

Panelists consider deregulation of milk

By CAROL RYAN DUMAS
Capital Press

Dairy economists and others addressed the modernizing and improving the Federal Milk Marketing Order system in a panel discussion during the latest DairyLivestream webinar.

Most in the industry agree changes are needed. But the issues are complex, with a change in one area of the system bringing consequences in another area.

Panelists noted that there's a lot of thoughtful discussion taking place, and the industry is working toward consensus.

"We've got our work cut out for us," said Mike Brown, dairy supply chain director for Kroger Co.

In addition to updating make allowances for processors and addressing Class I milk pricing and depooling of milk, the panelists gave some insight on what a modern market might look like without federal orders.

"If you're going to run a truly competitive market, you have to have reliable information. That's kind of econ theory 101 ... and we all know market information is far from perfect," Brown said during the latest DairyLivestream webinar.

But federal orders provide production levels, breakdowns on milk components and prices for base products through large volume surveys, he said.

"That's all very, very important ... that kind of information needs to continue to happen to have a market that works, in my opinion. How we regulate it is the big discussion," he said.

Roger Cryan, chief economist for American Farm Bureau Federation, said without federal markets, the dairy industry would look a lot like the broiler industry.

"I think it would be tough for farmers to make their own decisions," he said.

Federal orders provide support for independent farmers and cooperatives because a pooled plant has to pay the federal order minimum. That takes away the incentive for processors to get involved in managing farm production to minimize costs, he told Capital Press.

"Without that minimum price, broiler integrators can microman-



Sierra Dawn McClain/Capital Press

Many in the dairy industry believe the Federal Milk Marketing Order system needs to be reformed, but there's differing opinions on what changes should be made.

age the growers' production to minimize unit cost then capture the benefits," he said.

So the federal orders do a lot to help dairy farmers be the masters of their own fates, he said.

Mark Stephenson, director of dairy policy analysis at the University of Wisconsin, took some exception to that viewpoint, saying he doesn't think the industry would immediately go to something that looks just like a broiler industry.

"But I do think that one of the very first things that would happen is that you would find farmers and you would find processors running toward each other to secure contracts for that milk," he said.

Andy Novakovic, agricultural economist with Cornell University, said "If you're talking about no regulation, you're going to look at a lot more vertical integration, a lot less transparency."

It isn't necessarily going to be like the poultry industry. It could be farmers going up as they did in the United Kingdom or it could be

Kroger going around to farmers and skipping the guy in the middle, he said.

"But it would be a bit wild, wild West out there," he said.

Stephenson said he tends to agree but thinks there would be intermediate steps.

"The unfortunate thing is those may not be big enough to solve all the problems. But they may be incremental toward relieving some of those problems," he said.

Brown said the industry could survive a system without regulation, and it's kind of already going the way of the poultry industry with vertical integration in cooperatives and farms getting bigger and bigger.

"If you're going to have a system that really provides orderly marketing, it needs to include more milk," he said, referring to the depooling of milk that causes disruptions.

It also can't be regulation force a processor into large negative profitability, and it needs to make pooling less onerous, he said.

Made in the shade

Oregon dairy plants trees for cows to keep cool

By GEORGE PLAVERN
Capital Press

PEDEE, Ore. — A small herd of dairy heifers grazed in the distance as Jon Bansen ambled toward a row of tree saplings bisecting the grassy pasture next to his home in the tiny Willamette Valley outpost of Pedee, Ore.

Bansen planted these trees — a mix of bigleaf maples and poplars — in January to provide shade for cows after a brutal summer in which temperatures rose as high as 116 degrees.

"Last year was the toughest year we'd ever been through," said Bansen, who runs Double J Jerseys, an organic dairy and family farm in rural Polk County. "That was the toughest summer by a mile, it was so hot and dry."

Double J Jerseys produces exclusively grass milk for Organic Valley, the country's largest farmer-owned organic co-op. Grass milk means the cows eat only grass, and no grain.

It also means the cows spend their days grazing in open pastures, rather than being kept in barns. That poses its own set of challenges, including keeping the animals comfortable in the elements, Bansen said.

He described the past two years as seemingly one plague after another. First came the Labor Day wildfires in 2020, which sent up smoke so thick it blotted out the sun for 10 days and affected the cows' health in strange ways.

"We saw it in hoof health," Bansen said. "We had a lot more lameness issues, and so did every other dairy that was in the path of that smoke."

An exceptionally dry spring in 2021 not only stifled forage production, but prompted the vole population to explode, causing more damage than usual, Bansen said.

That led to the summer "heat dome" from late June to mid-

July that sent temperatures soaring across the Pacific Northwest. The combination of less grass and distressing heat took its toll on the bottom line, Bansen said.

"With more heat, the cows are less comfortable," he said. "They're spending a lot of energy trying to keep cool, instead of making milk."

Planting trees was one way Bansen said he could address the situation, while providing additional benefits to the land.

Bansen has already planted eight rows totaling more than 1,000 trees in his dairy pastures, with three more rows still to go. Each row runs north-to-south, casting diffuse shade throughout the day as the sun rises in the east and sets in the west — similar to a sundial.

In addition to bigleaf maples and poplars, Bansen said they are trying several other species including white oak and quaking aspen. A few rows have been interspersed with thick shrubs such as red osier dogwood and snowberry, attracting wildlife and pollinators.

Once they are big enough, Bansen said shade from the trees will provide much-needed relief for both cows and grass on hot days.

"The job for our cows, because we're a grazing dairy, is out here. It's not in a barn," he said. "I need to be able to keep them out on the pastures as long as possible through the days, and that includes the hot, sunny days."

Beyond providing shade, Bansen said the trees will sequester carbon and replenish organic matter in soil as leaves fall to the ground. They also improve wildlife diversity on the farm, including natural predators of voles that can keep the rodent's population in check.

Though it will take years for the newer seedlings to reach maturity, Bansen said it is a long-term investment in the health of his operation.

"Cows and trees just go really well together," he said. "Plus, consumers love trees. There's no doubt about it."



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