

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

**In re:**

Milk in the Northeast and Other Marketing  
Areas

7 CFR Parts 1000 *et seq.*

Docket No. 23-J-0067;  
AMS-DA-23-0031

**CARMEL, INDIANA  
JANUARY 2024**

**TESTIMONY OF DANONE NORTH AMERICA, PART 2  
REGARDING NATIONAL HEARING ON  
FEDERAL MILK MARKETING ORDER PROPOSALS  
PART II – OPPOSITION TO PROPOSAL 19**

January 11, 2024

**I. BACKGROUND**

**A. PERSONAL BACKGROUND**

Hello, my name is Jay Luikart, and I serve as the Head of Supply Chain for Horizon Organic at Danone North America, PBC (hereinafter “Danone”) working from our Broomfield, CO office. In this capacity, I oversee the Horizon Organic and Wallaby Organic Supply Chain – including Operations Planning, Logistics & Warehousing, R&D, Quality/Food Safety and Animal Welfare, and Manufacturing. Prior to my current role, I have been with Danone since 2016 in various roles in Manufacturing leadership and executive Supply Chain. Prior to Danone, I worked at Treehouse Foods and Nestle in roles throughout manufacturing and operations. Prior to entering the industry, I earned a B.S. in Food Science at University of Wisconsin – Madison and an MBA from Carlson School of Business at University of Minnesota.

Through my career, I have worked in a variety of management roles in manufacturing, business development, co-manufacturing, and supply chain across industries ranging from confectionary, frozen foods, pickles, yogurt, creamers, plant based, and beverages in manufacturing sites across the country and Danone’s corporate office in Colorado. Since 2021, I have been supporting Danone’s Horizon Organic business where I have developed a sound understanding of organic milk supply, a deep respect for our incredible farmer partners and the courageous and hard work that they do, and important relationships with our organic producer partners across the country.

**B. COMPANY BACKGROUND**

Danone is a purpose-driven company with a portfolio of dairy and plant-based foods and beverages. As one of the world’s largest Certified B Corporations, Danone is committed to the creation of both economic and social value, while nurturing natural ecosystems through sustainable agriculture. With our combined portfolio of beloved, trusted, and pioneering brands in fresh dairy, organic dairy, plant-based, fresh foods, and coffee creamers and beverages, Danone is one of the top food and beverage companies in the United States. While Danone recently announced that it has a signed agreement to sell its Horizon Organic and Wallaby (organic yogurt) businesses in the

U.S. to a US-based investment firm, as the current owners of these businesses Danone still offers this relevant testimony for these proceedings.

**1. Danone North America – Lineage and Products:**

We are proud to have over 75 years of producing yogurt in the United States, which has grown to include brands such as Dannon®, Activia®, Light & Fit®, and Oikos®. We produce coffee creamers under the brand International Delight® as well as our Silk® and So Delicious® dairy free creamers. We have a beloved organic business including brands like Horizon® and Wallaby®.

**2. Danone North America Direct Footprint:**

Danone has over 6,000 employees across the United States and Canada. Our U.S. corporate headquarters are based in White Plains, NY and Broomfield, CO. We also have a research and innovation facility in Louisville, CO. Our U.S. products are made in one of 16 dairy processing plants located in 12 different states. More specifically in the U.S., we have seven Danone plants and nine contract manufacturing plants located across California, Colorado, Florida, Idaho, Indiana, New York, North Carolina, Ohio, Pennsylvania, Texas, Utah, and Virginia.

**3. U.S. Supply-chain:**

In the U.S., Danone North America works with 500+ producers across 15 different states, which include organic, grassfed, non-GMO, and conventional. Over 96% of our producers are family farms. In 2023, we project to receive approximately 31.4 million cwt cumulative from our producers. We participate in eight federal market areas. We pay pooling into four FMMOs directly (1, 51, 124, and 126). We report into two FMMOs (5 and 6). Finally, we pay our co-packers for their pooling charges in 3 FMMOs (1, 30, 32).

**II. OPPOSITION TO PROPOSALS**

Danone is a member of the Milk Innovation Group (“MIG”), and we support its proposals at this hearing. I am here today to discuss how the Federal Milk Marketing Order impacts our business, particularly our producers, and to voice our opposition to Proposal 19.

**A. We oppose Proposal 19.**

Proposal 19, if adopted, would significantly increase Class I differentials. As a processor of fluid milk Danone does not face challenges meeting our organic fluid milk supply needs through our certified organic producer partners. An increase in the FMMO Class I differentials would only increase that \$13 Million paid into the producer settlement funds to the detriment of organic processors and producers alike. Proposal 19 would increase the spread between manufacturing prices and Class I prices, resulting in larger producer settlement obligations by organic handlers like Danone with no commensurate benefit. Moreover, Proposal 20 recognizes that today there is no need to continue to compensate dairy farmers in the Class I price for maintaining Grade A status. We are unaware of any Grade B organic milk.

**B. USDA should be adjusting prices by excluding organic milk from the FMMOs.**

Additionally, as previously stated, the best outcome for our producers and the system as a whole is achieved by excluding organic fluid milk from the FMMO system. The proposed price surface is inherently inaccurate when it includes organic milk but does not differentiate its unique path in the supply chain. Instead, when organic milk has no separate recognition by the FMMOs, the model assumes that organic milk could go to a conventional plant and that conventional milk could go to an organic plant. By exempting organic fluid milk from FMMOs, USDA could have recognized the fundamental differences in pricing and how the FMMO's pricing provisions impact organic milk and conventional milk.

Thank you for the time to testify today.

DATED this 11th day of January, 2024.

By /s/ Jay Luikart  
JAY LUIKART