

California Dairy Review

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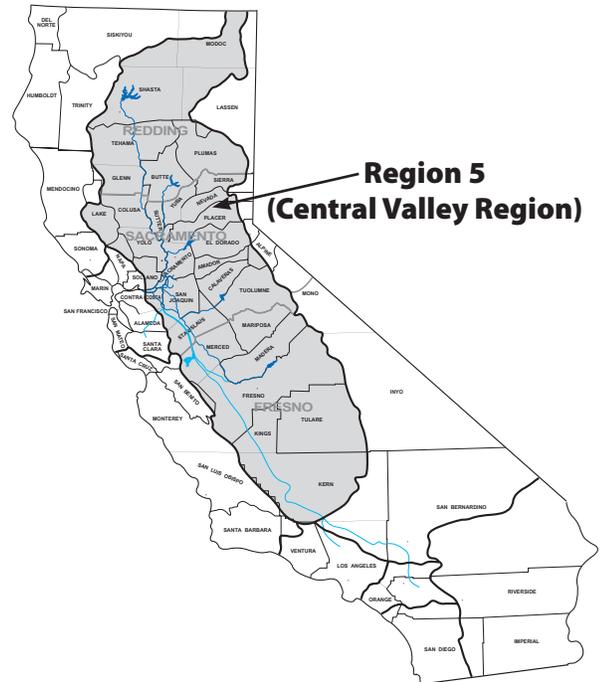


California Department of Food and Agriculture
A.G. Kawamura, Secretary

Central Valley Dairies Take Note . . .

Regional Water Quality Control Board Adopts General Rule

On May 3, 2007, the Regional Water Quality Control Board adopted a new General Rule affecting “existing” dairies within the Central Valley. The rule defines “existing” dairies as those dairies that were operating as of 10/17/05, filed a ROWD (Report of Waste Discharge) by 10/17/05, and have not expanded since 10/17/05. Dairies must not have expanded more than 15 percent in size since then to qualify for coverage under this “general” order. Dairies that do not qualify will have to file individual ROWDs and seek individual WDRs (permits). All existing dairies regardless of size are covered by the order. There is no minimum or maximum herd size. For this Order, “waste” includes, but is not limited to, manure, leachate, process wastewater and any water, precipitation or rainfall runoff that contacts raw materials, products, or byproducts such as manure, compost piles, feed, silage, milk, or bedding.



The Rule requirements can be summarized into four basic categories as follows:

- Waste management plan: Demonstrating that the dairy is designed and managed to prevent stormwater runoff from the facility, including adequate lagoon capacity, and also protected from impacts of flooding from off the facility.

Continued on Page 4

Production, Prices, Quota Transfers, Alfalfa

April Milk Production

Milk production in California for April 2007 totaled 3.445 billion pounds, up 4.2 percent from April 2006. USDA's estimate for U.S. milk production for April 2007 in the 23 major dairy states is 14.4 billion pounds, up 1.6 percent from April 2006. Production per cow in the 23 major states averaged 1,745 pounds for April, 19 pounds above April 2006. ☀

Minimum Class Prices

Statewide average hundredweight prices

Class	Apr	May	June
1	\$16.58	\$17.58	\$20.14
2	\$13.60	\$13.60	N/A
3	\$13.44	\$13.44	N/A
4a	\$14.53	N/A	N/A
4b	\$15.20	N/A	N/A

Federal Order and California Minimum Class 1 Prices

Average Hundredweight Prices

Regions	Apr	May	June
Phoenix, Arizona	\$17.35	\$18.27	\$20.19
Southern California	\$16.71	\$17.44	\$20.28
Portland, Oregon	\$16.90	\$17.82	\$19.74
Northern California	\$16.44	\$17.71	\$20.01
Boston (Northeast)	\$18.25	\$19.17	\$21.09

Quota Transfer Summary

For April 2007, fourteen dairy producers transferred 9,955 pounds of SNF quota. April quota sales averaged \$495 per pound of SNF (without cows), average ratio of 2.43. For May 2007, thirteen dairy producers transferred 12,053 pounds of SNF quota. May quota sales averaged \$497 per pound of SNF (without cows), average ratio of 2.43. ☀

Alfalfa Update: May

Northern California: Premium and Supreme alfalfa were steady to firm with light to moderate supplies and good demand. Fair and Good alfalfa was steady steady to firm with moderate to good demand and supplies. Retail and Stable hay was steady with good demand and moderate supplies. Good weather continues for hay production.

