

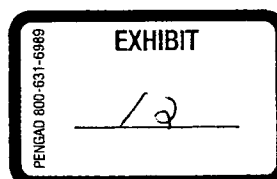
TESTIMONY FOR CLASS I FLUID MILK PRODUCT DEFINITION HEARING

My name is John Rourke. I am the Chief of the Market Information Branch, Dairy Programs, Agricultural Marketing Service. One of my areas of responsibility is the National Federal Milk Order Statistics Program. The information that I am presenting today has not been prepared in favor of or opposition to any proposal being considered at this hearing. The information was collected by market administrator staffs at my direction and assembled by me.

The information on the last page of this document shows annual data for 2004 for selected milk product beverages that are not listed separately in regular published reports. These products have been grouped by Class of utilization. If the classification of a product changed during the year, the monthly volumes were included in the applicable class. For each product, the following information is shown – product pounds, butterfat test, proportion of total Class I products disposition, and Federal milk order reporting the product. The data are totals for all orders combined. For nearly all products, individual order data pertained to the operations of fewer than three firms and thus cannot be released without disclosing confidential information.

Market administrators were directed to collect information only from those fluid milk processing plants that actually produce the product. If a regulated distributing plant's only route disposition of one of these products was a resale of a product received from another plant, then the plant was excluded from the data collection. Market administrators obtained this information from handler reports of receipts and utilization or from audits of handler records. The information collected differs by type of fluid milk processing plant as follows:

- 1) Fully regulated distributing plants – For Class I products, the statistic used is “total packaged disposition”. This includes; route dispositions, regardless of destination, packaged transfers to other order plants, both in the same order or in another order, and packaged transfers to unregulated plants. The term route disposition is used as defined under the order. For Class II products, the milk, skim milk, and cream used to produce the product were reported.



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- 2) Partially regulated distributing plants (PRDP) –Route dispositions in all Federal milk order marketing areas were collected. Some milk, skim milk, and cream used to produce the selected Class II products was reported for this type of plant.
- 3) Regulated or unregulated manufacturing plants – The information is milk, skim milk, and cream used to produce the selected Class II products.

Information was not collected from producer-handlers or exempt plants.

I have two additional comments. First, the term “total Class I products disposition” means total packaged disposition of products classified as Class I by fully regulated distributing plants. This figure does not include the selected Class II products shown on the table. Second, under “orders reporting the product”, PRDP stands for partially regulated distributing plants.

Following is an explanation of the data in the table, using the first line, the data for Carb Reduced or Free Beverages. First looking at the last column, there were four orders that reported this product being made by fully regulated plants; the order numbers are shown. Also this product was distributed on routes in FMO marketing areas by partially regulated distributing plants; this fact is indicated by PRDP. Going back to the second column, there were 101,490,181 pounds of this product reported; the butterfat test of these products was 1.91%. Going now to the fourth column, the 101 plus million pounds accounted for 0.23% of the total pounds of Class I packaged products disposed by fully regulated distributing plants.

This concludes my prepared comments and I stand ready for any questions.

DATA for CLASS I FLUID MILK PRODUCT DEFINITION HEARING 1/

Class I Products 2/	Annual Total for 2004			Orders Reporting Product 4/
	Product Pounds	Bfat. Test	% of Total Class I 3/	
Carb Reduced or Free Beverages	101,490,181	1.91%	0.23%	001, 030, 124, 126, PRDP
Lactose Free Beverages	335,853,490	1.18%	0.75%	001, 006, 007, 033, 126, PRDP
Yogurt-based Beverages 5/	135,966,066	1.28%	0.30%	001, 006, 007, 030, 033, 126, PRDP
Class II Products 6/				
Yogurt-based Beverages	51,401,303	0.87%	0.11%	001, 005, 007, 030, 033, 126, 135, 131, PRDP
Meal Replacements	21,862,138	1.92%	0.05%	001, 007, 033, 124, PRDP
Less Than 6.5% NFMS	85,261,669	2.10%	0.19%	001, 007, 030, 032, 033, 135, 131, PRDP
Greater Than 9% Butterfat	3,713,705	10.18%	0.01%	001, 030, 032, 126

1/ See **Testimony** for information on data in table. Data pertains to all orders reporting the product combined.

2/ For fully regulated distributing plants, total packaged disposition was reported. For partially regulated distributing plants, route disposition was reported.

3/ Proportion of Total Class I Products Disposition -- 44,721.6 million pounds in 2004.

4/ Federal milk order number; PRDP stands for partially regulated distributing plants.

5/ Includes kefir.

6/ Figures are the milk, skim milk, and cream used to produce listed product.

Source: USDA/AMS/DA/MIB, June 20, 2005