

# New World News



## The Year Ahead: 2006

A new year means looking ahead. For dairy farmers, looking ahead is also about milk prices. For this new year, dairy economists seem to agree that milk prices will likely average \$1/cwt. less than in 2005. However, we have to keep in mind that 2005 will likely be the third-highest milk price year on record. The all-milk price is expected to average \$15 for 2005 compared to \$16 in 2004 and \$15.50 in 1998.

Coming off two strong price years means cow numbers will continue to grow, the Cooperatives Working Together (CWT) notwithstanding. Reasonably priced feed and continued western cow migration means growth in milk per cow will likely continue unabated next year.

Western states continue to add cows and grow production. Midwestern and Eastern states, for the most part, are losing cows. According to Bob Cropp, a University of Wisconsin dairy economist, production per cow will likely stay at trend-at about 2%. But it could grow 2.5% to 3%, and that's a lot of extra milk.

The biggest uncertainty of all, according to Cropp, is consumer demand. With gas prices up, it raises the question if people will eat out as much. Since 60% of cheese sales are from food service and restaurants, cheese sales could be impacted.

Let's hope for a happy new year for all of us!

New World News  
A publication of Vreba-Hoff Dairy Development

Volume 6, Issue 1  
January / February 2006



### Bull Calves

Ron Schulte from Pemberville, Ohio is interested in buying bull calves. You can contact him at 419-287-3729.

## Market Update

The Mideast Federal Milk Marketing Order, which includes Michigan, Ohio and the majority of Indiana, milk prices are shown to the right.

For daily milk market information, visit: [www.dairy.com](http://www.dairy.com) and go to the "Dairy Reports" section.

\*The Class I price is adjusted based on location and will range from \$15.37 to \$15.87 in the Mideast Order.

2005 / 2006 Milk Prices (announced on December 30, 2005)		
Class of Milk	Price per 100 pounds (or 45.36 kg.)	Change from Previous Month
I Fluid Milk for drinking	\$15.77	-\$ .99
II Soft products: yogurt, cream cheese	\$13.22	-\$ .27
III Cheese	\$13.37	+\$ .02
IV Butter, powder milk	\$12.57	-\$ .33

### Updates

Please update us with any new addresses, phone and fax numbers and e-mail addresses.

### Straw

Please call Bill Bowling or David Hermiller at 800-987-4284 if you are interested in buying straw (Ohio area). Bales measure 48x36x96 and weigh 660 pounds each (approximately).

# Cooperatives Working Together Retires Herds



You may have read or heard about Cooperatives Working Together (CWT)

in the news recently. Though you are probably not thinking about retiring your herd, we thought it would be interesting to learn a little bit more about CWT.

CWT is a program designed by dairy farmers for the benefit of dairy farmers. It is a multi dimensional, voluntary, producer-funded national program developed by National Milk Producers Federation (NMPF), and is intended to strengthen and stabilize milk prices by better aligning milk supply with demand. There is no government involvement in CWT at any level and all dairy farmers share equally in the financial rewards of the program.

By removing cows when growing production threatens to hike industry output above consumer demand, and by removing occasional gluts in finished product markets, CWT has effectively created a floor for milk prices.

CWT is currently completing processing 442 of the bids tentatively accepted from farmers seeking to retire their milking herds. Those retirements will remove 1.2 billion pounds of milk, or 0.7% of the nation's supply, by reducing the nation's dairy herd by more than 64,050 cows. CWT's first Herd Retirement program was implemented in the fall of 2003, when 299 bids,

representing 608 million pounds of milk, were accepted. This was followed by a second round of retirements in the fall of 2004, which retired 378 herds thereby removing 931 pounds of milk. A total of 657 bids were submitted late in the summer as part of this most recent Herd Retirement program. The average bid price of the 442 accepted bids was \$6.75 per hundredweight, compared to \$5.24 last year.

CWT auditors were sent to each of the farms whose bids were accepted. Once the information submitted by the farmers was verified, each of the cows was tagged with a special CWT identifier, and the farmers were given a brief amount of time to sell their cows for slaughter. It was expected that nearly all cows were processed by the end of 2005.

