

NDPO Board Members

Mike Eby

Chairman of the Board
Dairy Producer --- Pennsylvania
(717)799---0057
meby@wdac.com

Paul Rozwadowski

Vice Chairman
Dairy Producer --- Wisconsin
(715)644---5079
prozawadowski@centurytel.net

Gary Genske

Treasurer
Dairy Producer --- California
(949)650---9580
garyg@genskemulder.com

Pete DeHaan

Dairy Producer --- Oregon
(503)437---6628
rcowsgetrdone@hotmail.com

Bob Krucker

Dairy Producer --- Idaho
(208)324---7904
rekkmk@bridgemail.com

John J. King

Dairy Producer --- Pennsylvania
(717)284---5756



"We pledge to thoroughly and immediately review and study each of the issues that impact the price of milk paid to producers in order to determine and facilitate needed changes that may be required to reach our stated purpose of producer profitability, for now and in the future."

NATIONAL DAIRY PRODUCERS ORGANIZATION, INC.

Producer's Voice

October 2015

www.NationalDairyProducersOrganization.com

What effect will making more milk have on my profitability?

With an abundance of milk flooding the market, dairy farmers everywhere are suffering financially due to significant downward price pressure. With dairy farmer owned processing co-ops encouraging a milk supply greater than profitable demand, the dairy industry is slowly crumbling. More milk usually means greater farm efficiency but this in turn, also means a high surplus of milk readily available for processors to buy cheaply. No processor wants to pay more than what they have to get the milk they need, therefore, they encourage more production. Currently it costs more to produce milk than is paid to farmers for their milk. Traditionally, dairy farmers feel they have to produce more milk when their pay prices fall. Therefore, dairy farmers are contributing to their own destruction by failing to properly manage themselves and their co-ops, by balancing their milk supply with profitable demand.

No processor has to pay a profitable price to the dairy farmer to get the milk they need. More milk will NOT increase dairy farmer sustainability it will decrease profitability. No one is going to pay more than they have to pay to get what they want. This includes all milk buying dairy processors, be they private, corporate or dairy farmer owned co-ops. Dairy farmers need to set their sights on how much milk the market needs, not how much they can make. By doing this we could see a significant change in both price and profit. We have given them supply and it has failed us, maybe it is time to give them demand.

Our bread may be buttered at times by export demand but we should NOT overproduce butter when it could mean we lose all our bread. U.S dairy farmers should balance the milk supply with domestic profitable demand and take the milk price generated by exports as our butter. Every market at any given time has a limit to the supply it wants and we see that oversupplying a market results in significant downward price pressure. Consider the math in the case of milk. A few months ago when our dairy exports temporarily surged and the milk supply was balanced with profitable demand, many dairy farmers were receiving \$24 - 25/cwt, or more, for their milk. Now, with substantially less exports resulting in significant over supply of milk, most dairy farmers are receiving \$15 - 16/cwt for their milk. The market will return approximately \$1.00cwt more at a dairy farmer level for every 1% supply drop. While these percentages are estimates, they do have real economic basis.

So unless you are a dairy farmer committed to more cows and more milk and selling the cheapest milk and you have more money to lose than all others, thereby, allowing you to be the last dairy farmer standing, you should become an NDPO member and join other like-minded dairy farmers who believe in balancing the milk supply with profitable demand thereby allowing most existing dairy farmer's sustainable profitability. The U.S. dairy farmer has the ability to increase the supply of milk far greater than anyone's ability to increase the profitable demand for milk. NDPO's policy of balancing the milk supply with profitable demand is an idea dairy farmer's can take to the bank. So fill out our application form, mail it in, and contribute to an idea that supports a more sustainable industry for milk producers everywhere.

**Tuesday National Calls:
8 PM East – 5 PM West
Live Calls:
(712)775-7035
Recorded Calls:
(712)775-7039
Pin: 330090#**

Idaho dairy producer and NDPO board member Bob Krucker's comments on DairyLine 9/14/15:

Dairy farmer owned co-ops claim to manage 80% of the milk in this country. This should be a good thing for the U.S. dairy farmer - but it is not. The problem for the co-op dairy farmer owner member is that while co-op management, and all those doing business with them has been very profitable, the dairy farmer owner member has not.

The purpose of all dairy farmer owned co-ops should be achieving sustainable profitability for their dairy farmer owner members. But few, if any, co-op management seem to acknowledge this purpose or have a clue as to how to achieve it.

The U.S. only has about 45,000 dairy farmers left in this country. In order to preserve our national milk producing infrastructure that we have yet left - most of our remaining dairy farmers must be able to sell the milk they make for more than what it costs to make. In other words they need to be profitable.

Dairy farmers must be more than makers of milk. They must be profitable sellers of milk or they cannot be economically sustainable without being profitable. The marketplace will provide dairy farmer profitability when the milk supply is balanced with profitable demand.

Consider the math. A few months ago when our dairy exports temporarily surged and the milk supply was balanced with profitable demand, many dairy farmers were receiving around \$24 per cwt. for the milk. Now with substantially less exports resulting in significant over supply of milk, most dairy farmers are receiving anywhere from \$12-\$15 per cwt.

