

Deputy Ag Sec. Says Dairy Industry In Two Divisions

PITTSBURGH — The dairy industry, like the rest of the country, is being ripped into two divisions — the "haves" and the "have-nots", Russell Redding told 150 industry officials in a keynote talk at the Northeast Dairy Conference in Pittsburgh Monday.

Redding, Pennsylvania's deputy ag secretary for marketing, promotion and program services, said a recent Farm Journal article described this trend, and offered a picture of the future dairy farmer who will survive and prosper by:

- setting goals.
- analyzing the farm records.
- improving efficiencies.
- using consultants.
- reading "until it hurts" to get information.

The article "was talking about producers, but I think it applies to the industry as a whole," Redding said. He noted that "all of us need to look at new opportunities to enhance income," whether it be the export market or in building strategic alliances to capture new consumer dollars at home.

The Department of Agriculture has been taking a hard look at farm issues over the past year, he said, and has determined it needs to look at strengthening right-to-farm legislation and at ways to advance economic opportunities in the industry.

Noting that agriculture was the state's number one industry, Redding welcomed conference participants on behalf of Pennsylvania Agriculture Secretary Charles Brosius.

With the U.S. set to phase out dairy price supports and consolidate federal milk marketing orders, dairy cooperatives and private processors need to become more oriented to the consumer.

That was one message shared by two speakers at the Conference who gave co-op and processor perspectives in "How to Position the Dairy Industry for the Future Under Deregulation."

Dr. Bruce Anderson, an associate professor at Cornell University who specializes in cooperative business, said that in addition to focusing on consumers and the customers they supply raw milk to, dairy cooperatives need to "exploit their advantages." In particular, co-ops should:

ops should:

- put a price on market security, which he defined as "a place to send your product," whether it means buying out a customer or securing a long-term supply contract.

- take advantage of their ability to work together under the Capper-Volstead Act. Together cooperatives should be doing joint marketing and forming strategic alliances to become competitive in the national and global marketplaces.

Anderson also encouraged dairy cooperatives to:

- invest their own money in product development and not depend solely on National Dairy Board-funded research and generic promotions.

- benchmark performance as other companies do; on profitability and return on equity.

enhance members' investment by allowing their equity in the co-op to appreciate.

"The next few years are real decision years for dairy cooperatives," Anderson said. "Co-ops need to grow, grow, grow toward consumers," and they need to "make major positive strategic decisions for dairy farmers."

What's required, he added, is "vision, personal desire and commitment."

In presenting the processor perspective, Craig Alexander, executive director of the Dairy Institute of California, noted: "We need to refocus on customers and on selling more dairy products. We should be able to agree on that."

He thinks processors will look to "minimize procurement costs" and "maximize supply commitment" as the industry becomes less deregulated. That presents opportunities for co-ops, he said, because they may be able to take advantage of "economies of scale" in offering a stable milk supply. Private dealers will be looking for competitive pricing, Alexander added, but co-ops should look at offering extra service to get the pricing they want.

"The future ain't what it used to be."

That's how Bill Perry, quoting cowboy philosopher Will Rogers, summed up the contentious attempt by the industry and Congress to write a 1995-96 farm bill.

"This is definitely a Congress in transition," Perry said. "It's a reflection of society, where change is so rapid...Congress is in the same boat. Things are happening so fast around them that they don't know what to make of it."

As vice president for governmental affairs and member relations for Milk Marketing Inc., Perry spent time with Congressional delegations trying to communicate the concerns of dairy farmers.

But how farm legislation impacts producers was not their primary concern, he said. With the vast majority of Americans long removed from production agriculture, and taking for granted well-stocked stores selling food at reasonable prices, Perry said Congress had other concerns - ranging from cutting the federal budget to

public's negative perception of subsidies and support programs.

"The WIC (Women, Infants, and Children) programs had more influence on the farm bill than all of the efforts of all of the producer groups combined," he said. For law makers there are more people affected back home by social programs like WIC than there are farmers.

