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Market Prices

USDA Final Decision on Large Producer Milk Bottlers Levels Playing Field for Dairy Farmers

The U.S. Department of Agriculture issued its final decision Friday to limit the unfair pricing exemption enjoyed by large, vertically-integrated farmer-owned bottling plants, which according to NMPF will close the loophole for the largest “producer-handler” milk bottlers.

Under rule changes to be published this week [in the Federal Register](#), the producer-handler definitions in all Federal Milk Marketing Orders will be amended so that only farms with bottled milk sales of three million pounds or less per month remain exempt from the pooling provisions. Producer-handlers with sales more than that will be treated the same as other bottling operations that don't own farms, and will have to pay Class I differentials into the shared producer revenue pool effective in their respective Federal Order regions.

“This decision by USDA is the culmination of years of work by National Milk and our members to create a level playing field for milk bottlers, which ultimately benefits dairy farmers of all sizes,” said Jerry Kozak, President and CEO of NMPF. “The USDA has acknowledged that it's time to close a loophole that was really intended to benefit small producer-handlers, not those as big as any other commercial milk bottling plant.”

Under the previous rules, a milk bottler of any size could avoid paying into the Federal Order pool in its market so long as it only bottles milk it produces. This regulatory exemption provided a large competitive pricing advantage, and reduced average pay prices for other producers who lost out on shared Class I revenue. Those producer-handlers with bottled milk sales of three million pounds or less per month remain exempt from the pooling and pricing provisions.

The new decision also tightens the requirements in the Arizona and Pacific Northwest Federal Order markets, which had allowed producer-handlers up to three million pounds of sales in separate marketing orders; the new rules allow up to three million pounds in total marketings.

The [USDA website has extensive information on the issue](#). USDA's decision supports NMPF's position and frequently cites NMPF's testimony in its conclusions.

CWT Strategic Planning Effort Expanded

The charge of the Cooperatives Working Together (CWT) Subcommittee that is part of the overall NMPF Strategic Planning effort has been expanded to include a thorough review of supply-demand approaches, as well as an examination of ways to expand CWT's programs. Because of this change, the name of the CWT Subcommittee has been changed to Production Management Subcommittee.

NMPF member representatives whose board of directors have endorsed a supply management approach will be given the opportunity to present those ideas to the subcommittee, and respond to questions from subcommittee members and staff.

Following the presentations, the subcommittee will develop pros and cons for each approach presented, and will make a recommendation to NMPF's Strategic Planning Task Force regarding each presentation.

Congressional Members, Livestock Groups Hold Educational Briefings on Antibiotics



On February 23, livestock and poultry groups hosted educational briefings on Capitol Hill to share the facts about the importance of tools like antibiotics in raising healthy food animals. The informational sessions were co-hosted by NMPF, the National Cattlemen's Beef Association through beef checkoff funding, the National Chicken Council, National Pork Producers Council, National Turkey Federation,

American Meat Institute, and National Meat Association.

The briefings were held in cooperation with U.S. Reps. David Scott (D-GA), Randy Neugebauer (R-TX), Zack Space (D-OH), and Roy Blunt (R-MO) and by Sen. Tom Harkin (D-IA). Top livestock and poultry health experts from across the country presented information to attendees, including dairy producer and NMPF Animal Health Committee member Dr. Leon Weaver of Montpelier, OH (at left in the photo).

Weaver, who is also a veterinarian, told the congressional staff that "The U.S. dairy industry conducts more than 3.3 million tests each year on all milk entering dairy plants to ensure that antibiotics are kept out of the milk supply. According to the most recent U.S. Food and Drug Administration (FDA) data, less than one tanker in 3,800 tests positive for any animal drug residues, including antibiotics. In those rare cases, any milk that tests positive is disposed of immediately and does not get into the food supply.

Dr. Guy Loneragan, an epidemiologist and associate professor at West Texas A&M University and expert on beef cattle, said that "Prompt and judicious use of efficacious antibiotics is critical for the successful treatment and, at times, control of specific bacterial diseases in cattle. Certain FDA-approved antibiotics also enable us to significantly improve the efficiency of beef production."

USDA Announces New Direction for Animal Disease Traceability

On February 5, [USDA announced a new, flexible framework for animal disease traceability](#) in the United States. The framework will provide the basic tenets of an improved animal disease traceability capability for the country. USDA's efforts will:

- Only apply to animals moved in interstate commerce;
- Be administered by the States and Tribal Nations to provide more flexibility;
- Encourage the use of lower-cost technology; and
- Be implemented transparently through federal regulations and the full rulemaking process.

