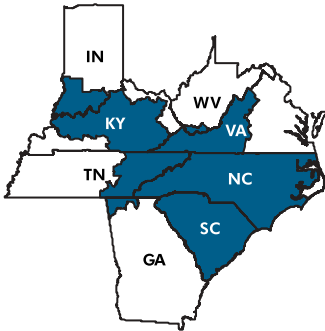




# THE COURIER

Appalachian Marketing Area Monthly Newsletter



## USDA Announces Proposed Rule

On May 18, 2009, the U.S. Department of Agriculture announced a proposed rule amending the National Dairy Promotion and Research Order. The proposed rule would establish a dairy import assessment program as required by the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) and the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill).

and research. The 2008 Farm Bill specified that importers of dairy products be assessed a rate of 7.5 cents per hundredweight, or the equivalent thereof.

The Dairy Board was established under the Dairy Production Stabilization Act of 1983 to develop and administer a coordinated program of promotion, research, and nutrition education to strengthen the dairy industry's positioning in domestic and foreign markets. Initially, two importer representatives, as appointed by the Secretary, will be added to the current 36-member Dairy Board. Thereafter, importer representation on the Dairy Board will be adjusted at least once every three years if necessary to reflect the volume of imports relative to domestic marketings.

*USDA Announces, cont'd on pg. 3*

Harold H. Friedly, Jr.  
Market Administrator



The proposed rule would also amend the term "United States" to mean all States, the District of Columbia and the Commonwealth of Puerto Rico.

The 2002 Farm Bill mandated that the Dairy Order be amended to implement an assessment on imported dairy products to fund promotion

## Dairy Export Incentive Program

On May 22, 2009, Agriculture Secretary Tom Vilsack announced allocations under USDA's Dairy Export Incentive Program for the July 2008 through June 30, 2009 period, as allowed under the rules of the World Trade Organization. The program helps U.S. dairy exporters meet prevailing world prices and encourages the development of international export markets in areas where U.S. dairy products are not competitive due to subsidized dairy products from other countries.

international market shares erode, in part, due to the reintroduction of direct export subsidies by the European Union earlier this year," said Vilsack. "The Obama Administration remains strongly committed to the pledge by the Leaders of the Group of Twenty to refrain from protectionist measures. Our measured response is fully consistent with our WTO commitments and we will make every attempt to minimize the impact on non-subsidizing foreign suppliers."

The Dairy Export Incentive Program allocations of 68,201 metric tons of nonfat dry milk; 21,097

*Dairy Export, cont'd on pg. 3*

## USDA Expands Dairy Insurance Program

USDA has expanded the Livestock Gross Margin insurance program for dairy cattle to producers in Kentucky, New Mexico, Tennessee and Washington, bringing the total number of states where this program is available to 33.

"Livestock Gross Margin provides convenience to producers who can sign up for the insurance 12 times per year and insure all their milk production they expect to market over a rolling

*USDA Expands, cont'd on pg. 3*

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## Appalachian Statistical Summary

	MAY 2009	APRIL 2009	MAY 2008
<b>PRICES: (Base Zone)</b>			
Uniform Price	\$13.28	\$12.97	\$19.11
Class I Price	14.37	13.76	20.02
Class II Price	10.71	10.49	15.51
Class III Price	9.84	10.78	18.18
Class IV Price	10.14	9.82	15.26
Uniform Skim Milk Price	\$9.20	\$9.09	\$14.23
Class I Skim Milk Price	10.41	9.96	15.30
Class II Skim Milk Price	6.49	6.47	10.40
Class III Skim Milk Price	5.61	6.80	13.20
Class IV Skim Milk Price	5.92	5.81	10.17
Uniform Butterfat Price	\$1.2577	\$1.2003	\$1.5378
Class I Butterfat Price	1.2359	1.1840	1.5003
Class II Butterfat Price	1.2718	1.2119	1.5632
Class III Butterfat Price	1.2648	1.2049	1.5562
Class IV Butterfat Price	1.2648	1.2049	1.5562

### PRODUCER MILK:

Class I	329,290,360	341,904,196	344,273,751
Class II	78,024,160	76,876,393	85,485,670
Class III	40,673,673	28,728,368	18,469,293
Class IV	60,969,637	54,892,645	42,352,212
<b>Total Producer Milk</b>	<b>508,957,830</b>	<b>502,401,602</b>	<b>490,580,926</b>

### PERCENT PRODUCER MILK IN:

Class I	64.70	68.05	70.18
Class II	15.33	15.30	17.43
Class III	7.99	5.72	3.76
Class IV	11.98	10.93	8.63

Prices subject to location adjustments per 1005.51 and 1005.75

## April Milk Production Up Slightly

Milk production in the 23 major States during April totaled 14.9 billion pounds, up slightly from April 2008. March revised production at 15.2 billion pounds, was up 0.1 percent from March 2008. The March revision represented an increase of 47 million pounds or 0.3 percent from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,758 pounds for April, 1 pound above April 2008.

The number of milk cows on farms in the 23 major States was 8.48 million head, 3000 head less than April 2008, and 2,000 head less than March 2009.

