Meeting Minutes

- Review of Mission Statement. 10th year of holding the NYODTF meeting.

In Attendance:
Fay Benson-CCE Cortland
Ellen Fagan-CCE Cortland
Mike Skeels-Lactalis American Group 4 plants in US, 2 WI, Idaho. Plans to expand organic to all plants.
Bethany Wallis-NOFA NY
Dave Hardy-Organic Valley
Peter Miller-Organic Valley, Division Manager
Bradley Knight-Producer (St. Lawrence County)
Bob Zufall-Producer (St. Lawrence County)
Wesley Coots-Producer
Sharad Mathur-DMS
Sarah Johnston-NYSDAM
Carrol Wade-Producer (Stuben County)
Emma Andrew-ADADC
Bruce Krupke-Northeast Dairy Food Association
Aileen Randolph-NYFVI
Jim Gardener-Producer
Eric Greiner- Byrne Dairy/Byrne Hollow Farm

10:15 – Industry and Farm Reports

- Sharad went over the conventional dairy update.
  - Market starting to change rapidly back in Dec. Prediction from USDA prices drop 25%.
    Largest drop since 2009. No one wanted the milk.
  - Jan: High output weighed down market, but herd expansion continued.
  - Feb: Low milk prices.
  - March: Dollar strength weakens export outlook.
  - In 2014, most milk exported.
- Sharad expects prices to stay low but pick up in second half of year, slightly.
  - CNY/CNPA, 3 year cycle, huge spike in prices, rapid drop following year. Spike price becomes higher and higher each cycle. Expect to see some farms struggling.
  - NE - number of farms declined rapidly earlier, but has slowed down. whereas the average size has remained steady, still below 100 cows. Productions continues to raise, however.
NY and PA in “growth mode” production (lb) per cow is growing in NY, VT, and PA, and FL, (surprisingly).

- (Carroll) - Why weren’t we cutting back on milk production when we heard about china?
  - dairy farmers in European union, dairy farmers will have 50% decrease in income this year. Europe has very very small farms (13 cows) less land.
  - (Sherad) we don’t tell people to cut back, our prices were so strong.
  - lagging behind in cheese and butter inventory.
  - China is just 1 (#4) of milk importers. going through economic downturn.

- How much organic milk is exported? (Aileen)
  - (Peter Miller) pulled back because of shortage. “dabble” in exports. been going to organic conference in Europe. Building relationships. Emphasis to export to china.
  - we’re importing b/c the demand is here now (Zufall)
  - 60% of organic grain is imported? Lancaster paper? Argentina, eastern Europe.

- What can we do? What’s more acute, milk shortage or grain shortage?
  - if growth in grass fed market, less worry about grain side. transition to organic production.
  - Not everybody’s ready for no-grain.
  - Land transitioning 3/4 year process, what do you do with the land?
  - Is there demand for conventional grassmilk? for first few years while transitioning.
  - If someone’s transitioning, how do you keep product of shelf without steady supply?
  - everytime organics taken a jump there’s been a reason, rBst, a lot of animal care issues, people associated better animal care w/ organic.
  - Big demand for GMO free milk. if you get GMO free grain, get other farms to grow it for you.
    - People have choice to stay there or to continue to organic.
    - Trickling Springs, Farm Friends? Non-GMO.
    - finding partnerships with GMO free with growers
    - not necessarily hormone free, or pesticide free. Still have to grow through that transition.

- 3rd and 4th party verification. such as Grass fed (PCO and NOFA NY) Food safety guys.
  - RBGH 3rd party verification. NYSDAM wanted farmer signatures on file. still do it. There is no test. can tell from milk volume spike. Affidavit.
  - Organic certifiers, there are penalties if farmers go against affidavit.
  - stepping stone non-GMO. some may go through full transition. Who champions that?
  - Transition premium.
  - what point do you start cannibalizing organic demand and confusing consumers?

- Trending in NY is Organic food grain quality. grains don’t hit mark and might be eligible for cows. No means for distribution? Can’t move and don’t know their other markets.
  - Concerned about small scale. Mycotoxins can show up in milk, though.

