

**Testimony of Norman Jordan, Jr.  
Southeast Producers Steering Committee**

**At the Public Hearing on Proposed Amendments to the  
Appalachian, Florida and Southeast Federal Milk Orders  
Tampa, Florida  
May 22, 2007**

I am Norman Jordan, Jr., a dairy farmer from North Carolina and I am testifying as a representative of the Southeast Producers Steering Committee. This committee is composed of representatives of the North Carolina Dairy Producers Association, the Georgia Milk Producers Association, the Upper South Milk Producers Association, the Kentucky Dairy Development Council, the North Carolina Department of Agriculture and Consumer Services, and the North Carolina Farm Bureau Federation. The Southeast Producers Steering Committee supports the proposal submitted by DCMA to change the Class 1 differentials in orders 5, 6, and 7 and modify some of the pooling rules.

I wish to call attention to the supply and demand situation in the region covered by the three federal orders.

- USDA data shows a persistent decline in milk production in the region. Figure 1 shows production trends in the region as defined by USDA. Appalachia is Kentucky, North Carolina, Tennessee, Virginia, and West Virginia. Southeast is Alabama, Georgia, Florida, and South Carolina. Delta is Arkansas, Louisiana, and Mississippi. 1989 is used as the starting point because this was the year when we first saw a significant increase in the volatility of farm milk prices.

From 1989 to 2006 Appalachia declined from just over 8 billion pounds of milk produced to just over 5 billion pounds per year, a 35% loss of production. Southeast declined from 4.8 billion pounds to about 4 billion pounds, a 16% loss of production. The Delta declined from 2.5 billion pounds to 1 billion pounds, a 60% loss of production.

- The population of the southeast is increasing. Figure 2 compares population changes and changes in milk production and shows population growth relative to production changes. As you can see we are experiencing strong population growth especially in the Southeast and Appalachia while the greatest decline in milk production is occurring in all three regions covered by orders 5, 6 and 7.
- The Southeast is a deficit market. Figure 3 shows the relationship between milk production and population for various regions compared to the US as a whole. Population is highly correlated with the consumption of dairy products. Per capita milk production is the lowest in the southeast.

In short, production is decreasing and population is growing leading to an increasingly deficit situation. The Steering Committee is concerned about the growing deficit, both in terms of the added cost of bringing in milk from distant sources and the possibility of supply disruptions caused by weather, animal diseases, terrorism and the like.

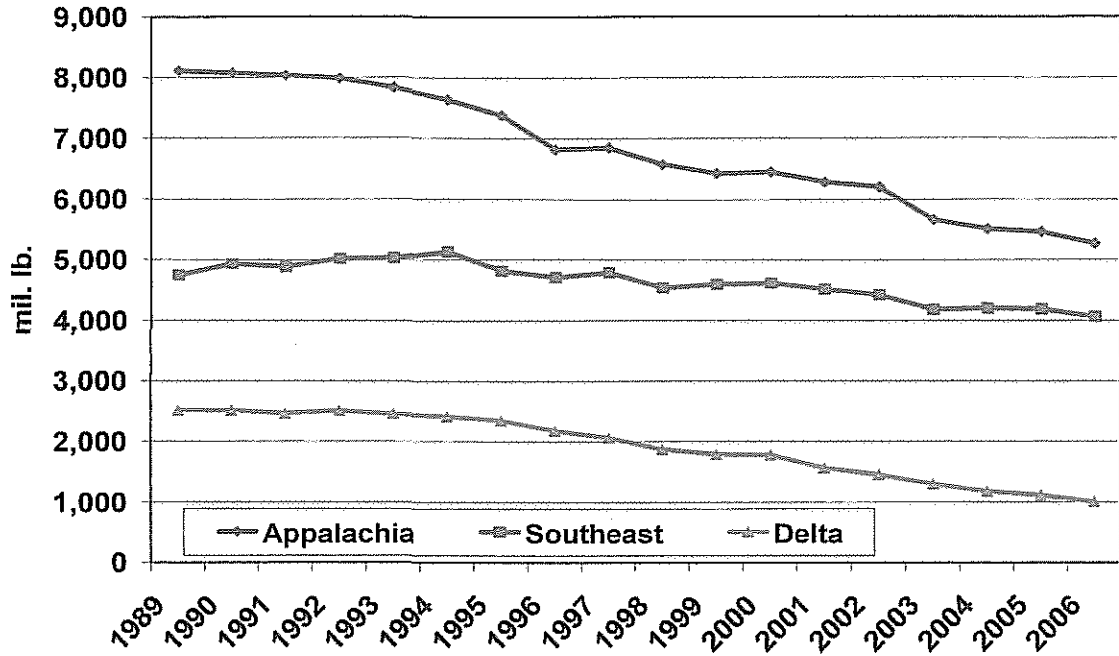
While we appreciate that the proposed changes are expected to have a positive effect on the uniform prices in the three orders, we believe strongly that the proposed changes are not adequate to fully address the milk marketing problems in the southeast. Therefore, the Southeast Producers Steering Committee request that further efforts be made and new initiatives be taken in a very timely

