



United States Department of Agriculture

AGRICULTURAL MARKETING SERVICE
DAIRY PROGRAM

MIDEAST MARKETING AREA
Federal Order No. 33

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August 30, 2024

To: Mideast Handlers

On August 8, 2024, United Dairy, Inc. requested that the shipping standard for plants qualified under §1033.7(d) be returned to those defined in the Federal Order 33 language for all months effective September 2024. This would result in increasing the months of December through July from 20 percent to 30 percent, the month of August from 25 percent to 35 percent, and the months of September through November from 30 percent to 40 percent. The aggregate percentage in §1033.7(d)(2) would be increased from 20 percent to 30 percent. These adjustments are being considered in accordance with §1033.7(g) and §1033.13(d)(7).

The previous change to the shipping standard was the result of a request made by Mideast Milk Federation Inc. received in July 2015 which resulted in a change granted in August 2015 until further notice. United Dairy believes that the FMMO language does not support making temporary changes “until further notice” as that should happen through a hearing. United Dairy believes that requests to change the shipping standard should be justified on an annual basis when necessary. There were two comments to United’s request received.

Pioneer Milk Producers asked for more information regarding how the requested changes would impact them and indicated that they would support whatever decision the Market Administrator’s office makes.

The Mideast Milk Federation Inc., which is a federation of cooperatives on Federal Order 33 consisting of Michigan Milk Producers Association, Foremost Farms USA, Dairy Farmers of America, National Farmers Organization, and Select Milk Producers, responded in opposition to the changes requested. They cited reasons including: the continued decline in Class I milk sales, increased milk production coupled with the need to avoid uneconomical movement of milk to assure retention of pool status, and the declining number of Class I processing plants causing a reduced opportunity to meet the original shipping standards. Additional concerns were noted. One, specifically, was the uncertainty around current Federal Milk Order revisions being proposed by USDA and how marketing and pooling decisions will be affected. Their position is that a change should not be made until six months to a year after the implementation of those changes.

As provided under the terms of the Mideast Order under §1033.7(g) and §1033.13(d)(7), if market conditions should change, the market administrator may review, on his own initiative or at the request of interested parties, the need for any further adjustment or a return to original provisions.

This language in and of itself does not preclude making changes “until further notice,” but rather, does specifically state that further adjustments, or a return to original provisions, should be made because of “a need.” This office has not received evidence to indicate that the current reduced shipping standard is causing an unfulfilled need, uneconomic shipments of milk, or creating any other market conditions that require action. As such, no changes to the shipping standard are currently warranted.

If additional handler data is received that indicates negative marketing conditions are being caused by the changed shipping standard, it will be considered.

If you have any questions concerning this matter, please contact this office.

Sincerely,

A handwritten signature in cursive script that reads "Scott C. Jones". The signature is written in black ink and is positioned above the typed name.

Scott C. Jones
Market Administrator



Headquarters:

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Scott Jones
Market Administrator
Federal Order No. 33
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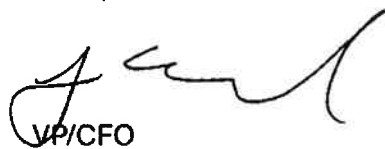
8/8/2024

Dear Mr. Jones:

On July 29, 2015, the Market Administrator at that time issued an adjustment to the shipping standards for plants qualified under §1033.7(d) based on request from other parties. This change was implemented "until further notice". United Dairy feels that the FMMO language does not support a temporary change until further notice without a hearing. Therefore, we are requesting that the shipping standards return immediately to pre-adjusted order language. If modifications are still necessary, we believe that they should be requested and justified on an annual basis by parties that deem them necessary.

Thank you for your consideration in this request.

George E. Wood



VP/CFO
United Dairy, Inc.

August 26, 2024.

Scott Jones
Market Administrator
Federal Order No. 33
P.O. Box 5102
Brunswick, Ohio 44121

Dear Mr. Jones:

The members of the Mideast Milk Federation have reviewed and discussed the request to revise the shipping standards implemented in July 2015. The following is a summary of The Mideast Milk Federation thoughts for your consideration regarding the request.

It would be helpful to understand better the motivation for this change. We support the concept of class I plants having an adequate milk supply. None of the Mideast Milk Federation members are aware of any plants being short of milk in the Mideast region.

We support the current standards and do not agree with reverting back to the original language, nor do we agree with the request to change the current provision in September 2024 on such short notice.

The reasons for the change implemented in July 2015 still exist today which include:

- Declining class I milk sales
- Increased milk production and the need to avoid uneconomical movement of milk to assure retention of pool status for plants in the Mideast Order.
- The number of class I processing plants has declined over the years the ability to comply with the shipping standards for individual cooperatives proves to be a challenge in an environment of reduced de-pooling of milk.

In recent years, some processing plants have an increased the quantity of independent milk supply vs cooperative supplied milk. This reduces the ability of milk cooperatives to meet the original class I shipping standards. Milk cooperatives have the responsibility to balance the total milk demand with supply in the marketing area. Limiting the ability to qualify milk would cause inefficient marketing of milk.

We feel the current revision to the shipping standard and pool diversion limits has worked as intended and has not caused any unexpected or unintended outcomes.

Milk marketing decisions tend to be long term. A shortened, annual review of the revised shipping standards or an automatic reversion to the original language could prove to be disruptive.

The Federal Milk Order revisions are a work in process. and USDA recently proposed significant changes to all marketing orders The Federal Milk Order revisions will impact marketing and

pooling decisions in the Mideast Milk Order. We feel it would be best served to wait 6 months to a year after the implementation of the changes to assess the overall impact.

Thank you for your consideration of the Mideast Milk Federation Members regarding this issue.

Sincerely,

DocuSigned by:

Chris Allen

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Chris Allen, Director Mideast Milk Federation - Select Milk Producers

Signed by:

Dan Belk

7DF469F95450497...
Dan Belk, Director Mideast Milk Federation – Foremost Farms USA

DocuSigned by:

L. Oswald

EF9EE26F7A5C4E2...
Lori Oswald, Director Mideast Milk Federation – Dairy Farmers of America

Signed by:

Andy Bousman

47651886706E458...
Andy Bousman, Director Mideast Milk Federation – National Farmers Organization

Signed by:

Brad Parks

76A451E484D3466
Brad Parks, Director Mideast Milk Federation – Michigan Milk Producers Association