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Market Prices

Addition of Butter Increases CWT Export Volume



[Cooperatives Working Together](#) (CWT) has added butter to the product list it will assist members in selling overseas, starting in January. Analysis of market fundamentals by CWT/NMPF economists indicated that the time was right to provide assistance to CWT member cooperatives interested in expanding sales of U.S. butter in foreign markets. Members of CWT have responded strongly to the addition of this product line to the Export Assistance program. Requests for assistance were accepted from four CWT member cooperatives to export nearly 11 million pounds of butter to

four countries to be delivered through June.

In addition, in January CWT accepted 48 bids to export 13.2 million pounds of Cheddar, Gouda and Monterey Jack cheese to 10 countries. This product will be delivered from January through June.

CWT continues its effort to increase producer participation above 70% of the milk supply, with mailings to independent dairy farmers and cooperatives currently not investing in CWT.

NMPF Urges Greater Accountability by Commodity Brokers

The collapse of commodity broker MF Global has spurred Senate Agriculture Committee Chairwoman Debbie Stabenow to seek recommendations from participants in the futures and derivatives markets.

In a recent [letter to Senator Stabenow](#), NMPF shared the dairy industry's distress that cash accounts of MF Global's commodity customers were improperly used by the broker, and that only 72% of those accounts have been returned so far. Federal law gives commodity futures and options customers first claim on what they are owed from the broker's bankruptcy, regardless of the broker's failure to keep funds properly segregated. NMPF asked for the Senator's support for that position, which has been taken up by the [Commodity Futures Trading Commission](#).

Finally, NMPF urged greater accountability by commodity brokers in the future, offered its support for CFTC's new rules to tighten up protections for commodity customers' cash accounts, and sought tougher enforcement and more severe penalties under those rules. All these positions are aimed at allowing dairy farmers – and their customers – to manage their risks without having to worry about the honesty of the middleman. If you have questions about these issues, please call Roger Cryan or Jonathon Glueck in the NMPF offices.

USDEC and NMPF Raise Concerns about Impact Reorganization Proposals on Trade Policy, Food Safety Agencies

NMPF has expressed concerns about the potential impact on U.S. dairy exports of a

recent proposal to consolidate government agencies.

President Obama recently announced his proposal to reinstate the Office of the President's authority to reorganize the government. His first proposed use of that authority would be to consolidate six agencies dealing with trade and commerce into one.

NMPF, and the U.S. Dairy Export Council (USDEC), praised the Administration's effort to ensure that agencies involved in efforts related to trade are operating in the smoothest and most coordinated way possible. But they expressed deep concerns that including the Office of the U.S. Trade Representative in the process could detrimentally affect U.S. ability to effectively negotiate and enforce trade agreements. Both organizations indicated that they supported the overall effort, but would oppose the inclusion of USTR in such a reorganization out of concern that it would damage the agency's effectiveness.

"NMPF's members want to see an efficiently operated and cost-effective U.S. government," said Jerry Kozak, President and CEO of NMPF. "However, as we pursue the important goal of seeking greater government efficiencies, we need to ensure that this process does not undermine the ability of critical agencies to carry out their missions. In this instance, NMPF is very concerned that USTR's unique role in trade negotiations and its superb level of openness to input from the public would be greatly harmed by submerging this agency within a larger bureaucracy."

In a related issue, Office of Management and Budget Director for Management Jeff Zients stated that a subsequent effort would be to consolidate USDA's Food Safety and Inspection Service (FSIS) with the food safety unit at the U.S. Food and Drug Administration (FDA). NMPF and USDEC also noted with interest this proposal, which, as announced, would not directly impact dairy products, since only meat products are inspected by FSIS.

However, the statement did not reference what impact such a food safety consolidation might have on the USDA Agricultural Marketing Service, which currently plays a key official role as a proxy for FDA on many export-related issues, given the lack of FDA mandate to address export matters. The fact that FDA is not charged with a responsibility for supporting U.S. food exports has in the past created unnecessary hurdles to resolving U.S. dairy export challenges, given FDA's oversight of dairy products. NMPF and USDEC support efforts to rationalize FDA's role with respect to exported products in order to most effectively make use of government oversight responsibilities.

USDA Releases Final Nutrition Standards for School Meals



The USDA Food and Nutrition Service published updated nutrition standards last week for meals served through the National School Lunch and School Breakfast programs as part of the Healthy, Hunger-Free Kids Act of 2010.

The final rule is in line with the proposed changes that were first announced in January 2011. The updated standards increase the availability of fruits, vegetables, whole grains, and fat-free and low-fat milk in school meals. The standards aim to reduce the levels of sodium and saturated fat in meals, and establish minimum and maximum calorie levels for each age/grade group.

Milk continues to be an important part of school meals, and eight ounces of fluid milk must be offered with breakfast and lunch. In addition, schools must offer at least two different milk options. However, the new standards allow only for low-fat (one percent) or fat-free plain milk or fat-free flavored milk in the school meal programs. The rule no longer allows schools to offer whole milk or reduced-fat (two percent) milk or low-fat flavored milk as part of the reimbursable meal. The new regulations do not set any specific calorie or sugar limits for fat-free flavored milk sold on the meal line, but with new calorie restrictions for meals, which include milk, schools will be seeking flavored milk with the least possible

calories or possibly may limit flavored milk.

The standards for school meals will go into effect for the 2012-2013 school year and are [available online](#). Read the [full NMPF press release](#).

