

FOOD Farmers

Federation Of Organic Dairy Farmers



May 11 2009

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Honorable Secretary Vilsack
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Dear Secretary Vilsack,

The Federation Of Organic Dairy Farmers (FOOD Farmers), FOOD Farmers would like to thank the USDA for initiating formal rulemaking and holding a public hearing to consider proposals seeking to amend or remove the producer-handler provisions and revise the exempt plant provisions applicable to all Federal milk marketing orders.

FOOD Farmers is the umbrella organization of the Northeast Organic Dairy Producers Alliance (NODPA), the Midwest Organic Dairy Producers Alliance (MODPA), and the Western Organic Dairy Producers Alliance (WODPA), which represents over two thirds of organic dairy farmers across the country.

We support proposals retaining the producer handler exemption with a monthly **hard** production cap at 450,000 pounds for any existing producer handlers and a monthly **hard** production cap at 450,000 for any new producer handlers coming into the market, over which level they would be regulated. This honors the original intent and purpose of the exemption, makes allowance for existing small businesses who have made capital investments and it takes into account the size of organic dairy herds in the twenty first century.

**Northeast Organic Dairy Producers Alliance
(NODPA)**



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We also believe that the small plant exemption level should have a monthly hard production cap of 450,000 to ensure a level playing field. This will allow small family farm operations to work cooperatively to process and market their own product that it is packaged locally. These proposals would allow a farm producing 15,000 pounds of milk per cow per year to have about 350 cows and still be exempt from pool requirements. It would also allow a number of small operations to process their milk together and still fall under the small plant exemption, which is not possible with the producer handler exemption.

The effect on the organic market was first identified by the New York Organic Dairy Task Force in July of 2007, who noticed the volume of milk being sold in the Northeast that originated from a producer handler in Colorado. The Task Force then worked with representatives from NODPA and FOOD Farmers on this issue.

On the organic side, the largest example of abuse of the producer handler exemption is Aurora Organic Dairy with 12,600 or more cows, headquartered in Platteville, Co. Aurora is a producer-handler who distributes their ultra pasteurized packaged product nationally, selling all their fluid milk directly to supermarket chains and national distributors as either their store brand product or as private label. This milk is being brought into all the Federal Orders without producer-handler production caps, and on store shelves it competes with locally produced organic milk at a significant economic advantage. The economies of scale that allow for bulk purchasing of feed and other inputs by large dairies that are financed by outside investors already place Aurora at a significant advantage to the average family farm.

When you add the competitive advantage of not having paid the pooling costs, Aurora and other large producer handlers have a significant and unfair economic advantage that undermines the negotiating ability of the brands representing the vast majority of organic dairy producers. This situation threatens the viability of organic dairy producers as it drives down the wholesale price for packaged organic milk which then translates into a drop in pay price for producers. Without the economies of

scale, family farms cannot pay their bills at these lowered pay prices and their long term economic future is threatened.

Organic dairy farmers have many different production methods including seasonal grass based dairies and more traditional production methods that combine pasture, conserved forage and grain. They also market their milk in many different ways, selling to the major brands including Horizon Organic, Organic Valley, HP Hood, Humboldt Dairy, Clover Stornetta, as well as through smaller cooperatives and ventures including Upstate Niagara Cooperative, Organic Choice and LOFCO, and independent manufacturers of organic dairy product and direct to the consumer.

We respectfully request that USDA issue a recommended decision as petitioned by NMPF and IDFA.

We look forward to our representatives participating in the hearing. Please contact Kathie Arnold, at 607-842-6631 or randkarnold1@juno.com or Ed Maltby, NODPA Executive Director, at 413-772-044 or ednodpa@comcast.net or 30 Keets Rd, Deerfield, MA 01342, for more information on our comments.

Sincerely



Henry Perkins, NODPA President



Darlene Coehoorn, MODPA President



Tony Azevedo, WODPA President

Northeast Organic Dairy Producers Alliance (NODPA)

NODPA represents 820 organic dairy farmers in the East of the USA. The mission of the Northeast Organic Dairy Producers Alliance is to enable organic dairy family farmers, situated across an extensive area, to have informed discussion about matters critical to the well being of the organic dairy industry as a whole, with particular emphasis on:

1. Establishing a fair and sustainable price for their product at the wholesale level.
2. Promoting ethical, ecological and economically sustainable farming practices.
3. Developing networks with producers and processors of other organic commodities to strengthen the infrastructure within the industry.
4. Establishing open dialogue with organic dairy processors and retailers in order to better influence producer pay price and to contribute to marketing efforts.

Midwest Organic Dairy Producers Alliance (MODPA) mission is to promote communication and networking for the betterment of all Midwest dairy producers and enhance a sustainable farmgate price

Western Organic Dairy Producers Alliance (WODPA) mission is to preserve, protect, and ensure the sustainability and integrity of organic dairy farming across the west reflecting the input from an extremely broad cross section of the organic community