

NEWSNOTES

Dairy Prominent in New Food Guide Pyramid

The USDA unveiled a revised Food Guide Pyramid—now entitled “MyPyramid” - which translates the U.S. Dietary Guidelines into a pictorial tool to help people choose the kinds and amounts of food to eat each day. In addition, the department launched a consumer education website—www.mypyramid.gov—as a way for people to tailor the pyramid to their own individual nutritional needs. The new pyramid continues the message from the updated Dietary Guidelines, released in January, that people above the age of eight should get three cups of lowfat or fat-free dairy products each day.

After an eighteen-month review, USDA decided to keep the pyramid shape, a move that IDFA encouraged in its public comments to the department due to the public’s strong familiarity with that shape. In MyPyramid, the separate food groups are depicted by colored bands that divide the pyramid vertically; the previous pyramid had been divided horizontally. The dairy recommendation is indicated by a wide band of blue. IDFA is pleased that USDA kept dairy foods within its own food grouping, which USDA refers to as the “Milk Group.”

Continued on page 5

Legal Challenge to PMMB Decision Made—Minimum Pricing Upheld

Harrisburg, PA - Chairman Boyd E. Wolff of the PA Milk Marketing Board announced on April 6, 2005 that the United States District Court for the Middle District of PA has upheld the PA Milk Marketing Board’s authority to set minimum wholesale prices. The ruling was issued in a case brought by Cloverland-Green Spring Dairies, A Baltimore, Maryland based milk processor. Cloverland alleged the minimum wholesale prices set by the Board prevented it from selling milk in PA.

The Court concluded that Pennsylvania’s minimum wholesale prices did not prevent Cloverland from selling milk in PA. The Court also noted that there is rich competition among milk processors in PA based on such factors as quality of products, level of service and product selection.

Importantly, the Court also found that the Board and the Milk marketing law provide many benefits to PA. The Court found that without the Board-mandated over-order premium, small dairy farms would be less viable and more likely to go out of business, thus damaging Pennsylvania’s economy. Continued pg. 4, left column, see PA Decision...

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JUNE IS DAIRY MONTH!

Hey everyone, June is Dairy Month. Celebrate by promoting your products with your customers and high-light products in ads. Also celebrate by drinking at least one glass of milk a day, lets all set a good example, increase sales and give thanks we all work in one of the best industries in the nation!

President Asks for Renewal of “Fast Track” Authority on Trade

On March 30th, President Bush asked Congress to grant a two-year extension of Trade Promotion Authority (TPA), which is set to expire July 1st. TPA give the president the authority to negotiate trade agreements that can be approved or rejected, but not amended, by Congress. IDFA strongly supports TPA, which has become an essential tool in the the White House’s free trade efforts over the past 3 years.

“TPA allows the Bush Administration to aggressively pursue trade pacts that open up new markets for U.S. dairy exports,” noted Clay Hough, IDFA senior vice president and counsel. “Congress should not stand in the way of TPA’s renewal, which will be essential in obtaining additional bilateral and regional trade deals, as well as achieving a successful agreement in the World Trade Organization’s Doha Round.”

Under current law, the extension of TPA is automatic after the president formally requests it, unless either the Senate or the House of Representatives votes to reject the request, by the July 1— CONTINUED ON PG. 4, SEE FAST TRACK

CONVENTION DATES CHANGED FROM JUNE TO SEPTEMBER FOR 2005

Annual Northeast Dairy Convention

September 11-14, 2005

Niagara Falls, Ontario, Canada

This years convention is to be held at the luxurious Fallsview Marriott Hotel, with breath taking views from your room of the American and Canadian falls. Majestic Niagara Falls, Ontario offers many exciting things to see and do, be sure to mark your calendars now. Convention registration information will be mailed in June. **Plan now to attend!**



Bruce W. Krupke
Executive Vice
President Report

Dear Members, by the time this copy of Newsnotes gets delivered to you, it will be the beginning of June. I want to ask you a question, did you make plans to promote dairy products this month? Don't forget June is Dairy

Month. Notice I didn't ask, did you make arrangements to put your products on sale. There is a difference in promoting and having a sale. Many times customers just need to be reminded to enjoy and purchase the products you sell. June Dairy Month provides you an opportunity to do just that without the need to do what you already most likely do, reduce price.

