

BEFORE THE UNITED STATES DEPARTMENT OF AGRICULTURE AGRICULTURAL MARKETING SERVICE

Milk in the Northeast and Other Marketing Areas

Docket No. AO-14-A76; et. al.; DA-07-01

Hearing on proposed amendments to Class I and II milk price formulas milk price formula manufacturing allowances

Brief of Kentucky Dairy Development Council, 176 Pasadena Drive, Lexington, KY 40503

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The Kentucky Dairy Development Council (KDDC) is an organization that represents the interests of just under 400 dairy farmers within the Sate of Kentucky or approximately 35% of the farms within the state. The purpose of the KDDC is to increase the profitability of Kentucky's dairy producers and address issues which will foster the sustainability and viability of Kentucky's dairy industry.

KDDC supports National Milk Producers Federation (NMPF) proposal for amending the Class I and II milk formulas. This proposal and the evidence presented at the hearing shows that the amendment would maintain a direct relationship between dairy product prices and Class I and II prices while appropriately reestablishing the relationship between the Class I and II prices and the manufacturing Class III and IV prices. The updated make allowance proposed for Class III and IV products were never intended to have a consequence of lowering the Class I and II prices to dairy farmers.

If the NMPF proposal is not accepted as presented, dairy farmers will face substantial economic hardship when the make allowances for manufacturing product prices are updated, as anticipated effective February 1, 2007. KDDC urges the Secretary to adopt the proposed changes for Class I and II milk price formulas as presented by NMPF. Dairy farmers are currently experiencing an extended period of low milk prices, high production costs and low farm returns. Kentucky's milk production Is just 63% of what it was during 1990 and continues to decrease annually due to economic conditions on the farm. Consequentially, KDDC urges the Secretary to adopt the changes on an emergency basis, as requested at the hearing.

January 30, 2007

Respectfully Submitted,

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