

“Whitewash”: USDA Milk Powde

Dear readers:

Let's be direct. Bad enough that *The Milkweed* had to unveil the “Missing Milk Powder Millions” story in March 2007—long before USDA admitted there was a milk powder-pricing problem. Now we've got to go back and break off USDA's newly-affixed whitewash.

For the past two and a half months, USDA personnel have been overseeing a year's worth of back nonfat dry milk powder data, trying to determine the severity and impact of those reporting errors.

On June 28, USDA issued two reports on the milk powder price reporting problem. Those reports concluded that data reporting problems caused only a 1.8-cent per pound average error in monthly nonfat dry milk data prices used to set dairy farmers' milk prices through the federal milk order system. USDA claimed the net impact on farm milk prices from that data error was only four cents per cwt.—totaling \$50 million dollars of lost income over the past year. We say, “Bull-oney”!

The Milkweed's analysis: USDA's milk powder data review and accompanying impact analysis are a self-serving whitewash. Many persons in the U.S. dairy industry to not take the revised data seriously. In this study, USDA has:

- *Failed to actually physically visit the plants, in most instances. “Phone calls” to dairy plants resurveyed by USDA made up the vast bulk of that “review”. No financial audits were undertaken by USDA. Why not?

- *Failed to remove large quantities of weekly data which obviously represent export sales (based on what's believed to be one or two buyer-seller contracts).

- *Failed to inspect contracts between buyers and sellers.

USDA claims to have zero money to compensate U.S. dairy farmers for gov't milk-pricing mistakes. In other words, Uncle Sam doesn't want to pay any damages to dairy farmers.

John Bunting and I have sorted through both of USDA's milk powder studies, and related data. In this special report, “Missing Milk Millions/Part II, we ask readers to familiarize themselves with the facts in this matter and know whys and hows of USDA's mistakes.

We ask concerned persons in the U.S. dairy industry to contact your elected federal officials, demanding that USDA further review this study and “get it right”. The only way “things” are going to get better is if dairy farmers' clamor for a fair analysis of this milk powder scandal. Call or Fax your U.S. Senator or Congressional representative today. (See bottom of page 11 for details.)

— Pete Hardin, Editor/Publisher

Dairy farmers recognize a “whitewash” when they see one. “Whitewashing” to dairy farmers means spray application of a wet, lime-based plaster, which, when dry, covers up a long-term accumulation of manure, cobwebs and flyspecks and dirt. When the whitewasher is done, the barn is so perfectly white that it's scarcely recognizable as the former dirty old barn.

USDA has tried to whitewash a huge pile of manure with a late June white-washing. Two reports released June 28 detail price reporting errors for nonfat dry milk—an attempt to cover over what, in the analysis of *The Milkweed*, is the biggest scandal in the federal government's 70-year history of farm milk pricing.

The root of that scandal: failure by the biggest marketer of nonfat dry milk to use current price data. Milk powder sales based on months-old contracts were erroneously submitted to USDA by the dairy cooperatives' milk powder “cartel.”

After reviewing weekly nonfat dry milk price/volume sales data (going back to April 2006) submitted to the National Agricultural Statistics Service (NASS), USDA has issued its findings. The first report, titled “Nonfat Dry Milk Revisions,” was released June 28, 2007 by NASS. That NASS report found that reporting errors in weekly nonfat dry milk data ranged from -0.8 to 8.5 cents per pound. During the review of previously reported weekly prices dating back to April 2006, NASS threw out 200 million pounds of nonfat powder from previously reported volumes, but retained almost two-thirds of all export volumes.

The key issue here: one major milk powder marketer—DairyAmerica—included sales/price data from sales based upon contracts more than 30 days old. DairyAmerica is a milk powder “marketing agency in common” for seven member cooperatives. DairyAmerica is a cartel, controlling an estimated 75-80% of all nonfat dry milk production in the U.S. NASS' reporting form for weekly dairy commodity prices and volumes explicitly notes that no sales data may be included for transactions based on contracts older than 30 days. All DairyAmerica's nonfat dry milk and SMP exports were contracted to a single buyer: Fonterra—New Zealand's virtual dairy export monopoly.

In tandem with NASS' milk powder price revisions, USDA's Agricultural Marketing Service (AMS) issued a report titled “Impacts of NASS Nonfat Dry Milk Price and Sales Volume Revisions on Federal Order Prices” on June 28. AMS

oversees the federal milk marketing order program, which prices milk values to nearly 50,000 U.S. dairy farmers. AMS uses NASS dairy commodity weekly price data to determine monthly prices paid to dairy farmers.