CWT is being funded by dairy cooperatives and individual dairy farmers who are contributing a 5 cents per hundredweight membership assessment on their milk production from July 2005 through December 2006. More than 74% of the nation's milk supply is contributing to the program. The money raised by CWT will be apportioned between the Herd Retirement program, and the Export Assistance program, which helps support the overseas sales of butter and cheese. For more information on CWT, please visit their website at [www.cwt.coop](http://www.cwt.coop).

Source: [www.cwt.coop](http://www.cwt.coop)

## Tax Planning for Farmers

Here are several things and dates to consider when planning your taxes for this year:

- If you had no tax in 2004 you do not have to file until April 15th.
- An estimate can be paid by January 15th based on last years tax and the balance can be paid on April 15th if this year is going to be a big year.
- An estimate can be paid by January 15th of 2/3 of the current year tax and the balance can be paid on



April 15th. This makes sense if you know you can't get the return done by March 1 and this year's tax is less than the prior year.

- If you owe less than \$1,000 you do not have to file until April 15th.
- If you owe tax, the return should be done by March 1st—unless one of the other 4 above apply.

For more information you should contact your accountant or tax consultant.

# Spill Prevention, Control, and Counter Measure

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By Monte Tucker, Vreba-Hoff Dairy Development.



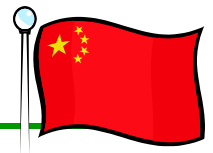
Operators who have an aggregate total above ground oil storage capacity of 1,320 gallons or more, must have a Spill Prevention, Control, and Counter Measure (SPCC) Plan. The aggregate total includes containers with 55 gallons or greater stored on site. Containers less than 55 gallons can be excluded from the total above ground storage of 1,320 gallons. If your total above ground oil storage is less than 1,320 you would be exempt from preparing a SPCC plan. The deadline date as of now is August 18, 2006. If your operation meets the aggregate total above ground storage of 1,320 gallons or more, you will need to have a certified professional engineer review and certify your plan. A new guidance document is now available to help operators understand these new regulations. It covers

such topics as applicability, environmental equivalence, secondary containment and impracticability determinations and integrity testing. You may go online (<http://www.epa.gov/oilspill/index.htm>) to review or print the guidance document.

Please remember that if you have a second containment on your above ground storage oil tank, you need to make sure you have the plug in it and that it is working properly. Many inspections find operators taking the plugs out because they don't want the containment to fill up with water, snow, etc. This defeats the purpose of containment giving you a back up defense should your tank develop a leak. You may drain this water as long as you are sure it is only water but make sure you plug your containment tank when finished.

## Chinese Take Out

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More than 1 billion Chinese can't be wrong. Nor can 450 million middle-class Chinese consumers who can afford—and now demand—dairy-enriched foods. Per-capita consumption of dairy products in China has doubled in the past 10 years to 26.4 lb., and will likely grow another 50% to 60% over the next five years, according to Daniel Chan, the U.S. Dairy Export Council's (USDEC) representative based in Shanghai.

While that increase may seem overly optimistic, remember that per-capita dairy consumption in the rest of Asia is 80 lb. So even if China's per-capita consumption grows to 40 lb. over the next five years, it will still be only half that of the rest of Asia.

China's domestic dairy industry, while growing, will not be able to keep pace with the demand surge. And that means its dairy imports will need to grow from 361,000 metric tons to 600,000 metric tons.

The U.S. currently supplies the Chinese with about one-fourth of its dairy imports. U.S. exports will likely grow even more since New Zealand, Australia and Europe are unable to fill the growing gap between

Chinese domestic dairy production and consumption. USDEC's goal for 2010 is to double the entire volume of dairy exports to China. The reason: Demand for dairy products, in China and globally, is growing faster than supply.

That leaves a world of great opportunity for U.S. dairy producers.

Landel Mills, a London-based economic forecasting firm, is projecting that world demand for dairy products will increase by 1 million tons, a 20% jump. Even if New Zealand and Australia can grow their industries, it will still mean a 600,000-ton shortfall of dairy products.

On a milk equivalent basis, that's 13.2 billion pounds. And even with a significant increase in production from traditional suppliers, Landel Mills still forecasts a 320,000-ton shortfall in supply, or 7 billion pounds of milk equivalent. In either case, that's a lot of milk. Few countries other than the U.S. are capable of expanding production to meet this growing demand.

