

New Hampshire
Department of Agriculture,
Markets & Food

Stephen H. Taylor, Commissioner

June 27, 2001

Senator Olympia J. Snowe
250 Russell Senate Office Building
Washington, DC 20510

Dear Senator Snowe:

You have asked for comment on the impact of the Northeast Interstate Dairy Compact on the stability of the dairy industry in New Hampshire.

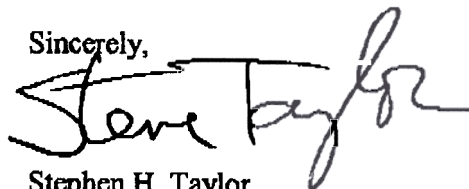
Since the Compact's inception in July 1997 the number of farms producing milk for the commercial market in this state has declined from 187 to 176. Several of these farms have exited because of death of the operator; the land of these farms in most cases is being operated by a neighboring farmer.

But focusing solely on change in the numbers of farms may be a mistake, for we have seen a period of stability in production come during the time the Compact has been in effect. With a measure of confidence in the near term price of milk our farmers have been willing to reinvest in their operations by upgrading and modernizing facilities, acquiring more efficient equipment, purchasing additional cropland and improving the genetic base of their herds.

Without the Compact's role in milk pricing during periods when Federal Order prices were at rock-bottom lows our farmers would not have had the courage to modernize and improve their operations and their lenders would not have had the willingness to meet their capital needs. If there had been no Compact I would expect that by now we would be down to 130 or even fewer farms.

The investments made in our dairy enterprises as a consequence of the stability brought by the Compact serve our New England consumers by helping to assure reliable sources of fresh milk at reasonable cost.

Sincerely,



Stephen H. Taylor
Commissioner

Office of Commissioner 25 Capitol Street PO Box 2042 Concord, NH 03302-2042

TDD Access: Relay NH 1-800-735-2964
(603) 271-3551