

The Farm and Food File for the week beginning Sunday, Oct. 23, 2005

## **Not milk**

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If a few American dairy processors have their way with the agbiz pliant U.S. Dept. of Agriculture, American consumers will be buying milk, cheese and other dairy products altered with items not approved as food ingredients by the Food and Drug Administration.

In fact, most Americans are already buying and consuming dairy products that contain a dairy derivative, milk protein concentrates, or MPCs, not "Generally Recognized as Safe," by the FDA.

Moreover, according to a proposed rule published in the Federal Register Oct. 19, milk's big boys also want to alter the recipe for cheesemaking to include "ultrafiltered milk," a product, they argue, "will promote honesty and fair dealing in the interest of consumers and... achieve consistency with existing international standards..."

Neither move--changing today's definition of Class I fluid milk to accommodate the addition of MPCs or allowing cheese makers to use ultrafiltered milk, essentially MPCs again--is about honesty and international standards.

Instead, and here's a shock, both are about money.

Money processors hope to make by outsourcing milk and dairy product ingredients, like cheaper MPCs, from New Zealand, India and other dairy exporters.

Money processors can save by substituting cheaper, imported MPCs for pricier, unaltered American Class I fluid milk in their bottling and dairy product plants.

Money U.S. taxpayers will again be nicked for to support domestic dairy farmer income when, not if, U.S. Class I milk prices sag due to increased imports of MPCs.

And, of course, the fabulous waste of about \$2 billion of producer-paid dairy checkoff funds spent over the last 20 years to promote "real" milk, cheese and dairy products to U.S. consumers.

But there is an upside to the proposed rule changes.

If either is adopted the American dairy industry can reengineer its "Got milk?" campaign more easily than it reengineered "nature's perfect food." By changing just one letter, the tagline can read "Not milk!" because, after all, the milk won't be milk.

Instead, it will be a product built by bottom line-driven processors who've shopped the globe for cheap milk replacer--MPCs derived from water buffalo in India, claim critics of the proposal, that already are imported by U.S. dairy processors--then sold as "real" milk to unsuspecting U.S. consumers.

The irony of all this maneuvering is even more breathtaking when you consider who is behind the not-milk moves: the giant farmer-owned dairy cooperatives that market the lion's share of American fluid milk.

Well, at least the coops' processor-blinded hired men.

Initiated several years ago by Dairy Farmers of America (the Maine moochers profiled here in July), the milk redefinition was later taken up, and forcefully presented to USDA at a three-day June, 2005 field hearing, by the National Milk Producers Federation (NMPF), the umbrella organization of 33 American dairy coops, including mega-giant DFA.

NMPF claims milk's definition is "obsolete" because new technology can now separate milk's many components, like "worthless" lactose from valuable proteins.

This technology, NMPF continues, will permit processors to make "new products created merely to avoid Class I pricing (to dairymen), which could undermine" the complicated U.S. milk pricing scheme and chisel producers out of income.

NMPF is right--as far as it goes.

It doesn't note, however, that most of the processors now using the Class I-skirting technology and a large portion of the 34 million metric tons of MPCs imported into the U.S. in 2004 are also NMPF members--coops more bent on processing milk from members than marketing milk from members, their original reason to exist.

For example, DFA, the biggest milk marketing coop in the U.S., is a partner of Fonterra, a 12,000-member dairy coop from New Zealand and one of the world's largest exporters of MPCs. DFA-Fonterra owns 10 dairy product plants in the U.S., including the nation's first MPC-making plant in Portales, NM.

The partnership, like the proposed milk and cheese rule changes, exemplify what happens when marketing coops move to processing: they go into competition with their members.

As such--and setting aside the simple principle that milk should remain milk--these proposed rules, like the coops' processing-mad management, should be clobbered by consumers and coop members alike.