Organic Dairy Task Force Meeting
December 6, 2013
Dairylea Offices, Syracuse, NY

Minutes

10:15AM-Introductions

Mike Davis-Upstate Niagara Cooperative
John Gould- producer, Wyoming County
Jarred Jones –from Senator Gillibrand’s office
Sarah Jones-NY Ag and Markets
Nancy Glazier-Cornell Cooperative Extension, N NayDFC
Carroll Wade-producer, Steuben County
Jerry Snyder-producer, Allegheny County
Bob Zufall- producer, St. Lawrence County
Peter Slaunwhite- Horizon Organic
Bethany Wallis- livestock educator, NOFA
Liz Bawden- producer, St. Lawrence County
Beth Myer - American Dairy Association
David Hardy- Organic Valley representative
Kristin Cleveland-NY Farm Viability
David Grusenmeyer - NY Farm Viability, Executive Director
Liz Burrichter-CCE intern, taking these minutes
Nora Owens-NODPA
Jeremy Sherman- producer, Tompkins County
John Stoltzfus-producer, Allegheny County
Joel Stoltzfus-producer
Fay Benson- Cornell Cooperative Extension, project manager for Organic Dairy Initiative, meeting facilitator
Sharad Mathur-Chief Operating officer for Dairy Marketing Service

Invited guests:

Ed Maltby-NODPA Executive Director
Richard Matthews-OTA representative

OTA seems to be the initiator of this proposal, so Fay reached out to them to present some of the information and answer questions. They sent Richard Mathews.
Richard’s presentation-National Research and Promotion (R&P) Programs and the Role of USDA
Presented to MOSES organic farming conference in Feb 2013

(R&P is the same as “Check-Off”)

- Delegated by congress
- According to established oversight guidelines
- R&P’s pay user fees to AMS and OGC
- Formed at request of commodity sector
- Funded through assessments on producers, handlers, processors, importers or others in marketing chain
- No appropriated funds

- Goal of programs-maintain and expand existing markets, develop new markets
- Creating conflict of interest in marketing is prohibited, i.e. promotions that are not generic, promotions that disparage another ag commodity, using funds to influence govt action or policy
  - i.e. potato ad in 80s with butter and not a la calories
  - using funds as a pass through for other organization

- Role of AMS
- R&P creation-will need evidence of substantial support
  - Xmas tree example-delayed referendum didn’t go well, so now only upfront

- Role of the USDA-analysis and publishing process, appointing members
- Hurdles to organic R&P-2002 Amendment exempted 100% organic operations, amendment doesn’t allow for an organic program, Commodity Promotion, Research, and Information Act of 1996 does not allow for more than one commodity, not enough Harmonized Tariff codes, (HTS) are used to assess imports

- Secretary
  - Justification, equitable representation, prohibition on comparative promotion
  - Secretary of Ag represents all commodities—can’t compete with each other

- Supreme Court Ruling Basis
- Ruling’s effect on AMS-reinforces position that all R&P communications are the secretary of Ag talking

- Christmas tree controversy
  - Required an upfront referendum

- Organic-fact and fiction (USDA position)
  - Not a content claim
  - Is a production claim

- John Gould-why promotion and not just research board?
  - It’s what the community wants. Research is probably the weakest link in this. OTA proposing to define organic as a commodity. All other R&P programs are single commodities. Now-nothing in any laws that would classify a commodity differently. OTA wants to create a language for the Farm Bill so that “organic” could be a
commodity. Research could be production research or research about consumer attitudes. Weakness—how could they fund production research?

- Example—sweet potatoes wanted a program. They would bring in about <$500,000 (?). Department would take a big chunk for oversight. Wanted to do production research, advertising, admin. Not enough money—the production problems are too diverse to do research on one project. Potato doesn’t do production research either—because problems vary by region.
- For organic project—say it brings in $30 Million, but research questions are too diverse in so many crops in so many areas to fund production research.

