



# News Release

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*"Connecting Cows, Cooperatives, Capitol Hill, and Consumers"*

FOR IMMEDIATE RELEASE  
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**USDA Final Decision on Large Producer Milk Bottlers  
Levels Playing Field for Dairy Farmers  
Ag Department's Final Rule Closes Loophole**

ARLINGTON, VA – The U.S. Department of Agriculture issued its final decision Friday to limit the unfair pricing exemption enjoyed by large, vertically-integrated farmer-owned bottling plants, which according to NMPF will close the loophole for the largest "producer-handler" milk bottlers.

Under rule changes to be published this week [in the Federal Register](#), the producer-handler definitions in all Federal Milk Marketing Orders will be amended so that only farms with bottled milk sales of three million pounds or less per month remain exempt from the pooling provisions. Producer-handlers with sales more than that will be treated the same as other bottling operations that don't own farms, and will have to pay Class I differentials into the shared producer revenue pool effective in their respective Federal Order regions.

"This decision by USDA is the culmination of years of work by National Milk and our members to create a level playing field for milk bottlers, which ultimately benefits dairy farmers of all sizes," said Jerry Kozak, President and CEO of NMPF. "The USDA has acknowledged that it's time to close a loophole that was really intended to benefit small producer-handlers, not those as big as any other commercial milk bottling plant."

Under the previous rules, a milk bottler of any size could avoid paying into the Federal Order pool in its market so long as it only bottles milk it produces. This regulatory exemption provided a large competitive pricing advantage, and reduced average pay prices for other producers who lost out on shared Class I revenue. Those producer-handlers with bottled milk sales of three million pounds or less per month remain exempt from the pooling and pricing provisions.

The new decision also tightens the requirements in the Arizona and Pacific Northwest Federal Order markets, which had allowed producer-handlers up to three million pounds of sales in separate marketing orders; the new rules allow up to three million pounds in total marketings.

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This was the first hearing initiated under new timelines advocated by NMPF in the latest Farm Bill. NMPF and the International Dairy Foods Association (IDFA) jointly petitioned for new limits on producer-handlers in January 2009. A hearing was held in May and a resulting recommended decision was issued in October, with comments due in December. USDA must seek producer approval of the final decision before it can go into effect, probably in April or May.

The [USDA website has extensive information on the issue](#). USDA's decision supports NMPF's position and frequently cites NMPF's testimony in its conclusions.

The National Milk Producers Federation, based in Arlington, VA, develops and carries out policies that advance the well being of dairy producers and the cooperatives they own. The members of NMPF's 30 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of more than 40,000 dairy producers on Capitol Hill and with government agencies. Visit [www.nmpf.org](http://www.nmpf.org) for more information.