

*For Immediate Release
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Wisconsin Demand for Milk Continues to Exceed Supply

Green Bay, Wis. – In these difficult economic times, the Dairy Business Association (DBA) says only market-based solutions will solve the problem of low milk prices over the long term.

Supply management, milk quota system, high guaranteed minimum prices, government cow buyouts, more MILC, and even a moratorium on large farms have all been proposed by groups seeking short-term relief. Supply management is not acceptable for world trade agreements and other countries who have previously tried these types of approaches have failed. These ideas will eventually lead to a nation of producers who depend on government to survive. Government intervention merely shifts the problem into the future.

“Setting a milk price floor of \$18/cwt is illogical and would cause taxpayers to drown in a sea of milk,” said Jim Mlsna, DBA Vice-President. “All Wisconsin producers regardless of size are feeling the pain, but quick fixes may make the problem worse.”

Market forces have always influenced the price of milk and, in recent decades, these forces are coming from around the world. “Gone are the days when the main factor driving milk prices was the weather’s impact on the feed in the county the milk was bottled in,” stated Laurie Fischer, DBA Executive Director. “Our members understand that they are producing a commodity in a global market. They are doing the best they can to reduce their cost of production and hope they have enough equity and good lenders to allow them to weather this challenge.”

Some say we are producing too much milk, but many Wisconsin cheese makers continue to be looking for additional milk. “Dairy producers are facing a difficult downturn in milk prices brought by a weak global economy,” said John Umhoefer, Executive Director of the Wisconsin Cheese Makers Association. “Over-production or a growth in farm size is not the core issue, as national milk production has contracted in recent months. Wisconsin dairy producers are uniquely positioned to thrive when this cycle turns and prices improve. A decade of modernization on farms and market/brand building by Wisconsin’s cheese industry has positioned our state’s producers to profit as the global economy improves. Wisconsin’s demand for fresh farm milk continues to exceed supply, assuring long-term multiple markets for our state dairy producers.”

DBA continues to evaluate every proposal it learns of to address low farm milk prices. Having a low cost of production, adequate equity, and the prudent use of risk management tools appear to hold great promise for successfully competing in the dairy industry for years to come.

About DBA

The Dairy Business Association is an industry organization comprised of dairy producers, corporate and allied industry supporters. DBA promotes the growth and success of all dairy farms in Wisconsin by fostering a positive business and political environment. For more information about DBA, please visit our website at www.widba.com.

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