Promotional activities include hanging P.O.P (point-of-purchase) signs and materials, using dairy clip art in ads, sampling, providing product for a local ice cream social, contests, drawings, kid's games, handing out recipes, wearing buttons and more. You can do a lot to help your sales by beating the proverbial drum. Try something new, your customers will appreciate the ideas. Don't forget, July is Ice Cream Month, start your planning now.

During the past few months since I last reported to you a couple of legal decisions were made that I think you should know about if you sell milk in any form.

The first and most anticipated was the decision by the U.S. District Court for the Middle Dist. of PA upholding the minimum wholesale milk pricing structure. In case you aren't familiar with the law in PA, the Commonwealth sets the minimum wholesale price and retail price. It also provides an over-order premium price on Class I milk for farmers. The bottom line, don't try to enter PA and sell your milk at a lower price than that established by the PMMB, (PA Milk Marketing Board). That is exactly what one dairy, Cloverland Green Spring from Baltimore tried to do. They were challenged and lost the recent battle in court. The official word is that Cloverland will take the challenge to the next court, the Federal Court of Appeals. Only the Supreme Court awaits them should they lose again, we'll be waiting another 2-4 years for the final word.

The significance of this decision should be studied. Has someone found a little bit better way to price milk out there? Please don't get me wrong, I'm a firm believer in the law of supply and demand and think competition is the best for our Republic. Although there might be room for conversation to better understand what PA does and if it really is working as well as the judge who made the decision says. If you are a dairy farmer or a milk distributor or even retailer, do you think the government should establish minimum prices for milk? Remember, our fine state establishes a maximum price for milk. Hum, either PA or NY has it right, or wrong.

The other case that we were watching was the National Beef Council's defense of their national generic promotion checkoff. You see, a number of beef producers didn't like being told they had to contribute to the Council who promotes Beef for Dinner. They said it impeded their right to free speech, in this case, being forced to participate and say something they didn't want to. Imagine the government forcing you to talk. We know we have the right to silence, now I guess that isn't necessarily so in some instances. The main significance of this decision by the Supreme Court is that generic promotions contributions have been deemed legal. That means if you are a milk processor and disagree with having to contribute to the National Milk PEP program or a dairy farmer who doesn't want to pay into the Got Milk program, you don't have much of a choice. Depending on where you stand, that could be a good thing or bad. The bottom line, if you send in a check once a month, make sure you are getting your money's worth, find out how you can participate to your advantage.

Marketing

That Makes a Difference

New Tool Helps Processors

Maximize Sales in the Dairy Case

On a recent trip to the grocery store, you may have wondered — how did tortillas and orange juice find their way into the dairy case? To help protect your turf and not lose more precious retail space, MilkPEP has developed a tool for processors to use to show retailers the optimal product configuration for each store's existing dairy case.

"MilkPEP created the Dairy Case Optimization Tool to help processors convince retailers to carry the best configuration of milk products," says IDFA Senior Director of Promotions Julie Buric. "Every salesperson at every processor should develop a plan for every retailer they serve."

The tool is in an easy-to-use Excel spreadsheet format and is similar to other space optimization tools used by many consumer packaged goods companies, including Tropicana and General Mills.

To create a model, a processor follows a five-step process that uses actual store data, shelf measurements and container sizes to create the optimal dairy case product configuration. Processors can "run the numbers" various ways to not only learn which products make the most sense for a retailer to carry, but also which are sold the quickest and therefore are most likely to be out of stock.

Processors are encouraged to attend a webcast tutorial (dates and times listed below) to learn how to use the Dairy Case Optimization Tool. To register for a webcast tutorial, contact Prema Mirwani at 202-220-3558 or at pmirwani@idfa.org. The Dairy Case Optimization Tool is available in the "FMSTI" section of www.milkpep.org.

Webcast tutorials on MilkPEP's new Dairy Case Optimization Tool, which helps you develop the best product configuration for each store's dairy case, will be held at 12 noon ET on:

Friday, June 17

Friday, August 12

MilkSplash May 2005 Volume 9, No. 5

Remember, nothing can be really done until somebody gets out and sells something.....

Share Your Marketing Ideas!

Do you have a promotion or marketing idea you would like to share with the industry? If so, please call our office or send us an e-mail. We'll accept stories, concepts, and pictures. Give us a call or e-mail our office, we would like to hear from you and so would our other members as well!

