

Maryland & Virginia Cooperative Outlines Plan

Co-Op Works With National Milk Producers To Address Low Prices

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Lancaster Farming Staff

HAGERSTOWN, Md. — Maryland & Virginia Milk Producers Cooperative reported a good year in 2002, despite low farm milk prices and increasing consolidation in the industry.

The co-ops 83rd annual members meeting and luncheon/banquet took place at the Hagerstown Clarion Conference Center Wednesday, including award presentations to quality milk producers and longtime members.

Maryland & Virginia last May hired Jay Bryant as general manager to run the co-op after a merger proposal with Land O' Lakes and other cooperatives failed.

Jack Hardesty, retiring president, said that the co-op solidified its operations in 2002, even while milk prices hit historic lows.

"We've grown stronger and more unified," Hardesty said. He and Bryant outlined a business strategy that included several new developments.

The co-op broke ground last July for a new fluid milk processing plant, Red Oak Dairy in Baxley Ga.; purchased Maola Milk and Ice Cream plant, New Bern, N.C.; and created the Southern Marketing Agency (SMA) to address consolidation issues.

"We continue to see retail consolidation drive the industry," Bryant said.

While the SMA has helped secure market access for Maryland & Virginia members, Bryant said much more needs to be done.

"We have a lot of room for improvement," he said. "I think we can do a much better job balancing our surplus."

Balancing milk supplies has to be a "larger regional effort," Bryant said. A study is underway to determine the future balancing needs of the region.

Maryland & Virginia is committed to ownership and management of manufacturing plants, and to leadership in developing regional balancing plants, according to Bryant.

He spoke about the sluggish milk market — including a slipping Class 1 mover price, down to \$9.64 per hundredweight in April — and ways the co-op is trying to help improve the dire situation for dairy farmers.

Marva Maid, Maryland & Virginia's fluid processing plant in Newport News, Va., showed an increase in milk sales and earnings in 2002. Bryant acknowledged that low farm milk prices were a factor in the facility's successful year.

For dairy farmers, relief from the market slump doesn't appear forthcoming.

"We've seen demand for dairy products for the last several months remain relatively flat," Bryant said. "As you look out over the horizon, you really don't see any change."

Bryant said Maryland & Virginia is lobbying Washington for legislation that would curb milk protein concentrate (MPC) and casein imports.

U.S. House and Senate Resolutions under consideration would impose higher tariffs on imports of these products. Bryant said the resolutions so far have been co-signed by 76 House and 20 Senate members.

Maryland and Virginia is also working closely with the National Milk Producers Federation (NMPF) on an initiative called Cooperatives Working Together (CWT).

The goal of CWT is to join together cooperatives on a national level that represent 70 percent of the domestic milk supply in order to "bring supply in line with demand," Bryant said. He noted that a 2.6 percent national increase in milk production in 2002, along with imports, has helped created milk supplies that are in excess of demand.

CWT would depend on voluntary co-op funding, and will consider extracting about 15 cents per hundredweight from farmers to help subsidize the plan.

"All of this is in the development stage," Bryant said.

The group plans to develop a strategy this month and begin implementing it in May.

Members at the meeting passed a resolution, introduced by board member Richard Mosemann, to support continuing payments to dairy farmers under USDA's milk income loss contract (MILC) program implemented under last year's Farm Bill.

According to Mosemann, the MILC program has benefited Maryland & Virginia producers, and has not increased milk supplies as some larger producers have contended.



The Joe and Nona Schwartzbeck family received a Quality Milk Producer Award from Maryland & Virginia co-op. From left are Jack Hardesty, president; Joe, Nona, Gus, and Lisa Schwartzbeck; and Jay Bryant, general manager.



Jimmie and Matthew Eustace, center, were honored for 75 years of membership in Maryland & Virginia Milk Producers Cooperative. They are joined by General Manager Jay Bryant, left, and Jack Hardesty, president.

MILC program benefits are capped at the production level of herds of about 130 cows.

The co-op named the family of Joe and Nona Schwartzbeck, Union Bridge, Md., Quality Producers of the Year for herds of more than 150 cows in the Federal Order 1 area.

The Schwartzbeck's Peace & Plenty 325-cow herd tallied in 2002 an average somatic cell count of 137,519, standard plate

count of 692, and a 0.547 freeze point.

Involved fulltime on the dairy are son Gus, along with his wife Lisa and children. Another son Shane and his wife Lisa and children also work parttime on the farm.

"This is a family business," Joe said. "Everybody participates, and that really makes a differ-

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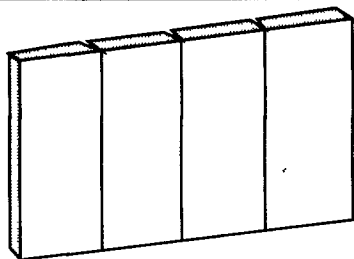
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