

201 S. Main St., Suite 302, N. Syracuse, NY, 13212 - Ph.315-452-6455 Fx.315-452-1643 - [www.nysdfi.org](http://www.nysdfi.org)

## **APRIL 2008**

**Our New Look Unveiled!** - After considerable review, we've decided to change the look and feel of our newsletter for the first time in 15 years. This is our first version and we hope you will like it. It is streamlined and designed to give you the news and facts quickly. We know you don't have a lot of time to read endless articles. So it is our goal to give you the news you need to know about the dairy industry in the Northeast to be in the know!

I encourage you to give us some feedback. In fact the first feedback you can give us is your email address. Like everyone else costs are up and being **GREEN** is in. Give us your email address and you'll help us save money on postage paper and labor costs, plus you'll get the news even *faster*. We promise not to give out your email to anyone for any reason. Just send us an email at [info@nysdfi.org](mailto:info@nysdfi.org) with the word Newsnotes in the subject line and you'll be added to our news email list.

Oh yes, we want other feedback for our news&notes. Do you have a new product you want announced or recently created a new marketing program? How about a new hire or employee promotion you want the world to know about? If you think it is news, email it to us at [info@nysdfi.org](mailto:info@nysdfi.org) and we'll see what we can do help get the word out. Put us on your company's publicity contact list. Thank you for your continued support and feedback! NOW TO THE NEWS!

**Northeast States Proposed Legislation** - It is the legislative season and there have been many bills introduced in many northeast states that are gaining support that if passed could change the face of how raw milk is priced; how milk package labeling is regulated; what ingredients can be added or not that will affect the standards of identity; what types of milk and types of packaging that can be sold in schools; changes in bottle deposit laws; and premiums charged to class 1 processors for raw milk produced, processed and sold in the respective state. These legislative attempts are most prominent in New York, Vermont, New Hampshire, New Jersey, Pennsylvania and Maine. Our association is actively monitoring and actively lobbying to either support or oppose these initiatives.

The bottom line: Proponents of these new laws do not understand the many ramifications and unfair playing fields that will be created if these laws were passed. We are witnessing the farm lobbying groups more increasingly communicating to state and federal legislators about issues such as the need to include the cost of production in raw milk pricing. These proposed laws are serious; we encourage you to help by getting involved and contact your legislators. Our association stands ready to supply you with the knowledge and information regarding the important issues and to help you contact your legislators about the proposed legislation.

**Dairy Production, Price Situation Outlook** - The question remains in most everyone's minds, what is the price of milk going to be in 2008. This includes not only the Class I price processors will have to pay, but also what will the raw milk price be for dairy farmers and what are the many variables that will affect the price you pay, whatever segment of the dairy or retail industry you are in. The bottom line: It is the consensus of many of the leading dairy economist experts that 2008 will be the 2<sup>nd</sup> highest year for the price of raw milk paid to dairy producers. This translates into the trickle down effect for all Classes of products. Where prices will eventually end up, either on the high or low side of that second all time highest price paid is questionable. National milk production is one of the key elements to watch.

Currently it is the expert opinion that milk production will grow 2% for 2008. Milk production has traditionally grown 1-2% per year for many years now. So far in 2008, January's milk production as reported by USDA for the 23 top milk producing states was 2.7% higher than previous year's levels; February was 2.4% higher for the same period one year ago. Weather around the U.S. this spring will play an important factor in milk production as well as the price of feed. The price of feed is much higher which usually translates into lower milk production, (higher feed costs means less quality feed for cows, resulting in lower milk production resulting in higher raw milk prices). But we are seeing higher cow numbers on farms, a

trend that started in May 2007. More cows, more milk production. FYI, California's milk production per cow for February was -0.7%, but still up 1.9% overall. Wisconsin's production for February was up 0.8%; New York +3.4%; Idaho +7.2%; PA -1.1%. These are the 5 top milk producing states. Remember, California is the dog, the rest are the tail.

