

Nonfat Dry Milk *Déjà vu*: DairyAmerica to Underperform Again?

by John Bunting

Déjà vu is a French term which literally means, “already seen.” Some have described it as “remembering the future.” The term seems ready-made to describe the current U.S. Nonfat Dry Milk (NFDM) market situation.

Since October 2007 the USDA National Agricultural Statistics Service (NASS) survey of NFDM has fallen \$.6047 per lb. Rumor has it, the fall will continue into summer. Paradoxically, this U.S. price decline is happening at the same time world prices are rising. Let’s review past NFDM price events with more detail.

Most readers will remember the March 2007 issue of *The Milkweed* laid out an undeniable case of illegal NASS price data reportings which included months of low-ball long-term contracts. Dairy farmers’ raw milk prices experienced a dramatic rise from the point USDA officially recognized the non fat dry milk pricing problem at the end of March 2007.

NASS revised the NFDM data. The USDA Agricultural Marketing Service June 28, 2007 report on the impact of the NASS revisions concluded, “All FMMO pools for the period covered by the NASS revisions have been settled and all revenues have been distributed. The previously announced FMMO minimum prices remain unchanged. There are no milk order provisions that could generate additional revenues for these settled pools.” The validity of that statement remains unchallenged because the specific information is still shrouded in secrecy.

What can be said, without hesitation, is that American dairy farmers were short-changed on price determination as well as price reporting – and it looks like the pricing shenanigans are happening again.

Looking at all available price data from 2006 and 2007, the NASS numbers averaged \$.25 per lb. less than the Oceania (New Zealand and Australia) price and \$.29 per lb. less than the European Union Price. Depending upon several variables, looking at the export volumes, the difference is ranging from \$300,000 to \$500,000 between U.S. and world NFDM price. Real money.

DairyAmerica is the marketing-agency-in-common for the major NFDM producing cooperatives. Cooperatives produce virtually all the NFDM made in the U.S., with DairyAmerica handling 80% of the total amount. DairyAmerica’s mission statement says, in part, “We will efficiently market our member’s Nonfat Dry Milk, ...while maximizing member and producer returns.”

The statement continues, “DairyAmerica will be the first choice of supply by our customers, providing only the highest level of service with superior products. Customers around the world will seek out the DairyAmerica brand!”

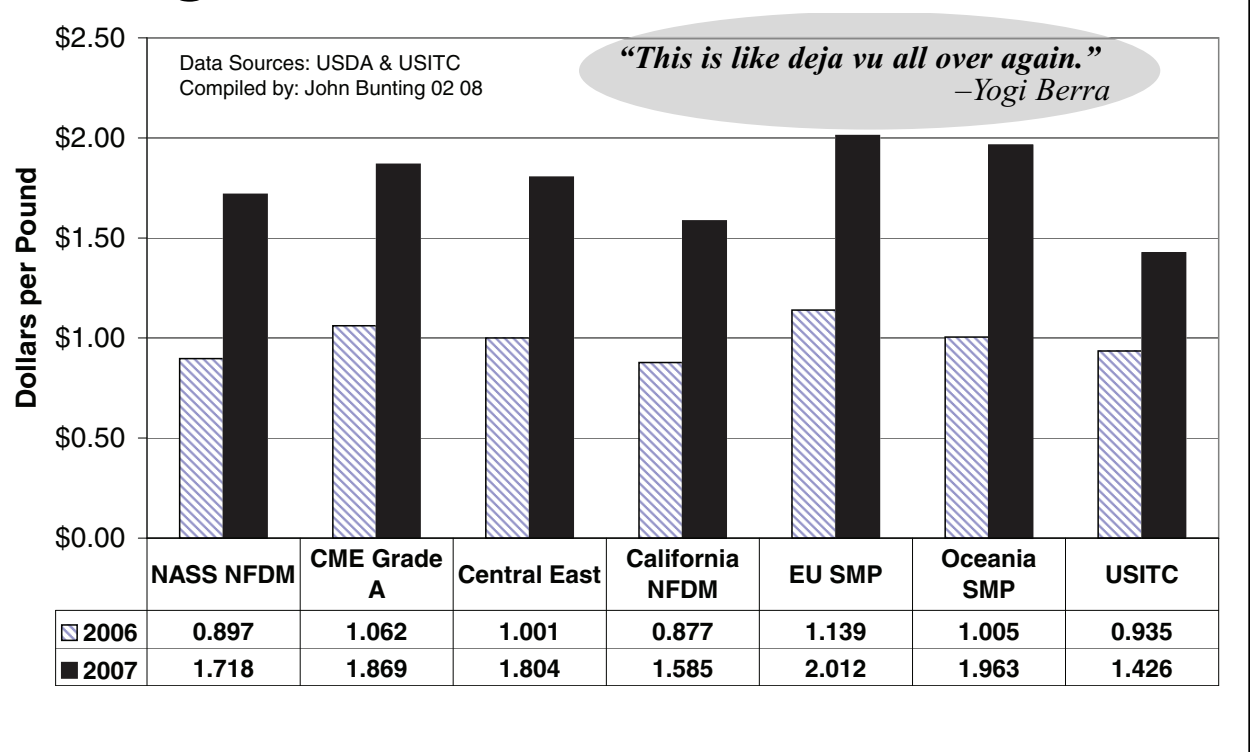
The exclamation point (!) suggests some kind of excitement, as if to say, NFDM from DairyAmerica sells itself on the world market. Not so. DairyAmerica was so inept at selling on the world market that its directors made a deal with the New Zealand monopoly co-op Fonterra for all export sales. Fonterra, formerly known as the New Zealand Dairy Board, is the world’s largest dairy exporter.

