

Lanco Co-op Leader Discusses Milk Marketing Challenges

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Co-ops Not Able To Secure Gov't Payments For Farmers

LEOLA (Lancaster Co.) — Lanco Dairy Farm Cooperative will continue its efforts to secure the best milk prices for its members in spite of adverse market conditions and tough competition from larger milk handlers, according to leaders of the farmer-run co-op.

Lanco was first started in 1998 as a division of Allied Federated Cooperatives, Inc. based in Canton, N.Y. Lanco now has about 800 producer members, the majority of them in the eastern and southern parts of Pennsylvania.

Dave Elliott, director of member services at Allied, led informational meetings this week for Lanco members in several locations, including Lancaster County where a large portion of Lanco members are Amish producers with relatively small herds.

Elliott spoke about the conditions that created this year's historic slump in milk prices, and predicted modest increases in 2003.

"Our problems marketing milk began on September 11, 2001," he told a group of about 40 at Daniel's Farm Store here Tuesday evening.

A drop in demand for milk products after the terrorist attacks in New York City and Washington resulted in an 11 percent decrease in milk sales, according to Elliott. This slack demand, plus a 3 percent domestic increase in milk production, the problem of milk protein concentrate (MPC) and other imports, and continued consolidation within the milk-handling business resulted in 2002 being "perhaps the worst year" in dairy history.

"The biggest problem we are having is the consolidation of the industry," he said. In Elliott's view, this has resulted in large cooperatives that tend to look after the interests of processors over those of their farmer members.

"Are you working for the farmer or working for the processor?" Elliott asked in reference to some of the nation's largest milk cooperatives. "You can't have it both ways. In order for there to be a winner, there has to be a loser. A co-op can't do both."

Some of these competing co-ops are also involved in import-

ing milk from Canada and importing MPCs from abroad, adding to the plight of domestic producers, Elliott pointed out.

He urged dairy farmers to refrain from doing business with milk handling companies or manufacturers that don't take care of U.S. milk producers first. He also encouraged them to help spread the word to consumers about inferior milk products on the market.

"Processed cheese made with MPCs isn't cheese as far I'm concerned," he said.

Elliott cited American free-trade policy as another culprit that allows inexpensive, standard milk products to be imported into the U.S.

"We're not going to change the world," Elliott said. "But don't support organizations that don't look after farmers."

Pennsylvania dairy farmers also face a drop in over-order premiums for Class 1 milk in 2003 — from \$1.65 to \$1.25 per hundredweight by April. The Milk Marketing Board said it made this recent decision in order to prevent processors from

looking elsewhere for cheaper milk.

Even with all the challenges, Elliott said that increased demand and other factors should boost milk markets in the new year. Citing economist predictions that milk prices will range from about \$13 to \$16 in 2003, Elliott said farmers can probably expect an average of about \$1.50 per hundredweight above what they received this year.

"We are definitely going to see a better price," he said.

Elliott updated members on milk income loss payments that became available this fall under the new Farm Bill.

For farmers who may be waiting for their co-ops to act as agents in securing government payments, Elliott had this to say: "It's not going to happen anytime soon."

According to Elliott, by the time the federal government approves such an arrangement, the program might be over.

"They're already saying they are running out of money," he said. "I have this sneaking feeling that this program is going to disappear before it's supposed to."

Elliott favors the implementation of a dairy compact such as the one which expired last year in New England states. Such a compact would set a floor price that processors are required to pay for milk and would not involve tax dollars.

"We don't need a government check — we need a stable pricing situation," Elliott said. "The money needs to come from the processors."

To create a stable milk price environment, the government also needs to curb the flow of milk products coming into this country and stop basing the milk business on a global pricing system, according to Elliott.

"Our milk should be priced according to U.S. (supply and demand)," Elliott said. "You can't do business with your neighbors if you have money and they don't. Everybody in the world wants to trade here because our consumers have money."

Members at the Leola meeting also heard updates from board member Ken Marshall of New York and Jerry McCleary, head field inspector.

Pa. Junior Holstein Convention Planners Gear Up For 3-Day Event

BETHLEHEM (Lehigh Co.) — The Pennsylvania Junior Holstein Association Southeast district welcomes all junior members to the 2003 Pennsylvania Junior Holstein Convention. This exciting weekend is planned for Feb. 7-9 at the Holiday Inn, Bethlehem.

The theme this year is "Holsteins are Key in 2003." We are looking forward to hosting all our friends from across the state and showing you our southeast hospitality.

Friday, Feb. 7 activities will include the prepared public speaking contest, the annual meeting of the Pa. Junior Holstein Association, a mixer complete with a DJ for a dance, a few special surprises and activities. One of the contests we are having will be to see who can bring the oldest Pa. Junior Holstein Convention T-shirt and the most different Pa. Holstein Junior Convention T-shirts to this year's event. Prizes will be given for both winners.

Saturday is packed full of contests and activities that begin with dairy bowl and extemporaneous speech contests. Juniors are encouraged to get their entries in for both of these state contests. There will be an opportunity to ski for the day or snow tube in the morning or afternoon at the Blue Mountain Ski Resort. The convention hosts also have tours set up to the Discovery Science Center and the Crayola Crayon Factory, both local highlights in the area. Watch for more information on these exciting activities.

On Saturday evening, a buffet dinner will be served followed by the winners of the prepared speech contest delivering their winning speeches for all to hear and enjoy. Following the meal and speeches, a dance and again some special surprises will be enjoyed by all.

Sunday morning will conclude with the awards breakfast where many juniors will be recognized for their achievements over the past year.

There will be a well-stocked dairy bar along with commercial exhibitors who are available to share their industry knowledge with the juniors. There will also be the photo contest, display contest, and plenty of opportunity to visit with your friends from across the state.

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