

California

# Dairy Review

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## USDA Announces Proposed Rule On Disposition of Downer Cattle

The U.S. Department of Agriculture (USDA) announced a proposed rule to amend the Federal meat inspection regulations to initiate a complete ban on the slaughter of cattle that become non-ambulatory after initial inspection by Food Safety and Inspection Service (FSIS) inspection program personnel. This proposed rule follows the announcement by Secretary of Agriculture Ed Schafer to remove the provision that states that FSIS inspection program will determine the disposition of cattle that become non-ambulatory disabled after they have passed ante-mortem, before slaughter, inspection on a case-by-case basis.

Under the proposed rule, all cattle that are non-ambulatory disabled at any time prior to slaughter, including those that become non-ambulatory disabled after passing ante-mortem inspection, will be condemned and properly disposed of. "To maintain consumer confidence in the food supply, eliminate further misunderstanding of the rule and, ultimately, to make a positive impact on the humane handling of cattle, I believe it is sound policy to simplify this matter by initiating a complete ban on the slaughter of downer cattle," said Agriculture Secretary Ed Schafer.

Previously, the rule allowed a case-by-case reinspection of cattle to address the rare situations where an animal that is deemed by FSIS as fit for human food at ante-mortem inspection subsequently suffers an acute injury. Under the proposed rule, cattle that become non-ambulatory disabled from an acute injury after ante-mortem inspection will no longer be eligible to proceed to slaughter as "U.S. Suspects." Instead, FSIS inspectors will tag these cattle as "U.S. condemned" and prohibit these animals from proceeding to slaughter. Establishments will be required to notify FSIS personnel when cattle become disabled after passing ante-mortem inspection.

Of the nearly 34 million cattle that were slaughtered in 2007, less than 1,000 cattle that were re-inspected were actually approved by the veterinarian for slaughter. This represents less than 0.003 percent of cattle slaughtered annually.

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

# Production, Prices, Quota Transfers, Alfalfa

## August Milk Production

Milk production in California for August 2008 totaled 3.40 billion pounds, down 1.6 percent from August 2007. USDA's estimate for U.S. milk production for August 2008 in the 23 major dairy states is 14.5 billion pounds, up 1.5 percent from August 2007. Production per cow in the 23 major states averaged 1,717 pounds for August, 2 pounds below August 2007. ☀

## Minimum Class Prices

Statewide average hundredweight prices

Class	August	September	October
1	\$19.93	\$19.37	\$18.37
2	\$16.65	\$16.65	N/A
3	\$16.49	\$16.49	N/A
4a	\$16.24	N/A	N/A
4b	\$16.14	N/A	N/A