Finally, we also have to watch exports and the value of the U.S. dollar. As the dollar continues its slide in value around the world, our products become less expensive and are desirable for export markets. Exports are on the rise; in 2007 we exported more than 2 billion pounds of dairy products worth over 3 billion dollars! That was a 62% increase over 2006 that resulted in helping the price dairy farmers are paid to be at all time highs. Mexico was one of our major exports for cheese and the number one export market for all goods totaled; Japan for whey protein. Strong export demand reduces Class IV products and inventories here in the U.S, resulting in higher prices all around. Over all in 2007, dairy exports on a total milk solids basis was equivalent to 9.3% of U.S. milk production. Any changes in any of these factors will have an impact on milk and dairy product prices.

**NYS Milk Price Threshold April 1, 2008** - The NY State Department of Agriculture and Markets released the milk price threshold notice effective for April 1, 2008. Metro Region: Gallon \$4; Half Gallon \$2.05; Quart \$1.06. Upstate Region: Gallon \$3.79; Half Gallon \$1.94; Quart \$1.01. This represents an increase of a \$1.91 in the Class I price. This is a \$.33 cent increase per gallon at retail compared to March 2008.

**Pennsylvania Milk Marketing Board Premiums** - The PA Milk Marketing Board, (PMMB) has agreed to increase the over-order premium on Class I milk from the current \$1.35/cwt. to \$2.15/cwt. for the period of April 1 through December 31, 2008. Premiums are paid by Class I processors for milk produced, processed and sold in PA to PA dairy producers over and above the minimum price set by the Federal Milk Market Administrator. PMMB's reasons for increasing the premiums are increased costs of milk production and anticipation of lower prices paid to dairy farmers in 2008 from 2007.

Testifying on behalf of dairy cooperatives and in support of increasing the premium was Ed Gallagher from Dairylea Cooperative. He testified that input costs were increasing for dairy farmer that included commodity prices, energy costs and feed costs. Also testifying on behalf of the PA Association of Milk Dealers was Ron Mong who favored only a \$.40/cwt. increase. He felt the \$.90 increase requested by the cooperatives was too much at this time.

**Cooperatives Push to Expand PA's Over-Order Premium to Out of State** - In the first rounds of testimony last week at the PA Farm Show Complex, two cooperative representatives testified before the Pennsylvania Milk Marketing Board (PMMB) to expand the board's over-order premium for milk produced and processed in the state, but sold in a neighboring state with an over-order premium program. The hearing was the first in a series hosted by PMMB to make a final ruling on the issue. The only other state impacted by this ruling would be New Jersey, which has a fuel adjuster premium in place for its dairy farmers.

If the PMMB rules in favor of the proposal, first set forth by Gov. Ed Rendell and Agriculture Secretary Dennis Wolff, more than a half billion pounds of milk produced in Pennsylvania annually would be eligible for the new premium.

Edward Gallagher, vice president of economics and risk management for Dairylea, and Dennis Schad of Land O'Lakes presented testimony on behalf of a conglomerate of cooperatives with membership in Pennsylvania. Schad said using the PMMB's milk volumes, a 65-cent per hundredweight premium would return more than \$2.5 million to Pennsylvania dairy producers. Both said that the board needs to consider this action in order to "level the playing field for New Jersey farmers" impacted by processors' preference for cheaper milk from Pennsylvania, and to further assist Pennsylvania dairy farmers, who are losing ground compared to national averages.

Dairy farmers in Pennsylvania have higher production costs compared to other dairy regions and have not enjoyed the same economic benefits during times of high milk prices.

Schad said the state has only seen an increase in production of 5 percent — a far cry from the national average of 28 percent. The state has also lost national market share, dropping from 7 percent in 1998 to just 5.8 percent today.

Additionally the PMMB announced it will conduct another hearing on June 4 to receive testimony concerning a producer premium for packaged milk labeled so as to represent to consumers it contains milk produced by cows not treated with rBST.