“Logic” behind DairyAmerica’s reliance upon Fonterra for export sales was that Fonterra had both the skills and the contacts to market American NFDM. The rewards to Fonterra seem to have been plentiful. Even after the NASS revisions to NFDM prices the Oceania NFDM price averaged \$.54 per lb. more than NASS through 2007. It is impossible to imagine that Fonterra is undercutting its own market in selling powder for DairyAmerica.

Yet, the United States International Trade Commission (USITC) trade data base consistently shows export prices even lower than NASS in 10 of the 11 months of available data for 2007, a time of admitted world dairy protein shortage. What is going on?

The spread between NASS and Oceania remains at \$.54 per lb. with USDA’s Dairy Market News reporting (January 31, 2008) on powder in New Zealand, “In most instances, stocks are fully committed to regular and ongoing customer needs, with no spot availability being reported at this time. Most producers and handlers feel that they will not have any spot availability for the balance of the season.”

Average Annual NFDM Prices: 2006 & 2007



In fact, world prices rose in early 2006 while American dairy farmers were still being short-changed. World prices continue to be higher than any domestic NFDM price.

For that matter, some domestic current NFDM spot prices, for large orders, are rumored to be far lower than any of the reported prices.

As if that were not crazy enough, NFDM prices on the Chicago Mercantile Exchange (CME) move up and down with no actual product traded. Why would the CME want to blow its cover and expose that it not is a legitimate dairy market by countenancing such antics?

Any objective analysis of the NFDM pricing for the last two years, aside from the illegal misreporting, shows problems in price determination. The same analysis clearly shows U.S. dairy farmers

were short-changed for some time when world prices rose. It appears that U.S. dairy farmers are being short-changed again in the current price drop.

The future? In early 2008, EU prices for dairy protein are again rising. But, behind the scenes in the U.S. DairyAmerica is preparing to take another low-ball price NFDM “dump” rumored for late spring or early summer 2008 ... in cahoots with Fonterra!

With NFDM the blame for American dairy farmers’ being conned lies squarely with the large, powder-producing cooperatives. NFDM proves that the Capper-Volstead Act has been turned on its head. DairyAmerica’s repeated failure to achieve price levels for NFDM exports sold through Fonterra is a shocking sell-out of U.S. dairy farmers’ financial interest.

AFACT–“Grassroots” Group Bankrolled by Monsanto

by John Bunting

In 1957, Vance Packard’s book “Hidden Persuaders” was published. The focus of the book was on subtle manipulators of people. Packard wrote, “People who coalesce into groups, as any general knows, are easier to guide, control, cope with, and herd.”

AFACT which is short for American Farmers for the Advancement and Conservation of Technology bills itself as a “new” farmer organization. However, in the background are the same “Hidden Persuaders” of public relations experts Packard wrote about more than 50 years ago.

A recent “media release” says, “As the organization’s name implies, AFACT is dedicated to supporting producer choice of existing safe management practices and new technologies with collaborative ties to all commodity segments and allied industries.”(1)

The name – AFACT – is a contrivance. Whoever heard of “conserving” technology? What the name really attempts to imply is that this “farmer organization” has the truth or at least facts. The name is part of the marketing ploy.

The truth is that members and supporters are driven into a herd by fear. A Power Point® presentation by Monty Miller states, “Your Freedom To Produce on Your Dairies is at Risk”. The presentation continues mentioning several fear-generating, anti-animal agriculture organizations. So what? The famous writer George Bernard Shaw, who died in 1950, championed anti-animal agriculture saying things such as, “Animals are my friends... and I don’t eat my friends.” The point is, there have always been anti-animal agriculture advocates and animal agriculture has survived.

A larger point is: Who is Monty Miller? You have probably contacted Monty Miller if you have send an email to: AFACT@ipsitd.info

His direct email is: monty@ipsltd.info

Monty Miller runs International Performance Solutions, Ltd., 276 Solomon Drive, Estes Park, CO. At the International Performance Solutions,

Ltd Web page:

<http://www.internationalperformance.com/testimonials.htm>

There you will find two testimonials from--you won't believe this--Monsanto.

In the above mentioned “media release” you will find: “To set up a time to visit, please RSVP to Jason Gerke by email at gerkej@osborn-barr.com, by calling (816) 410-5164 or cell (816) 206-8179.”

Okay, if you guessed that Osborn-Barr is a major public relations firm for Monsanto – you are 100% correct. Staff from Osborn-Barr, as well as Monsanto employees, have been involved in the herding right from the start when AFACT was called “Voices for Choices”.

A new Web site is promised soon, www.itisafact.org – clever. What can be said about the site which is not yet to be seen? Well, for starters:

Domain Name: ITISAFACT.ORG

Registrant Name: Susan Williams

Registrant Organization: Osborn Barr Communications

Public relations firms are what Vance Packard called persuaders and psychological probers. “What the probers are looking for, of course, are the whys of our behavior, so that they can more effectively manipulate our habits and choices in their favor,” wrote Packard in 1957. Not much has changed. Osborn Barr says, simply, “We create belief®”

Steve Kunkel, Chief Operating Officer of Osborn Barr says, “The basic truth is that clients hire agencies for ideas that will motivate their customers, and, ultimately, ring their cash registers.”

Dairy farmers who wish to join this organization are welcomed to join the herd. There isn’t even a membership fee. This “free lunch” will be provided courtesy of your friends at Monsanto.

(1) <http://www.dairyline.com/releases/020608AFACT.htm>