



60 Central Ave # 105  
Cortland, NY 13045  
[blogs.cornell.edu/organicdairyinitiative/](http://blogs.cornell.edu/organicdairyinitiative/)

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New York Organic Dairy Task Force  
December 8, 2016  
DFA (Dairyalea) Offices  
5001 Brittonfield Pkwy, East Syracuse, NY 13057

### Meeting Minutes

#### Attendees:

Fay Benson – New York Organic Dairy Program  
Abbie Teeter - New York Organic Dairy Program  
David Rutherford – Executive Director, Cortland County Cornell Cooperative Extension  
David Rothfuss – Region Manager, DFA  
Tom and Brenda Hosking – Owners of Hosking Sales, New Berlin, NY  
Maureen Knapp – Producer, Organic Valley  
Ken Krutz –General Manager, Empire Livestock  
Skylar Ryll – Fluid Milk Marketing Manager, DFA  
John Gould – Producer  
Mike Davis - Upstate Niagara Cooperative, Inc.  
Gary Latta - Director of Industry Relations and Economics, Northeast Dairy Foods Association Inc.  
Bruce Krupke - Executive Vice President, Northeast Dairy Foods Association Inc.  
Robert Zufall – Producer  
Robert Perry – Grain & Field Crops Coordinator, NOFA NY  
Peter Slaunwhite – Producer Relations Manager, Eastern NY, Horizon Organic  
Ashleigh Knecht - Handling Certification Coordinator, NOFA NY  
Sharad Mathur – Dairy Marketing Services  
Jamie Stroughtenger - Dairy Marketing Services  
Mark Stephenson (via ZOOM) – Director of Dairy Policy Analysis, University of Wisconsin

#### Introductions and Perspective of the New York Organic Dairy Market

Attendees went around table, introduced themselves and shared their perspective of the dairy market, focusing on forages for the winter in their area.

David Rothfuss

- Feed will be short, tight at best.
- There is a Wyoming County Farmer purchasing cows from farms without feed.

Tom and Brenda Hosking

- Abundance of feed, seen farmers taking a 4<sup>th</sup> cut of hay
- Noticed a marketing bottleneck of Dairy and Beef
  - Farmers cant secure a market for organic milk
  - Organic cattle are coming close to conventional beef price, need another buyer

Maureen Knapp



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- They will be short feed and selling cows to make up the difference
- Drought knocked many farmers back in Western NY

#### Ken Krutz

- Western part of the state has an increase in cattle sales, because short of feed. Central part seems to have an abundance of feed. Eastern and Southern part near NYC might be short.
  - Has seen organic hogs come through the market because of feed shortage
- Has been certified about a month, interested in moving dairy and beef, but only one beef buyer
  - JBS stopped buying beef about a month ago, it is rumored they ran out of grant funding

#### John Gould

- Extremely dry in Western NY, forage supply is tight and high quality organic feed is limited
  - No trouble accessing grain, though
- Isn't sure what Dean Foods and Organic Valley means for the market
  - \*Maureen shared it is a 50/50 venture between Dean Foods and Organic Valley. Advantage to Dean Foods: full line of organic products. Advantage to Organic Valley: Large distribution area opened up, Dean Foods will process for them

#### Mike Davis

- Range of feed supply, 8 miles south got rain routinely whereas his area got none, making pockets of great supply. Believes it will be interesting how this affects the milk supply.

#### Gary Latta

- Tracks prices of milk products worldwide and looked at prices next year – noted it looks as though supplies are shrinking everywhere except the United States. Estimates the price of products will go up \$1.00.