fashion, to enhance milk production within the market area in order to ensure an adequate supply of milk.

In addition, we believe that the situation in the region served by the three orders is serious and we propose that an in-depth study be undertaken or sponsored by USDA as soon as practical, in order that problems can be identified correctly, to identify additional measures that might be taken and to evaluate the impact of these measures. The result of this study should be publicly available.

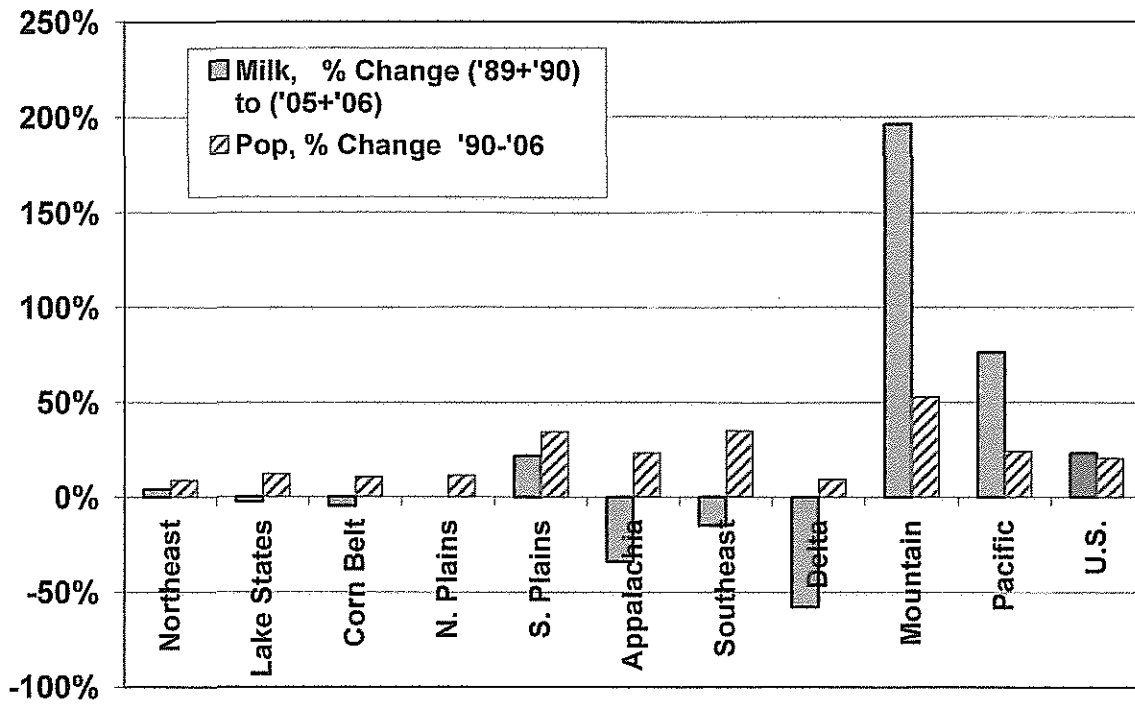
Title 7- US Agricultural Code states that one of the functions of the milk marketing orders is to “assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs.” The Southeast, a net importer of dairy products, is deficient even for fluid milk and soft product needs as reported by Hoard’s Dairyman Magazine.

