

EX 29

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURE MARKETING SERVICE
FEDERAL MILK ORDER HEARING
DECEMBER 11, 2006
PITTSBURG, PA

7 CFR Parts 1000, 1001, 1005, 1006, 1007, 1030, 1032, 1033, 1124, 1126 and 1131

(Docket No. AO-14-A76, et al.; DA-07-01)

Statement Edward Crossland, Lanco-Pennland Quality Milk Producers

My name is Edward Crossland and I serve as general counsel to Lanco-Pennland Quality Milk Producers, a Capper-Volstead Cooperative, headquartered in Hagerstown, Maryland in addition to being engaged in the private practice of law. I am also a former dairy producer, and but for the current milk prices, would be a present dairy producer. I appear before you today on behalf of Lanco-Pennland.

Our cooperative is comprised of over 840 farmers located primarily in Pennsylvania, Maryland and West Virginia and market 750 million pounds of milk annually. A substantial number of our producers are Amish and Plain farmers. Our cooperative is a marketing cooperative, we own no plants, and our milk is marketed in the Northeast as well as the Southeast.

We thank the Secretary and his staff at USDA for holding this emergency hearing. We support the changes as proposed at this hearing by the National Milk Producers Federation because our farmers need immediate relief. We do not believe that this is a solution to the economic devastation that is occurring daily on dairy farms across the United States, and particularly in our area, however, any relief will be welcomed and its need is immediate.

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This is especially true given the proposed changes in the make allowance for Class III and Class IV that will have a profound and detrimental effect upon the producers of the Mid-Atlantic and Southeast. The increases in cost of production, most recently the spike in grain prices, coupled with the suppressed milk price, are preventing farmers from paying their bills. Our cooperative recently voted against these changes in the make allowance. A great disservice occurred to the dairy farmers of this country when the processing interests were put ahead of the farmers without any adjustment to Class I and II. So today we are here, trying to gain some of the lost ground for our farmers.

We are greatly concerned that the \$0.77 increase as proposed is not nearly enough. We recognize and support the needs of USDA to balance the interests of the public with affordable milk prices and the farmers' viability to produce that milk.

At this hearing, you have heard from a milk producer in Pennsylvania, not a member of my cooperative, however someone whom I am acquainted with and know to be an excellent dairyman and farmer. He and his family contribute greatly to the dairy community, and as a farmer, he is efficient, yet is losing substantial amounts of money that is jeopardizing his business and lifestyle.

However, the best estimate from Dr. Cryan is that Order 1, which is where virtually all of our milk is produced, will see a \$0.35/cwt. increase, and our producers will see less than that in the monthly milk checks due to the net effect of the proposed Class III and Class IV make allowances. For this farmer's 400 cow dairy, it is at its best a \$12,750 increase annually in income. The average size of our members' farms is 60 cows or so, so the net effect on the bottom line is minimal, but again, the need for any relief is immediate and necessary.

We understand that the purpose of this hearing today is limited, but to ignore certain overriding factors in any discussion of milk marketing is a great

disservice to the farmers and the public in general. Our current milk marketing system simply defies basic economics of supply and demand and those costs associated with producing the milk and getting it to the tables of the American people.

The increased geographical size of the federal orders, the pooling regulations and schematics that result therefrom, particularly in the southeast, and the ever present cartelization of milk are overriding factors that distort these basic principles of economics. Due to the liberal pooling and diversions in the southeast milk marketing order, the farmers closest to the plants where the population growth is located are being penalized. Independent milk producers have been hit particularly hard. These factors prevent competition for buyers for the farmers' milk and access to milk plants, thereby lowering farm gate milk prices, and limit the choices of the consumers for dairy products.

If these issues are not addressed by the public and private sectors, we will continue to accelerate the loss of our dairy farm families, our rural economies and businesses will suffer, such as the one referenced by Secretary Wolff yesterday, and the public will ultimately suffer from the lack of steady, regional supplies of fresh milk and milk products.

We publicly thank the Commonwealth of Pennsylvania Secretary of Agriculture, Dennis Wolff, for taking the time to attend this hearing and supporting emergency relief for the farmers of Pennsylvania and surrounding states. He is a great friend to the dairy farmers of our area.

Again, we thank Secretary Johanns for holding this emergency hearing and urge the adoption of Proposals 1 through 5 on an expedited basis.