- Sarah Johnston—what percentage would the USDA take to administer program?
  - Richard—~5% for a big program. Small programs could be 10-20%.
  - Ed Maltby—administration costs would be high for organic program because there are so many different products.
  - Carroll Wade—administration costs often can’t exceed 5%. 10-12 full time staff in dairy checkoff program.
  - Richard—smaller programs in fruit and vegetable—i.e. 1 potato person. Hard to say how much an organic R&P program would cost. 5% is a good ballpark. The more complex, the more people are needed.

- Liz Bawden—aren’t the regulations of the program prohibitive to educating consumers about the benefits of organic?
  - Truthful production claims can be made. You could say that pesticide use is severely limited. We don’t use GM, etc. but can’t disparage someone else.

- Beth Myer—American Dairy Association—represents both organic and conventional. Can be tricky. Did an educational program with standing room only. Lots of interest in hearing the organic versus conventional practices. Then went on a farm tour and met nutritionists and vets.

- Comparing “natural” and “organic” has a definition
  - Couldn’t say that organic is better.

- Ed—“milk is white is white is white”
  - There is potential for opposition from many groups—GMO community, “natural” industry.

- Where in the process is the OTA now? (Richard)
  - Farm bill to address some hurdles
    - “Technical fix”—Classify organic as a commodity-regulatory language would be amended. All organic dairy processors and producers who produce products that can be labeled as “organic” and “100% organic”. Now not everyone can take advantage of exemption. i.e. adding vitamin D to milk (contains organic not 100% organic). Technical fix would cover everybody.
    - Language in both senate and house bill currently
      - Ed—that language was created by OTA lobbyists.
    - David Hardy—because my operation is split, I wouldn’t qualify for the exemption?
      - Richard—right. This would solve that problem. That’s the intent anyways.
    - Carroll Wade—selling a dairy cow as non organic would also disqualify from current exemption.
    - Make split operations legal to have an exemptions.
Richard—Doesn’t have much hope that the Farm Bill will pass this year. From now to middle of January—doesn’t think there will be much progress on it. Farm bill language—identical language in house and senate versions. Now that they’re in conference—can’t change any of the language. Could influence through the report language, but the language that’s there now will stay.

David Hardy—could you promote individual products within an organic commodity. Subcommodities?
- Richard—yes
- Sarah Johnston—never been done before, so no example to follow

Ed—house and senate thought they are doing a great thing for organic. Achievement of OTA lobbyists. Sacrificing other programs—organic research, cost-share...
- Hard for groups other than the OTA to have a voice. Fact that organic community is divided looks bad
- Can’t use standard letter from OTA to support other programs without supporting the organic checkoff

Liz Bawden—lobs the friendliest rotten tomato at Richard
- The audacity of the OTA—their lobbyists saying they represent organic farmers. Liz doesn’t like that.

Ed Maltby—asked to be on a committee. Was told there wasn’t one, but then there was.
- Tried to set up a town hall meeting, but then OTA set up their own without NODPA
- Online survey—over 500 farmers don’t want the checkoff

Richard—mistakes have been made. The best thing we can do now is to move forward with what we’ve got.

Ed—NODPA is pro technical fix, but anti organic commodity.

Ed—Producers will only have choice of organic or conventional check off (takes away the choice. At what level will the assessments stop? Retailers? Wants that discussion at beginning, not the end. Language has been inserted not only into Farm Bill, also elsewhere.

Richard—the Farm Bill merely authorizes the Secretary to create the program; doesn’t do the creation itself. Someone has to ask for it and have a super majority consensus for department to take on the project. If the proposed project fails in referendum, the USDA does not recapture its costs. If the referendum passes the new program pays the implementation costs incurred by USDA.

Ed—under 250,000 gross producers will be exempt...

