives in Maryland and southern Pennsylvania.

The state of Maryland has seen an exodus of farmers from dairying, resulting in a ten percent decrease in milk production in the last quarter of 1987. Especially hard hit are Howard and Montgomery counties, where development from the Washington, D.C., area continues to sprawl over former farmland. Dairy-oriented Frederick and Harford counties as well are under intensive development pressure from urban housing.

While Pennsylvania has lost small numbers of dairy farmers, milk production is on the upswing. Some producers fleeing development sprawl are relocating to less populated areas of the Keystone state, with Franklin County currently a key area of dairy production growth.

Total 1987 production in the Federal Order 4 marketing area of 6.28 billion pounds was a decrease of two percent from the 6.41 billion pounds produced in 1986. Class I utilization was up about four percent in 1986-87 over the 1984-85 level, climbing from 45.99 percent fluid milk utilization to 50.29 percent.

In spite of lagging production and utilization increases, milk prices to dairy producers have continued a downward trend. Since 1981, the federal milk support level and the Minnesota-Wisconsin price, which generally follows support price movement, have declined about 75 percent.

Faced with the prospects of continuing price decreases, farmers working together closely in the Federal Order 4 marketing area were able to negotiate over-order premiums averaging 23 cents from September through December of 1987.

Through the efforts of MACMA, the Middle Atlantic Cooperative Marketing Agency, and cooperating independent processors, milk prices were held above the announced federal order level. Members of MACMA are Atlantic Dairy Cooperative, Atlantic Processor producers, Dairymen, Inc.'s Middle Atlantic Division, and Maryland and Virginia Milk Producers.

According to Collins, MACMA's over-order prices are expected to drop through the spring flush, but hold above the announced F.O. 4 price. Over order premiums are not expected to affect fluid milk consumption.

"The January, 1986, Class I price was higher than what we currently have with the over-order premium included, so consumers are already geared to that retail market price," noted Collins. "The over-order premium is just a tool to help guarantee a supply of fresh milk bing produced locally."

According to Collins, MACMA has been able to negotiate over-order prices because of high farmer membership in dairy cooperatives working together. Somewhat less successful were the efforts of RCMA, the Regional Cooperative Marketing Agency, especially in Federal Order 2, where only about half the total producers are cooperative members.

RCMA has challenged in court the non-payment of over-order

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Dairymen Middle Atlantic division manager John Collins, Jr., predicts a drop in milk price through 1988, a continuing exit of dairy producers from the industry, and ongoing need for remaining producers to cooperatively negotiate over-order premiums.