



NEWS SPLASH

DAIRY INSTITUTE OF CALIFORNIA

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California milk processors say today's temporary "whey" decision by the CDFA ignores the need for long-term reform

SACRAMENTO — The Dairy Institute of California, which represents the state's dairy processors, issued the following response to today's decision by the California Department of Food and Agriculture (CDFA), which, according to the CDFA, imposes "a temporary change to the dry whey scale of the Class 4b pricing formula."

In response to today's decision, Rachel Kaldor, the Dairy Institute's Executive Director, said:

"We appreciate that the department recognizes that there are serious long-term structural problems with our state's milk pricing system, and that this temporary decision does nothing to correct those problems.

"We likewise appreciate that this is only a 'temporary change.' However, we remain extremely concerned that unless prices stay in the lower end of this new dry whey scale while it is in effect, a significant number of small California cheese plants will go out of business. This change makes it even more difficult for all of our state's cheese makers and other milk processors to stay competitive in today's increasingly competitive national and international markets.

"We continue to believe that basing the 4b scale on the price of dry whey is completely out of step with today's market, since today's small- and medium-sized cheese makers and other milk processors make some form of liquid whey instead of dry whey.

"Using the outdated dry whey scale can overvalue the price of milk California processors have to pay, hurting their ability to compete, which ultimately hurts everybody.

"Moreover, claims by dairy producers that California milk prices should be the same as milk prices in Wisconsin fail to recognize that milk there has recently been sold

to Wisconsin processors for \$5 to \$7 below the USDA Class III price, and continues to be discounted.

“In reality, you can’t sustain a system that sets milk prices higher than the value processors can derive from the products they make. We’re glad the CDFA recognizes this. Like them, we are committed to reforming the system and making the structural corrections that will ensure the long-term health of California’s milk industry.”

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