It comes down to a percentage of "haves" and "have-nots," said Perry. "In the eyes of the public this is a room full of 'haves'...People in the WIC program are the 'have-nots'."

He also blamed the industry for sending mixed messages to Congress on what should comprise the dairy title of the farm bill. That's what led CBS and Dan Rather reporting a so-called "secret deal" that would add "additives in milk." It was one side of the dairy industry opposing the other, he said.

Sugar and peanut farmers didn't have such disunity and as a result fared better in the farm bill, Perry pointed out.

For the future, Perry urged the industry to work with the public and urged the various dairy factions to reach a consensus to better communicate what dairying and farming are all about.

"Those people in the WIC program can help us if we do it right. Those people on the other side of the issue can help us if we frame the discussion right."

He added: "We've got to hang together, or we'll dog-gone sure hang alone."

Saying he expected a farm bill signed into law come April, Perry summed up the major dairy provisions that the House and Senate Conference Committee agreed on: a four-year phaseout of the price support program.

- the immediate removal of the assessment on farmers that helped pay for programs.

- a three-year consolidation of federal milk marketing orders, which set minimum prices farmers receive for their raw product, to no fewer than 10 and to no more than 14 orders.

- fully funding and expanding the Dairy Export Incentive Program to help create new export markets

for America's surplus dairy products,

"Ultimately," Perry said, "you hope you come out with something you can live with, and I think we did."

The three-day Northeast Dairy Conference opened with a cheese reception Sunday night and got down to business Monday and Tuesday with sessions tackling issues affecting the future of the industry. Attending were food company managers, leaders of dairy cooperatives, government officials and university ag profes-

sors. The host this year was Milk Marketing Inc., the region's largest dairy co-op and 12th largest U.S. dairy food company. Headquartered in Strongsville, Ohio, MMI has a regional office in Syracuse, NY, and manufacturing operations in Indiana, New York, Pennsylvania, and Ohio. MMI's 9,000 dairy farm families produce milk in Ohio, Indiana, Pennsylvania, Kentucky, Maryland, Michigan, New York, West Virginia, Massachusetts, Vermont, and Delaware.

Northeast DHIA Joins Forces With Raleigh DRPC

ITHACA, N.Y. — The 4,000 member Northeast Dairy Herd Improvement Association is on track with the transfer of records processing services to DRPC Raleigh. The alignment with Raleigh, along with their long-time relationship with Valley Agricultural Software, gives Northeast members a considerable product and service advantage.

"We have joined forces with two industry leaders. We look forward to continuing our successful relationship with Valley Ag Software as well as building a strong and successful relationship with DRPC Raleigh," notes Northeast DHIA General Manager Nelvin Empet.

Valley Ag Software, providers of Dairy Comp 305 and Scout software, have maintained nation-

al leadership in the herd management software arena for several years. They will continue to grow and strengthen their ties within the marketplace, particularly in the Northeast where the software is aggressively marketed and supported by Northeast DHIA.

The move to processing with Raleigh allows Northeast DHIA to provide members and Agriservice community with a broader range of services, and will allow Northeast DHIA to focus their resources on providing the high quality service members are accustomed to. The transfer also allows the cooperative the ability to easily expand services to neighboring markets, thereby strengthening their position as a national leader in providing dairy records services.

'Mad Cow Disease'

(Continued from Page A35)

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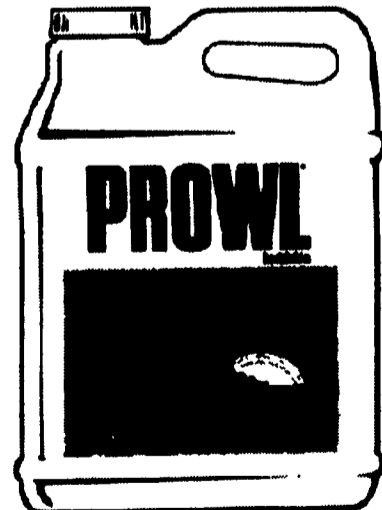
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Editor's Note: The preceding information was posted to all users of the Dairy-L portion of the Internet.

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