Southern California: Premium alfalfa was steady to firm and Supreme was not tested. Demand was good but supplies were light. Fair alfalfa not well tested and Good alfalfa was steady to firm. Retail and stable hay was steady with moderate demand and supplies. Weather was good for hay production. There is talk of alfalfa hay producers going for seed production. ☀

Supreme Hay Prices

Statewide average prices per ton

Area	4/27	5/4	5/11	5/18
Petaluma	N/A	N/A	N/A	\$190
North Valley ¹	\$175-205	\$187-205	\$195-205	\$190-208
South Valley ²	\$198-218	\$200-225	\$200-225	\$200-222
Chino Valley	\$200	N/A	N/A	N/A

¹North Valley is Escalon, Modesto and Turlock areas.

²South Valley is Tulare, Visalia and Hanford areas.

Alfalfa Hay Sales/Delivery

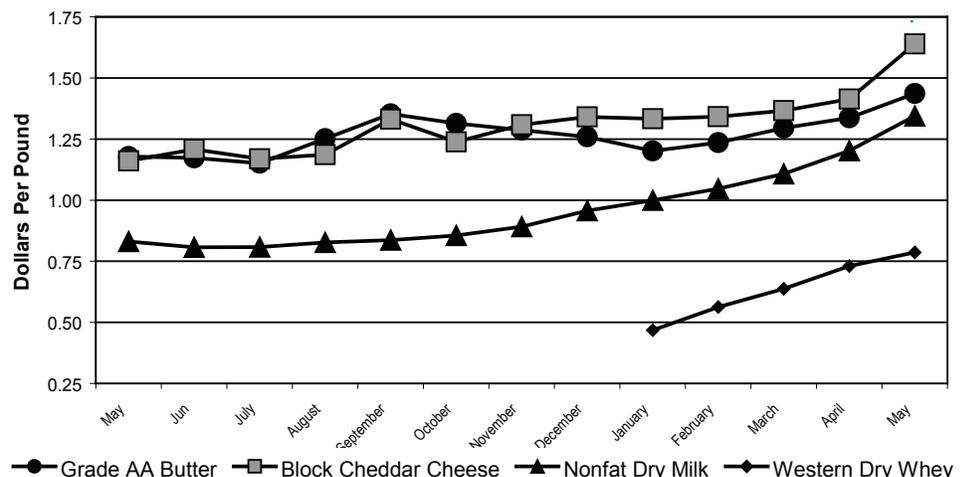
	April	April
Tons Sold ¹	146,245	245,705
Tons Delivered ²	85,704	110,145

¹ For current or future delivery.

² Contracted or current sales.

Alfalfa hay sales, deliveries and Supreme quality prices per ton, delivered to dairies, as reported by the USDA Market News Service, Moses Lake, WA, (509) 765-3611, <http://www.ams.usda.gov/marketnews.htm>

Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk, and Western Dry Whey Mostly Prices Used in the Calculation of California Class 1 Milk Prices





CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE

Bovine Tuberculosis (TB) in California

California regained its TB Accredited Free Status on April 15, 2005. The State was classified as Modified Accredited Advanced for two years after bovine TB was detected in three dairy herds. All three herds were quarantined, cattle destroyed, and the affected premises cleaned, disinfected, and restocked.

California is maintaining and demonstrating its freedom from bovine TB through movement controls and surveillance. All of California's major adult cattle packing plants meet or exceed target surveillance levels. More than 774,000 adult cattle slaughtered in California in 2006 were inspected for TB and 1,273 suspicious samples evaluated at the laboratory; all were negative for TB. Five feedlot cases (three killed in California and two killed in other states) are being investigated; four appear to be Mexican origin cattle, and one may not be bovine TB.

Testing live cattle is also crucial for maintaining free status. In 2006, private veterinarians did nearly 74,000 caudal fold tuberculin tests in California, and had 257 responders (0.35 percent). Three reactor cattle were negative when slaughtered for diagnostic purposes. Three cases are being investigated in California involving the movement of infected cattle. Continued vigilance, including preventing contact between breeding cattle and Mexican origin cattle, is necessary to ensure California remains free of bovine TB.

National Surveillance

Nationally, private practitioners did about 900,000 caudal fold tuberculin tests in 2006. Over 9,700 cattle, or about 1 percent, were positive on the initial skin test and negative on further evaluation for bovine TB.

Slaughter surveillance continued to improve in 2006. Forty plants, located in 20 states, killed 95.7 percent of the adult cattle; all but three of these plants meet or exceed targeted surveillance levels. Almost 10,000 suspicious samples were submitted nationally in 2006; 26 were positive for bovine TB and 10 for other mycobacteria.

Current Investigations

The origin of two infected beef cows is being investigated in South Dakota (in addition to an untraceable infected beef cow detected there last year). Contacts with an infected rodeo bucking bull from Colorado are being tested in several states, including California. A beef herd is being tested in Oklahoma following a trace from an infected cow detected late last year. An investigation involving a large dairy herd is

ongoing in New Mexico following an infected cow detected at slaughter. Several feedlot traces are ongoing, including the California cases.