Bottom line: AMS estimated that revised NASS data for nonfat dry milk sales/volumes caused a loss of only four cents per cwt. on producers' milk sales, dating back to April 2006. AMS projected the economic impact of NASS' milk powder reporting errors was only about \$50 million in lost producer milk revenue. AMS projected ZERO impact on Class I (fluid) milk prices.

Hopefully, this pair of USDA whitewashes will not be the final word on the “Missing Milk Powder Millions” scandal. *The Milkweed* has estimated that U.S. dairy producers, whose milk is priced by USDA's federal milk order system, lost close to \$1 billion in milk revenue, from August 2006 through April 2007. The two recent USDA reports do not substantiate this publication's estimates of “lost” producer income.

Criticisms: Weekly Reports Unaudited; Exports Still Included

Criticisms of these recently issued USDA reports on milk powder prices and their impact on dairy farmers' milk prices in the focus on three issues:

1) Revised data is unaudited

USDA did not formally **audit** the revised weekly price and volume data for nonfat dry milk that the government has reviewing since late April 2007. Thus, “the usual suspect” —DairyAmerica—resubmitted milk powder price and volume data for April 2006 through April 2007 without the benefit of any government auditor assuring that the revised data have been correctly reported.

Failure to audit this simply fuels other concerns about the validity of USDA newly-issued milk powder price revisions. Implicitly trusting DairyAmerica to provide honest numbers to NASS is a bit much, at this point in time.

2) Huge quantities of export sales remain in weekly milk powder volume data

The revised NASS survey data “dumped” about 200 million lbs. of nonfat dry milk from earlier weekly surveys. Presumably, those monthly volumes were sales based upon contracts older than 30 days in length.

HOWEVER ... an additional approximate 320 million lbs. of exported nonfat dry milk and SMP remain in the NASS survey. That implicit conclusion comes from using dairy export data generated by the U.S. International Trade Commission (USITC—a branch of the U.S. Department of Labor).

THE QUESTION: Just why did USDA leave more than 300 million pounds of exported nonfat dry milk and SMP in the weekly NASS surveys for the period of August 2006 through April 2007?

Virtually all of those exports were marketed by a single seller—DairyAmerica—to a single buyer—Fonterra. In the analysis of *The Milkweed*, if USDA had properly culled export data based on “old” contracts (those longer than 30 days), then the weekly NASS survey prices for nonfat dry milk would most likely have been dramatically higher—raising the amount of money that dairy farmers lost in this scandal.

3) No inspection of milk powder sales contracts

Industry sources say NASS' “review” of milk powder sales price/volume data didn't look at major sales contracts. Surely, the DairyAmerica/Fonterra sales contracts merited review, to assure DairyAmerica complied with the “30-days” rule.

Conclusion: The pair of milk powder price reports issued by NASS and AMS proves that USDA is incapable of investigating itself and its beloved, if errant, dairy cooperatives. The agency's Office of the Inspector General oversaw the milk powder price review.

Milk powder scandal began in summer 2006, just grew worse

Sometime in early 2006, officials of DairyAmerica feared that U.S. supplies of nonfat dry milk were becoming burdensome. That spring, about 60 million pounds of “surplus” powder were sold to the USDA's price support program. Solution? A massive milk powder export deal with Fonterra—the New Zealand-based dairy export giant. Fonterra is the world's single largest dairy exporter, accounting for 35% of global dairy trade.

The dates and details of the export contract(s) between DairyAmerica and Fonterra are not publicly available.

In summer 2001, DairyAmerica had designated Fonterra as its exclusive export arm. Trouble was: by turning over all its export functions to Fonterra, DairyAmerica took its eye off the global dairy protein supply/demand picture. Sometime in late summer/early fall 2005, according to an analysis by a high-level dairy official at the Netherlands-based global lender, Rabobank, global milk powder supplies had started tightening. Indeed, by early summer 2006, when the big slug of dairy exports started leaving the U.S., the price for SMP in western Europe was about 10 cents per lb. higher than CME cash prices for nonfat dry milk.

