

January 25, 2002

Hearing Clerk
Room 1083, South Building
Department of Agriculture
Washington, DC 20250

RE: Milk in the Northeast and Other Marketing Areas
Docket Nos. AO 14-A69, et al.; DA-00-03

This letter supports those comments submitted by the International Dairy Foods Association re: The Recommended Decision Addressing Changes to the Class III and Class IV pricing formulas, published October 25, 2001 (66 Fed. Reg. 54063-96).

Grande Cheese Company is a proprietary cheese processor manufacturing ... *"The finest Italian cheeses money can buy!"*® We are located in Wisconsin, employing more than 600 Associates and buying milk direct from the farm. We purchase more than 100 million pounds of milk per month from what many in the industry recognize as the finest milk supply in the country. We are the preferred milk market for 400 producer dairies located in the Midwest. Our cheeses are sold nationally and our whey products are sold globally.

The confidence in the FMO pricing system is waning. The price of a pound of cheese is suspect because the cost of a cwt. of milk is beyond the combined ability of the participants to understand. T

The complexity and uniqueness of the FMO does not fit our ability to reason and talk together. The FMO does not fit generally accepted "categories of understanding". It no longer makes sense. Participants, Grande Cheese Company included, believe they are fundamentally vulnerable and ultimately powerless.

Provisions of the FMO applied differently throughout the United States, or not applied at all (unregulated areas) cause milk to move into the Midwest that reside to far away to use here daily, and causes milk that resides in the Midwest to move far way, making it unavailable to use here daily. Neighboring farms receive as much as a dollar a cwt. more as a result of pooling opportunities limited by shipping provisions; not the result of innovative marketing or production techniques. Disorderly marketing is the single most significant contribution of the FMO today. This is in conflict with the FMO enabling legislation's objective of orderly marketing..

The regulated marketplace is failing to provide a "price" that will coordinate the many hundreds and even thousands of participants in this industry, whose participation is not always in the direct buying and selling of milk, but in supporting pizzerias, stainless steel manufactures, and countless others all integral to the market.

Technology at the farm, in transportation, in cooling, in plants, and marketing/distribution systems, moves far too quickly for the FMO to “control” and not be intrusive. The resulting confusion of price, diminishes the confidence that a company can through its own resources, and innovation compete successfully.

The “tweaks” in this proposal increasing the base price, among other things makes the FMO even more market intrusive. The changes cannot be reconciled with the 2001 milk prices, which were the 3rd highest since 1961, nor help the industry do a better job. Please consider our letter of comment as support of the IDFA response, with a focus on the marketplace issues of price as a coordinator for all participants.

Sincerely,

John Fridirici
Vice President
Milk Marketing and Procurement

C: Wayne Matzke, Dennis Ringler, IDFA

Via email to joyce.mcpherson@usda.gov 1/25/02