



News Release

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"Connecting Cows, Cooperatives, Capitol Hill, and Consumers"



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CWT TO REMOVE OVER 100,000 COWS, 2 BILLION POUNDS OF MILK IN LARGEST-EVER HERD RETIREMENT

ARLINGTON, VA – Cooperatives Working Together (CWT) announced today that it has tentatively accepted 388 bids representing 102,898 cows and 2 billion pounds of milk production capacity in the first of a series of herd retirements planned over the next twelve months. The number of cows and pounds of milk represent the largest single herd retirement carried out in the six year history of CWT.

Dairy farmers in 41 states submitted a total of 538 herd retirement bids by the May 1 deadline. The 388 bids tentatively accepted represent 72 percent of the total bids received by CWT. The number of cows now scheduled to be removed account for 64 percent of the total number of cows offered and the 2 billion pounds of milk account for 67 percent of the milk production offered. "The high percentage of bids CWT selected this time around is an indication that producers understood that CWT would only be able to accept reasonable bids per hundred pounds of milk in order to adjust the nation's dairy herd and better align supply and demand," said Jerry Kozak, President and CEO of the National Milk Producers Federation (NMPF), which administers CWT.

Starting next week, CWT field auditors will begin visiting the 388 farms whose bids were accepted, checking their milk production records, inspecting their herds, and tagging each cow for processing. All farms should be audited by early July and cows should begin moving off dairies by late May. All bidders will be notified no later than June 12, 2009, as to whether their bid was among those accepted.

"The bids selected ranged from farms with fewer than 50 cows to dairies with over 5,000, demonstrating that farms of all sizes in all areas are facing a very difficult year in 2009," Kozak said. "Those that took advantage of CWT's offer to retire their herds will aid others still wanting to farm by reducing the amount of milk coming to market and strengthening prices going forward."

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“CWT, thanks to the commitment of 36 cooperative members and over 500 individual dairy farmer members, has the resources to carry out additional herd retirements in the coming months. That is why CWT will not announce the average level of the bids accepted until all the herd retirements are completed,” Kozak noted. “We will continue to monitor key economic indicators in order to determine the right time to implement the next herd retirement.”

Once CWT’s field auditors inspect and accept the herds offered as part of the bidding process, farmers will have 15 days in which to send their animals to a processing plant. CWT will again provide to each farmer the NMPF guidelines for the proper culling and transporting of dairy cattle, Kozak said.

Producers whose bids are accepted in this herd retirement will be paid in two installments: 90% of the amount bid times the producer’s 12 months of milk production when it is verified that that all cows have gone to slaughter, and the remaining 10% plus interest at the end of 12 months following the farm audit, if both the producer and his dairy facility – whether owned or leased – do not become involved in the commercial production and marketing of milk during that period.

Cooperatives Working Together is being funded by dairy cooperatives and individual dairy farmers, who are contributing 10 cents per hundredweight assessment on their milk production through December 2010. The money raised by CWT’s investment is being apportioned between two supply management programs that strengthen and stabilize the national all milk price. For more on CWT’s activities, visit www.cwt.coop.