**Wal-Mart Announces rBST Free Milk Supply** - Wal-Mart announced that its Great Value milk is now being sourced exclusively from cows that have not been treated with artificial growth hormones like recombinant bovine somatotropin (rbST). Sam's Club is also exclusively offering milk selections from suppliers that have pledged not to treat cows with rbST. While the FDA has stated that milk from cows treated with rbST poses no risk to human health, many Wal-Mart customers have expressed a desire for milk choices. Today's announcement is evidence that Wal-Mart is committed to keeping its product selection in line with what customers expect to find when shopping its stores.

"We value our customers' opinions and understand how important variety is in all aspects of the business," said Pam Kohn, senior vice president, general merchandise manager, Wal-Mart Stores, Inc. "We've listened to customers and are pleased that our suppliers are helping us offer Great Value milk from cows that are not treated with rbST."

**NY State Reviewing rBST Free Milk Claims** - Will Francis of the New York State Department of Agriculture and Markets, Division of Milk Control recently reported the marketing of rBST free milk continues to grow and has brought increased attention to the issue of labeling. New York is conducting a review of its laws and regulations and in consultation with other states, hopes to develop a regional guideline for compliance concerning this issue. Currently, in New York, there is no legal requirement that processors and manufacturers submit their milk labels to the Department for approval prior to selling in the marketplace. The Department does monitor compliance through a "10-point Inspection Program for "Non-rBST" Claims." Any processor buying rBST free milk has to comply with this program; a copy of the regulations can be obtained from our office.

**New Jersey Governor Corzine Proposes Elimination of Ag. Dept.** - Daniel Wunderlich, coordinator of Dairy Program and Enforcement, Division of Marketing and Development New Jersey Department of Agriculture recently reported the Department received notice the week of February 19, 2008 that it is one of the State Department which will no longer have a line in the state budget and will be dissolved. The Budget Address was given by Governor Corzine on February 26. Governor Corzine wants to eliminate up to 3,000 employees to help offset the state's huge budget deficit.

Local agriculture groups are opposing the elimination of the department. Others in the state agree that authority for current Ag. Dept. laws and regulations could be transferred to other agencies such as the Health Department.

The NJ Ag. Dept. was supposed to release a decision on March 6 to keep, increase/reduce or eliminate an energy adjuster imposed on Class I processors in the state in March of 2007... For the first 6 months, the adjuster collected over \$240,000.00 and was returned to dairy farmers in that state. As of this writing no decision has been announced. Our association with many members testified the adjuster is not necessary due to the fact supply and demand will eventually return sufficient revenue to dairy farmers to offset increased costs.

Additionally, the Dept. in a series of hearings in the past 12 months also took testimony regarding labeling and the need or not to mandate an rBST free milk premium. As of this writing, no decision has been made. Our association opposes any and all state labeling mandates; the FDA has sufficient labeling regulations for the industry. Although our association supports lawful and truthful labeling claims and encourages all processors to comply with state guidelines.

**Summer Dairy Industry Events Set to Go!** - Mark your calendars and plan on attending this year's events:

**April 9, Wednesday**, EPPA, (Eastern Perishable Products Assoc.) Show 'N Sell, New Jersey Convention and Exposition Center, Raritan Center, Edison, New Jersey. Call 973-831-4100 or visit [www.eppainc.org](http://www.eppainc.org) for info.

**April 23, Wednesday** - Control Plan Milk Shrink Workshop, sponsored by NYS Dairy Foods, Inc., Northeast Dairy Association and the NY State Cheese Manufacturer's Association. DoubleTree Hotel, Carrier Circle, E. Syracuse, NY 8:30am-4pm. Open to all dairy processing and manufacturing plants. Call 315-452-6455 or visit [www.nysdfi.org](http://www.nysdfi.org) for registration and details.

**May 12, Monday** - PA Association of Milk Dealers PAC Golf Outing, Felicita Resort and Spa, Harrisburg, PA. Call 717-238-1738 for registration info and details.

**June 10, Tuesday** - Annual Dairy Industry June Dairy Month Celebration, in the Well of the Legislative Office Building, 11am-1pm. Show off your products and services to our state legislators to remind them the importance our segment plays in the industry. Call 315-452-6455 for participation details.

