



NEWSNOTES



Celebrating our 75th Anniversary

FDA Warning to Processors, No Milk Is Hormone-Free

Recently the FDA warned four milk processors not to label their products "No Hormones or Hormone-free," claiming the labels are misleading. The FDA says all milk contains naturally occurring hormones. FDA is committed to assuring that consumers are provided with truthful information on product labels," said FDA Commissioner Mark McClellan, MD, Ph.D. "FDA will continue to take strong action to protect American consumers from products with labeling that is false or misleading." During recent inspections, FDA investigators collected labels of dairy products, including various milk and ice cream products. FDA reviewed the labels and determined that the statements "No Hormones" and "Hormone Free" are false claims, and therefore, the products are misbranded under section 403(a) of the Federal Food, Drug, and Cosmetic Act, (the Act).

The warning Letters explained the labeling are false because all milk contains naturally occurring hormones, and milk can not be processed in a manner that renders it free of hormones. FDA has cautioned the firms that the agency could pursue further action such as a seizure and/or injunction, if they fail to take prompt action to correct their labels. Before the 1993 approval of rbST, FDA determined that the genetically engineered form of bST is virtually identical to a cow's natural somatotropin, a hormone produced in the pituitary gland that stimulates the production of milk. The firms

Involved in the warnings are:
Golden Fleece Products, Inc., Lecanto, FL
Helios Nutrition Ltd., Sauk Center, MN
Ronnybrook Farm Dairy, Ancramdale, NY
Parmalat USA, Wallington, NJ

PA Minimum Milk System to be Challenged in Court

The Commonwealth of Pennsylvania oversees a minimum milk pricing system operated by the Pennsylvania Milk Marketing Board, (PMMB). Created in the 1930's, the system sets a minimum price allowed to be charged for both wholesale and retail prices in the State. Simply put, nobody can sell below a state minimum price for wholesale and retail prices.

This is achieved by carefully monitoring and gathering information of 6 divided areas in the State. This information is used and presented in a series of hearings as deemed necessary throughout the year. Then a panel of 3 appointed officials which make up the board decide where prices will be set based on information received. **(Continued on Page 6, top right)**

NYS Fair Dairy Product Competition Winners

The 2003 Dairy Product Competition Award winners were announced during Dairy Day festivities at the NY State Fair held in Syracuse, NY on Monday August 25, 2003.

Twenty one classes of dairy products were judged by a team of professionals and experts from NYS Dept. of Ag. and Markets and Cornell University. The Crowley Foods, Inc. plant located in Albany, NY won first place for fluid milk. The other top four finishers for milk were: Upstate Farms, Buffalo; Stewart's Processing, Saratoga Springs, NY; Parmalat/Sunnydale Farms, Brooklyn, NY; Wendt's Dairy, Niagara Falls, NY.

Other member winners included Crowley Foods LaFargeville, NY Gold medal for Cottage Cheese; H.P. Hood, Inc. Vernon,



NY for non-fat cottage cheese; Kutter's Gold and Yancey's Fancy, Inc. Silver for Cold Pack/Process Cheese; Colosse/Jigalin Inc. Cheese Co., Pulaski, NY Gold for Surface Flavored Natural Cheese; Kraft, Inc. Canton, NY Grand Champion for Cheese. Pictured: L to R: Max Kravitz and Howard Kravitz owner of Em-

Kay Trading Corp., Elmsford, NY accepts first place prize for cream cheese from Tim Reagan, Pres. of the NYS Cheese Manufacturers Assoc. For a list of all winners, contact our office.



**Executive
Vice President Report
by Bruce W. Krupke**

A couple of old topics reared their ugly heads recently. Topics that I thought were pretty much put to bed, but not so. First, as you will read on page three of this news-

letter, U.S. Sen. Charles Schumer has proposed a new program he would like to introduce later this fall legislation to alter milk prices for dairy farmers. Basically I'll call it grandson-of-Compact. As you may recall, a few years back Congress allowed the New England States to create their own farm milk minimum pricing system. New York never joined because Congress never re-authorized it. But, here we are again faced with a similar program which will force milk processors to pay more than the already minimum federal order prices. Why I call it grandson is because there has been another program, funded by the federal government to subsidize dairy farm prices in place since the Compact died. The question is, do we need all these schemes and market distorting systems? Only time will tell.