NMPF continues to favor a mandatory animal identification system, national in scope, and one that allows 48-hour traceability across the food chain. While the recent USDA announcement recognizes the political struggle of attempting to create a national system, NMPF said in a statement that "we remain concerned about the potential incompatibility of 50 varying state systems, particularly if some don't rely on currently available technology, such as RFID tags. Moving forward, we will work with the USDA to ensure the dairy industry is at the animal ID forefront as a collective insurance policy in the event of an animal disease emergency."

ITC Testimony Outlines Negative Consequences of U.S.-New Zealand FTA

NMPF will be testifying at the International Trade Commission's hearing today on the estimated economic impact of the Trans-Pacific Partnership (TPP) FTA. [NMPF's comments](#) will focus predominantly on the severe harm that would result on US dairy producers if U.S.-New Zealand dairy trade were to be expanded as part of the TPP.

NMPF is preparing a statement template on the TPP FTA for coops to use to submit comments to the ITC following the hearing if they wish. In concert with this effort, NMPF is working to seek Senators' signatures on a letter regarding the harm that would befall the US dairy industry with expanded U.S.-New Zealand dairy trade in the TPP. We are urging all producers and coops to contact their Senators to make their concerns known about this agreement and to urge Senators to express concern about this issue to USTR.

Dairy Groups Support the Cuba Travel Restriction Reform and Export Enhancement Act

NMPF and the U.S. Dairy Export Council (USDEC) applauded an introduction of a House bill last week that would allow for open travel for all Americans to Cuba and further facilitate U.S. agricultural exports to that nation.

The Travel Restriction Reform and Export Enhancement Act (H.R. 4645) was offered by House Agriculture Committee Chairman Collin Peterson, and is currently co-sponsored by 33 other Members of Congress, including Representatives Jerry Moran of Kansas, Rosa L. DeLauro of Connecticut, and Jo Ann Emerson of Missouri. Notably, the bill would establish clarity and predictability regarding the "cash-in-advance" provision of the Trade Sanctions Reform and Export Enhancement Act (TSREEA) by ensuring its interpretation according to the original intent of Congress to allow for payment in a manner that did not impede trade, while also not offering the extension of credit to Cuba. Prior interpretations of this provision have hampered U.S. dairy exporters' ability to ship product to Cuba in a safe and cost-efficient manner. The legislation would also remove a costly and unnecessary burden on U.S. agricultural exporters by allowing payment to pass from Cuba directly to U.S. banks in place of the current, more costly, requirement that payments be routed through banks in other countries.

The other critical element that H.R. 4645 would tackle is to abolish restrictions on Americans' rights to travel to Cuba. This would facilitate U.S. exporters' ability to conduct business with Cuba, spurring greater demand for U.S. agricultural products. NMPF is testifying at a hearing on this bill on March 11. John Wilson of Dairy Farmers of America (DFA) will be testifying on NMPF's behalf in support of this legislation.

Dairy Organizations Comment on NYC National Sodium Reduction Initiative

NMPF [commented last month](#) on the New York City (NYC) Department of Health and Mental Hygiene national sodium reduction initiative. The voluntary initiative sought to reduce sodium content on a variety of consumer products including cheese and cheese for frozen pizza.

Salt plays a critical role in the cheese fermentation process by controlling activities of microorganisms and enzymes central to the cheese-making process. Salt levels affect cheese flavor, texture, and shelf life. Salt is a significant factor in minimizing spoilage and the growth of pathogenic organisms in both natural and processed cheeses.

Production of lower fat cheeses has been an industry priority, a goal consistent with public health and consumer demand for good tasting, low fat foods. Water replaces fat in these cheeses, and salt is needed to maintain the appropriate moisture ratios.

While alternative solutions may become available as a result of on-going research, non-aqueous alternatives currently are not readily available. Therefore, tradeoffs between lower fat and lower sodium products could be necessary. The low sodium cheese options that have been available in the marketplace have not been well received by consumers.

