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**Executive Committee Meeting  
Burlington, Vermont  
August, 5, 2009**

**RESOLUTION URGING FEDERAL RESPONSE TO THE  
ECONOMIC CRISIS OF THE DAIRY INDUSTRY**

**WHEREAS**, the dairy industry is a keystone industry in the Northeast region, providing open space for recreation, sports, tourism, water recharge and wildlife areas; and

**WHEREAS**, the dairy industry provides a direct economic impact of an estimated \$14,000 per cow per year, serving as an economic anchor for all Northeastern agriculture, rural communities and economies; and

**WHEREAS**, the lack of stable prices and concentration of processing capacity are creating a crisis in the industry; and

**WHEREAS**, a significant loss of dairy farmers would create a dependence on imported milk and other dairy products and reduce our region and nation's food security; and

**WHEREAS**, there is broad public concern in the assurance of stable supplies of locally produced fluid milk for all of the Northeast; and

**WHEREAS**, the U.S. Department of Agriculture in 2000 changed the historical basis for pricing milk to one that uses Chicago Mercantile Exchange prices and National Agricultural Statistics Service surveys, neither of which is free market nor acceptable to processors or farmers from the Northeast; and

**WHEREAS**, there are essentially only two cooperatives operating in the region and the milk processing industry is dominated by two companies, creating unhealthy concentration in the processing of milk in the Northeast; and

**WHEREAS**, the Northeast has lost more than 30% of its dairy farmers in the last decade; and

**WHEREAS**, the farm gate price for milk has collapsed by more than 50% from one year ago; and

**WHEREAS**, farmers now face prices that are less than half the cost of production; and

**WHEREAS**, assumptions that the milk price collapse is related to a surplus of milk in the market are not supported by data that show the U.S. importing record amounts of product and increased commercial disappearance; and

**WHEREAS**, Northeast states have been innovative and active in responding to the continuing volatility in the pricing of milk with programs providing direct producer support, farmland preservation, business planning assistance; and

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**WHEREAS**, many of these efforts have been hampered by downturns in state budgets and continuing flaws in federal milk policy;

**NOW, THEREFORE BE IT RESOLVED** that The Council of State Governments' Eastern Regional Conference (CSG/ERC), and its affiliate the Northeast States Association for Agricultural Stewardship (NSAAS), urge the congressional and executive branches of the federal government to recognize their primary responsibility to sustain the viability of dairy farming in all regions of the United States and thereby assure consumers of an adequate, local supply of fluid milk through the economic sustainability of our nation's dairy farmers; and

**BE IT FURTHER RESOLVED**, that CSG/ERC and NSAAS urge Congress and the Executive Branch to ensure that all dairy producers receive, with reasonable advance notice, the information related to any referendum on the Federal Milk Marketing Orders and have the opportunity to cast individual ballots on such referendum; and

**BE IT FURTHER RESOLVED**, that CSG/ERC and NSAAS urge Congress and the Executive Branch to require Milk Protein Concentrates (powdered milk products), regardless of their country of origin, to meet and document the same quality, animal health, inspection and production standards as U.S. product; and

**BE IT FURTHER RESOLVED**, that CSG/ERC and NSAAS urge Congress and the Executive Branch to cooperatively address changes to the Federal Milk Marketing Order that returns consideration of regional costs of production in the federal milk pricing formula as provided by the 1937 Agricultural Marketing Agreement Act section 608 (c) as well as the actual consumer price of milk, acknowledging that this policy change would be at no cost to consumers and save taxpayers money on MILC payments, and

**BE IT FURTHER RESOLVED**, that CSG/ERC and NSAAS urge the Department of Justice and the Commodity Futures Trading Commission to pursue renewed inquiry into the concentration in the milk processing sectors of the Northeast industry and to determine whether anti-competitive conduct is working to the detriment of producers and consumers, and

**BE IT FURTHER RESOLVED**, that CSG/ERC and NSAAS urge the Attorneys General of the Northeastern states to review the concentration in the dairy industry within their state borders for possible antitrust action and provide such information to the U.S. Department of Justice, and

**BE IT FURTHER RESOLVED**, that a copy of this resolution be forwarded to the U.S. Department of Justice, and

**BE IT FURTHER RESOLVED**, that a copy of this resolution be forwarded to the Commodity Futures Exchange Commission; and

**BE IT FURTHER RESOLVED**, that a copy of this resolution be forwarded to the chairs of the Northeast states Senate and House committees that oversee agriculture and rural communities.

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**BE IT FURTHER RESOLVED**, that a copy of this resolution be forwarded to each member of the U.S. Senate and House that represent the states that comprise the CSG/ERC and

**BE IT FURTHER RESOLVED**, that a copy of this resolution be forwarded to the Attorneys General that represent the states that comprise the CSG/ERC.