National TB Report

There have been 21 affected and exposed cattle herds between 2005 and now; three herds were infected before 2005 (one in New Mexico and two in Michigan); four infected herds were detected in 2005 (one in Arizona and three in Minnesota); nine herds were detected in 2006 (two in Minnesota and seven in Michigan) and three herds were exposed (two in Texas and one in Kansas). In 2007, so far, two infected herds have been detected in Minnesota and one in Michigan, and one infected captive cervid herd has been detected in Michigan.

TB Infected Herds in the US – Update

Michigan: Seven infected herds were detected and depopulated in 2006 (five beef and two dairy). Two of these herds were outside the endemic zone and another herd was a re-infection. Two dairy herds detected in 2004 continue a test-and-removal plan. One mixed herd of cattle and a captive cervid ranch were detected and depopulated in 2007. Since 1995, 525 TB infected white-tailed deer have been detected from over 145,000 examined.

Minnesota: Seven infected beef herds have been diagnosed in Minnesota during this outbreak; three in 2005, two in 2006, and two in 2007. All infected herds were depopulated. Thirteen suspected and confirmed cases of bovine TB have been found in deer in Minnesota.

New Mexico: One large dairy herd is being investigated following detection of an infected cow at slaughter. No infected herds were detected in 2006; one infected dairy herd identified in 2003 remains under a test-and-removal plan.

Texas: No new herds were found in 2006. The last infected herd was depopulated in September 2004; Texas was declared TB free in September 2006.

CDFA Animal Health Branch Offices	
Sacramento (HQ)	916-654-1447
Modesto	209-491-9350
Ontario	909-947-4462
Redding	530-225-2140
Tulare	559-685-3500
USDA/APHIS/VS 916-854-3900 or 877-741-3690	
Web sites at: http://www.cdfa.ca.gov or http://www.aphis.usda.gov	

Regional Water - Continued from page 1

- Nutrient management plan: Using soil testing, manure nutrient testing, irrigation/lagoon water testing and plant tissue testing to ensure that nutrients are not over-applied to crops and that overall nutrient balance is maintained on the facility. In cases where the facility is not in balance dairy producers will be required to submit plans to do so.
- Environmental monitoring: Dairies will be required to submit groundwater monitoring plans for approval and subsequently install wells and conduct testing. This will be phased in over time; the Regional board “anticipates” installing 100 to 200 wells per year. The Board staff will select dairies based on risk, with factors such as nutrient balance and groundwater monitoring taken into account.
- Reporting/recordkeeping: Records of the above activities must be kept at the dairy and reports must be submitted to the Board, generally on an annual basis.

Many of the provisions included in the Rule/Order were to ensure that the California Environmental Quality Act obligations of the Regional Board were properly accomplished. This new Rule/Order may pose significant economic burdens on dairy producers.

For more information and to view the complete Order in its entirety, visit the website:
http://www.waterboards.ca.gov/centralvalley/adopted_orders/GeneralOrders/R5-2007-0035.pdf 

Hershey Plant in Oakdale Closing

The closing of the Hershey chocolate plant in Oakdale will be a big blow to Northern San Joaquin Valley milk producers and the Oakdale economy. This plant was a major outlet for the milk processing network across the region. It will especially hit hard the dairies that have contracts to provide Hershey with milk as they may have a hard time finding another processing facility for their milk. With strong spring milk production across the state, many processing plants are running at capacity.

The plant's closure will have less effect on local almond growers, who supply most of the nuts found in Hershey's products. Almond grower Paul Wenger said that's because no other region can compete with California for almond production. 

Milk with Immunity-Boosting Benefit Launched

Probiotic Cultures in Nurture(TM) Strengthen Body's Natural Defense System

Mayfield Dairy Farms announced the launch of Nurture by Mayfield, a 1% Lowfat milk and a 2% Reduced Fat milk containing probiotic cultures clinically proven to boost the body's immune system. Mayfield pioneered the addition of probiotics to milk more than 20 years ago with NuTrish, the first milk in the U.S. to contain probiotic cultures known to aid digestion and ease lactose intolerance. In light of new research that demonstrates health benefits of probiotics extend far beyond digestion alone, Mayfield is replacing NuTrish with Nurture.

“Twenty years ago when we first began selling NuTrish, scientific studies showed that probiotic cultures such as acidophilus and bifidum aided digestion,” said Scottie Mayfield, president of Mayfield Dairy Farms. “Now clinical research shows these live cultures actually boost the immune system. So by doing something most people do everyday--drink milk--consumers can actually strengthen their body's natural defenses,” said Mayfield.

