



Dairy Farmers of America
Melvin Medeiros Sr., a
farmer-member of Dairy
Farmers of America, with
his Holstein dairy cows in
Laton, Calif.

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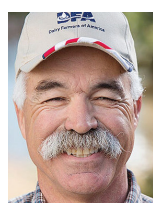
Pending merger of bankrupt Dean Foods and the Dairy Farmers of America co-op could transform industry

By SIERRA DAWN MCCLAIN
Capital Press

LATON, Calif. — When Melvin Medeiros, son of first-generation dairy farmers, was 9, a bull killed his dad. His parents, immigrants from the Portuguese Azores Islands, had saved for a decade to buy a small herd of cows. Medeiros' mom, determined not to let the dream die, too, bought 38 acres in dusty Laton, Calif.

When Medeiros turned 18, he recalls his mom handing him the dairy, saying, "You are now the next in line. Make it work."

And he did. After about 20 years as an independent, Medeiros joined a small cooperative — a member-owned organization that helped farmers mar-



Melvin Medeiros Sr.

ket their milk.

Then an opportunity arose to join Dairy Farmers of America, the nation's largest dairy cooperative.

After switching, Medeiros heard rumors DFA didn't look out for its producer-members.

"I lay awake many nights and thought, 'I made the worst mistake of my life,'" said Medeiros.

But gradually, the organization won him over. DFA representatives were always available, he said. Milk checks were bigger. DFA's transparency, he said, disarmed him. And he felt as though

he had a voice.

Around 2010, Medeiros became a board member of DFA's Western Council. He now sits on the corporate board of directors and continues farming.

Now, Medeiros says he's in favor of DFA's biggest move yet: buying most of the assets of bankrupt Dean Foods Co., the nation's No. 1 milk bottler, in the largest acquisition in American dairy history.

In April, DFA made a bid of \$433 million to acquire most of Dean Foods' assets and assume some of its liabilities. Dean Foods spokesperson

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Dairy Farmers of America
A merger between Dairy
Farmers of America and Dean
Foods could impact hundreds
of thousands of dairy farmers
across the U.S., experts say.



Capital Press File
Economist Dave Kohl says the coronavirus outbreak could have a lingering effect on the economy.

Coronavirus changing the landscape

By CAROL RYAN DUMAS
Capital Press

The coronavirus pandemic and the resulting shutdowns have turned much of agriculture upside down. While some disruptions will eventually settle out, others will have a lasting effect, an economist says.

"This black swan is a dirty bird, no doubt about it," David Kohl, professor emeritus of agricultural and applied economics at Virginia Polytechnic Institute and State University, said in a webinar hosted by Northwest Farm Credit Services.

"Black swan" is a metaphor

used to describe the disproportionate role unusual events play in the economy.

"We're going to lose some businesses. This one's going to be tough, there's going to be some casualties," he said.

But there are also broader implications for trade and political and economic agendas in the U.S. and abroad.

For four of five decades, the U.S. has been moving toward globalization. Now it's going to be moving toward decoupling or selective globalization. It already had a dry run in that direction with tariffs and sanctions. But now it's going to start evaluating the sup-

ply chain and moving toward a national, regional or North American focus, he said.

There will also be a lot of discussion on optimization and efficiency versus diversification and resiliency, he said.

"I think this event is really going to be a paradigm shifter," he said.

That's also going to play out in political and economic agendas, whether it's in the U.S., Europe, Germany or China, he said.

Unlike the temporary shock of the 2008-2009 recession, he's expecting an elongated recession. The previous recession was caused by flaws in the banking

and shadow banking systems and affected residential and commercial real estate centered in the coastal and "sand states" such as California, Florida, Arizona and Nevada. This recession is hitting everyone and has changed behavioral economics, he said.

"Central banks in the U.S. and abroad cannot solve this alone. It's taking monetary and fiscal policy combining to be able to do it," he said.

While shocks to the economy happen about every 10 years, this one is a super shock, he said. Unemployment claims in the U.S.

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Dairymen dump milk as demand, prices fall

By CAROL RYAN DUMAS
Capital Press

With a severe downturn in demand in restaurant and foodservice channels, dairy farmers nationwide are seeing the value of their milk plummet in a year that was supposed to bring recovery.

Processors and cooperatives are putting strict limits on milk production, but farmers are still having to dump their product. And no area of the country can escape the massive downturn.

Idaho dairy farmers are "really, really nervous, anxious, stressed" facing tremendous losses, Rick Naerebout, CEO of Idaho Dairymen's



PAT SUTPHIN, TIMES-NEWS/TownNews.com Content Exchange
Ricky Jones, operations manager at Magic Valley County Milk Transport, opens up the valve of a milk bulk tank April 8.

Association, said.

"The reality is the industry is going to lose dairymen in this downturn. It's going

to be severe," he said.

Milk has been dumped in Idaho almost continuously for the past two

weeks. IDA estimates 700,000 pounds to 1 million pounds a day are going down the drain, he said.

But it's bound to get worse with the spring flush just beginning.

That typically brings a seasonal increase in milk production of 10% March through July, bumped by better weather and more animals calving, he said.

Most Idaho processors already have base programs in place to limit production, and they're enforcing those limitations with very strict financial penalties. Sorento sent letters to its producers saying it will reduce its milk purchases by 10% beginning in May, he said.

In addition, lost restaurant sales for butter are having a negative effect on the cream market, and handlers are asking dairymen to reduce their rations to lesson cream, he said.

"If they're not dumping now, they're going to be. There's no value in that market," he said.

In a matter of three to four weeks, milk prices went from about \$16 a hundred-weight — about the average breakeven in Idaho — to \$11 for May and June on the futures market. That will probably mean \$10 or less on a producer's milk check, down from \$18 or higher, he said.

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