**June 17, Tuesday - Northeast** Dairy Association Keystone Ice Cream Suppliers and Manufacturer's Annual Golf Outing, Heidelberg Country Club, Bernville, PA. Open to all **NDA** members and guests. Join us for a full day of relaxation, fun and customer golfing. Call 315-452-6455 or visit [www.neastda.org](http://www.neastda.org) for registration information.

**July 9, Wednesday** - Annual Northeast Dairy Association, Inc. Clambake, Hinderwadel's Grove, North Syracuse, New York. 1-7pm. All NDA members and guests invited to really chow down some great food, relax, make customer contacts, and entertain guests. Call 315-452-6455 or visit [www.neastda.org](http://www.neastda.org) for registration details. Advance registration discounts available.

**August 25, Monday** - Dairy Day at the New York State Fair. Enter dairy product competitions, sample products, participate in our cow milking contest, take part in our cheese auction and be in our dairy parade. For info call 315-452-6455 or visit the Fair's website at: [www.nysfair.org/fair](http://www.nysfair.org/fair)

**September 14-16** - Northeast Dairy Convention sponsored by New York State Dairy Foods, Inc., PA Association of Milk Dealers, Northeast Dairy Association, Inc. The convention will be held at the Heritage Hills Golf Resort and Conference Center. Open to all members and guests. Join the entire northeast dairy industry in this 2 day filled event. Meet new customers, relax with old friends, listen to industry experts, show your wares and best of all have a little fun while mixing business with pleasure. Registration info will be available in late May, call 315-452-6455 or visit [www.nysdfi.org](http://www.nysdfi.org) for info.

**New York State Dairy Princess Crowned** - Kristen Davenport, the 2007-2008 Columbia County Dairy Princess, was crowned the 2008-2009 New York State Dairy Princess during the 45<sup>th</sup> Annual NY State Dairy Princess Coronation. The pageant took place on February 19<sup>th</sup>, 2008 at the Holiday Inn, Liverpool, NY. As state princess, Kristen will receive a \$1,200 scholarship and will represent the American Dairy Association and Dairy Council, Inc. at county dairy princess pageants, farm meetings and a variety of special events. In addition, she will help train new county promoters at seminars and workshops.

Kristen is the daughter of Jim and Karen Davenport of Ancramdale, NY, where she resides on a Registered Holstein and Ayrshire Farm. She is currently a senior at Taconic Hills High School where she serves as her class president, is a member of the National Honor Society, and school band. She is also a member of the NY Holstein Assoc. where she served as the Junior Holstein Convention Chairperson. Dairy princesses are available for public appearances depending on schedules. If you would like to have a dairy princess at your next event to help promote dairy products, contact Melissa Osgood at the American Dairy Association, 315-472-9143.

**In Fond Remembrance** - It is with sad news we report the loss of two of our close dairy industry friends.

**Eugene T. Wolff - March 3, 2008** Eugene T. Wolff, age 81, of DeWitt, died Monday, March 3, at home. Born in Lancaster County, PA. Gene graduated from Penn State University in 1949, with a B.S. in Dairy Science. He began his working career at the Dairymen's League in Syracuse. In 1974, he joined the Department of Food Science at Cornell University. He retired in 1991. He was a member of several professional organizations including International Assoc. of Food Protection, American Dairy Science Assoc., and the NYS Cheese Manufacturers' Assoc. In 1993. The NYS Dairy Foods Inc. named him Man of the Year.

He received many awards and honorary life memberships from professional organizations. In 2003, the Dairy Practices Council recognized his lifetime of volunteer service by naming a new award in his honor. He was the first recipient of the Eugene T. Wolff Service Award, presented to him by board member, Philip Wolff. Gene was active in the Jamesville-DeWitt Area Baseball Council. He also coached baseball teams throughout the sports careers of his three sons; Little League, Sandy Koufax, and Babe Ruth leagues. Following his retirement, Gene tutored and mentored children through the Friends in Action program at Springfield Gardens. He was a member of Pebble Hill Presbyterian Church and DeWitt Kiwanis Club.