Our bread may be buttered by export demand, but we should not over produce for butter when it could mean we lose all our bread. U.S. dairy farmers should balance the milk supply with domestic profitable demand and take the higher milk price generated by exports as our butter - when it is there.

It is estimated the market will return approximately one dollar per cwt. more, at the dairy farmer level, for every 1% supply drop. Dairy farmer owned co-ops can and should be the vehicle for achieving dairy farmer profitability.

OK, so we talked about the co-op problem. Here's the fix for the co-op problem. For every members benefit and profitability, co-op management should encourage member milk supply discipline instead of seeking the maximum supply and the cheapest milk possible for which the dairy farmers are paid less than the cost to make the milk.

NDPO recommends that the management of each co-op should immediately implement a pro rata across the board reduction in the volume of milk accepted from each co-op member in sufficient quantity to balance the milk supply with profitable demands and price.

Furthermore, dairy farmers should demand that their own processing co-ops should promote for profitable demand for U.S. made milk through the use of NDPO's 100% USA milk trademark on all co-op product packaging.

Each co-op member should ask his board co-op representatives when and how they are going to pay you a profitable price for your milk. If they cannot give you a simple, believable business plan to pay a profitable price for your milk, you should immediately demand their resignation and a replacement.

Dairy farmers have the vehicle for profitability. Now they need to use it. Dairy farmers need to step up and manage their co-ops for their own profitability rather than let their co-op management continue to manage them for everyone else's profitability.

Please complete this application to become a member

NATIONAL DAIRY PRODUCERS ORGANIZATION, INC.



Membership/Assessment Application for The National Dairy Producers Organization, Inc.

Patron Name	Patron/Producer Number		
Address	If organic, check here		
City	State	Zip	# of Acres
Phone	Email Address	# of Cows	
Processor Name/Dairy Plant/Marketer Name		Phone	
Address			
City	State	Zip	

Under National Dairy Producers Organization, Inc. bylaws, your contribution is considered your membership dues. The dues cannot be raised without your consent. This agreement gives the National Dairy Producers Organization, Inc. permission to use your money to accomplish the specific work of the organization, under direction of the board of directors on behalf of its members so as to help all dairy producers achieve and maintain a profitable price for all milk regardless of its use, or the city, state or region of the country in which milk is produced.

Complete, sign, then mail or fax to: National Dairy Producers Organization
C/O Gary Genske, Treasurer
1835 Newport Blvd., STE. D-263
Costa Mesa, CA 92627
Phone: 949-650-9580 Fax: 949-650-4490

Please initial one of the following:

- 1) _____ I hereby authorize \$.01 (one cent) per hundredweight (CWT) plus \$20 per month assessments to be withheld from my monthly milk settlement payment and remitted to the National Dairy Producers Organization, Inc. at the above address, or
- 2) _____ I pledge payment of \$.01 (one cent) per hundredweight (CWT) plus \$20 per month to be paid by our dairy check and remitted to the National Dairy Producers Organization, Inc. at the above address, or
- 3) _____ I am a former dairy farmer and want to be a member of the National Dairy Producers Organization, Inc. and hereby pledge payment of \$80 for the annual membership dues to be remitted to the above address.

As of this date, this assessment request shall become effective and shall supersede prior National Dairy Producer Organization, Inc. assessments, if any

Sign: _____ **Effective Date:** _____

The National Dairy Producers Organization, Inc. is a 501(C)(5), a not for profit organization

The National Dairy Producers Organization, Inc.

The Producer's Voice



National Dairy Producers Organization
1835 Newport Blvd., STE. D-263
Costa Mesa, CA 92627

Two Great Ideas

Idea 1

The more milk produced = more money for co-op bureaucrats and processors
The more milk produced = more money for recipients of check-off funds
The more milk produced = more money for milk haulers
The more milk produced = more money for food retailers and advertisers
The more milk produced = more money for feed, construction real estate, and equipment industries
The more milk produced = more money for beef industry
The more milk produced = more money for financial institutions
The more milk produced = MORE LOSS for dairy farmers
Get the picture dairy farmer?

All EXCEPT YOU, are profitable with more milk. YOU will be profitable ONLY when you BALANCE THE MILK SUPPLY WITH PROFITABLE DEMAND.

Idea 2

I want every dairy farmer owned co-op to ONLY make dairy products which:

Contain NO imported ingredients
Contain NO non-dairy ingredients which have been substituted in place of ingredients which could be made with member milk
Will result in a profitable price paid to the dairy farmer owner/member whose milk they use.

There are many dairy farmer owned co-op products being made that should NOT be made and do NOT benefit the dairy farmer co-op owner/member.

Tuesday National Calls
8 PM East - 5 PM West
Live Calls:
(712)775-7035
Pin: 330090#
Recorded Calls:
(712)775-7039
Pin: 330090#

JOIN NDPO
prevent the culling of U.S. dairy farmers
Visit our website at
www.NationalDairyProducersOrganization.com
or call us at
(949)375-4450