

United States Department of Agriculture Before the Secretary of Agriculture
In re: Docket No. 23-J-0067; AMS-DA-23-0031
Milk in the Northeast and Other Marketing Areas

Testimony From:

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Regarding: Opposition Testimony to Hearing Proposals 4 and 6

My name is John Umhoefer and I am here today on behalf of Wisconsin Cheese Makers Association (WCMA). I serve as Executive Director of WCMA, which includes 81 dairy manufacturers, cooperative and private companies that process milk into fresh dairy products at 249 locations. These member dairy manufacturers have headquarters in 16 states, and manufacturing sites in 32 states. These manufacturers, and companies that further process dairy products or sell goods and services to the industry – more than 600 entities in total – voluntarily join the Association via annual payment of dues.

At the request of the Executive Committee of the WCMA, I seek to share with you the opposition of our trade association to Proposal 4 and Proposal 6 in this hearing.

Proposal 4 would add 640-pound Cheddar cheese blocks to the protein price formula. Based on feedback from WCMA cheese manufacturer members who produce 640-pound blocks, the WCMA Executive Committee asked that I state our opposition to this proposal in our testimony.

Feedback from members included the concern that 640-pound blocks do not have a unique price discovery mechanism, and thus add no new price information. The industry uses the 40-pound block price to price 640s, and that price is already used in the protein formula. Members also expressed concern that the development of a 640-pound cash market would create another thinly-traded dairy product market with very few buyers and sellers. The kind of price volatility and divergence seen with the use of the Cheddar barrel and block price series would be made even more complex and frustrating with the addition of yet another price series. Members also noted that a cash market for 640s would not be attractive to non-direct end users, keeping the stable of buyers in a cash market pit very small. Relatedly, the return of wooden or plastic structural packaging would deter potential buyers. For these reasons, our association opposes adoption of Proposal 4.

Proposal 6 would add mozzarella cheese to the protein price formula. Based on feedback from WCMA cheese manufacturer members who produce mozzarella, the WCMA Executive Committee asked that I note our opposition to this proposal in our testimony.

Feedback from members included the concern that mozzarella cheese is produced in dozens, if not hundreds, of shapes, sizes, weights, moistures, fats, flavor profiles and functional profiles. Members uniformly note that there is no standard mozzarella cheese that could be surveyed by the government or created as a cash market for price discovery. The wide variety of forms and functionality of each unique “make” of mozzarella cannot be overstated. Individual manufacturers report producing multiple mozzarella types throughout the year based on each customers’ unique needs. For these reasons, our association opposes the adoption of Proposal 6.