Gene is survived by his wife, Jean Brown; daughter, Meryl Wolff (David Bean); granddaughters, Emily and Sarah Wolff Bean; daughter, Karen Wolff; sons, Philip (Lillian), Robert, and Terry (Patti); and great-granddaughter, Annie Owens. A memorial service was held Friday, March 6, at Pebble Hill Presbyterian Church. In lieu of flowers, the family asks that you please contribute to: Pebble Hill Presbyterian Church Memorial Fund, 5299 Jamesville Rd., Syracuse, NY 13214, or Hospice of CNY, 990 7th N. St., Liverpool, NY 13088. To the very end he encouraged the Post Standard to run the late night West Coast box scores for all the local Brooklyn Dodgers fans. Fairchild & Meech DeWitt Chapel in charge of arrangements.

**Gaylord "Jeebs" Smith** - Gaylord Smith, 77 of Regent St., Niskayuna, died Wed. March 5, 2008 at Ellis Hospital Skilled Nursing. Mr. Smith was born in Honesdale, PA the son of the late Bryce and Lelia Gaylord Smith. He graduated from Honesdale High and Penn State University, where he was a member of Phi Sigma Kappa. He moved to the Schenectady area in 1976. He was recognized internationally as an authority on dairy manufacturing. He established the Mohawk Associates where he worked internationally as a consultant prior to that he worked at Glen Mohawk Dairy in quality control. He was an avid Nittany Lion fan. He was a member of New York State Association of Milk and Food Sanitation, International Association of Food Protection, Western NY Conference of CASA, Northeast Dairy Practices Committee, Capital District Sanitarian, national Conference of Interstate Milk Shippers, Northeast Dairy Association, Inc., member of Environmental Management Association, South Central Sanitarian, Allegheny Regional Sanitarians, Penn York Sanitarian, NY Society of Professional Sanitarians, APHA, Food Sanitation Institute, National Mastitis Council, PA Dairy Sanitarians Assoc., PA Approved Lab Directors Assoc., and the National Conference of Weight and Measures.

He is survived by his loving wife of 44 years Kathleen Moffitt Smith; two sons, Patrick Smith of Ocean View, DE, and Andrew Smith of Tampa, FL; three daughters, Amy (Joe) Bomm of Glenville, Susan Smith of Pittsburgh and Megan Smith of Morgantown, WV; three brothers, Wilson Smith of FL, Richard Smith of Salem, MO, Donald Smith of Lansdale, PA; and a sister, Nancy Smith of PA.

Funeral services we on Monday, March 10 at Our Lady of Fatima, Schenectady, NY. Memorial contributions can be made to Animal Protective Foundation, 53 Maple Avenue, Scotia, NY 12302.

**For More Dairy News and Information** - Stay connected and keep up to date. Bookmark our association's websites:

New York State Dairy Foods, Inc., [www.nysdfi.org](http://www.nysdfi.org) A full service trade association for dairy processors, distributors, manufacturers.

Northeast Dairy Association, Inc. [www.neastda.org](http://www.neastda.org) An association for dairy industry suppliers and vendors.

# *Mercer's*

THE FINEST IN ICE CREAM

~ 40 Flavors of Mercer's Premium Ice Cream ~

~ 5 Flavors of Mercer's Wine Ice Cream ~

~ 4 Flavors of Mercer's Organic Super Premium Ice Cream ~

~ Full Line of Ice Cream, Sherbet, Gelato & Organic Mixes ~

Mercer's Now Co-packs Pints, 1/2 Gallon &  
Bulk (5 qt & 3 gal) Ice Creams for New and Exciting  
Ice Cream Manufacturers.

Low Minimum Runs

NYSBST Free Milk

Proprietary Mix Formulation

Full Range of Mix Formulas, Super Premium, Premium, Light,

Sherbet, & Sorbets

Set-up and Flavor Design Support

Costing Support

Labeling, NLEA, and Ingredient Deck Support

Distribution Support

Quality You Can Taste.



Please contact Jim Derway  
Mercer's Dairy  
13584 NYS Route 12  
Boonville, NY 13309  
866.637.2377

[www.mercersdairy.com](http://www.mercersdairy.com)