



NEWS SPLASH

DAIRY INSTITUTE OF CALIFORNIA

Contact: Rachel Kaldor
916-441-6921

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California milk processors welcome announcement by USDA to consider creation of an FMMO for the state

SACRAMENTO — The Dairy Institute of California, which represents the state's dairy processors, said it welcomed today's announcement by the USDA that it would hold a hearing in Clovis, California, on September 22, to consider creation of a Federal Milk Marketing Order (FMMO) for the state's dairy industry.

"This is the first step in a very long and deliberative process, in which we will fully and actively participate," said Rachel Kaldor, Executive Director of the Dairy Institute of California. "Our members have invested billions of dollars in their California operations, and are responsible for the jobs of nearly 200,000 workers here in the state.

"Clearly, the final outcome of this process will have a significant impact on the future of California's dairy industry," said Kaldor. "We very much respect the right of our state's dairy farmers to participate in these proceedings, and look forward to participating as well. There's a lot at stake."

Both the Dairy Institute and the co-ops representing dairy farmers have submitted proposals to the USDA on how an FMMO could be structured.

Under the Dairy Institute's proposal, the FMMO would be patterned after the other ten FMMOs now operating across the country, while the plan proposed by the co-ops contains fundamental features not found in the other federal orders.

Under the Institute's plan, "pooling" would be administered the same as it is with all other FMMOs. But under the co-op plan, pooling would be mandatory. So instead of only requiring that all Class I milk handlers (bottlers) pay the regulated minimum price for the milk they purchase, as under the federal system, the co-op plan would require every California handler to pay the regulated minimum price for any and all classes of milk they buy, a fundamental departure from other FMMOs.

“The USDA’s final proposal must allow our state’s dairy industry to be competitive in national and global markets,” said Kaldor. “With the right program, California’s dairy industry will thrive, so we’re committed to helping shape a plan that works for processors and producers alike.”

Kaldor said the USDA hearing and administrative proceedings will likely take 18 months or longer. On completion, the USDA will submit its final FMMO plan to the state’s dairy farmers for a vote on whether to accept or reject the plan.

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