USDA Sets Hearing To Change Definition

A public hearing will be held to consider proposals seeking to amend the Class I fluid milk product definition in all federal milk marketing orders. The hearing will be at the Sheraton Station Square Hotel, in Pittsburg, PA at 8:00 a.m. Currently under federal orders, "fluid milk product" means "any milk products in fluid or frozen form containing less than 9 percent butterfat that are intended to be used as beverages. Such products include, but are not limited to: milk, fat-free milk, lowfat milk, light milk, reduced fat milk, milk drinks, eggnog and cultured buttermilk, including any such beverage products that are flavored, cultured, modified with added nonfat milk solids, sterilized, concentrated, or reconstituted." The term concentrated milk means milk that contains not less than 25.5 percent, and not more than 50 percent, total milk solids.

Dairy Farmers of America seek to amend the definition by defining fluid milk product as any product containing milk or milk products in fluid or frozen form containing less than 9 percent butterfat that are intended to be used as beverages, including any beverage products that are flavored, cultured, modified with added nonfat solids, sterilized, concentrated, or reconstituted. DFA also seeks to amend the fluid milk product definition to include any dairy ingredient, including whey, when calculating the milk contained in a product on a protein-equivalent or nonfat solids equivalent basis.

O-AT-KA Milk Products Cooperative, Inc. is proposing to add a true-protein standard. In determining the protein content and milk equivalent of a product, the proposal seeks to include all dairy solids—such as caseinates, milk protein concentrates and whey protein—and non-dairy sources while pricing only the milk equivalent of the dairy solids. O-At-KA also seeks to add exemptions for alcoholic beverages containing dairy ingredients and formulas prepared for dietary use (meal replacement or nutritional supplements) having a true-protein content from any source greater than 6.2 percent on a protein-equivalent basis.

Select Milk Producers Inc. and Continental Dairy Products, Inc. are proposing to amend the fluid milk definition by including only stand-alone beverages that are determined by a skim-milk equivalent standard, removing the current 6.5 percent nonfat milk solids standard, and excluding other dairy products in fluid form that are not intended to be used as stand-alone beverages.

H.P. Hood LLC is proposing to amend the definition to include any product that, based upon substantial evidence as determined by USDA, directly competes with other fluid milk products and whose classification would enhance producer revenues. An alternative to that proposal from H.P. Hood seeks to amend the definition by authorizing, but not requiring, USDA to determine a product's nonfat milk solids content by applying only a skim milk equivalent standard with respect to any dried dairy ingredient.

NMPF is proposing to amend the definition by removing the reference to the 6.5 percent nonfat milk solids standard and why, and adopting a milk protein standard.

The Dannon Company Inc. is proposing to amend the definition by excluding yogurt-containing beverages.

General Mills, Inc. is proposing to amend the definition by excluding drinkable food products with no more than 2.2 percent skim milk protein provided the product contains at least 20 percent yogurt by weight.

Nowartis Nutrition Corporation is proposing to amend the definition by excluding formulas prepared for dietary use by removing the words "(meal replacement) that are packaged in hermetically-sealed containers." The proposal removes the 6.5 percent nonfat milk solids standard.

Hormel Foods, LLC is proposing to amend the definition by excluding health-care beverages as fluid milk products.

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FDA Updates Compliance Policy Guide For Federal Import Milk Act

FDA announced the availability of a compliance policy guide (CPG) that provides guidance on the applicability of the Federal Import Milk Act (FIMA) to imported milk and cream. The CPG is to provide guidance regarding which imported dairy products require a permit under the FIMA.

In the Federal Register of October 29, 2004, FDA had announced the availability of a draft. The FDA received 10 comments that were mainly submitted by organizations representing dairy producers. Nine of the ten comments were outside the scope of the draft. The other comment, which was submitted by Nestle USA, Inc., requested clarification on whether sweetened condensed milk was subject to a FIMA permit. After careful consideration, the FDA revised its intended treatment of sweetened condensed milk and evaporated milk under the FIMA. Accordingly, FDA has removed sweetened condensed milk and evaporated milk from the list of products that FDA intends to consider as not subject to the FIMA's requirements for importation. Cheese, yogurt, sour cream, cultured milk, acidified milk, ice cream, eggnog, sweetened condensed milk, evaporated milk, dried milk, nonfat dry milk, fortified nonfat dry milk, other dehydrated milk products and any of the dairy products for which a permit is otherwise required if they have been processed and packaged in hermetically sealed containers so as to be commercially sterile will all also be considered as not subject to the FIMA's permit requirement. The FDA intends to consider the following dairy products as subject to requirement for importation: milk, lowfat milk, skim or nonfat milk, fortified milk, flavored milk concentrated milk, ultrafiltered milk, cream, half-and-half, heavy cream, light cream and light whipping cream.