11:20am
- Richard—if the language never appears in any bill, this conversation is a moot point.
  - “Pathway to Choice”
  - Now at “establish a framework” step. What would/should it look like?
  - Survey—with 18 questions. Is there industry support? Many producers are not in favor of anything. If 2/3 or more don’t want it, can’t move forward. USDA wouldn’t accept. If there’s support—will draft a program
• Mike Davis-need consensus for the good of the group.
• John Gould-better off working through the promotion agencies we already have and then establish a research board. We can only create so many entities, and at the end of the day we’re trying to support farmers. Using so many segments isn’t productive.
• Jarred Jones-anyone is welcome to his office to discuss
• Sarah-interested in hearing from everyone
• Nancy-listening and concurring with Mike
• Carroll-better to not get too involved in the government. Supports promotion-Dairy Promotion Board. Hard to see how this checkoff program could be managed well enough to be a significant advantage to any one group.
• Jerry Snyder-goals to maintain and expand existing markets. Stay out of my pocket. This wouldn’t bear fruit for the farmer.
• Bob Zufall-farmers do their share. It’s the processors’ job to promote. Is there a way out if it’s unsuccessful? Doesn’t think we’ll be asked what we think again once the program starts
• Nora- why is this so important to the OTA? What do they stand to gain and how does that play into whether or not this gets established?
• Jeremy-promote as farmers to their own customers. It’s up to our customers to promote. Soy and almond milk shouldn’t be considered dairy. Members of Farm Bureau should be lobbyists for farmers. Go to them for representation?
• John Stoltzfus-doesn’t see how it’s going to work. Doesn’t want money taken out of his pocket. The government hasn’t made him money before.
• Joel Stolzfus-taking money from farmers won’t help the farmers
• Sharad Mathur- we provide the milk that customers want-kosher, conventional, organic, whatever. Establish what each category represents—as farmers and cooperatives. Ensure that the public understands what their milk is. Needs to be educated, and if it’s not an objective voice, could have a bias.
• Peter-producers he works with are against it.
• Tom Trinder-less government intervention is the best way.
• Bethany Wallis-NOFA hasn’t surveyed. No official standpoint. Best to provide info to their farmers for comment periods and such. No funding to push policy.
• Liz Bawden- Generic government programs (beef, milk) haven’t put money in my pocket. Doesn’t see any return, and no reason to think that this program will be any better. Our input isn’t required here, so feels like there’s an alternate agenda.
• Ed- Alternatives: Organic valley promotion program is accountable. Promoting just organic milk would be most beneficial for us. A different kind of government program such as SARE-having farms involved in on farm research. There are models that can directly funnel money into on farm production and research and producers. Who can represent producers validly? Would be good if technical fix happened and then no checkoff. Make sure industry is consulted before progress is made. Losing trust by not consulting constituents.
• Beth- Interesting info and glad to be a part of the process
• Dave Hardy- has always been opposed to a mandatory checkoff. If anything, would rather have his money go to an organic one. One the other hand, crop cooperative is putting money into promotion board and not getting anything out of it. Ed mentioned crop
cooperative program in Organic Valley (FAFO). Farmers can elect to participate to contribute to grant funds. ~$300,000/year

- Kristin-new to NY farm viability. Coordinates small grants for dairy profit team. If this does go through and research component was small, opportunity for collaboration. Has pamphlets for starting a profit a team
- Liz Burrichter-objective party should do promotion. Also identified with not wanting money to be used for something that could be considered propaganda
- Richard-the door is already open and the train is going down the track. There are many places where this will stop. If there’s never language passed by Congress, it’s a moot point. If you can’t get support from community, it stops. If, like pecans, it’s implemented and then the people say no at a referendum, it stops. Not a done deal. The question is, what is the role of the community now and what would it be at the next stage?? You can influence the Farm Bill (double-edged sword). Now at survey stage. This perpetuates the problem with the process that started long ago. Doesn’t have the first question-do you want the program or not. Makes the assumption that this decision making process is happening. Which came first chicken or egg? Some think we should decide what the program will look like before we decide. Others think we should define the program first and then decide if we should have it. OTA is asking, if there is a program, what it should look like. Once it’s together, do you want it? If people don’t weigh in at every stage, you get what you’re going to get. Suggests going into the survey and adding input and can use the “other thoughts” section to say if you want the program. If you don’t comment, will assume you’re happy.
- Fay-likes Ed’s point about the survey assuming that we support the checkoff. Is there a way to give input besides this survey?
  - NODPA webpage (Ed), letter to OTA (Nancy), letter to Gillibrand (Ed)
  - Caution with survey process. If passed, petition
  - If doesn’t pass and shows up somewhere else, keep in touch and make point heard
- Fay-what is the best way to express opinions with Gillibrand?
  - Jarred-letter, call, website, reach out to Jarred. He’s left his cards
- Fay-hoping that we could report on our opinions. One thing could be more education.
- Jerry Snyder-are any producers supportive? No one raises hand...
- Nora- on survey-chicken or egg? Like, would you like a broken leg? Versus, if you had a broken leg, how would you want it taken care of? Should we not answer survey? Because by entering into it, you become a supportive statistic.
- Fay-should we hear more about the survey?
- Nancy and Sarah-no
  --moving on—