## Federal Order and California Minimum Class 1 Prices

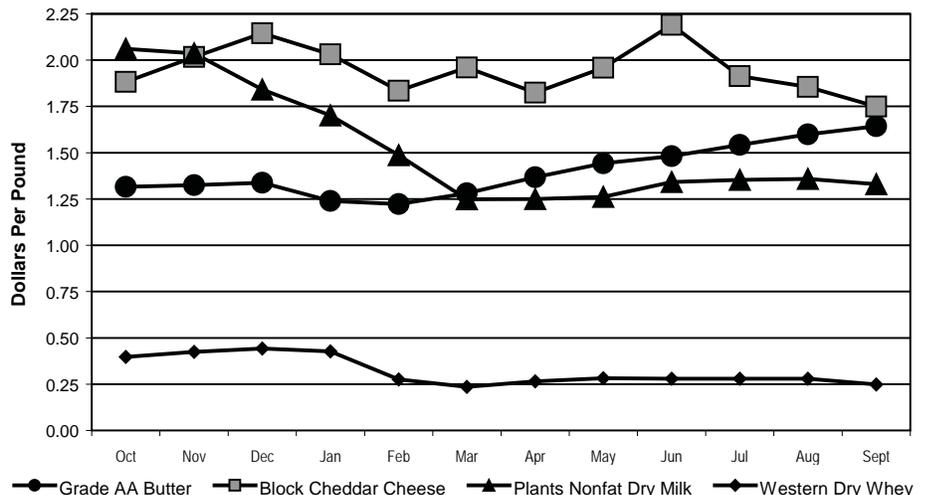
Average Hundredweight Prices

Regions	Aug.	Sept.	Oct.
Phoenix, Arizona	\$20.82	\$20.00	\$17.88
Southern California	\$20.07	\$19.51	\$18.50
Portland, Oregon	\$20.37	\$19.55	\$17.43
Northern California	\$19.79	\$19.23	\$18.23
Boston (Northeast)	\$21.72	\$20.90	\$18.78

## Quota Transfer Summary

For August 2008, seven dairy producers transferred 23,072 pounds of SNF quota. August quota sales averaged \$544 per pound of SNF (without cows), average ratio of 2.47. For September 2008, four dairy producers transferred 3,727 pounds of SNF quota. September quota sales averaged \$545 per pound of SNF (without cows), average ratio of 2.39. ☀

## 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



## Alfalfa Update: September

### Northern California:

Premium and Supreme alfalfa were steady in limited test, with moderate to good demand and light supplies. Fair and Good alfalfa was steady with light demand and moderate to heavy supplies. Retail and Stable hay was steady with moderate demand and moderate supplies. Dairies are resisting current hay price offers.

### Southern California:

Supreme and Premium alfalfa was not tested, moderate demand and supplies, no new production. Fair and Good alfalfa was near steady with light demand, moderate to heavy supplies. Retail and stable hay steady with moderate demand and moderate supplies. ☀

## Supreme Hay Prices

Statewide average prices per ton

Area	8/29	9/5	9/12	9/19
Petaluma	N/A	N/A	\$260	\$285
North Valley <sup>1</sup>	\$265-278	\$250-270	\$260-275	\$247-285
South Valley <sup>2</sup>	N/A	\$285	\$265	\$270
Chino Valley	N/A	N/A	N/A	N/A

<sup>1</sup>North Valley is Escalon, Modesto and Turlock areas.

<sup>2</sup>South Valley is Tulare, Visalia and Hanford areas.

## Alfalfa Hay Sales/Delivery

	August	September
Tons Sold <sup>1</sup>	231,971	155,776
Tons Delivered <sup>2</sup>	110,420	63,600

<sup>1</sup> For current or future delivery.

<sup>2</sup> 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>

## **Dairy Council of California Receives Authorization to Continue**

CDFA conducted a public hearing on August 5, 2008, to receive comment from the dairy industry and the general public on whether the Dairy Council of California should be continued. Such a hearing must be conducted every five years. All the testimony submitted for this hearing was supportive of the Council's continuation. Therefore, CDFA has authorized the Dairy Council to continue operating for five more fiscal years, through June of 2014.

The Dairy Council conducts activities to educate the public about the importance of milk and dairy products in a well balanced diet. These activities are funded by a mandatory assessment upon all California milk producers and milk handlers.

For more information regarding this hearing, please contact Dennis Manderfield of the CDFA Marketing Branch at 916-341-6005. For more information regarding the Dairy Council, please contact Peggy Biltz, CEO of the Dairy Council, at 916-263-3560. 

## **CWT Accepts Export Assistance Bids**

Cooperatives Working Together (CWT) accepted three export assistance bids for the sale of butter and anhydrous milkfat.

Two of the bids were from Foremost Farms of Baraboo, WI: one for the export of 500 metric tons (1.1 million pounds) of butter to Egypt; and a second for the export of 350 metric tons (771,618 lbs.) of butter to Morocco.

The third bid was from Dairy Farmers of America of Kansas City, MO, for the export of 18 metric tons (39,683 lbs.) of anhydrous milkfat to Mexico. CWT will pay an export bonus to the bidders, only when delivery of the product is verified by the submission of the required documentation.