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CWT Focus Shifts From Cows To Cheese, Butter Through Export Assistance Program

Now that that last bidder in Cooperatives Working Together's dairy herd retirement program has been paid for selling his cows, CWT's primary focus is now the overseas export market for American-made dairy products.

With two months remaining in CWT's second year of operations, the farmer-funded self-help program has more than \$10million available to help assist in the export of cheese and butter products. CWT accepts bids from member organizations to export cheese and butter, and awards export bonuses based on the lowest bid prices. The bonuses bridge the gap between the domestic U.S. price and the world price, which is generally lower. CWT operates the export assistance program in an effort to maintain cheese prices above \$1.40 per pound, and \$1.30 per pound for butter.

With the current U.S. price for block cheese at \$1.45 per pound, and the world price only about five cents below that, CWT is hopeful that more cheese can be exported this spring.

"Our initial goal 10 months ago was to export 20 million pounds of cheese and 7 million pounds of butter," said Walt Wosje, COO of CWT. "So far, we've exported about 5 million pounds of cheese and no butter. So we're hoping that our members can take advantage of the opportunity to export some product while the gap between domestic and world prices is pretty slight, especially since we have plentiful financial resources to apply to the program," Wosje said.

In its first year of operation, which ended June 30th, 2004, CWT helped export more than 3million pounds of cheese. In CWT's second fiscal year, approximately 4.5 million pounds have been exported, (continued on page 5)

Vermont Creates Dairy Task Force

Vermont Gov. James Douglas has created a dairy task force to boost local dairy farming and help meet growing demand for milk in the Northeast. The task force will consider ways to preserve and encourage farming, encourage value-added production and help with greater per-farm production. Within the next six months, the task force is expected to determine the viability of such ideas as grants for farms to shift to pasture-based dairies; grants or tax credits to add cows; funding for nutrient management and business plans; and grants and loans for the development of new markets for cheese makers and processors. The panel includes former state Agriculture Commissioner Leon Graves, who is now a dairy marketing specialist, Agri-Mark economist Bob Wellington, and representatives from the St. Albans Co-op, Ben and Jerry's, Horizon Organic, Dairy Farmers of America, Cabot Cheese, Rock Bottom Farm and Star Hill Dairy.

www.idfa.org

Farmland Dairies LLC Emerges From Bankruptcy

In less than 14 months, Farmland Dairies LLC emerges from bankruptcy as a market leader. Farmland has reorganized around its fresh milk and dairy products business in the Northeast and its national aseptic milk products business, based in Grand Rapids, MI. It is a leading processor in these markets. Additionally, its Wallington, NJ location is the largest HACCP certified fluid milk plant in the U.S.

"The bankruptcy process, although not a pleasant experience, allowed us time to dig into the very core of our business and assess all of the functions and manner in which we operated; and as a result, we have emerged a much stronger and more focused company," said Martin J. Margherio, Farmland's President and CEO.

News Release dated April 19, 2005

CONTINUED FROM PAGE 1 - FAST TRACK...

deadline. Senator Byron Dorgan (D-ND) has already introduces a resolution to turn down the president's request, but it appears unlikely that such blocks will be successful. Senator Dorgan was also a staunch opponent to TPA in August 2002, when Congress reinstated TPA for the first time since it lapsed in 1994.

Prior to TPA's reinstatement, the United States had free trade agreements with only 3 nations—Canada, Mexico and Israel. With fast track authority over the past three years, the White House has won congressional approval of its trade deals with Jordan, Chile, Singapore, Australia and Morocco. The U.S. Free Trade Agreement with Central America and the Dominican Republic (CAFTA-DR), also negotiated under TPA, is now awaiting congressional consideration.

www.idfa.org

PA Decision, from Pg. 1

The Court also found that, due to the minimum prices set by the Board, PA farmers receive a larger share of the retail price of milk than do farmers in other states. In addition, the Court found that retail prices are lower for PA consumers than for consumers in most other states. The Court further found that minimum wholesale prices promoted a large and diverse market of milk processors in PA.

