

Representing, Educating and Promoting the Restaurant/Hospitality Industry

1200 SEVENTEENTH STREET NW, WASHINGTON DC 20036-3097 202/331-5900 FAX: 202/973-3952

 NATIONAL  
RESTAURANT  
ASSOCIATION.

January 25, 2002

2002 JAN 25 P 12:51

Hearing Clerk  
Room 1083, South Building  
United States Department of Agriculture  
Washington, DC 20250

RECEIVED

**Docket No. AO-14-A69, et. al.: DA-00-03: Milk in the Northeast and Other Marketing Areas**

Dear Sir or Madam:

Founded in 1919, the National Restaurant Association is the leading business association for the restaurant industry. Representing more than 46,000 members and 235,500 restaurant outlets, including independent operators, small businesses, large chains, as well as restaurant suppliers, and culinary students and faculty, we would like to comment on the agency draft for Milk in the Northeast and Other Marketing Areas; Recommended Decision and Opportunity To File Written Exceptions on Proposed Amendments to Tentative Marketing Agreements and to Orders.

The National Restaurant Association would like to comment on the agency's recommended changes to the Federal Milk Marketing Order Class III and IV milk valuation formulas. The National Restaurant Association is opposed to the proposed changes in the valuation formulas.

USDA's recent proposal will have long term implications on the US dairy and cheese manufacturing industry. To begin with, due to higher implied make allowances in California, California will continue to gain cheese manufacturing market share at the expense of other US states under USDA's Federal Milk Marketing Order. Narrowing profit margins, coupled with recent price volatility, may force cheese manufacturers to withdraw from the industry entirely. This cost increase will have the greatest impact on small and medium sized manufacturers and producers of cheese and other dairy products. This will have a grave, negative effect on the entire dairy industry. The USDA stands to protect the country's agricultural system; we believe this proposal will unfortunately do more harm than good in the long run. This immense cost increase is likely to force producers and manufacturers out of the market, in effect leaving fewer options for dairy farmers and restaurants. The overall detrimental effect would leave farmers with a less competitive market, therefore raising the costs even more.

In the Year 2001, USDA recognized make allowance imbalance and changed the formula as required under The Consolidated Appropriations Act of 2000. But now, USDA is backtracking on 2001 formula changes. This will lead to a great deal of economic uncertainty in this country and with dairy and dairy product users in restaurants. Dairy

JAN-25-02 FRI 1:18 PM

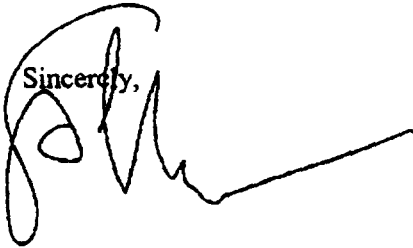
202 973 3671

P. 2

products are a mainstay of the American diet and this change in federal marketing would affect basic products used by all Americans. It would be injurious to a variety of restaurant firms, especially those that are more dairy centric. Manufacturers should not be forced to fund the economic windfall of the dairy industry. These are the same businesses that support the dairy industry, and will continue to support the industry.

The National Restaurant Association strongly opposes the proposed change in Federal Milk Marketing Order of Class III and Class IV milk valuation formulas. The National Restaurant Association appreciates the opportunity to submit these comments and thanks USDA for soliciting the opinion of the restaurant industry. Please feel free to call on us with any questions you may have regarding this issue, at (202) 331-5996.

Sincerely,



Steven C. Anderson, CAE  
President and Chief Executive Officer  
National Restaurant Association

# Restaurant Industry Facts

Locations.....858,000  
Employees..... 11.6 million  
Restaurant-Industry Share  
Of the Food Dollar ....46.1 Percent

2002 Industry Sales  
Projection: \$408 billion

### Did you know that...

- The restaurant industry is the cornerstone of the economy, career and employment opportunities and community involvement?
- In 2010, the restaurant industry will operate more than one million units with sales of \$577 billion, representing over 53 percent of the food dollar?
- The restaurant industry employs 11.6 million people, making it the nation's largest employer outside of government?
- One-third of all adults in the United States have worked in the restaurant industry at some point in their lives?
- Eating & drinking places employ more minority managers than any other industry?
- Nine out of 10 table-service-restaurant operators raise money for charities, or donate food or space?
- More than two-thirds of table-service-restaurant operators consider tourists important to their business?

800-424-5156

www.restaurant.org

## Health and Safety Regulatory Affairs Fax Cover Sheet

To: Carol Warlick

Company: USDA

Fax Number: (202)690-0552

From: Sheila Cohn, Nutrition Coordinator

Phone Number: (202) 973-3668

Fax Number: (202) 973-3671

Date: January 25, 2002

This fax is 3 pages (including cover sheet).

### Comments:

Docket No. AO-14-A69, et al.; DA-00-03

Milk in the Northeast and other

Marketing Areas