The [American Butter Institute](#) (ABI) also submitted comments to the NYC Department of Health and Mental Hygiene. [In the comments](#), ABI noted that unsalted butter is currently available in the marketplace, achieving about 1/5th market share for the entire butter category. Salt is not added to butter for volume/filler purposes, but to

achieve the desired safety and organoleptic properties. Salt plays a critical role in the butter manufacturing process by controlling the activities of microorganisms and enzymes. Salt levels affect butter flavor, texture, and shelf life. Salt is also a significant factor in minimizing the growth of pathogenic organisms in butter. While unsalted butter does represent a reduced-sodium alternative for some consumers, substitution of some lactic acid for some salt cannot result in equivalent functionality for its bacteriostatic and organoleptic properties.

USDA Accepts Comments on Changes to WIC Program

In comments to USDA, the National Milk Producers Federation supported efforts to update the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) food packages to reflect current nutrition science. However, NMPF disagreed with USDA's decision to require any changes in the program to be cost-neutral. As NMPF stated in comments on the proposed rule, this would result in food packages that are based as much or more on cost as on science. In particular, NMPF felt the reductions in the amount of cheese that could be substituted for milk in the food packages were ill advised. Likewise, NMPF also believed that the Department's interim rule failed to provide a healthy and popular proposed improvement in the WIC program in the decision to not include yogurt in the food packages, as had been recommended by the Institute of Medicine.

NMPF Accepting Applications for 2010 Scholarship Program



The National Milk Producers Federation is now accepting applications for its National Dairy Leadership Scholarship Program for academic year 2010-2011.

Each year, NMPF awards 4 to 5 scholarships to outstanding graduate students (enrolled in Masters or Ph.D. programs) who are actively pursuing dairy-related fields of research that are of immediate interest to NMPF member cooperatives.

Graduate students pursuing research of direct benefit to milk marketing cooperatives and dairy producers are encouraged to submit an application (applicants do not need to be members of NMPF to qualify). The top scholarship applicant will be awarded the Hintz Memorial Scholarship, which was created in 2005 in honor of the late Cass-Clay Creamery Board Chairman Murray Hintz who was instrumental in establishing NMPF's scholarship program.

Recommended fields of study include but are not limited to agriculture communications and journalism, animal health, economics, environmental science, food safety, genetics, herd management, marketing and price analysis, nutrition, and product development. Applications are due no later than Monday, April 26, 2010. For an application or more information, please [visit the NMPF website](#) or call the NMPF office at 703-243-6111.

Knigge Leaves NMPF for Position with House Ag Committee



After being part of the NMPF staff for six years, Mary Knigge (Manager, Government Relations) left the organization in February to join the House Agriculture Committee professional staff. In her new role, she will be assisting the Livestock, Dairy, and Poultry Subcommittee for Chairman David Scott (D-GA) and Ranking Member Randy Neugebauer (R-TX).

NMPF Board of Directors to Meet Next Week

The NMPF Board of Director's spring 2010 meeting is scheduled for March 8-9 at the Ritz-Carlton, Pentagon City hotel in Arlington, Virginia.

Committee meetings will begin at 8:30 am on the 8th, including the Dues & Budget Committee Meeting, the Political Action Committee (PAC) Meeting, the Officers Meeting, and the Strategic Planning Task Force Meeting. The day will conclude with a membership reception. The full Board of Directors meeting will start at 7:00 am on the 9th.

Anyone with questions about the Board of Directors meeting should contact [Anuja Miner](#).

AMIF Conference to Address Animal Care and Handling Issues



The American Meat Institute Foundation (AMIF) will host the [Animal Care and Handling Conference for the Food Industry](#) from March 25-26, 2010, in Kansas City, MO. The conference is the leading animal welfare educational opportunity for meat companies, their customers, and those involved in the production and management of livestock and meat products. NMPF is a co-sponsor of the conference.

Associate Member Focus

T.C. Jacoby & Co. serves several thousand customers, from small, proprietary firms to international food production giants. Jacoby distributes dairy products on a broad scale and the firm provides customers with the expertise required, no matter what the size, to best serve their needs.

Since it was founded, T.C. Jacoby & Co. has grown to become one of the most prominent companies in the industry. T.C. Jacoby & Co. now markets numerous dairy products in all 48 contiguous states as well as around the world.

T.C. Jacoby & Co.'s mission is to be the world's leading supplier of dairy ingredients for food and feed products. They will deliver the highest level of quality and service to every customer, exceeding their expectations for trust and loyalty. T.C. Jacoby & Co. is committed to increasing the profits of our customers, while improving the equity of our company.

Their company representative is Ted Jacoby. To learn more about T.C. Jacoby, please visit their website at www.jacoby.com.

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