Chairman Wolff and Board members Luke Brubaker and Barbara Grumbine thanked all segments of the PA dairy industry who worked together to defend the case. The PA Assoc. of Milk Dealers intervened as a defendant so that it could take part directly in the trial and employees of individual milk dealers testified at the trial. The PA Farm Bureau testified about the benefits of the Milk Marketing Law to PA's dairy farmers. Others provided support and encouragement during the litigations.

March Milk Production Up 4 Percent

New York dairy herds produced 1.038 billion pounds of milk during March according to the USDA's New York Agricultural Statistics Service. This total is up 4.1 percent from the March 2004 level. An increase in milk production per cow, as well as a slight increase in the average number of milk cows resulted in the increased total production compared to last year.

The number of cows averaged 651,000 head, down 9,000 from March of the previous year. Milk per cow averaged 1,595 pounds, up 85 pounds from the March 2004 rate.

Dairy farmers in the Empire State received an average of \$16.00 per hundredweight of milk sold during March, up 30 cents from February and 20 cents from March a year ago.

Milk production in the 23 major States during March totaled 13.8 billion pounds, up 3.1 percent from March 2004. February revised production, at 12.3 billion pounds, was down 0.5 percent from February 2004. However, production was up 3.1 percent on a per day basis after adjusting for the leap year. The February revision represented an increase of 30 million pounds or 0.2 percent from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,704 pounds for March, 43 pounds above March 2004. The number of milk cows on farms in the 23 major States was 8.10 million head, 38,000 head more than March 2004, and 21,000 head more than February 2005.

Study Shows Consumption of Soda and Water Up, Milk Down

The U.S. Department of Agriculture's Economic Research Service study shows a remarkable increase in the consumption of bottled water and soft drinks. The study focuses on dietary concerns, noting that the high amount of soft drink consumption can be directly linked to the problems of obesity, especially in young people. The study also raises the concern over the decrease in milk consumption, which may result in declining intakes of important nutrients such as calcium.

"More than 60 percent of soft drinks and nearly 70 percent of bottled water are consumed away from home," says Brent Searle, Oregon Dept. of Ag. Analyst, referring to the USDA study. "Most fruit juice and milk is consumed at home. It's clearly evident that the things that are available in vending machines out in the public are soda and water. Hopefully, that can be a market indicator for milk and other beverages. They can see it as an opportunity to get more visible and gain more access into public areas and vending machines."

"The dairy industry has focused on packaging and new product development to meet the needs of the 2005 consumer," says Michelle Ruby, communications director for the Oregon Dairy Products Commission. "The expanded categories can especially be seen in the variety of flavored milk. What you'll see more of is dairy as a key ingredient in beverages of the future. The wellness/functional segment of the beverage industry represents a significant opportunity for protein-rich dairy ingredients, such as whey proteins. Ready-to-drink sports nutrition beverages, nutrient-enhanced drinks, and energy drinks are all beverages that are being consumed more and more by consumers, and dairy ingredients offer product developers taste, functionality, nutrition and versatility. We believe this will help liven-up a mature product category like fluid milk, preventing further decline and adding new life to the category." Beverages companies—including milk producers and processors—will continue to watch the purchase and consumption trends as they compete for that valuable but limited space in the belly of the American consumer. The USDA report can be found online at www.ers.usda.gov/Publications/ERR1/

Some Good Stuff to Know..

Florida Soon To Surpass New York's Population

Florida will pass New York to become the nation's third-largest state six years from now, according to new projections released by the U.S. Census Bureau.

As of July 1, 2004, according to the Census Bureau, New York was home to 19.2 million residents, while Florida's population was just under 17.4 million. Texas, which surpassed New York's population in the early 1990's, was at just under 22.5 million as of 2004.

New York is expected to add nearly 1.5 million residents aged 65 or older between 2000 and 2030, while the number of residents under 65 is projected to decline by about 967,000. The number of older residents is expected to rise nationwide, but the number of non-aged residents across the country will rise more, according to the Census Bureau.