Probiotics are beneficial bacteria that occur naturally within the digestive tract, providing critical support for the body's immune system. However, diet imbalances, antibiotics and day-to-day stress of today's hectic lifestyles can make it difficult for the body to maintain adequate levels of these probiotics. Regularly consuming two or three eight-ounce servings of Nurture each day will replenish those probiotic levels with optimal amounts of the two scientifically tested strains Nurture contains. Two or three servings of Nurture will also fulfill the Food Guide Pyramid dairy recommendations for most ages.

“Probiotics can help maintain a healthy balance of bacteria in the digestive tract,” said Pat Wallin, a registered and licensed dietitian and 40-year veteran of the nutrition and dairy industry. “Research suggests that certain probiotics, including those used in Mayfield's Nurture, may enhance the immune system,” said Wallin.

Launching both a 1% milk and a 2% milk will make the advantages of Nurture available to the broadest number of consumers, according to Mayfield. Both Nurture 1% and 2% milks are available in grocery stores that carry Mayfield Milk products. For more information about Nurture, probiotics, or clinical studies demonstrating the health benefits of probiotics, visit www.nurturemilk.com. 

Drought Continues to Be Devastating to Agriculture in Australia

Declaring rural Australia was facing an “unprecedentedly dangerous” crisis, Prime Minister John Howard said water to farms in the Murray-Darling river basin would be shut off unless the drought broke in the next month. This region is responsible for 40 percent of Australia’s agricultural produce and the move could devastate the nation’s wine harvest, orchards and dairy industry by further drying out the region.

But Howard said scarce water supplies were needed for urban communities facing critical shortages due to a drought scientists have described as the worst in a century. “It’s a grim situation and there’s no point in pretending to the Australian public otherwise,” Howard told reporters. “Based on the need to provide a critical minimum supply of water to urban communities within the basin, there is unlikely to be any water available for irrigation purposes in the upcoming water year.”

The Murray-Darling basin in southeastern Australia covers more than one million square kilometres (386,000 sq miles), including most of New South Wales state and large parts of Victoria, Queensland and South Australia. Containing 72 percent of Australia’s irrigated crops and pastures and much of the nation’s grape crop, it is regarded as the country’s food basket.

“The impact that this is going to have on industry, on the horticultural industry and crops like grapes and stone fruits and other primary industries that rely on irrigation, including the dairy industry, is very critical indeed,” Howard said.

The National Farmers’ Federation (NFF) said the move to cut off water in the 2007-08 financial year was unprecedented and that the organization would seek urgent talks with the government. Laurie Arthur, the head of the NFF’s water task force, said orchards and vineyards would die without irrigation and would take years to replace. “We’ve never seen the likes of this ever,” he told Sky News. “We’ve been watching the run-down of dams for the past 12 months.”

The Winemakers Federation of Australia said 60 percent of the grapes used in the multi-billion dollar wine industry came from the Murray-Darling basin and Howard’s announcement had realized its “worst case scenario.” Federation chief executive said the drought had already reduced the current vintage by 40 percent and the impact was now likely to be even more dramatic next year.

“We’ve been working on the basis that 2007-08 may be another tough year for grape growers and winemakers, potentially tougher than the current vintage,” he said.

Cheryl Rix, from agricultural production firm Western Murray Irrigation, said many farmers could be forced off the land. “This is just devastating,” she said. “We’re going to have to turn off our taps on July 1 and the farmers will have to rely totally on what falls from the sky. There’s not good forecasts for that. 

BSE Case Confirmed in British Columbia

The Canadian Food Inspection Agency (CFIA) has confirmed the diagnosis of bovine spongiform encephalopathy (BSE) in a mature dairy cow from British Columbia. The animal’s carcass is under CFIA control, and no part of it entered the human food or animal feed systems.

Preliminary information indicates that the age of the animal (66 months) falls well within the age range of previous cases detected in Canada and is consistent with the recognized average incubation period of the disease. This signifies that the animal was exposed to a very small amount of infective material, most likely during its first year of life.

An epidemiological investigation directed by international guidelines is underway to identify the animal’s herdmates at the time of birth and the pathways by which it might have become infected.

Canada has taken all necessary measures to achieve the eventual elimination of BSE from the national cattle herd. The enhanced feed ban, which comes into effect on July 12, 2007, will prevent more than 99 percent of potential BSE infectivity from entering the Canadian feed system. The CFIA expects to detect a small number of cases over the next 10 years as Canada progresses towards its goal of eliminating the disease from the national cattle herd.

The British Columbia animal was identified at the farm level by the national surveillance program, which has detected all cases found in Canada. The program targets cattle most at risk and has tested about 160,000 animals since 2003. 

CCA Pays \$500 Reward to Informant for Role in Conviction of Cattle Thief

The California Cattlemen's Association (CCA) awarded \$500 to an individual who provided information leading to the arrest of individuals involved in a cattle theft case in Tulare County.

