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News Release

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**NMPF CALLS ON USDA TO FINALLY IMPLEMENT MANDATORY
AUDITING PROTOCOLS UNDER DEVELOPMENT FOR 6 YEARS**
Problems With Nonfat Dry Milk Indicative Of Ongoing Concerns With Accurate Data

ARLINGTON, VA – The recent revelation that nonfat dry milk prices were not accurately reported in monthly government surveys is evidence that the U.S. Department of Agriculture needs to do a more thorough, methodical job of reviewing the product pricing and inventory data it collects, according to NMPF.

The USDA last week said that the National Agricultural Statistics Service (NASS) had been collecting price data on nonfat dry milk sales that did not accurately reflect current market prices for the product. NASS officials will now go back 52 weeks to review pricing data for other nonfat dry milk sales in an attempt to clarify the veracity of its historic pricing data. Those reported prices are part of the information used to calculate the price that farmers receive each month in their milk checks.

NMPF said today that the reporting error “is yet another example of why we need to finally implement mandatory auditing of product prices and inventories,” according to Jerry Kozak, President and CEO of NMPF. “NMPF helped pass a law nearly seven years ago giving authority to NASS to mandate the reporting of this type of data, and it is unconscionable that it’s taken another mistake like this situation to point out the need to get it implemented.”

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Back in October 2000, Congress passed legislation requiring the reporting of dairy product inventories and prices. The law gave the USDA the authority to require dairy manufacturing plants to report any data having an impact on product prices, including both sales and products stored in inventory. That data was to be subject to mandatory reporting and auditing. NMPF was the lead organization pushing Congress to pass a law giving the government additional product data collection capabilities.

But because of confusion and delays over the intent of the legislation, the NASS still does not have the full ability to audit such data, meaning the accuracy of its current reports may be suspect. Such was the case in 2000, when a warehouse reporting error resulted in a 32% miscalculation in domestic butter stocks. A similar situation occurred in 1999, when millions of pounds of cheese suddenly appeared in the NASS cold storage report. Both errors resulted in a sharp drop in farm-level milk prices.

“The sad thing is that the tools to prevent these types of gaffes already exist – it’s merely a matter of putting them into use,” Kozak said. “If there is anything good that can come from this debacle, it will be the implementation of the law that our industry asked for – and Congress passed – nearly seven years ago,” Kozak said.

The National Milk Producers Federation, based in Arlington, VA, develops and carries out policies that advance the well being of dairy producers and the cooperatives they own. The members of NMPF’s 32 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of nearly 50,000 dairy producers on Capitol Hill and with government agencies.

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