With these accepted bids, CWT's total 2008 export obligations are: butter, 16,399 metric tons (36 million lbs.); cheese, 1,315 metric tons (2.9 million lbs.); whole milk powder, 170 metric tons (374,000 lbs.); and anhydrous milkfat, 4,656 metric tons (10.3 million lbs.). The milk equivalent total of these products is 1.11 billion pounds. 

## **National Dairy Situation and Outlook – USDA Estimates**

### **Milk Production and Cow Numbers**

Monthly: Compared to 2007, USDA estimates that overall milk production across the U.S. was up 1.1% in August, led by Texas' 17.2% growth in milk production (on 37,000 more cows and 100 more pounds per cow). USDA reports that California milk production was down 1.9% on 24,000 more cows, but 60 less pounds per cow compared to August 2007. Among the western states, Arizona was up 1.9%; New Mexico up 5.0%; and Washington was up 1.3%. Three of the top 10 states reported a production decrease.

Quarterly: For the second quarter of 2008 compared to the first quarter of 2008, U.S. milk cow numbers increased to 9.274 million, production per cow increased 110 pounds per cow; the net effect was increased milk production to 48.7 billion pounds. USDA projects that for the third quarter of 2008 compared to the second quarter of 2008, U.S. milk cow numbers will decrease to 9.270 million cows, production per cow will be down 205 pounds per cow; the net effect would be decreased milk production to 46.8 billion pounds.

### **Milk Prices**

Comparing the second quarter of 2008 to the first quarter of 2008, U.S. average milk prices were down to \$18.57/cwt. USDA projects that for the third quarter of 2008, U.S. average all-milk prices will be \$18.55-18.75/cwt.; Class 4b prices will be \$17.35-17.55/cwt; and Class 4a prices will be \$16.54-16.84/cwt.

### **Utility Cow Prices**

Comparing the second quarter of 2008 to the first quarter of 2008, average U.S. utility cow prices were up \$3.42/cwt. to a national average of \$57.30/cwt. USDA projects that utility cow prices will average \$58-60 in the third quarter of 2008.

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

## **Proposed Rule- Continued from Page 1**

Comments on this proposed rule must be received on or before September 29th, 2008. Comments can be sent to Docket Clerk, U.S. Department of Agriculture, Food Safety and Inspection Service, Room 2534 South Agriculture Building, 1400 Independence Avenue, SW., Washington, D.C. 20250; e-mailed to fsis.regulationscomments or submitted through the Federal eRulemaking Portal at [www.regulations.gov](http://www.regulations.gov). All submissions received by mail or electronic mail must reference the Food Safety and Inspection Service and include the docket number FSIS-2008-0022. For further technical information on the proposed rule, contact Dr. Daniel Engeljohn, Deputy Assistant Administrator, Office of Policy and Program Development, at (202) 205-0495 or by fax at (202) 720-2025.



## **Security Milk Producers Looking At Tulare County Plant**

Security Milk Producers Association, based in Ontario, is searching for a location for a milk plant in Tulare County, according to general manager Hank Perkins. Sources say the company has visited site locations up and down Highway 99, including near Pixley and in Tulare.

"Talks are very preliminary," says Perkins, "but we need to site a plant up there" because of the volume of milk that comes from the Valley. Perkins says the 34-member co-op has approved the search and expects to be in production in Tulare County by 2010.

The Security Milk Producers cooperative produces about 4 million pounds of milk daily, i.e. 1.4 billion pounds annually. The co-op has been operating since 1964 and records \$200 million in annual sales.

Security Milk is a fluid milk supplier to the Los Angeles area with some large customers that include the Ralphs (Kroger) chain and Trader Joe's. In Tulare County, Security has a milk contract to supply product to Mozzarella Fresca cheese company in Tipton.

Perkins says the cooperative receives about half its production from large member dairy farms in the greater Tulare area, making it a logical choice for a new plant. "With the cost of freight it makes more sense to have our production facility nearby," Perkins says.

