

Lancaster County Dairyman Urges Senate Agriculture Committee To Back Extension of Dairy Price Support Program

ARDEN HILLS, Minn.—Lancaster County dairyman Gordon Hoover told the Senate Agriculture Committee at a recent hearing that Congress needs to extend the dairy price support program until the next farm bill is completed in 2002 to help dairy farmers who are currently coping with the lowest prices in a generation.

"I hope the Senate recognizes the importance of continuing some type of safety net for dairy farmers when we experience extremely low prices," said Hoover, who serves as secretary of the Land O'Lakes Board of Directors. "In our opinion, the dairy price support program is

that safety net."

Unlike during the 1980s, when the price support was set at levels that encouraged excessive supply, the current support level (\$9.90 per hundredweight) is not an excessive incentive spurring unneeded production, Hoover said. It simply represents a very modest investment by the government in preventing the complete collapse of domestic dairy prices.

In wide-ranging comments about the current state of the domestic dairy industry, Hoover testified on behalf of the National Milk Producers Federation at the first of two days of Senate hearings on dairy policy.

Hoover is a Land O'Lakes representative on the NMPF board. Land O'Lakes is the nation's second-largest dairy cooperative.

In the last two months, farm-level dairy prices have dropped to the lowest level since 1978, leaving many producers reeling. Earlier this month, Agriculture Secretary Dan Glickman said the Clinton Administration would ask for a two-year extension of the dairy price support program.

Hoover said this is the number one goal for dairy farmers this year on Capitol Hill. It's a goal with broad support among cooperatives and farm

organizations. Currently, the price support program is scheduled to end on Dec. 31, 2000.

Another important economic tool for dairy producers is the Dairy Export Incentive Program (DEIP), which helps the U.S. dairy industry compete in international markets with heavily subsidized exports from the European Union and other nations.

Hoover told the Senate panel that, given the apparent intent of other nations to maintain their dairy export subsidies, "Congress should reauthorize the DEIP program prior to its expiration in 2002 in order to help keep the U.S. competitive in world markets."

Another looming dairy issue with international implications is the possibility that U.S. cheesemaking standards could be changed to allow for the use of dry milk protein concentrate. If the Food and Drug Adminis-

tration were to allow for the use of concentrated, dried forms of milk protein, cheap imports of the concentrate could displace domestically-produced milk, driving prices that American farmers receive even lower, according to Hoover.

"Milk production concentrate produced by heavily-subsidized foreign dairies could be exported to the U.S. for less than it costs to produce a similar product here. And that foreign milk supply would directly displace billions of pounds of U.S.-produced milk that is now used to produce cheese," Hoover said. "I hope this committee will monitor this issue very closely, and give thoughtful consideration to the economic calamity that would be produced by such a change in cheese standards."

Hoover also assessed the recent reforms of the Federal Milk Marketing Order program, which were implemented on Jan. 1 after two years of administrative and legislative review. He said that although a great deal of the focus during the reform process was on Class I differentials, "there are many other significant changes in the new system that will improve the system and make it more market-oriented."

Hoover also said that NMPF will be working this year to promote industry unity through the sponsorship of the Dairy Producer Conclave, a series of regional grassroots meetings co-sponsored by other national farm groups that also want to focus on policies of mutual concern to all U.S. dairy producers.

"After the regional sessions, our steering committee of national dairy leaders will consider the input we've received at the regional sessions, and attempt to build a consensus program of issues and policies for the future. We intend to complete this process by December 31st, and will be back to this committee, and to your colleagues on the House Agriculture Committee, with our ideas and plans. Dairy producers must try to resolve our regional differences first, and then attempt to reach consensus with the processing segment of our industry," Hoover said.

The Dairy Producer Conclave will address milk prices, but also a variety of other issues, such as trade, animal health, environment, and food safety, that have the potential to impact the economic environment for farmers.



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