Mistakenly, DairyAmerica committed itself to a huge slug of dairy exports, starting in late spring/early summer 2006, at price levels which increasingly failed to stay close to fast-rising global milk powder and SMP prices. Further, DairyAmerica's huge dairy protein powder exports seriously “shorted” supplies available to dairy and food processing firms in the U.S. By early fall 2006, DairyAmerica was breaking monthly supply contracts to U.S.-based milk powder buyers. Due to scarce milk powder supplies (at the peak demand season), “spot” prices in the U.S. climbed to \$2.00/lb. (and higher) in early fall 2006. But DairyAmerica continued to report prices to NASS that ranged in the \$.90/lb. range.

During the second half of 2006, the gap between fast-rising global dairy protein powders and DairyAmerica's contracted price with Fonterra for exported product grow wider and wider. Similarly, high “spot” prices inside the U.S. drew

Price Review – Farmers Lost 4 Cents/Cwt.

increasing attention to the gap between those prices and the NASS weekly average price reported for nonfat dry milk. **DairyAmerica was in a trap: If the milk powder pricing agency reported current prices (i.e., those based on contracts no older than 30 days) each week as NASS specified, then DairyAmerica would have progressively been losing one to three or four dimes on each pound of nonfat dry milk it was selling Fonterra. If NASS prices reflected current prices, DairyAmerica's member cooperatives' costs for raw milk under the FMMO pricing system would have been ruinous. Solution: Mis-report prices to the weekly NASS surveys.**

Starting in early summer 2006, the weekly NASS survey prices for nonfat dry milk started seriously diverging from their historic, close relationship with other measures of nonfat dry milk/SMP prices.

Domestically, a key alternate measure for nonfat dry milk prices is the "mid-point" of the weekly "Central and Eastern States" survey of nonfat dry milk published weekly by Dairy Market News—USDA's dairy market information branch. Dairy Market News' weekly "Central States" price survey climbed as high as \$.40/lb. above NASS' survey from mid-October through the end of November 2006. **Forty cents per lb. difference!**

Globally, the weekly NASS survey has widely diverged from the every other international prices reported produced by Dairy Market News for western European SMP prices. Since early fall 2006, Dairy Market News' survey prices for SMP prices in western Europe have regularly been from \$.20/lb. as much as \$.50/lb. higher than the NASS survey.

The NASS weekly milk powder price survey was obviously wrong. But for months, USDA personnel failed to act upon what had clearly evolved as mistaken data for the formulas used by the federal government to set monthly milk prices for tens of thousands of dairy farmers. No small irony that these lowball farm milk prices, during much of 2006 and into the first quarter of 2007, occurred as dairy farmers were facing their worst-ever financial returns in many decades.

Events leading up to USDA milk powder price review ...

The march of events leading up to USDA's milk powder price review is clear. Great hubbub was present in the dairy industry over nonfat dry milk issues in fall 2006 and winter 2006-2007. Even USDA agencies and personnel were admitting that problems arose:

* Sometime early last winter, Dairy Market News began qualifying its analyses of NASS weekly nonfat dry milk price reports, noting that those prices reported by the fellow USDA branch were being held down "by the effects of long-term contract sales."

* On February 12, 2007, at a dairy producer meeting in Frederick, Maryland hosted by Republican Congressman Roscoe Bartlett (a former dairy farmer), the Northeast federal milk market administrator responded to a question about low

Class IV (butter-powder) prices by stating that milk powder prices were being depressed by export contracts and that dairy farmers would just have to wait until those contracts were completed.

* After months of industry puzzlement and probing articles in *The Milkweed*, the first formal complaint was filed with USDA's Office of the Inspector General on February 20, 2007, by the National Family Farm Coalition (NFFC—a group that represents the interests of small, family farmers). NFFC's complaint accurately detailed how long-term export contracts were holding down prices in NASS' weekly milk powder survey, and that the reporting provision prohibiting the use of sales contracts older than 30 days was being violated.

* In early March, the National Farmers Union's delegates approved a resolution demanding an investigation of milk powder pricing at that organization's annual meeting in Florida. NFU, the nation's second-largest general farm organization, represents more than 250,000 farm families in 26 states.

* In early March, *The Milkweed* printed a blockbuster investigative report titled, "Missing Milk Powder Millions"—the first thorough investigation of the whole issue. In that article, this publication estimated that for the period for August 2006 through January 2007, U.S. dairy farmers outside California lost nearly \$600 million in farm income, due to unduly low nonfat dry milk powder prices.