The second issue that I had thought was almost a dead made the spotlight recently. BST is back! On page one you can read about the FDA warning about bST labeling. Some processors apparently labeled their milk as having "No-Hormones." Well, FDA has said you can't do this, that it is misleading to consumers. You see, all milk from mammals has naturally occurring bST. The artificial rbST helps stimulate milk production in cows on farms. Dairy farmers actually use it as a tool to help increase production. The only problem is that the general consumer doesn't like to know about that. I think this whole genetic modification of the food supply has helped stimulate organic production and products, but we'll discuss that at another time.

The problem we have now is that the dairies who were warned now have to change their packaging, a costly proposition. Although a second and bigger problem is that many other dairies continue to make bST claims on their packaging, but more to the tune of "our milk does not come from cows treated with artificial hormones or rbST." This is a bit more truthful and apparently is monitored, hopefully, by the state agencies. But is this really fair? Does this claim mean that the milk is better in some way than milk which may have come from a cow artificially injected?

BST producer Monsanto doesn't think so and has recently made headlines by taking Maine's Oakhurst Dairy to court. So, sometime in the near future we'll find out what the court says. The ramifications here are huge. If Monsanto wins then all the other packaging with similar claims may have to disappear. If Oakhurst wins, then we just might see more packaging with bST claims. For your information, Oakhurst has been supported by the likes of Ralph Nader. Now there is an interesting business partner. Ask yourself, when was the last time old Ralphy boy was on the side of any business? Keep tuned for developments on both of these old and now new again hot topics!

Marketing

That Makes a Difference

"Shake Stuff Up" Display Contest to begin September 14th

This fall, MilkPEP and The WB television network are partnering on the "Shake Stuff Up" flavored milk promotion. As part of this promotion they will be hosting a flavored milk display contest which is open to every retailer and will be held from September 14th through October 19th. The display contest will divide a \$90,000 prize pool between independent and chain grocer-ies, convenience stores and mass merchandis-ers. Also all display contest participants will be entered into a drawing to win a trip for two to Hollywood and to tour The WB studios. Display contest entries are due by November 3rd. Ads congratulating the winners will run in *Pro-gressive Grocer* and *Convenience Store News* in February 2004. For more information about the display contest, the promotion or to order mate-rials, visit the "Promotions" subsection of the "Current Programs" section of www.milkpep.org.

Is Spam Eating Your Business Dollars?

The spam problem is no joke! E-mail users suffered 6.7 million spam attacks in March 2003. One company estimates that each spam e-mail that hits an employee's inbox costs \$1 lost productivity. America Online reports that its users are receiving 1.8 million messages per day from one particular "spammer."

The problem for business? Spam e-mails offering business scams, sexist jokes and even pornographic images are sitting on business computers, taking up storage space, and using time and resources. Some material included in spam messages is, at best, a waste of time and space and, at worst, illegal to possess.

DarwinMag.com, an online business technology magazine, recommends fighting back with an e-mail usage policy, followed by staff training in e-mail use and etiquette. The training should cover how to recognize and deal with spam and scams. There's also an anti-spam web site that offers help for blocking and filtering spam (spam.abuse.net/userhelp/).

IDFA Calls For Modernization Of Food Standards In FDA's FY04 Priorities

Citing the increasingly long process to petition for modernizing the outdated federal standard of identity, IDFA in early August called on the Food and Drug Administration (FDA) to initiate a review to consider a wholesale revision of its standards of identity for dairy products, with special emphasis on streamlining the review and approval of petitions. IDFA's proposal on dairy standards came in a letter outlining its wide ranging priorities—including recommendations of food health claims, biotechnology, and other issues—for FDA's Center for Food Safety and Applied Nutrition (CFSAN) in its new fiscal year that begins on October 1, 2003.

"Food technology, processing methods, ingredient science and consumer preferences have truly revolutionized the food industry, which remains, in far too many instances bound to operate within the restrictive confines of outdated federal standards of identity," IDFA Senior Vice President Greg Frazier said in the letter. "Modernized standards should account for scientific and technological advances as well as enable manufacturers to respond effectively and quickly to changes in consumer preferences."

