

RESOLUTION 2-H.F.No. 1067

A resolution memorializing the President, Congress, and the Secretary of Agriculture of the United States to design and implement adjustments to the federal milk marketing order system that are equitable to Minnesota's family dairy farmers; including reassessment of the use of wholesale price indicators derived from trade on the Green Bay Cheese Exchange.

WHEREAS, the economy of Minnesota is vitally dependent on a healthy agricultural sector for the well-being of both rural communities and urban centers; and

WHEREAS, the dairy industry is the largest single segment of the Minnesota agricultural economy, generating gross revenues of \$3.5 billion and employment for 39,000 men and women; and

WHEREAS, family farmers of Minnesota and the Midwest play a vital role in maintaining an adequate supply of wholesome, reasonably priced milk, cheese, and processed dairy products for the nation; and

WHEREAS, dairy prices as established under the historic federal milk marketing order system are profoundly unfair and discriminatory against Minnesota and upper Midwest dairy producers; and

WHEREAS, the reliance on dairy product prices arranged by a mere handful of traders at the Green Bay Cheese Exchange as a principal indicator of nationwide manufactured dairy product prices is unrealistic at best and fraught with the potential for manipulated distortions of the marketplace; and

WHEREAS, dairy farmers in the northeastern portion of the nation are given exclusive congressional authority to implement a multistate dairy compact for the support of milk prices, which benefit is currently denied to dairy farmers in Minnesota and the Midwest; and

WHEREAS, many dairy farmers have looked to the federal government for relief because minimum milk prices under the milk marketing orders are established by the United States Department of Agriculture (USDA); and

WHEREAS, the proposed consolidation of 32 existing market orders into ten orders represents a worthy start at improved management of the dairy marketing system; and

WHEREAS, during the past few months farm milk prices have experienced devastating volatility, dropping precipitously from \$15.37 per hundredweight in September 1996 to \$11.34 just three months later, while simultaneously feed costs for cattle have remained at record high levels; and

WHEREAS, because of gross inequities and unwarranted discrimination against milk produced in the upper Midwest, Minnesota is currently losing an average of three dairy operations or more per day; NOW, THEREFORE,

BE IT RESOLVED by the Legislature of the State of Minnesota that the USDA should find and use an accurate and reliable indicator of the true market value of manufactured dairy products rather than relying on cheese prices arranged by a few sellers and buyers at the Green Bay Cheese Exchange, and that the Green Bay Cheese Exchange not be used by the USDA in determining federal milk market order milk prices.

BE IT FURTHER RESOLVED that any future dairy support or assistance programs that result from market order consolidations, legislation, or USDA rule changes, be structured in such a way as to provide maximum benefits to small and medium-sized family farms rather than large corporate farms.

BE IT FURTHER RESOLVED that Congress provide solid support for the upper Midwest dairy industry including at least the following actions, elements, and components:

- (a) accept a flat rate Class I differential that is uniform across all federal orders;
- (b) provide transportation credits to encourage the movement of high quality upper Midwest fluid milk to distant points of high demand; and
- (c) proceed with consolidation of existing orders into no more than ten regional orders and pool all Class I differentials nationally.

BE IT FURTHER RESOLVED that Congress must provide that the upper Midwest be granted the privilege of organizing a dairy compact within which minimum prices for raw milk can be established and enforced if the northeast compact is allowed to remain in existence.

BE IT FURTHER RESOLVED that the Secretary of State of the State of Minnesota is directed to prepare copies of this memorial and transmit them to the President of the United States, the President and the Secretary of the United States Senate, the Speaker and the Clerk of the United States House of Representatives, the United States Secretary of Agriculture, and Minnesota's Senators and Representatives in Congress.

Presented to the governor April 17, 1997

Signed by the governor April 21, 1997, 10:29 a.m.