On September 19, 2004, 46 Holstein heifers were reported stolen in Tulare County. The next day, the California Bureau of Livestock Identification (BLID) was notified of a suspicious vehicle at a local feedlot. Further investigation by the BLID revealed that calves found in a gooseneck trailer on site were in fact stolen and had holes in the ears where tags had been removed. Using the information provided, a juvenile was eventually found guilty and sentenced to Juvenile Hall.

After the case was settled, CCA received information from the BLID about the important role the informant played in the conviction, and elected to provide the informant with a reward.

Since 1994, the California Cattlemen's Association reward program has paid individuals whose information has led to the arrest of persons stealing, maiming, or illegally slaughtering cattle in California.

"Firsthand information from informants is critical to solving animal theft and abuse cases, and CCA is proud to work with the Bureau of Livestock ID, the public, and industry partners to reduce the incidence of these crimes," said CCA President Bruce Hafefeld.

Anyone with information about persons stealing, maiming or illegally slaughtering cattle in California are encouraged to call the Bureau of Livestock Identification's toll-free hotline at 1-800-671-4327. Posters advertising the CCA Reward Program are also available from the CCA office.

Founded in 1917, the California Cattlemen's Association (CCA) represents California's 1.35 billion dollar beef cattle industry in legislative and regulatory affairs, and remains the number one voice for the industry today. CCA is an affiliate of the National Cattlemen's Beef Association, which represents America's cattle farmers and ranchers. 

National Dairy Situation and Outlook – USDA Estimates

Milk Production and Cow Numbers

Monthly: Compared to 2006, USDA estimates that overall milk production across the U.S. was up 1.3% in April, led by Michigan's 5.8% growth in milk production (on 10,000 more cows and 45 more pounds per cow). California's estimated production was up 4.3% (on 13,000 more cows and 65 more pounds per cow). Among the western states, Arizona was up 3.5%; New Mexico down -8.4%; and Washington was down -1.3%. Three of the top 10 states reported a production decrease.

Quarterly: For the first quarter of 2007 compared to the fourth quarter of 2006, U.S. milk cow numbers increased to 9.128 million, production per cow increased 145 pounds per cow; the net effect was increased milk production to 46.0 billion pounds. USDA projects that for the second quarter of 2007 compared to the first quarter of 2007, U.S. milk cow numbers will decrease 25,000 cows to 9.100 million cows, production per cow will be up 175 pounds per cow; the net effect would be increased milk production to 47.5 billion pounds.

Milk Prices

Comparing the first quarter of 2007 to the fourth quarter of 2006, U.S. average milk prices were up to \$15.00/cwt. USDA projects that for the second quarter of 2007, U.S. average all-milk prices will be \$17.45-17.75/cwt.; Class 4b prices will be \$16.86-17.16cwt; and Class 4a prices will be \$16.44-16.84/cwt.

Utility Cow Prices

Comparing the first quarter of 2007 to the fourth quarter of 2006, average U.S. utility cow prices were up \$3.30/cwt. to a national average of \$47.60/cwt. USDA projects that utility cow prices will average \$49-51 in the second quarter of 2007.

Information from the USDA-NASS publication "Milk Production" and the USDA-ERS publication: "Livestock, Dairy, and Poultry Outlook." 

USDA Seeks Nominees for National Dairy Board

The U.S. Department of Agriculture is asking dairy producer and farm organizations to nominate candidates to serve on the National Dairy Promotion and Research Board. Nominations must be submitted by May 31.

The Secretary of Agriculture will appoint 12 individuals from those nominated to succeed members whose terms expire Oct. 31, 2007. The 12 new members will serve 3-year terms beginning Nov. 1, 2007, and ending Oct. 31, 2010.

USDA will accept nominations from the following regions: Region 1 (Oregon and Washington); Region 2 (California); Region 3 (Arizona, Colorado, Idaho, Montana, Nevada, Utah, and Wyoming); Region 4 (Arkansas, Kansas, New Mexico, Oklahoma, and Texas); Region 6 (Wisconsin); Region 9 (Indiana, Michigan, Ohio, and West Virginia); Region 10 (Florida, Georgia, North Carolina, South Carolina, and Virginia); Region 11 (Delaware, Maryland, New Jersey, and Pennsylvania); and Region 12 (New York). USDA will appoint one member per region, with the exception of Region 2 (California) with four appointments.

The National Dairy Promotion and Research Board was established under the Dairy Production Stabilization Act of 1983 to develop and administer a coordinated program of promotion, research, and nutrition education. The 36-member board is authorized to design programs to strengthen the dairy industry's position in domestic and foreign markets. The national program is financed by a mandatory 15-cent per hundredweight assessment on all milk marketed commercially by dairy producers.

