

Critics Charge New USDA Rules Will Kill U.S./State Dairy Promotions

by Pete Hardin

In Section 1150.140(n) concerning the duties of the Board to "... maintain and expand domestic and foreign markets and uses for fluid milk, and dairy products,' the words 'produced in the United States' would be been (sic) stricken." — *The Milkweed*, June 2009 — page 4.

Let's view comments – pro and con – filed with USDA concerning changes in national rules for the dairy promotion check-off as an IQ test. Here's the fundamental question:

Is USDA's proposal to ban dairy farmer-funded promotion groups from specifically identifying U.S.-sourced dairy products a good idea or a bad idea?

The usual suspects (the big dairy co-ops, dairy promotion bozos) welcome USDA's new proposed rules. To implement a dairy promotion fee levied against imported dairy products, certain low-IQ dairy leaders openly accept the prohibition against promoting U.S.-produced dairy products. These impaired intellects pulsate with excitement that a decade-long goal – hitting imported dairy products with promotion fees – is so close they can sniff the money.

No matter that the promotion fee is levied only at a rate of half what U.S. dairy farmers currently pay. No matter that the importers' promotion fee is 100% refundable, upon request at year's end. No matter that importers will get TWO seats on the National Dairy Promotion and Research Board. No matter that one-third of (refundable) promotion fees assessed importers could be used to bankroll a qualified importers' board to promote milk protein concentrate.

All this hoopla about a program that could generate only \$7-8 million annually ... before any refunds are requested. No matter that the entire \$275 million annual dairy promotion check-off pot is being neutered – prohibited from promoting U.S.-produced dairy products. No matter that focused, state-identified programs such as the Wisconsin Milk Marketing Board and the California Milk Advisory Board would probably be banned from engaging in "state identity" programs, by these new rules. To grab an extra \$7-8 million in annual (refundable) dairy promotion check-off fees assessed against imports, dairy's *dumkops* have castrated the original intent of the dairy promotion program!

In opposition to USDA's plan to neuter promotion of U.S. (and, presumably, state-based promotion programs), one finds a handful of concerned persons who can see through the clutter and wisely oppose such changes. Many of these persons are affiliated with the Wisconsin and California state dairy programs. Those two groups have historically pursued their own programming efforts, failing to go along with many of the brain-dead national promotion schemes hatched by Dairy Management, Inc. and the United Dairy Industry Assn.

USDA published its proposed regulations for the dairy importers' assessment fee in the May 19, 2009 issue of the *Federal Register*. The public comment period closed on June 23, 2009. Here are quotes from comments sent to USDA's Agricultural Marketing Service concerning the dairy importers assessment fee:

Comments by Gregory O. ("Butch") Dias – Visalia, California

"Programs from Wisconsin and California (for instance) provide the industry with some of the only product line awareness building advertising, promotion, public relations and program sales opportunities (both domestically and internationally), and those programs have substantially increased demand for cheese and other dairy products. Without these successful programs, I personally believe that we would not see the high and ever-growing per capita consumption we have witnessed over the last three decades."

"There is just nothing in the Act, the existing Order, or the proposed new provisions of the Order, to support this new and very broad attack on programs that promote a dairy product's origin. USDA should do whatever is necessary to retract this 'statement of policy' so that the quoted language is not cited later in an attempt to prevent state and regional programs from promoting, generally, the milk and other dairy products that are produced in their own areas."

"7. If the intent of the language I quoted above is to rein in state and regional demand building programs like that of Wisconsin and California, I am against it. **If this proves to be the case, I will personally join other dairymen in a movement to terminate the National Dairy Board.** It would be much better for me to have my promotion dollars back in my pocket than to have demand building throttled, especially in these difficult economic times."

– *Butch Dias is a dairy farmer and former chairman of the California Milk Advisory Board.*

Comments by Tom Camerlo – Florence, Colorado

"Unfortunately, not all of the beneficiaries of the program are making a financial contribution to its operation. More specifically, foreign importers of dairy products are not required to contribute to our market development plan, but instead, reap the benefits for free ..."

"This comment period again gives us hope that foreign-born dairy products will soon be making a financial contribution towards the program that continues to enhance the market in which they are selling their products."

"I appreciate the department's activity in this regard, and I urge swift implementation of the assessments mandated by Congress."

