



News Release

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"Connecting Cows, Cooperatives, Capitol Hill, and Consumers"

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USDA Decision On Large Producer-Handler Milk Bottlers Victory For Dairy Farmers Ruling Will Ensure Level Playing Field For Largest Milk Bottlers

ARLINGTON, VA – NMPF's long-term objective of limiting the pricing advantage enjoyed by the largest farms that bottle their own milk is about to be realized with today's decision by the U.S. Department of Agriculture to close the loophole for the largest such bottlers.

In a decision published Wednesday in the [Federal Register](#), the USDA recommended that the producer-handler definitions in all Federal Milk Marketing Orders be amended so that only farms with bottled milk sales of three million pounds or less per month remain exempt from the pooling and pricing provisions. Producer-handlers with sales more than that will be treated the same as other bottling operations not owned by farmers, and will have to share their Class I proceeds with other farmers in their respective Federal Order Regions. The recommended decision will be open to public comment for 60 days.

"Once it is finalized, this ruling will accomplish what NMPF sought in its initial petition: to stop about a half-dozen large producer-handlers from cherry-picking Class I milk sales at the expense of other producers in Federal Order pools, and to discourage other handlers from growing through the use of this unfair exemption," said Jerry Kozak, President and CEO of NMPF. "These largest operations should no longer enjoy a regulatory loophole intended for smaller players. Once you're bottling three million pounds of milk monthly, you're a large plant, and should contribute to the marketing pools just like any other large Class I handler."

Under present rules, a milk bottler of any size can avoid paying into the Federal Order pools in its market if it produces all of its own milk. This regulatory exemption provides a large pricing advantage, and reduces average pay prices for other producers who lose out on shared Class I revenue.

NMPF and the International Dairy Foods Association (IDFA) jointly petitioned for new limits on these handlers back in January. In May, USDA held a hearing on the matter, and today's ruling is the result of evidence presented at that two week-long hearing.

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In addition to ending the exemption for farm-owned bottlers, the decision would also tighten the requirements in the Arizona and Pacific Northwest Federal Order markets, which previously had limited producer-handlers to three million pounds of sales in each market. 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.

Comments on the decision are due on December 21, 2009, and according to the timelines required under the 2008 Farm Bill, a final decision would be due February 22, 2010. This was the first hearing initiated under new timelines advocated by NMPF in the latest Farm Bill.

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 31 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of more than 40,000 dairy producers on Capitol Hill and with government agencies. Visit www.nmpf.org for more information.