The plant would be built in phases with the first phase making cream and condensed milk and phase two being a butter/ powder facility used to balance milk production.



## **Lilly Acquires Monsanto Operation That Produces Posilac**

Eli Lilly's Elanco division will pay more than \$300 million to acquire the worldwide rights to the dairy cow supplement, Posilac (Monsanto's artificial dairy cow hormone), as well as the product's supporting operations from Monsanto Company. Posilac has faced continued public concerns over its safety. Monsanto reported putting the product up for sale after marketing it for 14 years. The genetically engineered protein is injected into dairy cows to boost milk production an average of 15 percent by preventing mammary cell death.

Lilly, which has been investing more heavily in its animal health business in the past two years, said it is ready to take on the task of promoting the BST hormone, called Posilac, as a farming tool that can boost milk supplies for a world hungry for more dairy products. Posilac opponents point to studies that show cows given Posilac have higher rates of udder infections. They also say the hormone increases a substance, called bovine insulin-like growth factor 1, that has been linked to cancer and is passed on to humans through the milk.

Joan Todd, Elanco spokeswoman, said "We are very familiar with it (Posilac), and we are familiar with the controversy. We've got to feed a growing global population. This is a recognized, safe and effective way to do it." The sale agreement gives Lilly worldwide rights to the product, the Posilac sales force and the sole production plant in Augusta, Georgia.

Lilly has been selling Posilac outside the United States the past 10 years under a marketing agreement with Monsanto. The \$300 million amounts to about a third of Elanco's \$1 billion in annual sales from all its animal health products. Lilly also will pay Monsanto a portion of future Posilac sales, plus assume royalty payments Monsanto makes to the University of California related to the product.

The use of the artificial bovine somatotropin, or BST, hormone has fallen into increasing disfavor in the United States as numerous dairy wholesalers and grocery chains have vowed not to use milk from Posilac-treated herds. Earlier this year, Wal-Mart and Kroger said their store-brand milk won't come from herds treated with artificial BST. Monsanto was aggressive in its defense of Posilac and lobbied states to pass laws preventing the labeling of milk coming from non- Posilac-treated cows.



## Foster Farms Dairy Product Brand Name Changes to Crystal

Foster Farms Dairy, producing dairy products in Modesto for 67 years, announced that the brand name will change to Crystal. The new name comes from Crystal Cream and Butter Co., a Sacramento producer that Foster Farms bought last year. The Foster Farms name is well-known in and near Stanislaus County but not in other parts of Northern California, said Dennis Roberts, vice president of sales and marketing for the company.

Crystal, on the other hand, has "tremendous name recognition" in Sacramento and the Bay Area, he said.

The new name will go on fluid milk, butter, ice cream and other products that Foster Farms processes and makes at its plants in Modesto and in Fresno. "It's made at the same place by the same people, but just a different label," said Carrie Cardoza Bordona, whose Modesto public relations firm is working on the change-over.

Roberts explained that marketing research found many consumers associate the Foster Farms name with poultry more than dairy products. He said the company will be better off selling just one dairy brand in its market area, stretching from the Oregon border to Bakersfield and over to the coast.

The new labels have "Crystal" in big letters, with "Foster Farms Dairy Quality" next to it in small type. The company incorporated part of Foster Farms' sunburst logo.

The purchase of Crystal, founded in 1901, boosted Foster Farms' milk production from about 2.5 million gallons a week to 3 million and added hundreds of retail outlets. Foster Farms Dairy will continue to be the corporate name for the company, the largest privately owned dairy producer in the state employing more than 950 people. 

## Corn Crop Looking Strong

The percent of corn at or beyond the dough stage jumped from 68 percent two weeks ago to 83 percent last week, according to the Crop Progress report released Tuesday by USDA. Corn at or beyond the dent stage jumped from 26 percent to 45 percent over the same time period. Sixty-one percent of the corn is described as "good" or "excellent," which is similar to the assessment at this time last year. Last year's crop went on to be the largest in history; this year's could be the second largest. 