**Fig. 1 Southern U.S. Milk Production, 1989-2006**



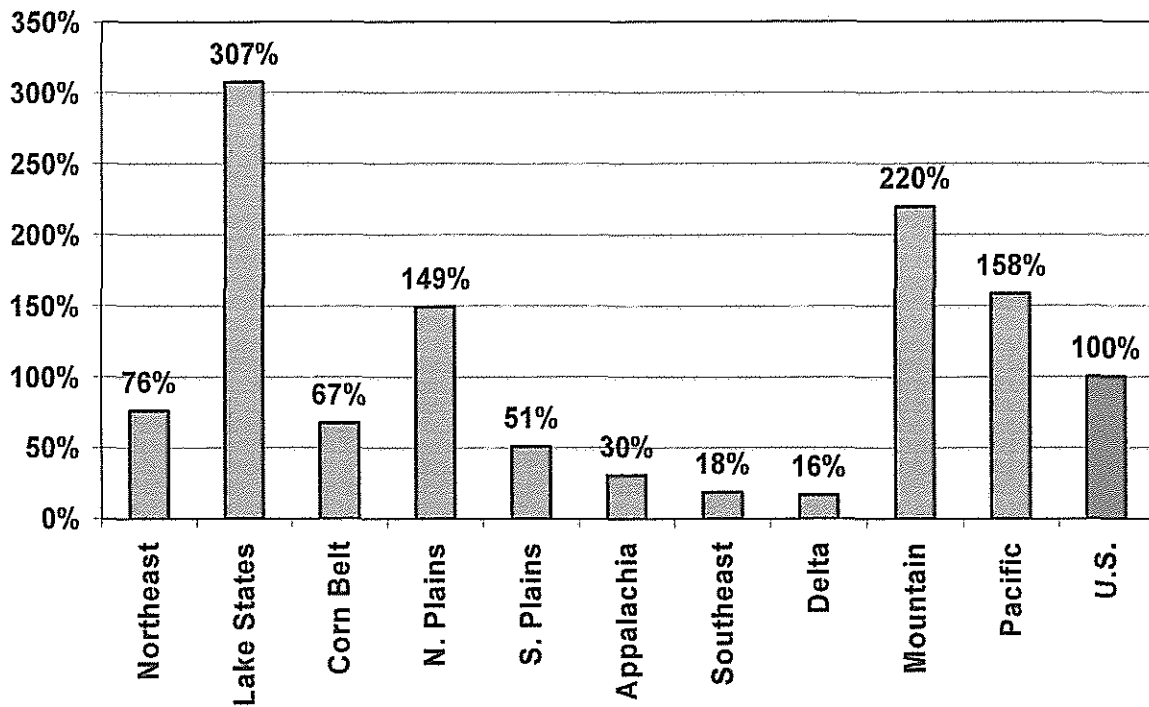
Source: NASS, USDA. "Milk Production, Disposition and Income." Appalachia = KY, NC, TN, VA, WVA. Southeast = AL, GA, FL, SC. Delta = AR, LA, MS. Graph prepared by G. A. Benson, NC State University

**Fig. 2 Regional Changes in Milk Production and Population**



Sources: NASS, USDA. "Milk Production, Disposition and Income," and US Census Bureau, "Population Estimates," on line at <http://www.census.gov/popest/estimates.php>  
 Graph prepared by G. A. Benson, NC State University

**Fig. 3 Regional Ratio of Milk Production to Population, % of US Average, 2006**



Sources: NASS, USDA. "Milk Production, Disposition and Income," and US Census Bureau, "Population Estimates," on line at <http://www.census.gov/popest/estimates.php>  
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