

SENT BY EMAIL AND FAX

March 4, 2009

Cindy Smith
Acting Under Secretary for Marketing and Regulatory Programs
United States Department of Agriculture
1400 Independence Ave., SW
Washington, DC 20250-0225

Dave Shipman
Acting Administrator, Agricultural Marketing Service
United States Department of Agriculture
1400 Independence Ave., SW
Washington, DC 20250-0225

Re: Request for Denial of IDFA/NMPF Proposals to Eliminate Producer-Handler
Exemption and Further Information Collection

Dear Under Secretary Smith and Administrator Shipman:

The undersigned are all producer-handlers or dairy processors whose businesses have been targeted by the International Dairy Foods Association (“IDFA”) and the National Milk Producers Federation (“NMPF”) in proposals now under consideration for hearing by Dairy Programs. We are located in a variety of areas throughout the United States. We produce, process and sell the milk from our own cows. Our businesses variously supply local and niche products that are increasingly sought after by consumers, control the milk we sell from the farm to the buyer, and bring competition to the marketplace. Each of us has grown a successful independent business consistent with all applicable laws and regulations, including those that IDFA and NMPF now propose to eliminate on grounds that we are a source of “disorderly marketing conditions.”

Dairy Programs has proposed an action plan that closes the opportunity for policy discussion about the wisdom of further consideration of this proposal by March 9, with a hearing tentatively scheduled for late April or early May. We submit that this is not a simple proposal to modify “a milk marketing order” that should be handled under the fast-track procedures of the 2008 Farm Bill on the basis of the information that has been provided. It is a major national policy initiative that deserves policy consideration by the new Administration before our businesses are put on trial. The Administration appointees with responsibility for these decisions have not yet been nominated or confirmed and the opportunity for them to consider this issue must be preserved. President Obama has pledged to review federal programs and to keep those that work and eliminate those that do not. Secretary Vilsack has said that “the American economy has worked best when we have been the innovator and the creator of new ways to do things.” We are those innovators.

We request that AMS deny the petitions. These are uncertain economic times for all of us. There is no basis in the facts offered in support of the proposals indicating either urgency or sufficiency of analysis to initiate the hearing process. The producer-handler business model has existed ever since the beginning of the Federal Milk Marketing Order system. There are certainly problems in the dairy industry but they have nothing to do with our businesses. Prices have fallen precipitously for dairy farmers. Eliminating producer handlers will have no effect on this situation. It is equally clear that consolidation and concentration among the largest cooperatives and handlers has affected the allocation of bargaining power in the marketplace. Eliminating producer-handler competition will exacerbate that consolidation and concentration.

There is no economic analysis of any factor in this proposal other than an alleged competitive impact between fully regulated handlers and producer-handlers at assumed or imputed procurement cost differences. This cannot be sufficient to set in motion the complicated machinery of the federal hearing process with all of its concomitant economic costs. There is no analysis of effects on particular marketing order areas. There is no analysis of economic impacts associated with jobs and economic productivity sought to be eliminated. There is no analysis of impacts on our diverse communities, including job loss. There is no analysis of the impacts on consumers. There is no analysis of the impacts of complete consolidation and concentration among the largest cooperatives and handlers.

All of this information is exceedingly relevant to the policy determination of whether our businesses should be targeted in the manner proposed. We urge you to deny the proposal.

Very truly yours,

Ron Kreider
Kreider Dairy Farms, Inc.,
Manheim, Pennsylvania.

Warren Taylor
Snowville Creamery
Pomeroy, Ohio

Tim Button
Heartland Creamery
Newark, Missouri

Drew Braum
Braum Dairy
Oklahoma City, Oklahoma

Sally Keefe
Aurora Organic Dairy
Boulder, Colorado

David Boyd
Longmont Dairy Farms, Inc.
Longmont, Colorado

Rob Graves
Morning Fresh Dairy
Bellview, Colorado

Paul Rakema
Country Dairy
New Era, Michigan

Hein Hettinga
GH Dairy – El Paso
El Paso, Texas

cc: The Honorable Tom Vilsack, Secretary of Agriculture
Dana Coale, Administrator, Dairy Programs, USDA