USDA welcomes membership on industry boards that reflects the diversity of the individuals served by the programs. USDA encourages all eligible women, minorities, and persons with disabilities to seek nomination for a seat on the board.

For nominating forms and information, contact Whitney A. Rick, Chief, Promotion and Research Branch, Dairy Programs, AMS, USDA, Room 2958-S, Stop 0233, 1400 Independence Ave., SW, Washington, D.C. 20250-0233; telephone (202) 720-6909; fax (202) 720-0285; or E-mail at whitney.rick@usda.gov or <http://www.ams.usda.gov/dairy/dairypr.htm>. 

Horizon Organic Introduces DHA Omega-3-Fortified Organic Milk

Horizon Organic recently announced that its organic milk will be fortified with DHA omega-3. Studies have shown that this nutrient, traditionally found in breast milk and now in most infant formulas, plays a positive role in children's heart, brain and eye health.

Horizon Organic Milk Plus DHA is produced with Martek Biosciences' life'sDHA. DHA omega-3 is a long-chain omega-3 fatty acid that serves as a primary building block for the brain and the eyes and supports brain, eye and cardiovascular health throughout life.

Research studies link DHA omega-3 to a range of important health benefits including heart health and proper brain and eye function. There also is a large and growing body of scientific evidence demonstrating that people of all ages, from infants to aging adults, benefit from an adequate supply of DHA omega-3 in the diet.

Beginning in June, Horizon Organic's half-gallon sizes of whole, reduced fat (2 percent) and low fat (1 percent) milk will be fortified with DHA and will be available at supermarkets and natural food stores nationwide. 

Assessment Update

The California Food and Agricultural Code authorizes the Secretary of Food and Agriculture to establish a maximum total assessment of two and four tenth cents (\$0.024) per hundredweight of market milk sold in commercial trade channels to fund the operations of the Dairy Marketing Branch. The current rate of assessment is one and two tenth cents (\$0.012) per hundredweight, two thirds of which is assessed to producers of market milk and one third to handlers of market milk.

At its March 2007 meeting, the Milk Producers Security Trust Fund Board approved the transfer of its interest earnings to the Dairy Marketing Branch for the 2006/07 fiscal year. Based on these additional revenues, there are sufficient funds to administer the activities of the Branch without collecting further assessments for a period of time. Therefore, effective for milk produced on/after May 1, 2007, the Secretary is suspending both of the Milk Stabilization Administrative Fees until such time as the program's cash balance is drawn down to a two or three month reserve. It is anticipated that the Fee will be suspended for a minimum of six months. Notification will be provided at such time that it is necessary to re-establish this assessment. 

Where Are the Honeybees? . . .

The mysterious killer that is wiping out many of America's honeybees could have a devastating effect on the nation's food supply. According to USDA, honeybees pollinate more than 90 of the nation's flowering crops such as: apples, nuts, avocados, soybeans, asparagus, broccoli, celery, squash, cucumbers, citrus fruit, peaches, kiwi, cherries, blueberries, cranberries, strawberries, cantaloupe and other melons.

In fact, about one-third of the human diet comes from insect-pollinated plants, and the honeybee is responsible for 80 percent of that pollination, according to USDA. Even cattle, which feed on alfalfa, depend on bees. While scientists note that large-scale bee die-offs have happened before, this one seems particularly baffling and alarming.

U.S. beekeepers in the past few months have lost one-quarter of their colonies -- or about five times the normal winter losses -- because of what scientists have dubbed Colony Collapse Disorder. Scientists are struggling to figure out what is killing the honeybees, and early results of a recent study point to some kind of disease or parasite. Even before this disorder struck, America's honeybee numbers were steadily shrinking, because their genes do not equip them to fight poisons and disease very well, and because their gregarious nature exposes them to ailments that afflict thousands of their close cousins.

Experts from Brazil and Europe have joined in the detective work at USDA's bee lab in suburban Washington. "This crisis threatens to wipe out production of crops dependent on bees for pollination," Agriculture Secretary Mike Johanns said in a statement.

Of the 17,000 species of bees that scientists know about, "honeybees are, for many reasons, the pollinator of choice for most North American crops," a National Academy of Sciences study said last year. Honeybees are known to pollinate many types of plants, repeatedly visit the same plant, and recruit other honeybees to visit, too.

Beginning this past fall, beekeepers would open up their hives and find no workers, just newborn bees and the queen. Unlike past bee die-offs, where dead bees would be found near the hive, this time they just disappeared. The die-off takes just one to three weeks. USDA's top bee scientist, Jeff Pettis,

who is coordinating the detective work on this die-off, has more suspected causes than time, people and money to look into them. The top suspects are a parasite, an unknown virus, some kind of bacteria, pesticides, or a one-two combination of the top four, with one weakening the honeybee and the second killing it. 

