



890 North Reading Road, Ephrata, PA 17522
800.422.8335 www.DPAC.net

*A coalition of grassroots dairy producers
actively participating, with a unified voice,
on policies and issues
affecting milk pricing.*



Joe Gaynor, Chief

Market Information Branch
USDA/AMS/Dairy Programs
STOP-0232
1400 Independence Ave., S.W.
Washington, DC 20250-0232

***RE: Proposed rule on Dairy Product Mandatory Reporting;
Dockets AMS-DA-10-0089-0001, AMS-DA-11-01***

Dear Mr. Gaynor:

The Dairy Policy Action Coalition (DPAC) appreciates the changes included in the above referenced proposed rule for electronic mandatory reporting of dairy product prices.

Founded in November 2009, the DPAC Board of Directors—all active dairy farmers who have cows and sell the milk produced from them in Pennsylvania, New York, Ohio, Indiana, Wisconsin, North Carolina and Tennessee, along with ad hoc members serving on action groups from Minnesota, Michigan, Arkansas, Mississippi, Kentucky, Georgia, Virginia, and Florida—*identified dairy product price and volume reporting as a key concern in 2009.*

The 2008 Farm Bill included language to increase the frequency of reporting (daily) and auditing (quarterly).

We understand that this proposed rule implements a separate piece of legislation as it was included in the September 2010 reauthorization of mandatory reporting for the livestock and meat industry. We also appreciate that USDA's proposed rule for this statute moves the product price reporting responsibilities from NASS to AMS and that the mandatory reporting – from electronic reporting through the auditing process – will now be completely under the jurisdiction of AMS.

This being the case, we ask AMS to review its ability to make changes in this proposed rule – *or to open the mandatory reporting rule once the transition to sole AMS jurisdiction is complete* – to include in the rule the reporting of additional “market indicator products” not just the four “benchmark commodities.” The purpose of mandatory reporting, as conducted for the cattle and meat industries, is to inform all market participants by providing transparent reporting of daily product prices and sales volumes for the wholesale values of retail items.

Dairy farmers and other dairy market participants also need similar levels of market transparency in conducting their businesses. Weekly reporting of so-called “benchmark” products is sufficient to meet the needs of “Federal Order pricing formulas” at the end of a month or in the two-week advance; however, this level of reporting is inadequate for informing market participants – particularly dairy farmers – of product price and sales volumes as a general indicator of trade.

For example: Mozzarella volumes are now larger than cheddar, but the price and sales volumes (movement) of this category are still not reported under this proposed rule.

Therefore, the dairy producer board members of DPAC respectfully request that more products be added to the reporting list in a two tiered reporting:

- 1) *Benchmark products used in current FO price formulas:* Cheddar, Butter, Nonfat Dry Milk and Dry Whey
- 2) *Other market indicators:* CHEESE: Mozzarella (coded as low or high moisture similar to the weekly AMS Dairy Market News Report for Wisconsin), Monterey Jack, and Grade A Swiss. POWDER: Skim Milk Powder (SMP); Buttermilk Powder; Whole Milk Powder; Whey Protein Concentrate. SOFT PRODUCTS or SPOT CREAM.

In addition, DPAC requests that AMS expand the list of plants reporting by reducing the one million pounds per year threshold to 500,000 pounds per year production or sales.

DPAC dairy producers realize we cannot over-reach in our comment on this particular proposed rule because the timeliness of the mandatory electronic reporting was set by Congress in the September 2010 statute as “weekly” reporting, not the daily reporting we had sought. *However, we do call USDA’s attention to Section 1510 of the 2008 Farm Bill because it authorizes “more frequent” reporting.* Since the previous NASS Survey has already been weekly for many years, we believe Congressional authority already exists in the current Farm Bill for “daily” reporting, which would be “more frequent” than the “weekly” reporting the industry has already had.

We respectfully request – *on behalf of the nation’s 55,000 grassroots dairy farmers* – that AMS use this proposed rule to take a first step toward making the mandatory electronic reporting more than just a recap of “benchmark commodity” sales for the FO price formula calculations.

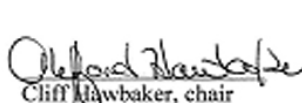
Dairy farmers (and other market participants) now—more than ever—need access to verifiable information about what is happening daily in their marketplace if they are to make good business decisions and have the confidence to use risk management tools, which the federal government, their milk buyers, their cooperatives, their industry leaders, and others say they should be using.

Thus AMS’ role in frequent, timely, accurate, transparent product price and volume reporting is absolutely essential.

Please begin this path under the proposed rule by including additional reporting of “market-indicator” products and reducing the plant-reporting threshold so more of the market is reported.

We respectfully request that this be done as soon as possible through amending this rule, or by beginning immediately the process of opening a new proposed rule that addresses our concerns about the number of plants reporting and the number of products reported.

Sincerely on behalf of the board and ad hoc members of DPAC,


Cliff Hawbaker, chair


Rob Barley, vice chair


Dan Brandt, vice chair


Alan Kozak, action group chair
on standards & regulations

Cc: House Agriculture Committee
Senate Agriculture Committee
House Dairy Caucus