



## Land O'Lakes, Inc.

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December 3, 2007

John R. Mengel, Chief Economist  
USDA/AMS Dairy Programs, Office of the Chief Economist  
STOP 0229—Room 2753  
1400 Independence Ave., SW  
Washington, DC 20250—0229

RE: Dairy Product Mandatory Reporting  
Doc. # AMS—07—0047; DA—06—07  
Federal Register pages 62105

Dear Mr. Mengel:

These comments, regarding the interim final rule establishing a Dairy Product Mandatory Reporting Program (Program), are filed on behalf of Land O'Lakes, Inc. Land O'Lakes is a dairy cooperative with more than 3,000 dairy farmer member-owners. The cooperative has a national membership base, whose members are pooled on six different Federal orders. Land O'Lakes owns three cheese plants and a butter/powder plant, and supplies a significant amount of raw milk to various fluid and manufacturing handlers that are regulated by the Federal orders.

These comments are submitted in response to the November 2, 2007 Federal Register, Vol. 72, No. 212 publication by the Agricultural Marketing Service (AMS) of the United States Department of Agriculture. These comments pertain to the reopening of the comment period for the interim final rule for the Dairy Product Mandatory Reporting Program.

### **Kosher Dairy Products**

Land O'Lakes produces cheese, whey, nonfat dry milk and butter that carry Kosher certifications. The additional costs associated with manufacturing Kosher products do not add a significant cost to the finished products and we are not aware that any of these Kosher products command a premium in the market place. We urge AMS to collect and report data on sales of Kosher products under the final rule of the Dairy Product Mandatory Reporting Program.

### **Exclude rBST free Products From the Program**

Land O'Lakes urges the AMS to exclude (from the Program) data on sales of NFDM, butter, whey powder and cheese that are made from milk certified as rBST free, carry the appropriate rBST free label and command a premium in the market place. If, in the future, rBST free products become much more common in the market, no longer command a premium in the market place and represent a significant volume of sales, we would then urge the AMS to collect and report sales of rBST free products (in the Program) that are certified as rBST free and carry the appropriate rBST free label.

As you know, all rBST free products need to be supported by a producer affidavit that certifies that each individual producer does not treat their cows with rBST. It has been well-documented that when producers discontinue treating their cows with rBST they experience a significant drop in milk production. This decrease in production represents a significant decrease in revenue earned per hundredweight. Industry analysts estimate the opportunity cost of discontinuing the use of rBST at roughly \$1.00 to \$1.50 per hundredweight depending on the prevailing milk price. Accordingly, Land O'Lakes feels that market premiums commanded by rBST products need to be returned to the producers supplying the rBST free milk. Excluding only those sales that are made from milk certified as rBST free, carry the appropriate rBST free label and command a premium in the market place would in part help to share market premiums only amongst the producers who have chosen to forgo the benefits of using rBST.

However, sales of products that currently do not carry the appropriate rBST free label and/or do not command a premium, but are made from rBST free milk should be collected, reported and included in the Program.

Thank you for your consideration of our comments.

Sincerely,

Thomas Wegner  
Director of Economics and Dairy Policy  
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