NMPF Federal Milk Marketing Order Task Force Meets

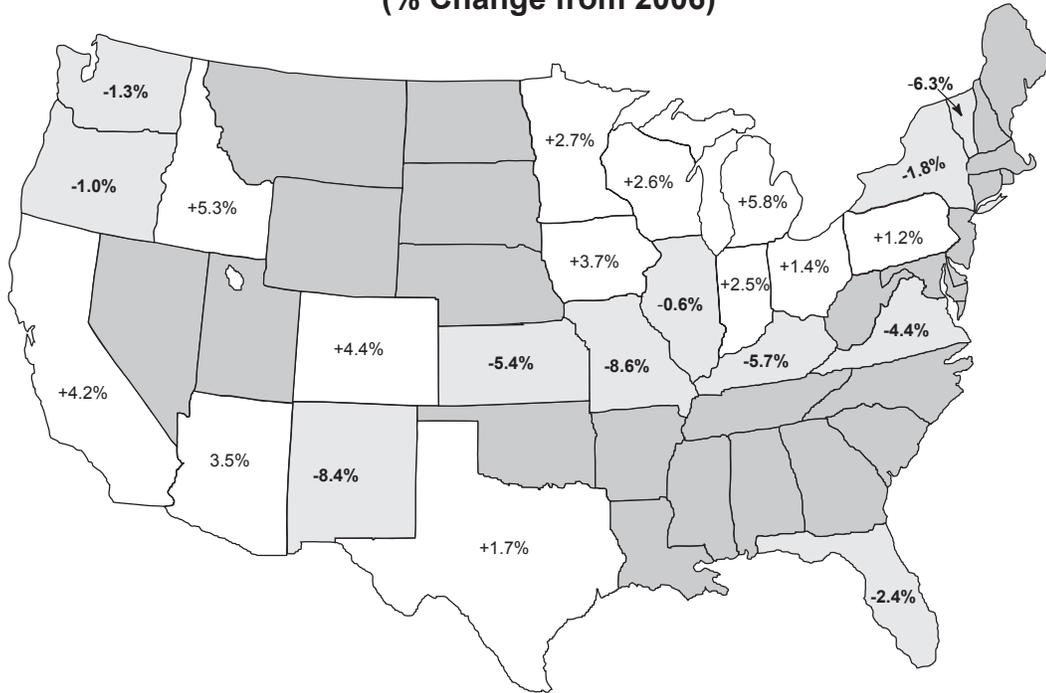
The National Milk Producers Federation's (NMPF) new campaign to improve the existing Federal Milk Marketing Order system got underway earlier this week in Chicago, as members of the NMPF Federal Order task force met to discuss what types of changes will most benefit dairy farmers and the cooperatives they own, along with milk processors.

The fourteen participants in this task force meeting identified a number of areas of concern. These include the Federal Order hearing process and the length of time it takes to process changes in the system, price discovery, transportation cost recovery, manufacturing costs and classified pricing. A significant part of the meeting was spent talking about price discovery options. At its next meeting in June, this pricing issue will be explored by task force members in greater depth, with outside experts being invited to present their thoughts on the speed and efficacy of how prices are set by the system.

"After hearing the task force members' individual concerns with Federal Orders, it is clear that there is lots of diversity of opinion within the group," noted Dave Fuhrmann, CEO of Foremost Farms of Baraboo, WI, and task force chairman. Fuhrmann noted that the task force members did all concur that the industry is better with the Federal Order system than without it, and their efforts would focus on building up the system, not dismantling it.

The task force agreed that deadlines need to be set for the Federal Order hearing process. All members expressed concern over the length of time it takes from point at which a request for a hearing is filed with USDA, to a final decision being issued. "Our members understand that NMPF and its member cooperatives don't exist in a vacuum when it comes to the Federal Order system," said Jerry Kozak, NMPF President and CEO. "The plan is to expand participation in this process to others in the industry, with the goal of being able to move forward with improvements to the Federal Milk Marketing Order system in a year." 