* On April 11, Mary Ledman, an insightful dairy industry consultant, testified at a federal milk order hearing in Indianapolis, Indiana that the milk powder pricing complex was way off-base. The next day, Ledman gave a similar earful to a high-level USDA economist. Ledman's proddings led to a hastily-convened meeting of senior officials at USDA later on April 12. By 8:00 a.m. on April 13, USDA announced the first revision of milk powder prices—that the last three weeks in March had been in error.

* And on Friday afternoon, April 20, USDA hastily convened a national teleconference with agricultural reporters to announce that it would be reviewing a year's worth of NASS milk powder price reporting. That announcement acknowledged serious potential problems in the price reporting system. But key questioning by Mary Ledman on April 20 got USDA to admit that the report would not be an audit. Rather, USDA officials said reporting plants would merely be asked to review their nonfat dry milk price reporting, dating back one year to April 2006, and then resubmit revisions, if necessary.

All these events set the table for USDA's "whitewash" on June 28, 2007, when the government issued a pair of reports on "revised" NASS weekly price/volume data and the accompanying analysis by AMS, the agency responsible for administering the federal milk marketing order program.

See Page 8 for Additional Stories

Why So Many Exports Retained in NASS Weekly Price Reports???

The biggest question raised by the revised National Agricultural Statistics Service milk powder price/sales data must focus on why NASS permitted such huge quantities of exports of nonfat dry milk and Skim Milk Powder (SMP) to remain in the weekly surveys.

Virtually all U.S. exports of nonfat dry milk during the past year were sold by a single seller—DairyAmerica—to a single buyer: Fonterra. Presumably, those sales were encompassed by two reported sales agreements, the first of which was inked in the first half of 2006, and the second inked in mid-fall.

The NASS milk powder price/sales revision relied on the integrity of dairy plants to submit accurate data ... the second time around. But why should virtually any exports of dairy proteins be counted?

In its revised nonfat dry milk price/sales report dated June 28, 2007, NASS dumped about 200 million lbs. of dairy exports from originally reported weekly price surveys. But that 200 million pounds removed from NASS price/sales surveys equals only about one-third of the total dairy protein powder exports departing the U.S. between July 2006 and April 2007.

The total amount of U.S. nonfat dry milk and SMP exports is reported each month by the U.S. International Trade Commission (USITC). Comparing USITC monthly nonfat dry milk and SMP export totals to the June 28, 2007 NASS "revised" milk powder data shows that something close to two-thirds of all nonfat dry milk and SMP remain in the NASS survey!

The following table details the monthly volumes of nonfat dry milk and SMP that remain from the USITC export totals, once NASS revised downwards the volumes in the weekly surveys. That table gives the difference under the heading as "unexplained."

"Revised" NASS Dairy Survey Monthly Sales vs. USITC Export Data

	Exports	Revised NASS Quantity	Unexplained	NASS Revision as % of Exports
May-06	66,828,040	(26,767,106)	40,060,934	40.1
Jun-06	62,645,914	(29,163,009)	33,482,905	46.6
Jul-06	76,402,618	(34,987,240)	41,415,378	45.8
Aug-06	63,307,294	(14,987,057)	48,320,237	23.7
Sep-06	53,796,649	(19,825,363)	33,971,286	36.9
Oct-06	58,214,668	(10,592,483)	47,622,185	18.2
Nov-06	35,103,846	(4,882,462)	30,221,384	13.9
Dec-06	37,352,538	(9,246,367)	28,106,171	24.8
Jan-07	36,900,595	(21,676,317)	15,224,278	58.7
Feb-07	48,525,451	(28,997,468)	19,527,983	59.8
Mar-07	47,815,569	(9,163,930)	38,651,639	19.2
Apr-07	43,904,609	(503,544)	43,401,065	2.3

Unexplained Differences Show Huge Exports Remain in NASS Surveys

To be repetitious: If the vast majority of U.S. milk powder and SMP exports were conducted between one seller—DairyAmerica—and one buyer—Fonterra, why does the NASS survey continue to include *so much* data from dairy exports in its weekly price/sales survey reports???

It would seem that the NASS "revised" data includes roughly two-thirds of all nonfat dry milk and

SMP exported from the U.S. between July 2006 and April 2007. Why, if those sales were conducted between one seller and one buyer, under two presumed contracts???