## Milk Feed Ratio Down Slightly

USDA reported that the August U.S. milk-feed price ratio was 1.89. That's down slightly from the revised July milk-feed ratio of 1.91. And it's down 1.3 points from a year earlier.

Corn prices dropped from \$5.24 per bushel in July to \$4.90 in August and soybean prices fell significantly from \$13.30 a bushel in July to \$7.72 in August. However, alfalfa hay prices climbed to \$180 per ton. That's up \$45 a ton from August 2007 and \$3 more per ton than last month.

A ratio of 1.89 means that you can buy 1.89 pounds of feed for every pound of milk sold. Whenever the ratio meets or exceeds 3.0, it is considered profitable to buy feed and produce milk. 

## Metal Theft Problem

Ending two years of debate in the Legislature, California Gov. Arnold Schwarzenegger is expected to sign Assembly Bill 844, a bill aimed at stopping metal theft, a growing problem in the valley and other areas of the state, that will curb the metal-theft problem in rural areas of the state.

Metal theft is a troublesome crime in rural areas as thieves cannibalize farm equipment and sell the scrap metal for quick cash, often to fuel drug habits, authorities say. Assembly Bill 844 requires junk dealers and recyclers to collect more information from customers that could help with investigations, including thumbprints and photos of the metals being recycled. Also, customers would not get cash payments until three days after they sell the metals. Non-regular customers could only be paid by check. 

## Homebuyers Beware of Farmers' Right to Farm

New California legislation would require that homebuyers who move next to farms be informed that agriculture can be noisy, smelly, dusty — and that farmers have a right to farm. The bill would require developers to inform potential buyers about California's right-to-farm law whenever property changes hands.

This law is aimed at preventing complaints and nuisance lawsuits from people moving into the countryside. 

## Dairy Farmers and Processing Plants Call for USDA Fix of Federal Pricing System

Farmers and the plants that buy their milk in federal milk marketing orders (California operates a State milk pricing system) often do not agree on milk pricing issues, however, both are claiming that this country's system for setting how much dairy farmers are paid is not working. The newest controversy is over changes to the pricing formulas scheduled to take effect September 1, 2008 (however it has been delayed to Oct. 1, 2008). These changes affect the deduction plants take from farmers' checks to reflect the cost of producing cheese and other manufactured dairy products. The farmers say the deductions are too much, the processors say the deductions are not enough and too long in coming.

According to the National Family Farm Coalition, with the new deduction in place, farmers will receive about 14 cents less for every 100 pounds of milk and perhaps a total of \$156 million less a year. Milk prices paid to farmers typically run between \$15 and \$19 per 100 pounds, but have fallen as low as \$13 and climbed as high as \$21 in the past three or four years.

The coalition complained to the USDA that the decision deals a "devastating blow" to farmers who already face high operating costs and inadequate prices. The International Dairy Foods Association called the decision "too little, too late" to help plants it said have been operating at a loss. Both sides are calling on the USDA to overhaul the milk pricing system, which sets minimum prices farmers must be paid for milk but is also filled with adjustments small and large that take months or years to change in response to market conditions.

Some of the frustration stems from the fact that dairy groups had asked the USDA to make as many as 20 changes in the pricing system. The department rejected most of the suggestions, delayed decisions on others and reached a conclusion on the make allowances, which vary depending on whether a plant makes cheese or butter or some other product. 

## Federal Order Formula Changes

The newest formula changes to the federal Class I, II, and III prices will now be effective with milk delivered after October 1, 2008. The announced federal order Class I price for October 2008 dropped \$2.12 from the September announced price - 30¢ of the reduced price was due to the change in the make allowances in the new formulas. 

## Dairy Digesters in Question

Installing an electricity-generating methane digester to process cow manure does a great deal to clean the environment. Digesters reduce sulfur oxide, hydrogen sulfide (smog), methane - a major greenhouse gas - improve water quality and generate enough electricity to sell to power companies.