#### Bruce Krupke

- Echoed what Gary said, cannot comment on organic feed specifically, but notes feed prices are low and pockets of NY and the Northeast are feeling the impacts of the drought heavily.
- Involved in World Marketplace and stated that world policy is going to drive change and will become the biggest factor affecting agriculture.
  - Drought initiated action from the Government to assist farmers.
  - Exports are to our advantage and we must be competitive
- New York State Commissioner of Agriculture Richard Ball built (by law) Milk Marketing Advisory Committee, overseen by Andy Novakovic, Cornell University
  - Organic was not on the agenda, but is a way to be competitive.
  - Suggested contacting Commissioner Ball to get a representative from the Organic Industry on Committee
- The last fluid milk plant in NYC (Elmhurst) closed October 31, 2016 which supplied all NYC schools

#### Robert Zufall

- Farmers worked harder this summer than ever to make enough feed for winter
- He will be alright, but most people his way are short
- Maple Hill milk market is stable
- Fortunate that people want to buy cows already certified grass-fed

#### Peter Slaunwhite

- Drought hit north of Watertown, Mohawk Valley is dry and farms are cutting back on cows to get through the winter



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Fay Benson

- Noted the Euro is down, \$1.08
- Farmer was looking for hay, transportation was so expensive a rail car was necessary
- Conventional price going up or down isn't relevant to organic prices

### Update on Changes to Federal Milk Orders for Organic Processors:

Bruce Krupke shared an overview of the process thus far:

- Organic Trade Association submitted proposals to the USDA to allow processors of organic milk to opt out of producers settlement fund obligation into Federal Milk Market Order pool. (September 2015)
  - Why should Organic pay into the general pool when it is specialized?
- The USDA and the lawyer presenting the petition have asked and answered questions, prolonging the process

Bruce Krupke shared an overview of where the process stands:

- Elanor Starmer, Special Assistant to the Undersecretary for Marketing and Regulatory Programs, USDA, oversees the Federal Orders
  - This position is appointed, and will determine if the petition is viable and if it will go to a hearing
  - We will get a new Secretary of Agriculture along with the new President who will choose to keep Starmer or appoint a new person to the position
  - The potential appointment could prolong this process 6 months or longer

Bruce Krupke shared an overview of the dangers to the Federal Order System:

- If an area voted no, the federal orders are thrown out jeopardizing the entire system
- If Organic is removed, what about Grass Milk, BST Free, etc. carving out the pool until there is nothing left
  - The Federal Orders System was set up when there was no specialized market – It is time for a larger discussion, prior to a potential end of the system

It was in agreeance that hopefully with new leadership, we will have new opportunities

### Webinar with Mark Stephenson, Director of Dairy Policy Analysis at the University of Wisconsin, Madison

- Began by stating he does not follow the Organic Market as closely as he does the Conventional Market
- Growth and demand of Organic Markets have been surprising him for decades
  - Organic price has been much more stable than conventional price, which derives from a much more stable retail price
  - The last few years have shown higher highs and lower lows
- Organic corn is more volatile, organic soybean meal price is higher, but more stable than conventional
  - Organic corn process have fallen, anticipated \$8.00 a bushel in 2017
- Increase in milk production
  - Cow number is not increasing, meaning productivity is up drastically in milk per cow
- *Consumer confidence* in the economy drive changes in spending
  - 2009 it dropped to an all-time low, not good for an economy based on spending
  - Consumers were asked how they felt about today and how they felt about tomorrow



**NEW YORK  
ORGANIC  
DAIRY  
PROGRAM**

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- Feel good about today worried about tomorrow – recession
- Feel bad about today but hopeful about tomorrow – out of recession
- We are at “Full Employment”
  - Consumers currently feel good about buying dairy
  - Medical Journals have “okayed” dairy, fluid milk sales are up 5%
- Volume of organic production started with a strong increase and it has slowed down
- Conventional milk has relied on exports since 2005
  - Organic dairy is not being exported
  - US sells half the world volume of nonfat and skim milk and whey
    - Global economy follows our price
    - Price recovery in conventional market
- *Mark’s Forecast*
  - More optimistic than the UDSA, the strong US economy will help consume dairy
  - World supply has slowed, so the question is how fast will the rest of the world respond with production?
- *Mark’s Organic Forecast*
  - Prices significantly higher than conventional, but the market is over supplied
  - Projects in 2017 organic milk prices similar to 2016
    - Help to close the large gap between organic and conventional
  - Balancing supply and demand has become a problem for market
- What role does US Production US production play in forecast?
  - Lots of heifers in pipeline, but have had that in last years and hasn’t driven much change because heifers are going right into the beef world
- How will Dean Foods/OV affect the organic market?
  - Efficiency with distribution concerning number of SKUs in the dairy case
  - How much more can we continue to differentiate dairy?
- 10 years ago there were 200 farms with an average of 40 cows per farm, and now there is 500 farms with an average of 50 cows, is herd size accurate?
  - Keep up with growth in opportunity to grow but millennials are driving the demand of food supply – they want to know where it is coming from
  - We can’t keep up with that rate of increase

