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John R. Mengel, Chief Economist, USDA
AMS/Dairy Programs, Office of the Chief Economist
STOP 0229-Room 2753,
1400 Independence Ave, SW., Washington, DC 20250-0229

Dear Mr. Mengel,

We would like to indicate our support for the establishment of electronic reporting of the Dairy Product Mandatory Reporting program. We believe this advance information can only enhance the accuracy of the data made available to members of the dairy community. This enhancement of information may provide one of the keys to reducing the dramatic changes witnessed in pricing for the dairy industry. Additional keys which are not part of this rule, but merit further consideration in future rules are an expanded product reporting requirement. Since Cheddar Cheese, Butter, Nonfat Dry Milk, and Dry Whey are the only ones being reported, we believe by not reporting yogurt, sour cream, cottage cheese, and other types of cheeses witnessing a great sales volume, a large segment of sales are being missed. These additional items are competing with the selected reported items; hence they could provide value to the final price. Another adjustment we recommend to future rules would be to list cheese which is committed for sale, but not yet sold (delivered); cheese committed to the aging process, so inventory will be made, but not sold for a period of time. These two items create marketplace challenges because inventories look to be high when in fact they are committed and this leaves the industry blindsided when the sales are delivered. Because of the delay and information not available, the industry did not respond and then variations in marketplace price can become more dramatic.

We again fully support the establishment of the Dairy Product Mandatory Reporting program and feel that the additional keys and considerations should be implemented in future enhancements to the rule as noted above. Family Dairies USA represents 2800 dairy farmers in a six state area in the upper Midwest. We believe that better price discovery and transparency are keys to providing a stable and more accurate price mechanism for the industry.

Sincerely,

David Cooper
General Manager
Family Dairies USA