

Organic dairy producers

*During MOSES conference,
organic dairy farmers talk
about the last year*

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Justa Small fell down the basement stairs last week. She broke both her ankles and has been ordered by the doctor to stay off her feet for the next few weeks. It was perhaps a symbolic ending to an entire year that also "fell down the basement stairs" for organic dairy producers.

"The farm has been able to carry itself, but there's been nothing left for living expenses," admits Justa's husband, Jim, on his way to La Crosse to pick up his wife from the hospital. The couple milk a mixed herd of 45 Holsteins, Brown Swiss, Milking Shorthorns and Jerseys near Wilton. Thankfully, his wife is a self-employed organic inspector who could, until her accident, carry the couple's living expenses while also helping in the barn.

"We've not received nearly as many calls from organic producers as we have from conventional operations, but then there are a lot fewer organic producers than conventional producers," noted Farm and Rural Services Bureau Director Paul Dietmann at the Wisconsin Department of Agriculture, Trade and Consumer Pro-



Jim Small, along with his wife, Justa, milk a mixed herd of 45 Holsteins, Brown Swiss, Milking Shorthorns and Jerseys near Wilton.

(Photo by Pamela Karg)

tection. He also completed his term this past weekend as a director on the board of Midwest Organic and Sustainable Education Service (MOSES) at its conference in La Crosse.

"Most organic producers seemed to have weathered this last period in better shape than conventional producers, even though, at the conference, there was a lot of grumbling about the current situation," Dietmann observed.

The current situation includes producers with contracts to Organic Valley continuing to operate under a

cooperative-imposed quota system. That is expected to continue for the coming months, said Jim Wedeberg, dairy pool director and producer with the La Farge-based CROPP organization that owns the Organic Valley brand.

"We're cautious, at best, looking at the future," Wedeberg said. "You never know where the ceiling is in the marketplace and how consumers will respond - until you hit that glass ceiling and you come away with a welt on your head."

Dietmann believes organic pro-

cope with low milk prices

ducers have been able to weather the price disaster better than nonorganic producers because of the self-imposed quota system Organic Valley and others implemented when they got ahead on supply last year. For those processors entering the market with higher prices to producers – and those producers who jumped ship to capture those higher prices – there were other problems.

Some organic producers in the upper Midwest are now without those higher-priced contracts when the market went South. Others have reportedly been waiting for over a year to sign a contract for their organic production.

Organic Valley isn't putting new producers into its system quickly, Wedeberg said, waiting instead to make sure it has markets for its products. That includes its new drinkable yogurt it's introducing in the marketplace, as well as the increasing amount of private label products it's contracted to make.

In addition, the cooperative also signed agreements with Stonyfield and H.P. Hood to take on some of its producers, especially in the upper Midwest. However, some of those producers have opted not to sign contracts and may need to find new markets for their milk. Some are also dealing with somatic cell count and other quality issues that, if not cleaned up, will negate any contract.

"There's a debate going on now

between members and the board," Wedeberg acknowledged, "and I hope we won't be under a quota all the time this year. But the board believes in being cautious and continuing to try to grow organic market share before loosening it."

Organic Valley's cautiousness marks the mood of others in the industry.

At Cedar Grove Cheese in Plain, business is good. That's according to owner Bob Wills as he worked his booth at the trade show associated with the MOSES conference.

"Things are going OK," he said.

Cedar Grove member John Kiefer, of Sauk City, milks 85 Jerseys, owning five acres and renting another 300, mostly pasture. With organic grain prices soaring – Kiefer was paying over \$10 a bushel for corn – and cash flow tight, something had to give. He did two things.

For the short term, he changed the diet of the cows, switching them to more pasture and less corn. He received lower production as a result, but he also cut his costs. The lower production actually helped out Cedar Grove because it, like so many organic processors, found themselves long on milk. As a result, many had to sell organic milk at conventional prices.

Longer term, Kiefer bought 102 acres in Kentucky and plans to graze something – cows or goats or sheep, he's not sure just yet.

"Actually, I think everything would have been OK for the organic market if we hadn't had the economic crisis," Kiefer says. "Long-term organic consumers are loyal, educated and committed. But new organic consumers switched back when the economic crisis hit. Hopefully, things are starting to turn around and we'll get through this."

Back on the Small farm, the couple didn't have room to make too many management changes. Their milk price held due to their contract with Organic Valley, and the cooperative did respond to rising grain prices by giving producers an additional \$1 per hundredweight.

The Smalls already pasture their cows and feed only small grains rather than feeding corn. In fact, the Small operation could be called entirely self-sustainable. The couple raises nearly all the feed necessary, and they grow sunflowers to make their own biodiesel. Jim is a tinker, building and creating whatever the farm needs. He's now eyeing renewable energy options on the 103 acres they own, as well as the 280 acres the Smalls rent. He also works as a produce marketer for a group of Amish families.

Yet, there's no denying this past year has upset the farmer, as well as made him more critical of some of Organic Valley's decisions. Small

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claims the cooperative will come in with audited financial results for the 2009 fiscal year that will be a record high. That's at the top of a list that includes growing staff numbers; the recent purchase of the old Coon Valley school to bring in-house testing procedures; the co-op's philosophy of not bringing on new members, such as the Small's employee who wants to start her own herd, until there's a market for the products; and the feeling among members such as Small that the co-op hasn't kept accurate information flowing.

But couldn't it be growing pains that all cooperatives have felt, combined with a marketplace gone mad?

Small concedes part of his frustration could stem from there.

However, part of it transcends even Organic Valley.

"There's no reason why the price isn't there," he says. "Whether you're a conventional or organic farmer, at the retail store level, where the price has gone up, why has our farm price gone down? I say it over and over: If you want the economy to change, give the money to the farmers because they spend money. If the farmer makes money, everyone makes money."

"It may not be \$27 per hundred-weight contracts out there right now, but organic farmers with contracts and quotas are able to plan. That's got to make it a little easier to plan, knowing what you're going to be getting in this short term," Dietmann adds.