### **Organic Beef Discussion, Including Updates from Hoskins Sales, Empire Sales and NOFA-NY**

- Hoskins Sales
  - The paperwork is generally complicated, it is easier if certified through NOFA-NY. PCO and GOA bring more difficulties because there is no animal list required.
  - Truckers don’t fully understand the process
    - The required knowledge shouldn’t be provided by the trucker, they are the middle man
- Empire Sales
  - NOFA-NY producers are easiest to work with
  - Producer sends animals to them, each sale barn does its own paperwork
  - Market managers of other companies say there is no need for an animal list, which is challenging



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- Organic Premium
  - Yield differential
    - Every cows yields different price, and markets change from week to week
  - Need for more buyers, where do we get more?
    - Organic rules and environmental regulations are holding factors
      - Need volume to fill markets
      - Currently only one buyer, no competition
  - Freight is a large cost
    - Organic meat market tends to be more regional/local
    - Getting into box stores (Whole Foods) is ideal
- Market set standards need to be developed for those who participate
  - find good calves for the market, not the ones that are just hard to keep organic
  - Create rules, make an animal list mandatory
  - Sale barns must tag animals that go through
- NOFA-NY
  - Provided a draft informational handout, see attached
  - Education is needed to get the ball rolling, will send out handout in update packets to farmers
  - NOFA asks auction facilities to do their best to verify animals

### Final Discussion

- Opposition to Dannon Non-GMO Milk supply and products – “If they are opposing Non-GMO now, will organic be the next thing they oppose?”
  - Opposition views GMOs as a tool to advance themselves, and sees a giant step back in technological and food production advances
  - Dannon is trying to meet consumer demand, seems like the opposition is ignoring the consumer
  - Marketing is perception, when people see “GMO Free” they think the food is better
    - The public doesn’t understand what organic means
    - Marketing often scares people away from a product category – a food category
    - Average consumer will never fully understand our category
- In change, there is opportunity



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## NOFA-NY Certified Organic, LLC

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# NOFA-NY Guidance: Buying & Selling at Auction\*

To: Livestock Operations and Auction Facilities certified by NOFA-NY, LLC

The USDA National Organic Program (NOP) has stated that **auction facilities must be certified organic to sell certified organic livestock**. Any animals taken to auction must be sold as non-organic unless the facility is certified organic. Likewise, any animals purchased at auction will be considered non-organic unless the facility is certified and their organic certificate is obtained.

When selling an organic animal through a certified organic auction facility, the following documentation should accompany the animal/be provided to the auction facility:

1. Organic certificate listing type of livestock (dairy cows, dairy replacements, beef cows, etc.)
2. NOFA-NY Animal List or equivalent documentation from certifier verifying dairy/slaughter status of individual animals being sold (Tag ID, birthdate, date placed under organic management, etc.).
  - a. Examples of sufficient “equivalent” info could include: Affirmation signed by certifier listing IDs of animals and whether qualifies for dairy/slaughter; Transportation Log which identifies each animal as certified organic, the breed id #, slaughter status, ship date, BOL #; or NOFA-NY Organic Livestock Sales Record which provides an animal ID that correlates to the animal list.
  - b. If slaughter status is not verifiable, then dairy animals should be clearly marked by auction facility and producer as not eligible for organic slaughter.

*Note: A certified producer may hold an auction on their farm for the sale of their own organic livestock. An on-farm auction may not be used to sell livestock from any other certified operation.*

If a producer wishes to hold an on-farm auction to sell livestock from multiple farms, the producer must certify their operation to handle livestock auctions. This producer will be responsible for all paperwork, fees and documentation associated with the auction facility.

If you have any questions or concerns with this requirement, please don't hesitate to contact us.

Thank you!

\*This guidance document is intended for livestock operations and auction facilities certified by NOFA-NY only, and does not necessarily reflect the views and requirements of other certifiers.



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