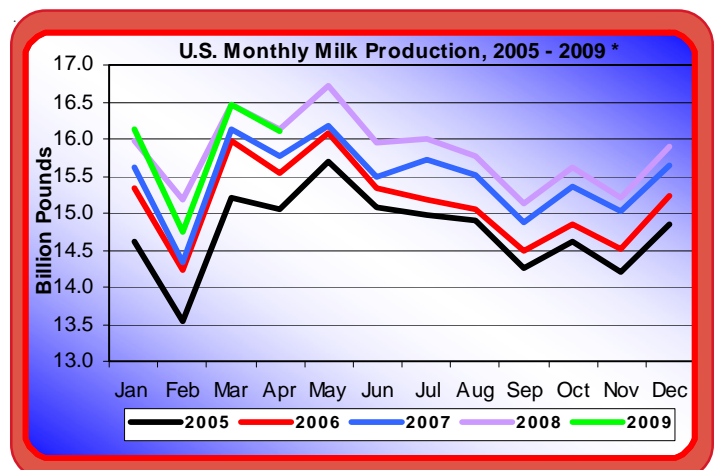
### F.O. 5 STATS FOR MAY 2009:

⇒ **The Uniform Price** for May 2009 was \$13.28, an increase of \$0.31 from April 2009.

⇒ **Total Class I Milk** for May 2009 was 329,290,360 pounds, a decrease of 12.6 million pounds from April 2009.

⇒ **Class I Utilization** was 64.70 percent for May 2009.

⇒ **Total Producer Milk** for May 2009 was 508,957,830 pounds, up 6.6 million pounds, or 1.3 percent, compared to April 2009.



\* Based on entire U.S. production.

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## USDA Announces Proposed Rule, Cont'd from pg. 1

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Producers in the added areas of Alaska, Hawaii, and the Commonwealth of Puerto Rico are assessed 15 cents per hundredweight of milk produced and marketed. These four new areas will be added to the regions of closest geographic proximity.

The proposed rule was published in the May 19 Federal Register. Public comments must be submitted on or before June 18. Comments may be submitted on the internet at [www.regulations.gov](http://www.regulations.gov) or mailed to Whitney A. Rick, Chief, Promotion and Research Branch, Dairy Programs, AMS, USDA, 1400

Independence Ave., SW, Room 2958-S, Stop 0233, Washington, DC 20250-0233, USA. Comments should be identified with the docket number, DA-08-07, as well as the date and page number of the issue of the Proposed Rule.

Copies of the proposed rule may be obtained from USDA, AMS, Dairy Programs, Room 2958-S, Washington, DC 202250-0233, USA from 9 a.m. to 4 p.m., Monday through Friday. The proposed rule is also available on [www.regulations.gov](http://www.regulations.gov) and AMS's website at [www.ams.usda.gov/dairy](http://www.ams.usda.gov/dairy).




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## Dairy Export Incentive Program, Cont'd from pg. 1

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metric tons of butterfat; 3,030 metric tons of various cheeses and 34 metric tons of other dairy products, as well as individual product and country allocations will be made available through Invitations for Offers. Country and region quantities may be limited by the invitation.

Administered by USDA's Foreign Agricultural

Service, this program was reauthorized by the Food, Conservation, and Energy Act of 2008. As part of its World Trade Organization commitments resulting from the Uruguay Round Agreement on Agriculture, the United States has established annual export subsidy ceilings by commodity with respect to maximum permitted quantities and maximum budgetary expenditures.

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## USDA Expands Dairy Insurance Program, Cont'd from pg. 1

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11-month insurance period," said Acting Administrator William J. Murphy.

"This is a customized product and can be tailored to any size farm and is considered a bundled option insurance, similar to buying both a call option to limit higher feed costs and a put option to set a floor on milk prices."

Livestock Gross Margin provides producers with protection against loss of gross margin — market value of milk minus feed costs — on milk produced from dairy cows. Livestock Gross Margin-Dairy uses the Chicago Mercantile Exchange Group futures prices for corn, soybean meal, and class III milk to determine the expected gross margin and the actual gross margin.

These policies will be available for sale for the 2010 crop year starting July 31, 2009. The Federal

Crop Insurance Corporation Board of Directors approved the changes to the policy at its March 12, 2009, board meeting.

Other states where these policies are available include: Arizona, Colorado, Connecticut, Delaware, Illinois, Indiana, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Dakota, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin, and Wyoming.

For more information about the Livestock Gross Margin insurance policy for dairy cattle, see the RMA Web site at <http://www.rma.usda.gov>. For more information about the Federal Crop Insurance Corporation, see the RMA Web site at <http://www.rma.usda.gov/fcic>.



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**Federal Milk Marketing Order Statistics - April 2009**



Federal Order	Producer Deliveries Million Pounds	Class I Producer Receipts Million Pounds	Class I Utilization Percent	Statistical Uniform Price \$/cwt
1 Northeast	2,027	846	41.7	12.08
<b>5 Appalachian</b>	<b>502</b>	<b>342</b>	<b>68.1</b>	<b>12.97</b>
6 Florida	259	222	85.8	15.11
7 Southeast	645	394	61.0	13.14
30 Upper Midwest	2,794	371	13.3	10.98
32 Central	1,131	357	31.6	10.91
33 Mideast	1,415	560	39.6	11.28
124 Pacific Northwest	563	186	33.1	11.01
126 Southwest	1,036	362	34.9	11.89
131 Arizona	374	121	32.3	11.06
<b>All Orders<sup>1</sup></b>	<b>10,745</b>	<b>3,760</b>	<b>35.0</b>	<b>11.63</b>

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