

**BEFORE THE UNITED STATES
DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE**

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In the Matter of :

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Milk in the Mideast

Docket No: AO-166-A68

DA-01-04

Marketing Area

HEARING BRIEF OF PENNSYLVANIA FARM BUREAU

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Pennsylvania Farm Bureau ("Farm Bureau") files this Brief and offers the following comments regarding the proposed changes to the Federal Milk Order for the Mideast Marketing Area, which are being considered pursuant to the aforementioned hearing. Farm Bureau is a statewide general farm organization in Pennsylvania with a membership of more than 28,000 farm and rural families in the Commonwealth. More than three-quarters of Farm Bureau's total membership are families who are actively engaged in the production of agricultural products as a principal occupation. Approximately 30% of those members of Farm Bureau who are actively engaged in agricultural production are dairy farmers. We estimate that 750 to 800 of our members are operating dairy farms in Federal Order 33.

Farm Bureau's recommendations are offered for the purpose of clarifying and tightening Order 33's pooling provisions. The current provisions of the Order provide an unreasonable and disproportionate opportunity for milk that is not servicing the Order 33 market to be included in Order 33's pricing pool, thus causing those producers who are in fact servicing the Order 33 market to receive a far lower price than the price they should fairly receive. We believe that several amendments to the Order need to be made to significantly reduce the pricing disadvantages that Order 33 producers servicing the market are experiencing as a result of current pooling provisions.

We believe several proposals which have been offered for consideration will significantly reduce the unwarranted eligibility of milk not servicing the market to be included in the Order 33 pool. We support the changes to subsection (c)(4) of §1033.7, which are contained in Proposal No. 8. We believe that August should be one of the months which pool plants should be subject to stricter marketing limitations and which

the status of plants as pool or nonpool plants under Order 33 should be measured. We also endorse the concept that a supply plant that voluntarily requests for non-pool status should be obligated to retain such status for a period of six months, notwithstanding the fact that deliveries of milk may otherwise qualify that plant for pool status before such time.

We also favor in principle the proposed changes to subsection (d)(2) of § 1033.13 contained in Proposals Nos. 3 and 7 to increase the amount of milk a plant must physically receive for inclusion of diverted milk in Order 33's pricing pool. The current provision of subsection (d)(2) would require the equivalent of only one day's production to be physically received by the plant in order for all farmer milk diverted to nonpool plants to qualify for Order 33's pricing pool. Several proponents have recognized that the Order should require a plant to physically receive a greater quantity of farmer milk to qualify its diverted milk for the pool. While we support the efforts of proponents to increase the amount of farmer milk that must be physically received by the diverting plant, we believe that a requirement for a diverting plant to receive the equivalent of at least four day's production would best serve to establish a pool price that more accurately reflects milk that is actually servicing the Order 33 market, and would recommend the Order establish a requirement of four day's physical receipt. Also, consistent with the changes recommended above, we would recommend that subsection (d)(2)'s requirements be applicable for the month of August, in addition to the months of September through November for which the requirements are currently applicable.

We also favor in principle the proposed changes to subsection (d)(3) of § 1033.13 contained in Proposals Nos. 3, 6, 7 and 9 to place greater percentage limitations in farmer milk which may be diverted to nonpool plants per month and still qualify for Order 33's pricing pool. The current provisions of subsection (d)(3) do not impose any percentage limitation in diversion during the months of March through August, and impose a 60% limitation in monthly diversions for the months of September through February. The current Order's failure to limit monthly diversions for six consecutive months of the year allows plants to service areas outside Order 33 with a far greater percentage of they handle than the milk they use to service the Order 33 area and still qualify all of their milk in the Order 33 pricing pool. Such a situation significantly reduces the share of receipts that handlers and producers who are servicing the Order 33 market receive. We believe such a situation is unfair. In order to qualify diverted milk for the Order 33 pool, the Order should establish limitations in monthly percentages that may be diverted for every month of the year. Also, consistent with our comments above, we would recommend that the periods of August through February and March through July be the effective periods for establishment of percentage limitations in diversions. We specifically recommend that subsection (d)(3) establish a monthly percentage limitation in diversions of 60% for the months of August through February, and 70% for the months of March through July, consistent with the monthly percentage limitations recommended in Proposals Nos. 3 and 9.

Summary

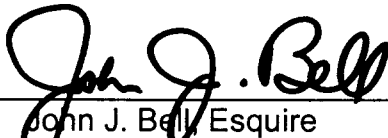
To recapitulate, Farm Bureau would recommend the following changes to the current Order:

1. Amendments to § 1033.7(c)(4) which would change the period of imposition of shipping requirements for qualification of plants as pool plants to August through February and would impose nonpool status to a plant who requests for such status for a period of six months.
2. An amendment to § 1033.13(d)(2) which would increase the quantity of diverted farmer milk that a plant must physically receive in order for monthly diversions of milk to qualify for pool pricing to the equivalent of 4 day's production.
3. Amendments to § 1033.13(d)(3) which would establish monthly percentage limitations of milk that a plant may divert in order for diverted milk to qualify for pool pricing of 60% for August through February and 70% for March through July

Thank you for your consideration.

Respectfully submitted,

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