Dairy Reps Testify For Continuing Premiums | Farmers Finalize Resolutions |

DAVE LEFEVER Lancaster Farming Staff

HARRISBURG (Dauphin Co.) — The Pennsylvania Milk Marketing Board (PMMB) heard testimony from a number of industry representatives Wednesday, with a majority testifying in favor of maintaining a \$1.65 per hundredweight over-order premium for the first six months of 2003, according to PMMB communications specialist Tracey Jackson.

The over-order premium is the price paid above the federal order price for fluid milk produced, processed, and sold in Pennsylvania.

Testimony in favor of maintaining the \$1.65 premium came from the Pennsylvania State Grange, the Pennsylvania Farm Bureau (PFB), Dairylea Cooperative, and the Northeast Milk Marketing Agency (NEMMA). NEMMA represents a number of milk cooperatives, including Dairylea, Land O' Lakes, Maryland & Virginia, and Dairy Farmers of America Northeast.

Representatives of Dean Dairies and Tuscan/Lehigh Dairies asked that the premium be set no higher than \$1.20 per hundredweight.

Arthur Zug, a dairy farmer from Juniata County, testified on behalf of the Grange. He cited continuing tight milk markets and drought conditions as reasons for maintaining the premium at \$1.65.

"Economists continue to tell us the market for milk remains tight in Pennsylvania," he said. "According to the Pennsylvania Agricultural Statistics Service (PASS), milk production was down 0.8 percent from last year's September production."

Zug pointed out that the number of milk cows in the state in September had decreased by 9,000 since September 2001. That trend is not likely to change over the next six months,

"The current over-order premium has not flooded our dairy market with milk, and Pennsylvania producers have not had difficulty selling our product," Zug said.

He also spoke about the drought adding to the current crisis for dairy farmers.

"Our farm has had a 50 percent yield loss the past two years, which has compounded our financial problems," he said. "Federal programs have helped, but are not the longterm answer. Dairymen would like a fair price for their product, instead of programs to support price levels.

Joel Rotz of the PFB based his recommendation on projected milk prices and costs of production. He noted that current Class III and Class IV milk future prices at the Chicago Mercantile Exchange point to an average blend price of \$13.61 per hundredweight during the first six months of 2003. Meanwhile, PASS reports indicate costs of production for the year ending this September averaged \$13.49 per hundredweight, but did not account for recent feed price increases caused by this year's drought.

Taking into account costs for management, interest on equity, and a reasonable profit, Rotz testified that the average dairyman would experience a shortfall of \$2.69 per hundredweight of milk produced in coming

Jackson of the PMMB said the three-member board will make a decision Dec. 4 to maintain or change the premium.

(Information supplied by the Pennsylvania Farm Bureau and the Pennsylvania State Grange was included in this report.)

For State Meeting

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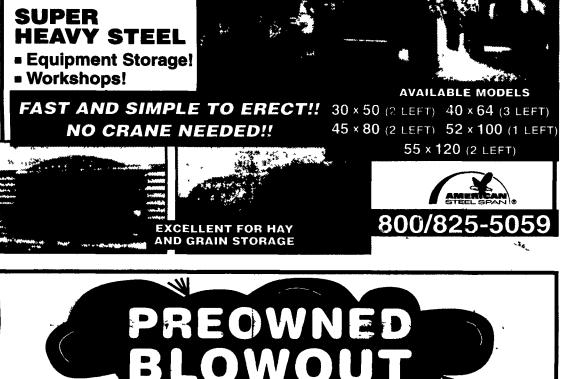
protections for farmers' water rights are also among some 130 policy questions that will be decided by the organization's 171 voting delegates from 54 county farm bureaus.

"Our work this week was to consolidate the recommendations of farm families across the commonwealth into resolutions that will be debated and decided at our annual meeting," said Carl Shaffer, a vegetable and grain grower from Columbia County,

who serves as vice president of PFB and chairman of its State Policy Development Committee. "The outcome from the annual meeting will become Farm Bureau's road map for the year ahead so far as our outreach to lawmakers and the general pub-

Pennsylvania Farm Bureau represents about 30,000 farm families and is affiliated with the nation's largest general farm organization, the 5.1-million member American Farm Bureau Fed-









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