

Specter, Holden take lead on price discovery

By SHERRY BUNTING
Special for Farmshine

WASHINGTON, D.C. and HARRISBURG, Pa.—Just one day after price discovery was highlighted by virtually all who testified Tuesday (April 20) at the U.S. House Ag Committee field hearing on Farm Bill dairy policy (see related stories page one), Sen. Arlen Specter (D-PA) and Rep. Tim Holden (D-17th) championed the way forward on USDA's implementation of daily electronic reporting for dairy products.

Specter, a member of the Senate Ag Appropriations Subcommittee and Holden, Vice-Chair of the House Agriculture Committee, co-authored a letter to the leadership of House and Senate Ag Appropriations Subcommittees Wednesday, which is being circulated for supporting signatures from other members of Congress this week and next.

The letter specifically supports funding to implement section 1510 of the 2007 Farm Bill, which calls for the more frequent electronic reporting and quarterly auditing.

"I'm concerned about what's going on in the dairy industry," said Specter during a Pennsylvania Press Club luncheon in Harrisburg Monday (April 19), where he was the guest speaker and spoke on a variety of current topics. "In order to ensure fair and accurate prices for farmers, Congressman Holden and I are leading the fight to implement Farm Bill section 1510, which requires increased electronic

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reporting of dairy commodities. This simple yet significant change in dairy price reporting will greatly enhance market transparency, price discovery, and producer confidence."

Holden had also highlighted his support for daily electronic reporting during a February meeting with dairy farmers in Lebanon, Pa.

The Dairy Policy Action Coalition (DPAC) has been working with members of Congress and USDA on this issue. Government relations consultant Dennis Wolff reported Wednesday that USDA is supportive of implementing the daily electronic reporting provision, provided the funding is included in the upcoming agriculture appropriations bill. During meetings with DPAC earlier this month, USDA estimated the cost of implementation at \$600,000 for technical start-up and \$1 to \$2 million per year in human resources to facilitate the price reporting and increased auditing.

The letter initiated by Sen. Specter and Rep. Holden seeks to provide this funding:

"Under the current pricing system, USDA's National Agricultural Statistics Service (NASS) collects data regarding four products at approximately 100 processing plants throughout the country: butter, cheddar cheese,

dry milk powder, and whey," the letter states. "NASS collects the previous week's data on Wednesday and releases it on Friday, making the data 7 to 14 days old at the time of release. This information is then used to determine the minimum price paid to farmers for fluid milk. This delay sets dairy apart from many other sectors within agriculture, where product data is reported daily or even real-time.

"Congress, recognizing this deficiency, established in the 2008 Farm Bill a system of electronic and more frequent reporting of dairy commodities, and subsequent auditing of the reports," the letter continues. "Increased reporting will reduce the influence on price discovery of thinly-traded dairy commodities on the Chicago Mercantile Exchange (CME). Less than one percent of dairy commodities are traded on the CME, and the Government Accountability Office has expressed concerns about potential market manipulation..."

"An electronic reporting system will benefit farmers by providing a more accurate measure of supply and demand realities. This will greatly enhance price discovery and transparency, which will in turn allow dairy farmers to make better-informed production decisions. Quarterly audits of the information will also help to ensure that the market is not subject to fraudulent reporting."

In the letter, Specter and Holden state that, "While substantive changes to future dairy policy are being developed, it is vital that cur-

rent programs and policies function effectively. Full implementation of Farm Bill Section 1510 advances us toward that goal."

Sen. Specter and Rep. Holden seek as many Congressional signatures as possible before they deliver this letter next week to Senate Ag Appropriations Chair Herb Kohl (D-WI) and Ranking Member Sam Brownback (R-KS) and to House Ag Appropriations Chair Rosa DeLauro (D-CT) and Ranking Member Jack Kingston (R-GA).

Dairy producers are encouraged to personally contact their Senators and Representatives this week to ask for their support of funding for daily electronic reporting. To add their signatures to this letter, members of Congress should contact Adam Tarr at Sen. Specter's office (adam_tarr@specter.senate.gov) or Jake Kuhns at Rep. Holden's office (jake.kuhns@mail.house.gov).

A full copy of this letter can be found at www.dpac.net.

Founded in November 2009, DPAC operates by donations, which have been received so far from dairy producers in nine states and agribusinesses in four states. Donations may be sent to DPAC at 890 N. Reading Road, Ephrata, PA 17522. DPAC has a growing correspondence list, which currently numbers well over 1000 producers from 23 states. For more information, call 800.422.8335 or visit www.dpac.net.



(PHOTO LEFT) More than half of the DPAC charter board members attended the U.S. House Ag Committee hearing on Farm Bill dairy policy April 20 in Harrisburg, Pa. DPAC had encouraged fellow dairy producers to sow seeds for the future by attending the U.S. House Ag Committee hearing on Farm Bill dairy policy Tuesday in Harrisburg, Pa. Dairy farmers carpooled from across Pennsylvania, New York and as far away as Tennessee, responding to DPAC's call to action and reaffirming, with their presence, their intention to participate in this process of democracy as the dialog for the next Farm Bill begins to ramp up.



Rep. Tim Holden (D-17th) was instrumental in bringing this national field hearing to Pennsylvania this week, where he and Rep. Kathy Dahlkemper (D-5th) and Rep. Glenn Thompson (R-5th) joined Chairman Collin Peterson (D-MN), Ranking Member Randy Neugebauer (R-TX), Livestock, Poultry and Dairy Subcommittee Chair David Scott (D-GA) and Rep. Leonard Boswell (D-IA), to hear testimony from producers, processors, an economist, and the Pa. Agriculture Secretary. DPAC vice-chair Daniel Brandt (PHOTO RIGHT) of Brandt-View Farms, Annville, Pa. testified on behalf of DPAC.