

UNITED STATES DEPARTMENT OF AGRICULTURE

Agricultural Marketing Service
Dairy Program

FEDERAL MILK ORDERS 124 & 131

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July 1, 2022

HL 22-03

TO: Pool Handlers –Pacific Northwest Federal Milk Marketing Order

SUBJECT: Continuation of Revision in Shipping Percentages for Manufacturing Plants Operated by a Cooperative Association

SUMMARY: This action continues the reduction of the percentage of a cooperative association's producer milk that must be delivered to pool distributing plants to qualify its manufacturing plant for pool status. The order states that a specified percentage of producer milk must be delivered to pool distributing plants during either the current month or, on average, the immediately preceding 12-month period ending with the current month to qualify a cooperative's plant.

The purpose of this standard is to assure an adequate supply of milk for fluid consumption while enabling the continued pooling of producer milk that currently is pooled without the need for uneconomic movements of milk, which would result in disorderly marketing. To accomplish this goal, the order must reflect the needs and nature of the market.

The minimum shipping percentages applicable pursuant to this revision are: 15%

EFFECTIVE DATE: July 1, 2022 – June 30, 2023

STATEMENT OF CONSIDERATION: This proposed action is a continuation of the request made in May 2019 and granted in June 2019, effective July 1, 2019. In May 2020 and May 2021, comments were requested to continue the reduced shipping percentage through June 30, 2021, and June 30, 2022, respectively. The continuations were granted. Dairy Farmers of America (DFA) requested the Market Administrator review the request annually.

This proposal was originally requested by Cooperative Regions of Organic Producer Pools (CROPP), a handler regulated under the Pacific Northwest Federal Milk Marketing Order. CROPP requested the decrease of the percentage of producer milk that a cooperative association must ship to pool distributing plants to qualify its manufacturing plant for pool status, specified in section 1124.7(d), from 20 percent to 15 percent. The request also stated that with Class I sales dropping, the handler has “struggled to meet this requirement without changing routes and moving milk around”.

On May 27, 2022, this office notified Federal Order 124 handlers of a Proposed Continuation of Revision in Shipping Percentages for Manufacturing Plants Operated by a Cooperative Association and invited the submission of comments, data, or views on this request by no later than June 24, 2022.

One verbal comment and two written comments were received. In addition, an analysis of the current and projected Federal Order 124 marketing conditions was performed by this office.

Cooperative Regions of Organic Producer Pools (CROPP) and Northwest Dairy Association (NDA) submitted comments in favor of continuing the reduced shipping percentages. NDA recommends a review of market conditions in 2023.

The comment received from Dairy Farmers of America (DFA) did not oppose the continued reduction in shipping percentages. DFA would like the Market Administrator to review this request annually.

Current market conditions continue to indicate that absent a reduction in shipping standards, the pool status of manufacturing plants in the order may not be maintained without costly and uneconomical movements of milk that would have to be made to maintain the pool status of producers who have historically supplied the market and to prevent disorderly marketing in the Pacific Northwest Federal Milk Marketing Order.

Therefore, continuing the reduction in the shipping standard in section 1124.7(d) is reasonable and necessary to ensure that such producers' milk will not have to be moved in an uneconomic and inefficient manner. In addition, the reduction in the shipping standard will serve to ensure orderly marketing conditions that may otherwise be eroded if the shipping standard is not lowered.

Based on the comments received and analysis of available information and data, it is determined that the percentage of producer milk that a cooperative association must deliver to pool distributing plants during the current month or, on average, the immediately preceding 12-month period ending with the current month, be reduced to 15% through June 30, 2023, at which point, marketing conditions will be reviewed to determine if 15% continues to be appropriate.

As provided in section 1124.7(g) of the Pacific Northwest Federal Milk Marketing Order, the Market Administrator may review the need for any further adjustment on the Market Administrator's own initiative or at the request of interested parties.

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

Lisa K. Wyatt
Market Administrator