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September 4, 2007

Mr. John R. Mengel
Chief Economist
USDA/AMS/Dairy Programs
Office of the Chief Economist
STOP 0229-Room 2753
1400 Independence Ave., SW
Washington DC 20520-0229

Sent via fax: 202-690-0552

RE: Docket AMS-07-0047; DA -06-07 (Dairy Mandatory Price Reporting)
Federal Register Vol. 72, No.127, Page 36341, July 3, 2007

Mr. Mengel:

New York Farm Bureau (NYFB) appreciates the opportunity to submit comments regarding the interim final rule: Dairy Product Mandatory Reporting as published in the Federal Register on July 3, 2007. New York Farm Bureau is New York's largest general farm organization. New York is the third largest dairy producing state in the US. with 6400 dairy farms with milk sales of 12.0 billion pounds in 2006.

Earlier this year, the USDA acknowledged that they had discovered errors in reporting to NASS (National Agriculture Statistics Service) the price for nonfat dry milk (NDM). The USDA admitted that this error was caused by misreporting of prices by at least one entity that included long-term forwarded contracted sales prices in their reports, which is prohibited. The USDA indicated that this reporting error affected milk prices for farmers for at least two months. Prices of NDM were revised April 13 by the USDA to adjust for the reporting error in Class II and Class IV milk, which resulted in an increase in the Aprils Class II and IV milk used in the calculation of the blend price that farmers receive.

NYFB members have expressed concern that misreporting of sales of NDM, or other dairy products may not be caught in a timely manner by NASS, therefore NYFB welcomes the interim final rule by regarding Dairy Product Mandatory Reporting as a positive step in ensuring fair and transparent pricing in dairy product sales.

NYFB comments in support of provisions as included in the Dairy Product Mandatory Reporting interim final rule as published in the Federal Register on July 3, 2007.

The rule as published requires persons engaged in manufacturing dairy products to report certain information including the price, quantity, and moisture content where applicable, of dairy products sold by the manufacturer; 2) Require persons storing dairy products to report information on the quantity of dairy products stored, 3) Require NASS to collect such information, and 4) exempt manufacturers that process and market less than 1 million pounds of dairy products per year from the reporting requirements. The interim final rule establishes procedures for non-compliance for processors failing or refusing to provide accurate data.

The notice in the Federal Register also states that the USDA's Agricultural Marketing Service (AMS) will be required to implement a plan to verify the price information submitted to NASS. AMS will visit butter, nonfat dry milk, cheese and dry whey manufacturers that file reports. AMS will verify that eligible sales transactions agree with information reported to NASS and will check for eligible sales transactions that were not reported. Additionally, AMS will be required to conduct verification visits to reporting facilities. It appears that the number of verification visits by the AMS—only one per year in large entities facility for the first year, may not be sufficient to verify accurate and timely pricing information necessary for accurate farmgate milk pricing. This is important to dairy producers in that inaccurate pricing filed by such entities results in inaccurate prices that our dairy farmer members receive.

NYFB is concerned that the frequency of visits as indicated in the rule may not be sufficient to guarantee accurate and timely pricing audits necessary for accurate pricing of milk to farmer producers.

Our stated policy is clear: New York Farm Bureau remains committed to accurate and transparent pricing. We support additional safeguards and transparency in dairy product pricing to make sure that dairy farmers receive accurate and fair prices for milk at the farmgate.

New York Farm Bureau is pleased to submit our comments in support to the interim final rule regarding Dairy Product Mandatory Reporting as published in the Federal Register on July 3, 2007.

Please contact me should you have any questions.

Sincerely,



John Lincoln, President
New York Farm Bureau