NASS review of nonfat dry milk pricing should not have trusted DairyAmerica to accurately revise reported data without an actual audit by government officials. DairyAmerica has provided numbers, during the NASS review, that only fools would believe. The "revised" milk powder price/sales numbers cannot be trusted. The fact that USDA accepted industry numbers

MISSING MILK POWDER MILLIONS - PART II

June 28—NASS and AMS commit “double whitewash”

Garbage In: New NASS data retains most exports in survey

The NASS report—titled “Nonfat Dry Milk Revisions”—simply detailed both the original and revised weekly nonfat dry milk price/sales volume data, dating from April 29, 2006 to April 14, 2007. NASS’ succinct report stated that, “...five firms made revisions to the previously reported price and volume data for nonfat dry milk.”

The impact of these milk powder revisions:

* Changes ranged from -0.8 to 8.5 cents per lb. in the NASS-reported weekly average price for nonfat dry milk.

* NASS found only a 1.8-cent per pound average weekly loss.

NASS removed approximately a total 200 million lbs. of nonfat dry milk from its weekly surveys dating back to April 27, 2006. A key question: why did NASS allow reporting “plants” (like DairyAmerica) to retain the roughly 65% of nonfat powder/SMP exports in the survey? One predominant seller—DairyAmerica—exported to one predominant buyer—Fonterra.

The potential impact of NASS’ failure to more aggressively cull dairy protein powder export price/volume data during its revisions of the past year’s weekly data, means that the prices were unduly low for the entire survey. (See related article, page 7, this issue.) Including dairy export data in the revised report seriously holds down the survey price. DairyAmerica clearly low-balled prices of nonfat dry milk and SMP sold to Fonterra. Data from the U.S. International Trade Commission, detailed in the accompanying article, gives the clear impression that DairyAmerica’s milk powder sales to Fonterra, through April 2007, dramatically under-priced global market prices.

These data errors further compound NASS’ lack of dairy data integrity. The old saying about computer data accuracy, “Garbage In, Garbage Out” applies aptly to USDA’s dairy pricing efforts. NASS inputted the dairy price “garbage” and AMS then regurgitated it.

Garbage Out: AMS discounts impact--\$.04/cwt. on producer milk, or \$50 million

Whether or not they knew better, personnel at the AMS could only interpret the revised weekly milk powder data collected by their counterparts to NASS. Thus, if NASS “revised” data was still in error, there’s nothing much AMS could do but accept it at face value and proceed.

On June 28, AMS issued a report titled, “Impacts of NASS Nonfat Dry Milk Price and Sales Volume Revisions on Federal Order Prices.” Key conclusions summarized in that report are:

* Total revenue lost to dairy producers was \$50 million, or about \$.04/cwt.

* Only skim milk values of Class II milk (yogurt, ice cream, cottage cheese) and Class IV milk (butter, nonfat dry milk, and skim milk powders) were impacted by the NASS data errors. In other words, there was no impact on Class I (fluid) milk values.

* The average increase in Class II values was \$0.0218/cwt.

* Class IV prices were raised by an average of \$0.1193/lb.

*** Perhaps most importantly, AMS states that all prior months’ federal milk order pools have been finalized, previously announced minimum prices remain, and there is no provision in the federal milk order regulations to pay out settlements to producers due to price miscalculations.**

If one accepts the revised NASS data, as did AMS, there’s little room to quibble with AMS’ conclusions. However, the limitations of NASS’ revised milk powder data—especially the inclusion of additional export data and failure to audit revised reports—renders AMS conclusions suspect. “Garbage-in” condemns AMS’ analysis to “garbage-out.”

Another USDA branch participated in the milk powder price review—the Office of the Inspector General. A spokesperson for OIG informed *The Milkweed* that published report on this matter will be available in late July.

Oops! Repeated Dairy Data Errors Torpedo USDA’s Credibility

Call it the “Oops Factor.” It would be easier to believe USDA’s recently-released revisions of milk powder price data (and those revisions’ impact on dairy farmers’ prices), if USDA hadn’t made SO MANY dairy data errors in recent months.

These errors have been committed mostly by the National Agricultural Statistics Service (NASS—USDA’s dairy gathering arm), but also by the Agricultural Marketing Service (AMS—which oversees federal milk marketing orders, among other programs).

* Oops #1: In early April 2007, AMS had to sent out revised Class prices for March 2007 for the federal milk order program. Somehow ... AMS personnel in Washington, DC didn’t remember that March 2007 had five Fridays in it and that the March 31 NASS data should have been included.