Source: Jim Dickrell / [www.agweb.com](http://www.agweb.com)

New World News  
A publication of Vreba-Hoff  
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## Announcements



**The 2006 Great Lakes Dairy Conference** will take place **February 2-4, 2006** at the **Bavarian Inn Lodge and Conference Center in Frankenmuth, Michigan.** The conference focuses on dairy producers and includes such topics as reproduction, nutrition and transition cow management, and accelerated heifer growth. Information and registration forms are available at [www.gldc.msu.edu](http://www.gldc.msu.edu). You can also call 989-834-9656 for more information.

**"Building on your success as a family business"** is a full day workshop designed for farm and non-farm family businesses who are interested in transferring the management responsibilities to the next generation. On **March 24, 2006** OSU Extension Educators will be hosting a workshop in Ashland County. The total program is designed to provide an opportunity for multiple generations of a family business to hear the same message and encourage discussion about the important managerial issues that are required for continued business success. For further information, please contact Julia Woodruff, Extension Educator, at [woodruff.94@osu.edu](mailto:woodruff.94@osu.edu).

## Announcements

**The National Extension Woman in Agriculture Education Conference** will be held on **April 6 & 7** in St. Louis, Missouri. The goal is to broaden educational programming to women in agriculture and strengthen existing programs. For more information please check the website: [www.agrisk.umn.edu/wia](http://www.agrisk.umn.edu/wia).

## Welcome

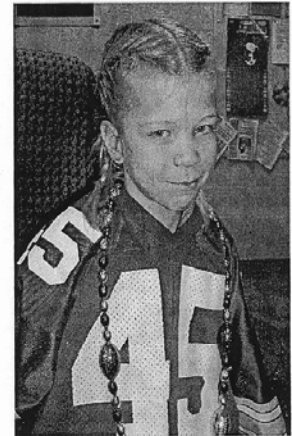


Welcome to the van der Burg family! Peter, Antoinette and their 2 daughters and 2 sons relocated from IJsselstein, the Netherlands to establish their dairy in Woodville, Ohio. The van der Burg family is residing at: 2404 Darcey Court Perrysburg, OH 43551

Cindy in 't Groen, daughter of Jack and Carola in 't Groen, was recently featured in their local school newsletter. We thought you would enjoy this article.

## STUDENT SPOTLIGHT

Our second student spotlight is **Catharina Maria Dymphina Int'Groen**. It is easy to see that Cindy is a very unique student to the Elmwood Schools – she is from the Netherlands. Specifically, Cindy was born in DeMortel, Netherlands on November 18, 1997. She moved to the United States the Saturday before school started and is living in Wayne with her parents, Jack and Carola, and her brothers, Lars and Thom. When they went to the airport to fly to the U.S., eight carloads of family followed them to the airport to say "**vaarwel**". Cindy says she misses her family in the Netherlands, but stays in contact with her "**grootmoeder**" and "**grootvader**" over the internet with the help of a web cam. While in the Netherlands, Cindy was a member of the Art Club and played on the Handball team. Their version of Handball is not what we are used to – it is more like soccer, but you must use your "**overhandigen**" and not your "**voet**." Here at Elmwood, Cindy is in Mrs. Rosendale's Second Grade class where her favorite subject is still Art – she loves to draw. Mrs. Rosendale says that "Cindy has amazed me with how she is able to adapt to a new country and a new language in a short time. I love the way she smiles when I try to pronounce her last name!" Since she has been in Ohio, Cindy has visited the Toledo Zoo, and she plans to go back at "**Kerstfeest**" to see the lights. Back in Europe, Cindy has visited both Germany and Austria. Her favorite "American" food is pizza – which interestingly is the same in both languages! Cindy most admires her "**moeder**" because "she takes care of me and explains English to me." Cindy does plan to remain in the U.S. when she grows up, and wants to be a "Hair Cut-ster" or Beautician. It was indeed a pleasure to talk to this interesting young lady who brings a whole new world of experiences to Elmwood. We want to wish her a big "**feestelijk inhalen!**"



Source: Elmwood Elementary Newsletter