

Dean Foods, DFA Warring Over Milk Supplies

by Pete Hardin

Wednesday, September 30 capped a very bad end to a particularly bad month for Rick Smith (*aka* “Tricky Rick”), President/CEO of Dairy Farmers of America (DFA).

Following a long month of dairy farmers angry about ruinous milk prices, U.S. Senators calling for Antitrust investigations into DFA’s practices, and a high-level Antitrust official at the U.S. Department of Justice promising to scrutinize dairy competition ... the last thing “*Tricky Rick*” needed was the bombshell dropped in his lap by Ernie Yates, a high level milk procurement for Dean Foods. Dean Foods is DFA’s biggest milk buyer.

The bombshell? Yates notified Smith that, effective January 1, 2010, Dean Foods would no longer accept farm milk from DFA at about a dozen-plus “legacy” Dean Foods plants. (“Legacy” Dean Foods plants are dairy plants owned by “old” Dean Foods before the late December 2001 merger that married Suiza Foods and Dean Foods, putting together the two largest fluid processors in the U.S.)

For more than a decade, DFA has used its near-exclusive raw milk supply contract with Dean Foods

(and other major fluid producers) to bully dairy farmers and competing milk marketing co-ops to submit to sell their milk through DFA, or joint ventures and regional superpools controlled by DFA. Along the way, DFA used the lack of competition among raw milk suppliers to cheat dairy farmers out of billions of dollars in revenue. DFA has used false milk component and quality testing, overblown hauling charges, and “reblends” (producer prices below the federal milk order minimums) to sustain its empire of deceit and favoritism. (Example: Several years ago, DOJ Antitrust investigators found DFA underreported butterfat tests of producers in Louisiana and Mississippi ... and then sold loads of cream off the books!!!)

Dean Foods is beating the bushes, seeking out independent dairy farmers, milk haulers, and field staff. Perhaps the only question facing DFA: Is this move by the co-op’s biggest milk buyer the beginning of the end ... or the end. More details: See pages 8-9.

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