* Oops #2: On April 13, NASS announced that it was revising the milk powder survey price/sales data for the weeks of March 17, March 24 and March 31. These changes were hastily announced,

following pressure on top-level USDA officials to relook absurdly low milk powder prices.

* Oops #3: On April 20, NASS/AMS held a joint teleconference, to announce they would go back and review the past year’s weekly milk powder data submitted to NASS by reporting plants. In that conference, NASS personnel claimed they monitored a number of milk powder price indicators as comparisons to the weekly NASS price data. Complaints about low powder prices started in September 2006!

* Oops #4: In early May, NASS announced that it had screwed up whey prices for the last two weeks of March 2007. NASS’ revised whey prices for the weeks of March 24 and March 31 added a bit more than two cents per pound to the survey price. That error held down the Class III (cheese) milk price for March 2007 by about three cents per cwt.

* Oops #5: On June 29, 2007, NASS’ “Dairy Product Price Report” notified the dairy industry:

“Update Alert”

“Page 2: For the week ending June 16, 2007, the 500-lb. Barrel moisture content was revised. This revision affected both the U.S. and Other States data. The revised U.S. moisture content is 34.52 and Other States 33.89. Revised U.S. price is 1.9134 and Other States 1.8942.”

That “oops” by NASS caused the federal milk order personnel so send out revised price notices for June 2007. The original notices had been sent out on June 29. These revisions added six cents to the Class III (cheese) milk price, which corrected is \$20.17/cwt. The Class III skim price was raised six cents—to \$14.93/cwt. And the FMMO protein price was raised 1.8 cents per cwt. for June 2007.

And USDA expects the dairy industry to believe that NASS properly reviewed the past year’s worth of nonfat dry milk price data ... without any audits to keep an eye on DairyAmerica???

– USITC Data Reveals Shocking, Low Prices for U.S. Milk Powder Exports:

2006 Prices DECLINED; 2007 Prices FAR BELOW World Markets

Why is DairyAmerica literally “giving away the farm” in sales of nonfat dry milk and Skim Milk Powder (SMP) to Fonterra—New Zealand’s dairy export monopoly? Data from the U.S. International Trade Commission (USITC) details the shocking facts:

* During 2006, a year when global supply/demand for dairy proteins dramatically tightened, the average monthly prices (per pound) received by DairyAmerica actually declined. January and February 2006 were the high-water marks for the average prices of nonfat dry milk and SMP exported from the U.S.

* Worse yet, for the first four months of 2007, prices of nonfat dry milk ranged from roughly \$.30/lb. to nearly \$1.00/lb. BELOW SMP prices in western Europe. (The European price quotes come from USDA’s Dairy Market News—a market information branch of USDA that reviews domestic and global dairy price data and trends.

U.S. dairy exporters—specifically, DairyAmerica, the milk powder cartel—are dramatically failing to honestly value prices for exports of these two dairy protein powders.

The following table details the monthly average

price data for U.S. exports of nonfat dry milk and skim milk powder, as reported by the USITC—a branch of the U.S. Department of Commerce. USITC reports the data in terms of U.S. dollars per metric ton (2204 pounds. *The Milkweed* has recalculated those prices into U.S. dollars per pound figures.

Month:	NFDM/SMP Exports/\$/lb.
January 2006	\$.964
February 2006	\$.972
March 2006	\$.941
April 2006	\$.928
May 2006	\$.943
June 2006	\$.949
July 2006	\$.914
August 2006	\$.880
September 2006	\$.886
October 2006	\$.923
November 2006	\$.960
December 2006	\$.960

“Incompetent” and “crooked” are the best words to describe DairyAmerica’s efforts at “selling” for export U.S. dairy proteins in 2006.

2007 performance even worse!!!
Hard to believe, but DairyAmerica’s ability to

Month:	NFDM/SMP Exports/\$/lb.
January 2007	\$1.003/lb.
February 2007	\$1.008/lb.
March 2007	\$1.035/lb.
April 2007	\$1.038/lb.

If the USITC data is anywhere in the ballpark, this data is damning of DairyAmerica. By late April 2007, the western European price for SMP had hit right around \$2.00/lb. Thus, the USITC dairy powder export data shows that U.S. exporters garnered only about half of the global dollar value for such exports.

How can DairyAmerica’s employees and directors continue looking the other way, in terms of exports failing to garner prices close to world market prices? U.S. dairy farmers need every dollar of value added to their milk incomes to keep ahead of fast-rising costs for grain and energy.