"The dairy industry has two petitions pending with FDA that illustrate the need for a comprehensive look at the current system," Frazier noted. "One, in spite of unanimous support from the industry and the temporary approval from the U.S. Department of Agriculture, FDA has not reached a final decision on the petition that the National Cheese Institute filed in 2000 to permit the use of ultra-filtered milk in cheeses and two, the International Ice Cream Association's petition to modernize standards of identity for ice cream and frozen dessert seeks to revise federal rules unchanged for nearly 25 years. These examples demonstrate that the current petition process takes unduly long, and that the standards in effect are woefully outdated by modern industry and market standards. While FDA should devote resources to complete action on these two specific petitions as quickly as possible, we believe it is time for FDA and the industry to begin a broader, more thorough examination of how to reform the entire process so it is more responsive to processors, as well as their customers."

IDFA's comments were delivered in response to CFSAN's annual solicitation of suggestions on the federal agency's work plan for the coming fiscal year, CFSAN's leading priority has been counter terrorism, a priority that will continue into FY04 when FDA plans to issue final regulations implementing the federal Bioterrorism Preparedness Act. CFSAN has also proposed placing greater priority on enhancing consumer health information for better nutrition in the next year, a move that would be consistent with other priorities IDFA recommends with respect to permitting manufacturers to make qualified health claims about dairy products, the regulatory treatment of foods from cloned and transgenic animals, and the coming requirement to disclose trans fatty acids on food labels.

"The bottom line for us," Frazier added, "is that

the priorities CFSAN adopts are very important to the industry, so we need to make sure the dairy processor's voice is heard as the agency decides which items to undertake, which to put on a slower track, and those that will not get attention because of resource constraints. Additionally, our comments pointed out that in many areas, such as the critical area of food security and counter terrorism, industry-government cooperation is vital to successful results. That is a model we want to continue, and replicate in some of the other regulatory areas under CFSAN's jurisdiction."

CFSAN plans to issue its work plan, which will include top priorities (rated with an "A") that the agency will slate for completion in FY04 and secondary ("B") priorities that will be on a slower schedule, this fall.

New Dairy Legislation Helping New York's Milk Farmers

US Senator Charles E. Schumer recently announced he has made significant progress in his fight to move legislation that will bolster the income of New York dairy farmers. After spending the last several months working with colleagues from throughout the Northeast, Schumer said the bill has been drafted and will be introduced into the Senate in the fall with bipartisan support.

"The Milk Income Loss Contract (MILC) program had good intentions and brought New York's milk farmers millions of dollars, but it should have done more," Schumer said. "We need a new system that gives farmers fair prices for their milk. Our dairy farmers have been getting killed and they need a shot in the arm."

The drafted bill would allow states to choose between continuing to participate in the MILC program or forming regional organizations that would establish "counter-cyclical" price triggers for farmers to receive benefits. With counter-cyclical price triggers, farmers start to receive support in the form of payments under the program when the price of milk falls below the trigger price.

These payments would be funded through assessments on processors that would then be redistributed through a national central fund and supplemented with federal funds. Producer payments would be equal to either what the region paid into the central fund or 45% of the difference between the trigger price and the price of class I milk in the region—whichever is greater.

"When it comes to the milk market, there are various conditions we simply cannot control. We can, however, set up a program that helps farms weather the terrible financial risks caused by these stormy prices," Schumer said. "The regional dairy pricing system we're putting together will pay farmers a fair price so they can make a living. It's something we can do and it's something we should do."

The Senators plan to introduce the bill this fall. It is the Senate companion to House legislation being created by Representatives Reynolds, McHugh and other members of the New York delegation.

Puget Sound—Highest Milk Prices

By Judith Blake

Shoppers in the Seattle-Tacoma area pay more for milk than those anywhere else in the contiguous United States, yet the government-set farm price for milk in the state is nearly the nation's lowest, says a consumer-advocacy group. "There has never been a greater gap between what a Seattle-Tacoma consumer pays for milk and what Washington farmers receive for that milk," the Washington State Public Interest Research Group (WashPIRG) says in a report released August 13th. Quoting from data on the U.S. Department of Agriculture's (USDA) web site, the group says the average price for a gallon of whole milk in this area in July was \$3.52, while the government-set farm price was \$1, second-lowest in the nation after the upper Midwest region, which was 99 cents.

Experts offered a variety of theories to explain the high local retail prices. One is that grocery-chain mergers and consolidations have reduced the number of supermarket companies competing for the consumer's dollar, said both John Mykrantz, an agricultural economist with the regional office of the USDA, and Ronald Cotterill, a nationally known milk-price expert with the University of Connecticut. In this region, both QFC and Fred Meyer stores are now owned by Kroger, the nation's largest grocery chain, making Kroger, in effect, the second-largest chain in this area, after Safeway. Albertson's is third locally in market share.

