

Upstate Niagara Cooperative, Inc.

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April 1, 2016

Honorable Tom Vilsack
U.S. Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Membership Division:
700 Ellicott Street, Suite 2
Batavia, NY 14020

Rochester Fluid Plant:
45 Fulton Avenue
Rochester, NY 14608

Syracuse Depot:
6361 Thompson Road
Syracuse, NY 13206

Buffalo Fluid Plant:
1730 Dale Road
Buffalo, NY 14225

Cultured Products Plant:
3300 North America Drive
West Seneca, NY 14224

Information Technology:
90 Anderson Road
Buffalo, NY 14225

Dear Secretary Vilsack:

The dairy farm families of Upstate Niagara Cooperative, Inc. have serious concerns about the Organic Trade Association's (OTA) petition for a hearing to effectively exempt processors of organic Class I beverage milk from paying into Federal Milk Marketing Order (FMMO) pool. We urge you to deny the hearing request.

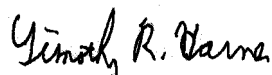
The intent of the FMMO program is to ensure an orderly flow of the milk supply by guaranteeing dairy farmers a minimum – not maximum – price for the milk they send to market. FMMOs do not force milk processors to pay premiums for production decisions such as rBST-free, pasture fed, GMO-free, or organic, but instead allow the market to establish premiums above the FMMO minimum prices based on the available supply or demand signals received from the marketplace. As evidence, the average milk price received by organic producers ranged from \$32 to \$38 per hundredweight from January 2015 through June 2015. In comparison, conventional farmers received average milk prices of \$16.72 per hundredweight during the same period.

Moreover, according to data released by the Department, removing organic packaged fluid milk sales would have reduced the FMMO pool value by \$118 million dollars over the January 2013 to July 2015 time period.

Importantly, this money is not guaranteed to be paid to organic dairy farmers as has been implied. Instead, OTA acknowledges that the pool credit will be received by organic Class I processors before dairy farmers would be able to discuss what portion, if any, may be directed back to the farm family. The proponents of this proposal consist of three large organic dairy processors with large national footprints in the retail space. At least two of the proponents have annual sales well over \$1 billion dollars. The notion that OTA speaks on behalf of dairy farm families as it pertains to the benefits provided by the FMMO program is disingenuous.

This proposal is a very serious problem for dairy farmers and for USDA as it would undermine the intent of the important FMMO program and would cost dairy farm families thousands of dollars each year. I plan to share these concerns with many in the Northeast including our elected officials, and we request that the Department reject the proposal.

Very truly yours,



Timothy R. Harner
Chief Legal Officer and General Counsel

cc: Dana Coale, Deputy Administrator

