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FOR IMMEDIATE RELEASE

UW RESEARCHERS EXPLORE FORCES BEHIND LOCAL DIFFERENCES IN FARM-LEVEL MILK PRICES

Madison, Wis.— For the second straight year, farmers head into a new year without a farm bill. As the previous farm bill expired on December 31, only time will tell what policy reforms Congress has in store for dairy producers. However, it is the changing structure of the dairy industry that ultimately has the greatest impact on dairy profitability.

The University of Wisconsin Center for Cooperatives (UWCC) and Center for Dairy Profitability (CDP) received $400,000 from the Agriculture and Food Research Initiative (AFRI) grant program to research geographic pricing and competitive issues in the dairy industry. Through funding from the United States Department of Agriculture’s National Institute of Food and Agriculture (NIFA), the project will:

• Develop a model to characterize and measure market power where cooperative and non-cooperative buyers compete for farmers’ output.
• Collect farm-level price data and provide benchmark reports to farmers that compare the prices they receive with those of comparable nearby farmers.
• Determine the influence of distance, presence of cooperatives and farm-level heterogeneity on milk prices.

“There are no empirical studies of the role that cooperatives play on behalf of the farmers in agricultural markets,” said Brent Hueth, Director of the UW Center for Cooperatives and Co-Principal Investigator of the study. “This project will provide much needed evidence, across time and market areas on the impact of cooperatives on pricing behaviors.”

AFRI is NIFA’s flagship competitive grants program and was established under the 2008 Farm Bill. The AFRI Foundational Program addresses six priority areas to continue building a foundation of knowledge in fundamental and applied food and agricultural sciences critical for solving current and future societal challenges.

“ar project will provide a quantitative assessment of the market power in U.S. dairy markets
and will inform policy makers about spatial competitiveness in milk production” said Mark Stephenson, Director of the Center for Dairy Profitability and Co-Principal Investigator of the study.

The UW Center for Cooperatives focuses on education, research and outreach of all aspects of the cooperative business model, including development, finance, structure and governance. The Center’s interdisciplinary programs builds on the resources of the University of Wisconsin-Madison and the University of Wisconsin Extension, and are implemented through partnerships with UW faculty, staff and extension agents, federal and state agencies, state cooperative councils, cooperative business groups and others. For more information, please visit www.uwcc.wisc.edu.

The UW Center for Dairy Profitability, a multi-campus unit with faculty and staff at UW-Madison, UW-Platteville, UW-River Falls and UW-Extension, develops and delivers effective interdisciplinary education and applied research to dairy farms and dairy industry service providers resulting in sustainable profitable decisions, and a healthy and progressive dairy industry. For more information about the UW Center for Dairy Profitability, visit www.cdp.wisc.edu.

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