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States
Department
Of
Agriculture

Agricultural Marketing
Service
Dairy Programs

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May 25, 2017

TO: Northeast Order Pool Handlers
FROM: Erik F. Rasmussen, Market Administrator
SUBJECT: Request to Allow Temporary Dumping of Surplus Milk – Approved for period June 1 – August 31, 2017

On May 18, 2017, pool handler Dairy Farmers of America, Inc. (DFA) requested a temporary authorization allowing pool handlers to dispose of surplus milk at a farm or non-plant location, with said milk retaining the status of pooled producer milk. Pool handlers Agri-Mark, Inc.; Upstate Niagara Cooperative, Inc.; and Cayuga Marketing LLC submitted remarks in support of DFA's request. The period covered by this action would be June 1, 2017, through August 31, 2017, and follows a previously submitted request that was approved for the period March 1, 2017, through May 31, 2017.

As noted in DFA's request, market supply and demand conditions in the Northeast have not improved since the previous request was made. Milk production within the region continues at strong levels. The April 2017 milk production report issued by USDA National Agricultural Statistics Service (NASS) on May 19, 2017, reported the following year-over-year percent change in milk production for the three largest milk producing states in the region:

New York: 3.9%; Pennsylvania: 2.5%; Vermont: 0.9%. As reference, the April year-over-year milk production growth for the top 23 dairy states as reported by NASS grew by 2.0 percent.

During the month of April, nine pool handlers reported dumping surplus skim milk. Farm milk delivered to a plant and then dumped or disposed of at a plant as skim milk or whole farm milk is an authorized utilization under the rules of the Northeast Order. During April, zero pounds of raw farm milk was requested to be dumped at a farm or nonplant location, which is what this authorization is seeking approval when available processing capacity cannot be found. Conversations with handlers and industry participants indicate that finding available processing capacity during the next few months will become increasingly challenging as the normal spring flush of milk production occurs and schools in the region close for the summer. In their request, DFA states that no new processing capacity has come online or is expected to be operational during this period. Additionally, DFA notes that recent trade action by the government of Canada has resulted in some Northeastern milk products no longer being able to be sold into Canadian markets, thereby pushing additional milk supplies back on the marketplace.

In consideration of the aforementioned factors, the Market Administrator agrees to temporarily reauthorize the pooling of milk disposed of or "dumped" at farm or other non-plant locations for the requested period of **June 1, 2017–August 31, 2017**, provided the following conditions are met:

- Handlers and/or their producers that utilize this temporary policy must have been pooled on the Northeast Order for all of their commercially marketed production for the months of May through October 2016.
- The milk must be picked up at the farm, measured and sampled for payment. The tanker test will be a weighted average of the producer tests.
- Notification should be given to the Market Administrator's office by the next business day, or as soon as practicable, when the milk is dumped. At pool time a separate list must be submitted of all producers whose milk was dumped, along with the component tests of the applicable milk (if available), and the physical location and address of where the milk was dumped.

Any such requested dumps will be subject to audit verification by the Market Administrator as a condition to be included as pooled producer milk during the respective pool period.