April Milk Production in the Top 23 States (% Change from 2006)



For the U.S. overall, comparing April 2007 to April 2006:

- U.S. Milk production during April was up 1.3%
- The number of cows on farms was 9.121 million head, up 5,000 head
- Production per cow averaged 1,725 pounds, 20 pounds more than April 2006
- Eleven of the top twenty-three milk producing states showed a decrease in milk production

As reported by USDA
and CDFA (for California)

Milk Production Cost Comparison Summary for California^{1/} By Quarter, 2006-2007

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
<i>Dollars per Hundredweight</i>										
1st Quarter										
Total Costs	15.35		12.32		11.72		11.76		12.01	
Total Costs & Allowances*	16.93		13.82		13.24		13.07		13.52	
2nd Quarter										
Total Costs	14.22		12.36		12.47		11.99		12.43	
Total Costs & Allowances*	15.76		13.88		14.00		13.31		13.94	
3rd Quarter										
Total Costs	14.62		12.58		12.73		12.56		12.71	
Total Costs & Allowances*	16.14		14.10		14.33		13.90		14.26	
4th Quarter										
Total Costs	16.99		13.47		13.25		13.23		13.41	
Total Costs & Allowances*	18.62		15.01		14.84		14.59		14.97	

* Includes an allowance for management and a return on investment

Hundredweight Pool Prices

Month	Quota	Overbase
October	\$15.07	\$13.37
November	\$14.35	\$12.65
December	\$14.41	\$12.71
January '06	\$13.91	\$12.21
February	\$12.75	\$11.05
March	\$12.19	\$10.49
April	\$11.90	\$10.20
May	\$11.90	\$10.20
June	\$11.90	\$10.20
July	\$11.71	\$10.01
August	\$12.13	\$10.43
September	\$12.80	\$11.10
October	\$12.87	\$11.17
November	\$13.31	\$11.61
December	\$13.50	\$11.80
January '07	\$13.70	\$12.00
February	\$14.45	\$12.75
March	\$15.28	\$13.58
April	\$16.33	\$14.63

Milk Mailbox Prices

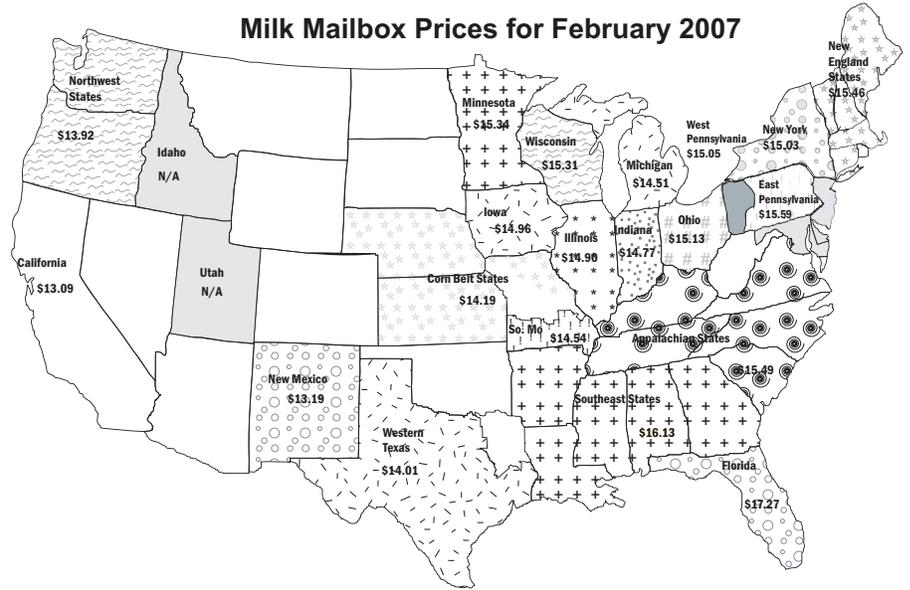
Milk Mailbox Prices in Dollars per Hundredweight

	August	September	October	November	December	January	February
California ¹	\$10.63	\$11.44	\$11.62	\$12.12	\$12.42	\$12.55	\$13.09
USDA ²	\$11.93	\$12.88	\$13.65	\$14.00	\$14.20	\$14.66	\$14.92

¹ California mailbox price calculated by CDFA.

² All federal milk market order weighted average, as calculated by USDA.

Milk Mailbox Prices for February 2007



In February 2007, mailbox prices for selected reporting areas in Federal milk orders averaged \$14.92 per cwt., \$0.26 more than the figure for the previous month. The component tests of producer milk in February 2007 were: butterfat, 3.78%; protein, 3.11%; and other solids 5.70%. On an individual reporting area basis, mailbox prices increased in all reporting areas except three, and ranged from \$17.27 in Florida to \$13.19 in New Mexico. In February 2006, the Federal milk order all-area average mailbox price was \$13.56, \$1.36 lower.

California Department of Food and Agriculture
A.G. Kawamura, Secretary
Dairy Marketing Branch
1220 N Street
Sacramento, CA 95814

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Milk Pricing Information:
Within California 1-800-503-3490
Outside California 1-916-442-MILK

Dairy Marketing Branch:
Phone (916) 341-5988; Fax (916) 341-6697
Website: www.cdfa.ca.gov/dairy
Email: dairy@cdfa.ca.gov



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