Twenty upstate counties lost population from July 2000 to July 2004, the Census Bureau said in numbers released April 14th. Seventeen other Upstate counties had population growth of less than 1 percent during the period.

A table showing the Census Bureau's population projections through 2015 is available as www.bcny.org/whatsnew/2005/0420censusoptable.htm.

www.bcny.org

New Food Guide (continued from pg 1)

In its simplest form, the pyramid does not offer individual food graphics within the colored bands. However, USDA stated that printed posters and the in-depth information available at www.mypyramid.gov include specific food graphics. Online, the "Milk Group" is graphically depicted with cartons of milk, a glass of milk, slices of cheese and a container of yogurt. People who "don't or can't consume milk" are directed to "lactose-reduced products or other calcium-rich foods." The website also cautions those who choose fortified sources of calcium, such as soy beverages or orange juice, that these foods do not provide the other nutrients found in dairy products. The MyPyramid website also includes a page on making choices to include more dairy, such as preparing oatmeal with milk and adding shredded cheese to soups, stews and casseroles.

USDA has expressed a desire to work with partners in industry to publicize the new MyPyramid graphic and educate consumers about how to use it.

It is anticipated that USDA's unveiling will receive widespread media coverage, in both print and broadcast. For complete details on MyPyramid, members are encouraged to visit www.mypyramid.gov.

IDFA Alert May 4, 2005

Visit our Website for More Dairy News!

Who merged with who yesterday? What are the future expectation of milk prices? Where is the convention going to be next year and what are those dates again? How do I sign up for that golf outing or that national convention? If you want to know the answers to these questions and stay in touch with the latest in dairy industry news and happenings with our association, it is easy. Simply click on our website at: www.nysdfi.org. You can also email us to add your name to our dairy update member only email list.

Do you have comments regarding our newsletter, responses to our editorials or info you want to share? If so, send us your thoughts in writing to the address at the top right corner of page 1 or email us at info@nysdfi.org

WELCOME NEW MEMBERS!

Perry's Ice Cream: Robert Denning, Pres, Brian Perry, Exec. Vice President, Scott Terharr, CFO
Akron, NY

Upstate Farms, Robert Hall, CEO,
Brian Kornfeind, COO, Ed Luongo CFO,
Cheektowaga, NY

New York State Retail Milk Threshold Price Effective June 1, 2005

	<u>Gallon</u>	<u>Half Gallon</u>	<u>Quart</u>
Metro Region: (NYC & Counties Of Nassau, Suffolk, Rockland, Orange, Westchester, Putnam & Dutchess)	\$3.14	\$1.62	\$.85

Upstate Region: (Remaining Counties)	\$2.93	\$1.51	\$.79
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Compared to the previous threshold, prices decreased \$0.20 a gallon, \$0.10 a half gallon and \$0.05 a quart in Metro NY and \$0.20 a gallon, \$0.10 an half gallon and \$0.05 a quart in Upstate NY. The decrease reflects the underlying change in the Federal Order Class 1 price (3.5% butterfat) which decreased \$1.18 pre hundredweight (\$0.101/gallon) from last month. The threshold price is calculated by multiplying by two the total of two components, the minimum federal order price and the premium paid for Class 1 milk.

A retailer who sells above the threshold price may be in violation of the law unless such selling price is justified as not being unconscionably excessive. Such justification includes net invoice price paid for the milk item plus actual costs incurred in handling and selling that milk item.

Please be advised that the threshold price is only changed if there is at least a \$0.02 per gallon (\$0.23/cwt) change in the underlying price for Class I (fluid) milk at 3.5% butterfat.

CWT Export Program (continued from pg 3)

all of it in the second half of 2004. World butter prices are considerably lower than the current U.S. price of \$1.435 per pound. The U.S. wholesale butte price has not dropped below the CWT target since the export assistance program started at the end of 2003.

Since 2003, CWT has reduce milk supplies by nearly 1.7 billion pounds, through the combination of two herd retirement programs, a reduced production marketing program, and enhanced cheese exports. Farm-level milk prices have been consistently above-average since CWT's operations began two summers ago, and government expenditures on dairy safety net programs have been minimal.

CWT is being funded by dairy cooperatives and individual dairy farmers, who are contributing 5 cents per hundredweight assessment on their milk production through December 2006. The money raised by CWT's investment is being apportioned among several supply reduction programs to improve the national all milk price. For more on CWT's ctivities, visit www.cwt.coop.