Some contend that stores no longer use milk as a "loss leader" - a grocery necessity priced low to draw in shoppers who will then buy other items. "That isn't done so much anymore," said Blair Thompson, a spokesman for the Washington State Dairy Products Commission.

Washington dairy-industry representatives said the high retail prices help depress sales and contribute to a rising incidence of farm failures in Washington. "When we look at these prices that just stay up there in the stratosphere, we say we'd like to see them come down a bit where people could buy a little more milk, a little more cheese, and we could get rid of some of the supply, and (farm) prices could go up a bit," said Jay Gordon, and Elma dairy farmer and executive director of the Washington State Dairy Federation. But grocery-industry officials said the reported retail prices do not reflect the frequent special promotions of milk that help lower the average price consumers actually pay.

The WashPIRG reports says that since 1997, the Seattle-Tacoma area has had either the highest or second-highest retail milk prices among major U.S. cities. WashPIRG and others said that even when the government-set farm price goes down, regular retail prices tend to stay up. "Historically, when we look at retail (milk) prices, they're high and steady. They don't fluctuate with farm prices," the USDA's Mykrantz said. He said consumers may sometimes contribute to high prices by choosing certain milk brands that cost more than others but that, unknown to the shopper, come from the same processing plant. These consumers may erroneously equate higher price with better quality, he said, adding that such price disparities can be seen at many stores. *(continued on page 6, right column)*

**School Meals Affect
Agriculture in Big Way**

About \$4.6 billion was spent on school breakfasts, lunches, milk and summer food service programs in the 1996—1997 school year, the latest year for which detailed figures were immediately available. According to the U.S. Department of Agriculture, those programs created 7,738 more jobs and \$870 million more for the agricultural industry than would have been possible without the programs. The following is a glance at some of the most common commodities schools receive from the federal government, how much was spent on them and what percentage of the total food purchased they account for:

Grains: 138 million lbs., \$143.5 million, 3.7%

- ◆ *Breakfast cereal:* 25.2 million lbs., \$78.7 million, 2%
- ◆ *Pasta and noodles:* 14.1 million lbs., \$8.9 million, .2%

Bakery Products: 449.2 million lbs., \$518 million, 13.5%

- ◆ *Bread and rolls:* 229.5 million lbs., \$175 million, 4.5%
- ◆ *Cakes/other desserts:* 63.4 million lbs., \$106.6 million, 2.8%
- ◆ *Pretzels/chips:* 55.6 millions lbs., \$95 million, 2.5%

Red Meats: 159.6 million lbs., \$239.6 million, 6%

- ◆ *Beef and veal:* 82.4 million lbs., \$121.6 million, 3%
- ◆ *Pork:* 19.5 million lbs., \$69.8 million, 1.8%

Poultry: 177.8 million lbs., \$272 million, 1.8%

- ◆ *Chicken:* 130.2 million lbs., \$216.7 million, 5.6%
- ◆ *Turkey:* 47.5 million lbs., \$55.1 million, 1.4%

Eggs: 13.9 million lbs., \$15.4 million, .4%

Fish: 27.8 million lbs., \$47 million, 1.2%

Dairy Products: 2.7 billion lbs., \$932.1 million, 24%

- ◆ *Cheese:* 65.8 million lbs., \$98 million, 2.6%
- ◆ *Milk:* 2.5 billion lbs., \$759 million, 19.7%

Fruits/Juices: 845 million lbs., \$433.5 million, 11.3%

Vegetables: 780.6 million lbs., \$371.9 million, 9.7%

- ◆ *Green vegetables:* 194.1 million lbs., \$82.8 million, 2.2%
- ◆ *Potatoes/Potato Products:* 345.6 million lbs., \$158 million, 4%

Legumes/Nuts/Seeds: 41.3 million lbs., \$21.7 million, .6%

- ◆ *Dry beans/peas:* 35.1 million lbs., \$14.7 million, .4%
- ◆ *Peanuts/peanut butter:* 2.3 million lbs., \$2.7 million, .07%

Sugar/Desserts: 134.9 million lbs., \$90.3 million, 2.4%

- ◆ *Candies/toppings:* 12.1 million lbs., \$23.2 million, .6%
- ◆ *Jellies/jams/preserves:* 7.8 million lbs., \$5.5 million, .1%

Non-Dairy Drinks: 411 million lbs., \$154.4 million, 4%

- ◆ *Carbonated:* 91.8 million lbs., \$33.2 million, .9%

Some Good Stuff to Know...

