

Wisconsin Farmers Union: Calls for emergency assistance to dairy farmers, oversupply management during COVID-19 crisis

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The COVID-19 outbreak is sending a shockwave throughout the U.S economy that is hitting dairy farmers especially hard, with some processors reaching maximum capacity and asking farmers to dump their milk. With the Chicago Mercantile Exchange Class III futures for May projected to drop below \$13.00 per hundredweight — below the cost of production for most dairy farms — the situation for America's dairy farmers is dire. The average U.S dairy farm milking 234 cows will lose over \$25,000 in May.

Wisconsin Farmers Union is calling on Congress to create a mechanism for all dairy farmers to quickly decrease milk production so we don't flood the market further at a time of major disruption. The family farm organization also urges adoption of a mandatory, nationwide program to balance the milk supply with demand.

"Congress just passed a \$2 trillion economic stimulus package that will offer some much-needed relief, but it will not be sufficient to prevent a mass exodus of dairy farms throughout the country this summer if we can't find a way to balance supply and stabilize prices," Von Ruden said.

The outlook is especially bleak since milk prices had just recovered from a five-year downturn when the coronavirus struck the U.S. What was projected to be a year of recovery is turning into the worst year of prices in six years. Some top dairy

economists report that even a one or two percent surplus of milk can cause a major collapse in milk prices. Measures to provide economic relief to dairy farmers must address the supply in order to aid in price recovery.

“We must urge Congress to act now to boost the dairy economy with emergency relief for dairy farmers,” Von Ruden said. “Wisconsin Farmers Union believes this effort should also be coupled with managed milk production to stem the surplus of milk on the market. Another stimulus package is being drafted so the time to weigh in with our lawmakers is now; our dairy farmers are depending on our swift action.”

Earlier this week, WFU was among groups calling for the federal government to provide direct assistance to farmers and expedite the purchase of additional dairy products amid unprecedented disruptions in the supply chain due to the COVID-19 national emergency.

In a letter to Secretary of Agriculture Sonny Perdue, the groups noted that the mass closure of restaurants, schools and other food service outlets and decimated export markets have resulted in a sharp drop in milk prices.

“Direct relief to dairy farmers and a substantial purchase of dairy commodities by USDA can ensure our industry will remain fiscally able to function in its primary role of feeding the nation and the world,” the groups said.

The letter was issued jointly by Cooperative Network, Dairy Business Association, Edge Dairy Farmer Cooperative, Professional Dairy Producers of Wisconsin, Wisconsin Cheese Makers Association, Wisconsin Farm Bureau and Wisconsin Farmers Union.

Dairy processors and farmers are working cooperatively, but these circumstances, far beyond their control, are beginning to result in fresh farm milk finding no available market. In pushing for product purchases, the groups specifically asked USDA to focus on non-fat dry milk, butter, cheddar, mozzarella, other Italian styles of cheese, and dairy products purposed for use by restaurants and food service vendors.

The recently passed CARES Act directs \$14 billion to the Commodity Credit Corporation, \$9.5 billion to a dedicated disaster relief fund for agriculture, \$25 billion for SNAP programs and \$450 million to support food banks serving the food

insecure.

“This bill enables unprecedented support for farmers and unprecedented commodity purchases, and we need USDA to bring these forms of aid to bear immediately,” the letter said.

“America’s dairy farmers are doing everything they can to support the nation during the COVID-19 pandemic, in particular making sure that American households have a steady supply of milk and other dairy products,” said WFU President Darin Von Ruden. “The economic disruption of the past several weeks has had dire consequences for U.S. dairy farmers. Wisconsin Farmers Union urges the USDA to take swift action to help dairy farmers so they can in turn help others at this critical time.”

Wisconsin Farmers Union is a member-driven organization committed to enhancing the quality of life for family farmers, rural communities and all citizens through educational opportunities, cooperative endeavors and civic engagement. Learn more at www.wisconsinfarmersunion.com.