Press Release dated April 27, 2005

Dairy Market Watch

SALES UPDATE—FLUID MILK

USDA reports that milk sales for January 2005 were up 0.4% compared to January 2004 (when adjusted for calendar composition). Lowfat and fat-free milk sales posted large gains of 2.0% and 1.7% respectively, when compared to January 2004. However, the significant decline of whole milk sales, which dropped 6.7% when compared to January 2004, offset most of these increases.

The Bureau of Labor Statistics reports that the average price of a gallon of whole white milk was \$3.31 in January 2005 compared to \$2.88 in January 2004—a 15% increase in price. A 2004 MilkPEP study found that milk sales at retail are affected by price to a significant degree. For more information on the “Milk Price Elasticity Study,” visit the “FMSTI” section of www.milkpep.org.

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Product	January Sales vs. YAGO (in millions of lbs.)	January Sales vs. YAGO (in percentages)	Year-To-Date (in millions of lbs.)	Year-To-Date (in percentages)
Whole Milk	1488	-6.7	1488	-6.7
2% Reduced	1521	-1.9	1521	-1.9
1% Lowfat Milk	560	2.0	560	2.0
Fat Free Milk	691	1.7	691	1.7
Flavored Whole	62	-29.1	62	-29.1
Flavored Fat-Red. Milk*	346	10.4	346	10.4
Buttermilk	43	-5.9	43	-5.9
Total Milk** Products	4788	0.4	4788	0.4

* includes 2%, 1% and fat-free flavored milk

** adjusted for calendar composition

Region	January Sales vs. YAGO (in millions of lbs.)	January Sales vs. YAGO (in percentages)	Year-To-Date (in millions of lbs.)	Year-To-Date (in percentages)
Northeast	814	-3.7	814	-3.7
Appalachia	302	-2.4	302	-2.4
Southeast	422	-0.1	422	-0.1
Florida	264	1.9	264	1.9
Mideast	541	-4.2	541	-4.2
Upper Midwest	385	1.3	385	1.3
Central	407	-1.8	407	-1.8
Southwest	368	-1.6	368	-1.6
Arizona-Las Vegas	109	2.0	109	2.0
Pacific NW	188	0.7	188	0.7
California	547	-0.1	547	-0.1

UPCOMING CALANDAR EVENTS OF REGIONAL INTEREST

June 7th - June is Dairy Month Celebration in Albany, Legislative Office Building 11am-1pm. Celebrate by attending and sampling your products. Contact Amy Grega 518-455-5073

June 15 - Food Terrorism Awareness Program/Workshop. No cost, full day, co-sponsored by the NYS Dept. of Ag. & Markets. Holiday Inn, 7th N. St., Liverpool, NY. Call 800-554-4501, Mary Ann Stockman to register.

Wednesday, July 13, 2005: Clambake Golf Outing, Links at Erie Village, E. Syracuse, NY 7:30am shotgun start. Also, Northeast Ice Cream Supplier Clambake at Hinderwadel’s Grove, N. Syracuse, 1:00pm start. Visit www.nysdfi.org for registration/tickets for both events.

Sept. 11-14, 2005: Annual NYS Dairy Foods, Inc. and the PA Assoc. of Milk Dealers Northeast Dairy Convention, Marriott Fallsview Hotel, Niagara Falls, Ontario, Canada.

QUESTION OF THE MONTH

Question: I have federal W-4 withholding forms on file from each of my employees. Must I also have a New York State withholding form on file from each of my employees?

Answer: The New York State employee withholding certificate is the form IT-2104. According to the IT-2104 instructions, if the employee does not file an IT-2104, you may use the same number of allowances claimed on the federal W-4 withholding form. Employees are urged to file an IT-2104 with the employer if state withholding allowances are different from the federal allowances or whenever there is an change in the number of allowances.

The Business Council of NYS, Inc. Vol. 16 No. 4

Plan your June Dairy Month and July Ice Cream Month Promotions Now!

If you could use promotion buttons or clip art, contact our office, we have supplies! Booster member Promotion Products has lots of dairy premium items for you to purchase as well, call 315-455-1165 or visit them on the internet at www.tshirtsfast.com