New York State Retail Milk Threshold Price Effective September 1, 2003

	<u>Gallon</u>	<u>Half Gallon</u>	
<u>Quart</u>			
<i>Metro Region:</i> (NYC & Counties Of Nassau, Suffolk, Rockland, Orange, Westchester, Putnam & Dutchess)	\$3.16	\$1.63	\$.85
<i>Upstate Region:</i> (Remaining Counties)	\$2.97	\$1.52	\$.80

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.

Compared to the previous month, the threshold prices increased \$0.47 a gal., \$0.24 a half gal. and \$0.12 a qt. In Metro NY. They increased \$0.47/gal., \$0.23/half gal., and \$0.12/qt. In Upstate NY. This reflects a federal order Class 1 price increase of \$2.74 per hundredweight or \$0.236 per gallon.

New York State Legislation Update:

As of this August state legislatures have changed the definition of Milk. The revised milk definition is — Excludes any product containing milk protein concentrates (MPC), casein or caseinates from the definition of milk. The milk definition change only pertains to the marketing and licensing articles of the New York state code and therefore has not effect on dairy product or food labeling regulations.

Leasing Unpopular With Car Manufacturers

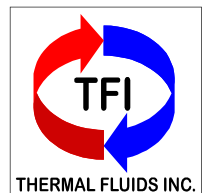
State Laws in New York, as well as Connecticut and Rhode Island, hold vehicle owners, not drivers, financially liable for car accidents. Leasing companies such as Ford and General Motors are listed as owners on leased cars. Ford Motor Company will no longer lease vehicles in New York State. General Motors is also considering making the same move. Instead of leasing Ford will offer new leasing customers a product called a “balloon loan”, which functions like a lease but shifts the ownership of the car to the driver.

Business Risk Management Tips

An insurance company recently listed its top strategies for businesses to manage risk and reduce losses. These include:

1. **Complete a comprehensive loss analysis.** Learn from the past and put resources where they're most needed and effective.
2. **Identify the true costs of losses, then translate these costs into sales dollars.** Use this information to allocate resources to help reduce or eliminate losses.
3. **Check web sites, trade literature, loss control professionals, and other resources.** Insurance carriers, agents and trade groups offer potential sources of information and assistance.
4. **Perform a material handling assessment. Moving materials is typically a “non-value-added” activity that can cause high-severity losses.**
5. **Do an ergonomic assessment.** Inefficient movements also are “non-value—added” activities that can cause high-severity losses. Improving ergonomics can lessen fatigue and increase productivity and efficiency.
6. **Implement a strategy for managing change.** Confronting changes in the operation up front can reduce risk management expenditures and prevent losses.
7. **Educate senior staff on the fundamentals of risk management.** Decision-makers who are knowledgeable about the purpose and benefits of risk management can be a business owner's best allies.
8. **Discuss safety issues at management meetings.**
9. **Review product safety.** Many firms provide safe workplaces, but overlook the safety of their products. Product safety problems can have a significant business impact.
10. **Focus training on reducing specific losses and monitor success.**

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Calendar of Events

- Wed. Oct. 8** - NYS Dairy Foods, Inc. Board of Director Meeting, Turning Stone Hotel, Verona, NY 9:30am.
- Oct. 14/15** - Dairylea Cooperative Annual Meeting, Holiday Inn, Liverpool, NY 315-433-0100 for info.
- Nov. 5-2** - The Dairy Practice Council 34th Annual Conference, Scranton, PA. Call (732) 203-1947 for info.
- Fri. Dec. 5** - NYS Dairy Foods, Inc. Board of Director's Meeting, NY Athletic Club, Manhattan, 9:30am
- Sun June 6 - Wed. June 9**, NYS Dairy Foods/PA Assoc. Annual Convention, Gettysburg, PA

Dairy Market Watch

Sales Update - Fluid Milk

USDA reports that total milk sales for 2003 are up 0.7% through April. Data for the month show sales up 0.3% over April 2002. Reduced and lowfat milk show strong growth so far this year with sales up 0.7% and 1.0%, respectively. Flavored fat-reduced milk continues to post strong numbers. Supermarket volume sales through April 20th were down 3.2%; however flavored milk posted a gain of 4.8%. IRI's broader data including mass merchandisers is not currently available.

