

# CALIFORNIA DAIRY CAMPAIGN

*Dairymen working for Dairymen*



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**USDA Cheese Purchase Failed to Meet \$20 million target** - The United States Department of Agriculture (USDA) was able to buy \$7 million of the \$20 million it attempted to purchase for donation to families in need and to reduce cheese inventories. When the announcement was made in late August that USDA would purchase cheese for donation, California Dairy Campaign was concerned that the effort would not directly assist dairy farmers and the concerns proved to be well warranted. Out of the \$20 million that USDA attempted to purchase, just \$7 million of cheese was offered due to a lack of response from the nation's cheese processors.

During the purchase period that continued from September 6 to September 22, the Chicago Mercantile Exchange (CME) cheese price dropped as low as \$1.57 per pound, but USDA was not able to buy cheese at \$2.05 to \$2.10 per pound leading many to question whether there really is a cheese surplus. Just three entities offered to sell cheese to USDA during the recent bidding period even though USDA offered to purchase cheese at prices over \$2 per pound, leaving \$13 million unspent which ended up in the U.S. Treasury. CDC supports efforts to provide dairy products to those in need, but the lack of response makes it evident that the decision to purchase cheese failed to meet expectations.

Since 2012, Congress has tied the hands of the USDA Secretary to provide direct relief to dairy farmers in crisis. California Dairy Campaign and California Farmers Union have joined National Farmers Union and other dairy organizations to call on Congress to reinstate the ability of USDA to provide direct assistance to dairy farmers who continue to go out of business. During just the first five months of 2016, 53 dairies have gone out of operation across California and more are likely to close due to mounting financial losses caused by chronically low milk prices.

Given the lack of response to the USDA cheese purchase effort, California Dairy Campaign (CFU) and California Farmers Union (CFU) leaders are calling on Congress and USDA to provide direct relief to dairy farmers who have been struggling due to low milk prices. During the last dairy crisis in 2009, USDA purchased \$60 million in dairy products for domestic feeding programs and spent \$290 million in direct relief to dairy farmers and more than \$1 billion through the Milk Income Loss Contract (MILC) program, the Dairy Product Support Program (DPPSP) and the Dairy Export Incentive Program (DEIP).

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