

Enhanced Fluid Milk Standards

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Background

- “Standard” raw milk produced by Holstein cows on U.S. dairy farms contains an average of 3.5% butterfat, 8.7% “solids-not-fat” and 87.8% water.
- From these components, all dairy products are made.
- Specific to bottled milk, “whole milk” is standardized at fat/SNF levels that are close to these natural component levels.
- However, consumers also like the option of buying reduced fat, low fat and non-fat varieties of milk.

Current Standards – Bottled Milk

Product	California	U.S.
<u>Fat</u>		
Whole	3.5%	3.25%
Reduced Fat	1.9 - 2.1%	2.1%
Low Fat	0.9 - 1.1%	1.2%
Non Fat	0.2%	0.2%
<u>Solids-Not-Fat</u>		
Whole	8.7%	8.25%
Reduced Fat	10.0%	8.25%
Low Fat	11.0%	8.25%
Non Fat	9.0%	8.25%

Enhanced Fluid Milk Standards

- The general philosophy behind enhanced fluid milk standards is to replace the fat that is removed with other milk solids to maintain the total solids in milk at ~12% (*except for non-fat at 9%*)
- There have been previous discussions about implementing enhanced fluid milk standards nationwide
 - *Those discussions often end when the issue of cost comes up; this change requires the additional cost of putting nonfat solids into reduced/low/non-fat bottled milk*
 - *California dairy farmers help cover those costs through the current State Order system*

Dr. Scott Brown – FAPRI

- At the request of the Congressional Dairy Caucus in 2010, Dr. Scott Brown analyzed this issue in more detail.
- Dr. Brown's analysis indicated that:
 - A national enhanced fluid milk standard would increase nonfat solids use in fluid products by ~350 million pounds per year.
 - Such a change could increase the retail price of milk by up to \$0.17 per gallon.
 - Dairy farmers could also see an increase in their milk price of up to \$0.27 per hundredweight.

Fast-Forward to 2017

- 2017: No more MILC and CCC support program
- 2017: Import/Export dynamics have continued changing in the past seven years
- 2017: Significant surpluses in nonfat solids, particularly in the Upper Midwest and Northeast
 - *Strong demand for butter and other fat-based products, but less demand for the nonfat solids that remain*
- **An updated analysis would be extremely valuable**
 - *Request by Congressional Dairy Caucus or other representatives?*

Questions to Answer

- Is there an appetite to pursue this?
 - *NMPF leadership has been supportive in the past, but wary bring it back up given past “battle wounds”*
 - *IDFA will have concerns over costs on bottlers*
- Should this be pursued on a national scope or through regional/state changes?
- What would be the impact on consumers/producers/processors if such a change was made?
- Are there other ways to encourage bottlers to enhance their component levels without changing the standards of identity?