– *Tom Camerlo – DFA's board chairman (among many dairy board posts) is a professional per diem collector and a sorry example of dairy leadership.*

Conspiracy Theory: The "REAL" Scheme – Kill CMAB & WMMB State Programs

At face value, this foolishness about assessing imported dairy products with a promotion fee ... and disallowing U.S. dairy farmers' promotion funds to be used to advertise U.S.-produced dairy products just doesn't make sense.

Why castrate, with a rusty, dull knife, existing efforts that advertise and promote U.S., California and Wisconsin-identity dairy products? Why disallow the existing \$275 (or so) million generated by dairy farmer-funded promotions from being used to champion U.S. and state-identity dairy products? All for a piddling increase of \$7-8 million dollars in annual dairy promotion revenues ... all of which may be refunded (upon request) at year's end? Whoa! What's the "REAL" game being played by National Milk Producers Federation (NMPF)?

The Milkweed's analysis – a "conspiracy theory" if you will – is that NMPF and the national dairy promotion buzzards are pursuing a far larger pot of gold. That would be the \$45-\$50 million dollars expended by key dairy states such as California and Wisconsin on their own, state-branded dairy promotions. Wisely, for years, California and Wisconsin dairy leaders have used their 10-cent share of the 15-cent federally-mandated promotion check-off to boost state-identity dairy products. California and Wisconsin dairy leaders have avoided the low-grade tripe that has too often emanated from national dairy promotion entities like Dairy Management, Inc. and the United Dairy Industry Assn.

But if California and Wisconsin are prohibited, by USDA edict, from promoting U.S. (and state) identity dairy products, then what will come of all those state-generated funds? The likes of NMPF, DMI and UDIA want control of that money, period. That far bigger pot of gold is the "REAL" goal of this dairy import assessment foolishness.

Here the big dairy co-ops go again ... promoting interests other than what's best for dairy farmers!

Comments by Patricia Boettcher – Bloomer, Wisconsin

"It strikes me as unconscionable that we are going to be required to promote product that is in direct competition with our own product."

"My question then is – since we in Wisconsin promote ONLY Wisconsin product and have our own special identity – what effect will this have on our recognized programs?"

"On page 23365 in column one (1) the first paragraph says that the order would be modified to make it clear that dairy products are to be promoted regardless of national origin and further that 1150.140 would strike any use of the words 'produced in the United States.' Is this not contrary to the recently (sic) COOL legislation that producers in all areas of agriculture supported as did the vast majority of consumers in the United States."

"...I am astounded that this proposal is on the table. I greatly fear that if enacted there will be a huge backlash from domestic producers who will be very angry that their assessment dollars are being used to promote dairy products that will be in direct competition with those produced on their farms. In particular, it will seem unpalatable because of the extreme difficulties and stress producers are living with daily dealing with poor prices."

– *Pat Boettcher is a dairy farm woman with many years of diligent service on state and national dairy promotion boards.*

Comments by Tom Suber – President, U.S. Dairy Export Council

"USDEC is a non-profit, independent membership organization that represents the export trade interests of U.S. milk producers, dairy cooperatives, proprietary processors and export traders. **The Council's mission is to increase the volume and value of U.S. dairy product exports.**"

"We welcome the move to implement finally the changes in the Dairy Research and Promotion Order that were mandated by Congress in the past two farm bills. ... USDEC urges USDSA to swiftly consider constructive comments submitted regarding timely implementation of the propose rule ..."

"As an organization whose sole focus is on growing and safeguarding export markets for U.S. dairy products, USDEC would be the first to point out reservations with a proposal that could put at risk our export markets or U.S. compliance with its trade agreement obligations. It is clear however, that no such concern exists at this stage with this proposed rule."

"As stated above, we urge USDA to move swiftly to issue a final rule on this important issue."

– *Is Suber sober? His organization's very name precludes future activities, if USDA enacts the rule changes he supports.*

Doug Caruso Resigns as USDA FSA Head

Late word from Washington, D.C is that Doug Caruso has resigned as head of the Farm Services Agency. Caruso had only arrived at that post in early May.

No details are available about the reasons for Caruso's abrupt departure following a very brief tenure. Caruso had previously served as Wisconsin's FSA director during the Clinton administration.