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January 30, 2001

Hearing Clerk
Room 1081
South Building
U.S Department of Agriculture
Washington, DC 20250

Good morning:

The following comments are filed on behalf of Hershey Foods Corporation relative to the Tentative Decision on Proposed Amendments which was published by the Agricultural Marketing Service of USDA. Hershey Foods Corporation is the leading North American manufacturer of quality chocolate, confectionery, and chocolate-related grocery products and operates more than a dozen confectionery plants throughout the United States, Canada, and Mexico. Dairy is a major component of our milk chocolate and confectionery products. We purchase our dairy ingredients in various forms including fluid milk, milk powders, butter, anhydrous milkfat, whey, and lactose.

Hershey Foods Corporation supports the comments filed by the International Dairy Foods Association. In the Tentative Decision, USDA's "most substantive change is to calculate a Class III butterfat price on the basis of the value of butterfat in cheese, not on its value in butter." This change, in fact, creates significantly different values for butterfat used in Class III and Class IV. We do not support this change because we believe that all manufacturers who use dairy ingredients should be able to compete on an equal basis for fat and milk solids. This change has resulted in and will continue to create disorderly marketing of fluid milk and cream.

Strong industry support exists for returning to the provisions of Federal Milk Marketing Order Reform which were implemented on January 1, 2000. While we do not oppose returning to these provisions as a short term solution, we believe that the regional disparities in milk pricing to producers created by FMMO Reform beg for USDA to return to a two-class system of milk pricing. We support classification of milk into fluid milk and manufacturing milk.

Sincerely,

HERSHEY FOODS CORPORATION

A handwritten signature in cursive script that reads "Audrey F. Throne".

Audrey F. Throne
Manager, Dairy Ingredients