12:10pm

- Fay-handed out checkoff fact sheet. Points out packaged/prepared foods. Direction of the industry and becoming a big dollar item. Any thoughts?
  - We probably will see that column growing
  - Industry trend over all, not just organic
• At the last meeting-Gary Latta and Bruce Krupke showed scanner data (return on promotion dollars)-shocked to find how little return dollars there were on organic dairy
  o NE organic dairy processors association
  o Carroll-the take away from that was that return from promotion varies. Also there’s very little promotion for organic dairy.

12:20pm

• Roundtable updates-
  o Peter from Horizon-Idaho farm is up for sale. Too much milk in the NW. Price of organic milk is lower in the west because commodities are cheaper. Horizon is currently taking on new members.
  o Mike from Upstate-organic is a small but important piece. Up a little in fluid organic. Growth is slower though. Growth is internal on milk side. Haven’t added new members in a while. Wegmans is one customer.
  o David from Organic Valley-devastating fire at (processing plant?) Displaced 250 employees. In process of rebuilding. Bringing on new members as needed. Supply management tool.
  o Richard (WODPA)- had a good conference in October. Brought Jeffrey Smith and Don Huber to talk about GMO effects on people and animals. Processors are short on milk but the west produces a lot of milk so it needs to be shipped east. Oversupply in the west but overall processors tend be short on milk. Opportunity for export to China? (Fay)-nope. No equivalency agreement between US and China, so hard to transfer organic goods. Chinese have sent equivalency request to the NOP. Doesn’t know the status. Would make it easier to ship something like powdered milk there.
  o Carroll-US dairy export council can provide info about exporting
  o Bob-how much organic milk is wasted after it’s processed? Heard that 19% of dairy products are wasted by consumers (and retailers). Our food is too cheap and people put no value on it. If organic milk has more value, is it wasted less? Peter-sell by date can be confusing-not expired.
  o Fay-have grain prices gone down?
    ▪ Dave-yes-$75/ton
    ▪ Carroll-NY can be self-sufficient in organic needs this year
    ▪ Lakeview-now all grains are NY sourced once again
    ▪ Liz Bawden-yes, but not as much as Dave says. No big savings yet out of Vermont.
    ▪ Dave-storage and blending. May take longer for price to come down
    ▪ Ed-now farmers will lose less money. Will be interesting to see how long this price will be sustained. Thinks grain would need to be a bigger price cut to make a difference
      o Carroll-no milk prices just need to go up
    ▪ Bob-price of not just grain but everything else. Parts, etc.
- Liz—because of so much rain, they had large yields. Because of that, low energy and protein in forages. Has had to go above 2 lbs of grain/day. Lack of sun decreased forage quality
- Fay—forage quality has gone down nationwide this year
- Bob—can we talk about producer pay price? Any changes?
  - Peter—no idea
  - Ed—current rate through January. Talk about extending it. If price of feed coming down, less incentive. Other inputs have increased dramatically.

12:40pm
- Fay handed out Milk Code quarter cards
  - Made 5-6 years ago
  - Dave—could be misleading? Plant & state codes. Could have 2 codes for 2 distributors
    - Can still be a tool for education
    - Carroll—international trade context—anything produced in the US is local

12:45pm—break out discussion

1-2pm—Lunch from Dinosaur BBQ