Bruce Krupke Speaks about the Federal milk order No. 1

- Northeast order, does not include Maine, western NY (city of corning is the border for “no order”) and 1/3 of PA.
  - Demand for Organic hard products to be made in NY.
Organic Valley. Some of the highest farmer prices in NE. Mostly Fluid.
- Upstate, moving to organic yogurt.
- Meetings for NE - May 19. Cooperatives.
  - Peter Fredericks (Future presenter?) Market administrator’s office.
- Amount of class 1 milk has reduced in certain areas, and processing has shifted west. How it affects prices. zones, transportation.
- See NE order power point.
- 2014 - record year of producer milk prices - annual uniform price of $24.28 per hundred weight; over $4 per cwt higher than prior year.
- Benefit for processors to pool?
- 2015 - Class I utilization lowest ever for January. Bright spot for organic, is increasing in class I sales. Largest ever Class IV volume (butter).
- (Sharad)“Organic is a niche market” - “don’t have the clout to make it move”?  
  - If you belong to a coop, you need to speak up for representation, if you want activity at the level of DFA, you need a delegate.
  - 12% of dairy dollar sales goes to organic, doesn’t really look like a niche. (Zufall)
- Lack of product availability.
  - Trend is to produce less milk per cow.
  - Driven by consumer. Have to get message to buyer of product that you’ll have the consistent supply.
  - (Aileen) Are there barriers at other parts of the value chain? Need the whole range to work.
- Generational stuff on farmer production side. Management learning curves that are significant. 60% of all ag land is going to change land.
- How to stabilize the price? Largest incentive to go organic.
  - (Peter Miller) OV is offering more money for 1st year and 2nd year transitions.
  - Financials are the biggest challenge.
  - Processors offer forward contracting program?
  - Should tell farmers to transition during highest conventional milk prices, so they get premium on top of high conventional milk price.
- Supply data on land that is organic, or easily transferrable to organic.
  - AgroMax, Tom Shepherd, works w/ with to start new farms.
  - Realtors, Farm Link?
  - Processors have personnel that could track available land.
- Recruiting younger organic dairy farmers.
  - Mentorship program? Meetings at campuses?
  - Presentations by people in industry, and young farmers like themselves
    - OV does this at SUNY Cobleskill and Alfred
  - Loan forgiveness for dairy farmers? (National Young Farmers Coalition)
- Tax incentives! (Jim Gardiner)
  - more like future tax liability exemptions (Sarah Johnston)
    - farmers already getting tax write off for farming. (Sarah)
    - tax incentives are looking for job creation.
    - Farmer not considered a “job”
    - Need workers’ comp to be counted by the govt.
- Look into Hillary Clinton about helping organic dairies in watershed area
- Look to Canada for successful promotions
- Find processors to COME to NY.

- Issue: Public gets more negative news faster, especially on food. People with health issues.
  - (Emma) “fight back” social media, milk truth day, positive scientific info. how to handle negative comments. Training millennials to be the voice for dairy on social media. peer to peer communication. ADA, milk pep.

- How does NY rank in organic milk production?
  - 440 producers? stagnant, and losing some, gaining some.
  - lbs? would Peter Fredericks know?
  - a lot of small dairy, especially Amish dairies.

- Pasture access is difficult. 100 cows per 500 acres.
- (Aileen) What does a successful organic diary farm look like? then we can find out barriers.
  - Subsidies? invested in grain growers? can design state resources. Land mass is a criteria for successful transition.
  - limiting factors
    - weeds, care for cows without conventional meds, land for grazing
    - need incentive, sometimes low conventional milk price.

- (Fay) Gov. Cuomo - state money to help transition. Build organic base for NY. How can this state money be used?
  - initiate land-owner connection to grow grain to feed transition/organic cows?
  - Identify benefits of organic production to show NRCS or Susquehanna River on why they should promote.
    - “it’s grassland” (Sarah)

- Best case scenario. Larry Tranel, Iowa extension Agent, working with OV on pilot project to look at economic value and return.
- 3 years of transition if you grow crops...few years ago ODI.
- Organic Field Crops - how to get growers to transition
  - NYCO meetings.
  - Need the big farms to transition to make a dent.

- Action Committee
  - Who? processors, farmers, NOFA, potential transitioners.
  - Focus?
    - figure out message.
    - get word out to farmers, what does each producer really need?
    - for fear of transition. 3 year transition of the land. lower production during transition, but making conventional price. Is there a way to quantify that?
    - large dairy can take heifers and transition them.
    - More milk production benefits the processors.

- Co-mingling milk (Sherad)
  - coordinate on a transition plan?
  - Sub Organic group working within Bruce’s organization.
  - Don’t make milk a commodity
Conclusion

- Divide up notes,
  - opportunities, solutions, rate them, find priorities.
- Write Request letter to ag economic development
  - Bethany and Aileen
- FVI-carry request to fund off cycle projects.
  - Survey current farmers in existent counties, ask them about barriers. Coop reach their members with questions? do farmers in organic coop have ability to expand? expansion will look better to grant people.

Next Meeting: TBD, Plan to meet more than twice a year as to make progress on Southern Tier Agricultural Economic Development Initiative opportunity.