<i>Product</i>	<i>April Sales vs. YAGO</i>	<i>Year to Date (thru April)</i>
Whole Milk	-1.1	-0.1
2% Reduced Fat Milk	-0.3	0.7
1% Low fat Milk	0.5	1.0
Fat Free Milk (Skim)	-2.7	-1.4
Flavored Whole Milk	4.2	-0.2
Flavored Fat-Reduced Milk (includes 2%, 1% and fat-free milk)	-1.4	6.0
Buttermilk	-4.0	-4.8
Total Fluid Milk Products	0.3	0.7

<i>Region</i>	<i>April Sales vs. YAGO</i>	<i>Year to Date (thru April)</i>
Northeast	-2.0	-0.2
Appalachian	-1.1	-0.1
Southeast	-1.4	0.3
Florida	0.1	1.2
Mideast	-2.1	-0.4
Upper Midwest	-1.7	0.1
Central	-0.1	1.0
Southwest	0.5	0.7
Ariz.-Las Vegas	4.3	3.5
Western	-2.8	-1.2
Pacific Northwest	1.2	0.9
California	-0.1	1.9

YTD Supermarket Sales, ending 04/20/03 vs. same period last year. (Source IRI)

Total Fluid Milk	-3.2
White	-3.7
Whole White	-2.4
Reduced-Fat White	-3.0
Low fat White	-4.5
Fat-Free White	-6.2
Total Flavored	4.8
Chocolate	4.2

QUESTION OF THE MONTH

Question: Is it part of the new tougher workplace smoking restrictions effective on July 24, 2003, that employees smoking outside near building entrances would have to move at least twenty feet from the doorway entrance so people entering would not have to walk through second-hand smoke?

Answer: No. The July changes in the smoking law place additional restrictions on indoor workplace smoking. Smoking is still permitted outdoors. However, a private property owner or municipality in the public sector may voluntarily place additional smoking restrictions. As a practical matter, if you have complaints about smokers blocking entrances, you need to deal with them as an employee relations matter.

PA Pricing, from Page 1

The wholesale portion of the system is being challenged by Cloverland Dairy out of Baltimore, MD. They are challenging the constitutionality of the system which Cloverland insists is unfair to out of state competition.

On October 6, PMMB will go to Federal District Court in Harrisburg to argue their case against Cloverland. Joining the PMMB is the Pennsylvania Association of Milk Dealers, (PAMD). PAMD Executive VP Earl Fink says "we're confident and feel we have a strong case. We were not allowed as a party in the previous court hearing which resulted in a poor record." PMMB has recently hired dairy pricing expert lawyer Charles, (Chip) English Jr. to represent the state's position. Sheldon Weiss, Esq. is representing Cloverland. A decision is expected within 6 months. An appeal by the losing side is expected resulting in at least a two year

Puget Sound—Highest Milk Prices (continued from page 4)

High local prices prevail despite a national milk surplus and a state dairy industry that produces more milk than Washington consumers use and that exports milk to other states—a glut that influences the low farm price. The government sets the minimum price processors must pay farmers for milk each month on a region-by-region basis.

Supermarket officials said, however, that milk continues to be competitively priced. "Milk is a highly competitive and promoted commodity. It's on sale every week at Fred Meyer," said that chain's spokesman, Rob Boley. QFC marketing executive Dean Olson agreed. "Milk is a competitive item, and you'll see it on the front page (of ad sections) quite often," he said. Moreover, a large number of supermarket shoppers now use store "loyalty cards," entitling them to sale prices. Though he would not give an exact percentage, he said the majority of QFC shoppers use such cards. Other chains also have them, a fact not reflected in the regular milk prices listed by the government.

Safeway did not return calls. An Albertson's spokeswoman said the official knowledgeable on the issue was not immediately available. Less clear is the role processors play in milk prices, said Deborah Robinson, who researched and wrote the WashPIRG report. While the farm price set by government is public information and retail prices can be observed by any shopper, the prices that processors charge to stores need not be publicly revealed.

However, some grocery chains, notably Safeway, have their own milk-processing plants, presumably giving them greater control over costs and retail prices.

The retail/farm price gap is contributing to closures and bankruptcies among Washington dairy farms, contend WashPIRG and dairy-industry leaders. WashPIRG recommends some form of retail milk-price control similar to a New York state law in effect since 1991—an idea likely to cause controversy.

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. We would also encourage you to view our website weekly to stay up to date on important dairy news, industry events and other important information by visiting our website located at: www.nysdfi.org **Thank you!**