Congress of the United States
Washington, DC 20515

July 13, 2009

The Honorable Tom Vilsack
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Avenue, S.W.
Washington, D.C. 20250

Dear Mr. Secretary:

Thank you for your efforts this year to help alleviate the effects of the continuing dairy crisis. The Department of Agriculture dairy product purchases along with the utilization of the Dairy Export Incentive Program (DEIP) have been necessary and appreciated.

However, since January of this year, dairy product prices have continued to decline, and at times dropped below price support levels, directly affecting the milk prices paid to dairy farmers.

We urge you to take all steps at your disposal to improve the effectiveness of the Dairy Product Price Support Program (DPPSP) to bolster the price of milk. In authorizing the program, Congress provided flexibility to allow the USDA the leeway to set higher purchase price levels when necessary. Using the Farm Bill authority, we encourage you to temporarily raise Commodity Credit Corporation (CCC) purchase prices, in a manner consistent with pay-as-you-go policies, for the DPPSP.

In addition, we urge you to take all practical steps to harmonize CCC dairy product packaging and grading standards with those used in commercial sales on the Chicago Mercantile Exchange (CME). Differences between CCC and CME standards make dairy product manufacturers reluctant to sell surplus product to the CCC, even when such sales would help stabilize milk prices.

As you know, a new World Trade Organization (WTO) accounting period begins on July 1, 2009. We understand that due to the short time frame between when DEIP became operational and June 30, 2009, the full allocation for the year just ended wasn't able to be used. However, the complete allocation allowed under WTO obligations for the trade year that began July 1, can be fully utilized to help the domestic dairy industry if an announcement is made soon.

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Additionally, food banks, feeding programs and other domestic nutrition programs continue to run short on dairy products. We urge you to use the Department's available authorities to address these enduring needs.

Should you have any questions please do not hesitate to contact Chandler Goule, Staff Director, Subcommittee on Livestock, Dairy, and Poultry at Chandler.Goule@mail.house.gov or 202-225-2171.

Sincerely,

Collin C. Peterson

Fred D. Lucas

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Randy Neugebauer

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