NMPF Comments on Approaches to Reducing Sodium Consumption

In September 2011, the Food and Drug Administration (FDA) and USDA's Food Safety and Inspection Service (FSIS) requested public comments, data and information relevant to the dietary intake of sodium and current approaches to promote sodium reduction. They are considering ways to promote gradual, achievable and sustainable reduction of sodium intake over time.

NMPF submitted comments last week, which highlighted:

- The benefits of multiple interventions (including weight loss, physical activity, and diet) in reducing hypertension, rather than reduction of sodium consumption alone;
- The multiple roles of sodium in cheese manufacture, the technological challenges in replacing sodium in cheese, and the labeling challenges with reducing sodium in cheese;
- The voluntary and proactive efforts of the dairy industry to reduce sodium in cheese. NMPF urged FDA to avoid federal restrictions on sodium content in foods.

If you have any questions, please contact [Beth Briczinski](#).

EU Somatic Cell Count Dairy Certification Program FAQs Available

The USDA's Dairy Grading and Standardization Division recently posted "Frequently Asked Questions Regarding the European Union Health Certification Program" on the [Agricultural Marketing Service \(AMS\) website](#).

On January 1st, AMS began to phase in the new instructions relating to EU requirements for milk sampling and revised maximum somatic cell count and standard plate count in raw milk used in the manufacture of exported dairy products. AMS has received numerous inquiries asking for additional clarification and has compiled these FAQs to address the majority of the concerns. The FAQs also include the current timeline for implementation (Question #6).

Feel free to share the FAQ document as appropriate. If you have any questions, please contact [Beth Briczinski](#).

House Committee Rejects Truck Weight Reform Legislation



The House Transportation and Infrastructure Committee voted yesterday to remove truck weight reform language from the American Energy & Infrastructure Jobs Act, also known as the highway bill, in lieu of a three-year study. Thursday's 33-22 vote was a disappointment to the dairy industry, which is affected every day by transportation policies that do not reflect the needs and demands of today's commercial environment.

A coalition of dairy industry organizations had [sent a letter](#) to House Transportation and Infrastructure Committee Chairman John Mica ahead of the markup. In it, the groups argued that allowing states the option to increase their vehicle weight limits would help American businesses meet demand with fewer trucks, thus removing unnecessary trucks from the highway, lessening dependence on fossil fuels, reducing the country's carbon footprint, and improving shipping productivity. The success of pilot programs in Vermont and Maine pointed to the safety and economic benefits of truck weight reform.

"We are disappointed by the committee's vote to remove the truck weight reform language from the highway bill under consideration in the House Transportation Committee," NMPF President & CEO Jerry Kozak said in a statement. "We need

reform now, not after a three year study."

Department of Labor to Withdraw Portions of Proposed Child Labor Rule Changes



On February 1, 2012, the Department of Labor decided to reissue the parental exemption notification this summer to allow for more public comment on the definition of parental farm ownership. In a statement, Secretary Solis said, "The Department of Labor appreciates and respects the role of parents in raising their children and assigning tasks and chores to their children on farms and of relatives such as grandparents, aunts and uncles in keeping grandchildren, nieces and nephews out of harm's way."

NMPF appreciates the recognition of the Department of Labor that increasing regulations on family farms should be done in a thoughtful manner, with the input of all the stakeholders, to not disrupt the sanctity of on-farm child education while also providing for the safest setting for America's youth. However, reconsidering the parental exemption is only one part of the proposed rules. NMPF wants to continue to encourage America's dairy farmers to explain the role youth play on farms and the safe manner in which they work. Specifically, farm families can continue to speak to the importance of summer workforce has in the growth of rural youth as they learn the process of providing the safest, most quality agriculture product to America's families. The proposed rules to youth interacting with livestock or operating machinery are still a concern and we need America's farmers to continue to tell their stories on how this would impact their way of life.

Senator Jerry Moran (R-KS) has created a website to collect personal stories about how the changes would impact family farms. Please visit www.keepfamiliesfarming.com to post comments in response to the proposed laws.

Animal Agriculture Conference to Address Resources and Regulations

The National Institute for Animal Agriculture (NIAA) 2012 Annual Conference, "Living in a World of Decreasing Resources and Increasing Regulation: How to Advance Animal Agriculture," March 27-28, in Denver, Colo., will look at how challenges such as tight credit, increased capital requirements, environmental regulations, drought and other weather issues, more demanding animal care standards and misperceptions about how animals are raised are impacting animal agriculture—and what steps can be taken to advance animal agriculture in light on these challenges.

In addition to listening to keynote presentations, attendees are encouraged to participate in the species-specific committee meetings and council meetings: bovine committee, equine committee, poultry committee, small ruminant committee, swine committee, animal health emergency management council, antibiotics council, animal care council, emerging disease council, animal identification and information systems council and global animal health, food security and trade council. Each species-specific committee meeting and council meeting will have highly targeted speakers and attendees will address issues relevant to the species or council.

NIAA conference attendees are also welcome to participate in a Colorado cattle industry tour on Thursday, March 29. NIAA's post-conference tour includes visits to JBS packing plant, Five Rivers Kuner Feedlot and Gutterson Ranches.

To learn more about NIAA's Annual Conference, please [visit their website](#).

Associate Member Focus



[Ceres Dairy Risk Management, LLC](#) is a new NMPF associate member. Ceres' risk management professionals have over 20 years of combined experience in the dairy industry and have been at the forefront of dairy risk management.

Their deep understanding of the supply chain from cow to cup sets them apart and gives them a fresh approach to dairy risk management.

Ceres is headquartered in Seattle, WA and Sara Dorland, Managing Partner is the company contact. She can be reached at 206-216-1918.

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