



**International Dairy Foods Association**  
Milk Industry Foundation  
National Cheese Institute  
International Ice Cream Association

January 26, 2009

Secretary Tom Vilsack  
U.S. Department of Agriculture  
1400 Independence Avenue, SW  
Washington, DC 20250

Dear Secretary Vilsack:

The International Dairy Foods Association (IDFA) represents the nation's dairy manufacturing and marketing industries and their suppliers, with a membership of 530 companies representing a \$110-billion a year industry. IDFA is composed of three constituent organizations: the Milk Industry Foundation (MIF), the National Cheese Institute (NCI) and the International Ice Cream Association (IICA). IDFA's 220 dairy processing members operate more than 600 plant operations and range from large multi-national organizations to single-plant companies. Together they represent more than 85% of the milk, cultured products, cheese and frozen desserts produced and marketed in the United States.

After two years of record breaking milk prices, explosive growth in the U.S. milk supply, and strong demand growth, USDA estimates that milk production will outpace demand this year, resulting in the triggering of dairy farm support programs under the 2008 Farm Bill. Current programs<sup>1</sup> encourage continued growth in the milk supply but do not address sagging demand both domestically and internationally which negatively impacts the U.S. dairy industry at every level.

The decisions you will make in the next three months will impact how well the dairy industry responds to the current crisis in dairy markets by bolstering demand. These decisions include how USDA utilizes dairy products purchased under the newly reauthorized dairy product price support program, whether USDA uses its buying authority to purchase additional surplus dairy products, and how USDA finalizes the WIC rule.

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<sup>1</sup> The dairy product price support program and the MILC counter cyclical payment program as well as recent USDA decisions to increase regulated milk prices under the Federal Milk Marketing Order system encourage additional milk supply.

**Exchange USDA bulk dairy inventory for consumer ready dairy products**

Recently, your Department established an interagency team to work with the nutrition community and the dairy industry to advise USDA on the utilization of surplus dairy products under USDA feeding programs. IDFA is part of this advisory group, and we salute this effort to provide the needy with greater access to healthy dairy products while minimizing taxpayer's costs and supporting new demand that will help sustain jobs in the dairy industry.

To accomplish this, we recommend that USDA utilize existing authorities to fund the costs of converting government inventory into consumer oriented dairy products that can be donated without displacing existing markets. Savings from averted transportation and storage costs could be used to offset the processing and conversion costs and supply needed dairy products to feeding programs.

IDFA member companies have in the past and can currently utilize CCC owned dairy inventory to provide dairy products that are more in demand by food banks and other community and faith based organizations that currently find it difficult to handle commodity type dairy products. This new demand can be encouraged by allowing food companies to bid to accept government owned bulk dairy products, such as nonfat dry milk, in exchange for healthful consumer oriented product, such as yogurt, reduced and low fat cheeses, and a variety of fluid milk products.

Donation of USDA dairy product inventory would also be facilitated if the current USDA specifications for products purchased under the dairy price support program were updated to reflect current commercial practices. The current standards were developed in anticipation of long term storage by the government, rather than for utilizing these products in USDA feeding programs to stimulate additional demand.

**Utilize additional funding to stimulate new demand for dairy products**

Most dairy products are not purchased under USDA's price support program, many of which are in excess supply and readily acceptable to consumers. This can be addressed with "stimulus purchases" of dairy products such as yogurt and additional funding for reduced and lower fat cheeses consistent with the dietary guidelines for American consumers. Such products are in high demand in schools and other institutions where costs have increased significantly. Congress has authorized USDA to purchase and donate such commodities, including dairy products, using existing authorities under the Commodity Credit Corporation Charter Act and Section 32 of P.L. 74-320 as amended. IDFA supports this short term investment that would create new long term demand for healthy dairy products by promoting the life long consumption among today's youth.

**Finalize the WIC Rule Consistent with Recommendations of the Institute of Medicine**

USDA issued an interim rule over one year ago, revising the food packages provided by the Special Supplemental Nutrition Program for Women, Infants and Children (WIC). The proposed revisions left out yogurt which was recommended for inclusion by the Institute of Medicine (IOM) of the National Academies. USDA has the opportunity to finalize the WIC rule to implement this IOM recommendation to allow the inclusion of yogurt in the WIC food package. Your support for both Food Stamps and the WIC program under the Congressional stimulus package is critical as these programs provide food for the needy and improve the economy. In doing so, USDA can also improve the nutritional benefits of the WIC program and minimize the costs of dairy support programs by finalizing the WIC rule to incorporate yogurt.

IDFA members stand ready to work with USDA as you set out to improve the performance of USDA programs that not only support farmers, but also impact markets and jobs throughout the dairy industry and ultimately U.S. consumers.

Sincerely,

A handwritten signature in black ink that reads "Connie Tipton". The signature is written in a cursive, flowing style.

Connie Tipton  
President and Chief Executive Officer