Unfortunately most dairies are not close enough to utility companies to transport the cleaned methane gas via pipeline, so dairies buy special engines that will generate the power on the farm site.

Even though these special engines are cleaner than a typical natural-gas powered motor, they generate nitrogen oxides and the San Joaquin Valley Air Pollution Control District is trying to reduce these pollutants. The San Joaquin Valley has some of the worst air-quality in the nation, and the air district has set strict standards for emissions - standards no dairy digester can meet consistently.

The California Farm Bureau Federation, air board officials and the Governor Schwarzenegger's administration recently began discussions aimed at resolving this dilemma. Unless the air district can ease the rules, most of the state's 18 dairy digesters will have to shut down on New Year's Day. The valley air board's director, Seyed Sadredin, says he doesn't want to see that happen.

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### Digester facts

- If methane digesters were installed on all California dairies, they could trap 450,000 tons of methane a year, which is equivalent to taking 2 million cars off the road.
- They could generate enough electricity to power about 120,000 homes. This replaces electricity generated by fossil fuels, which produce air pollutants.
- Just one project, the Fiscalini Farms digester in Modesto, would trap more than 50 million cubic feet of methane per year, which is equivalent to taking more than 5,000 cars off the road.

Source: Sustainable Conservation 

## **USDA Changes California Bovine Tuberculosis Status**

*Re-Classification affects testing of cattle and bison before out of state transport*

The U.S. Department of Agriculture's Animal and Plant Health Inspection Service (APHIS) is reclassifying California's status to modified accredited advanced for bovine tuberculosis.

Bovine tuberculosis does not threaten the quality and safety of milk and meat products produced in California. Because of the APHIS action, breeding cattle or bison leaving California will require a negative tuberculin test before they move. Spayed heifers and steers, cattle from TB-accredited free herds, cattle moving to packing plants, cattle or bison less than 6 months of age, and intact heifers moving directly to a feedlot can move to most states without testing.

Bovine tuberculosis is caused by *Mycobacterium bovis*, an organism very similar to the bacteria causing human tuberculosis. It can affect cattle, bison, deer, elk and other warm-blooded species, and can be fatal.

The disease can be transmitted to humans through direct contact with infected animals or consumption of raw milk or raw milk products. Bovine tuberculosis does not threaten the quality and safety of milk and meat products produced in California. Almost all milk sold in California is pasteurized, which destroys harmful organisms, including the tuberculosis bacteria. The state's two raw milk dairies are regularly tested for tuberculosis. All cattle processed for meat are inspected for tuberculosis and rejected for consumption if they show signs of the disease.

APHIS had listed California as an accredited-free state for bovine tuberculosis. An epidemiological investigation of a tuberculosis-positive cow found through slaughter surveillance in December 2007 resulted in the confirmation of an affected dairy herd. As the investigation continued, two additional affected dairy herds were identified, both containing a single infected animal. These findings mean that California no longer meets the requirements for accredited-free status.

CDFA and USDA personnel continue efforts to investigate these cases of bovine tuberculosis, and veterinarians and animal health professionals from across the state and nation are helping with the

effort. Since this bovine tuberculosis investigation began in December 2007, more than 145 herds and over 180,000 cattle have been tested, and seven infected cattle have been identified. Although the source of the infection has not been identified, the bacteria strain-type in one herd differs from that in the other two herds, and both are typical of those infecting dairy cattle in the Southwest U.S. and Mexican origin cattle.

All cattle from two of the affected herds have been removed and the third herd is under movement controls and a testing program to remove infected cattle and prevent any spread of disease. California will be eligible to reapply for Free-status two years after the quarantine is released on the last affected herd. 

## **Raw Cream Recall Announced by CDFA**

*Consumers urged to dispose of product due to bacterial contamination*

Grade A raw cream produced by Organic Pastures of Fresno County –product with the code date SEP 12— is the subject of a statewide recall and quarantine order announced by California State Veterinarian Dr. Richard Breitmeyer. The quarantine order came following the detection of campylobacter bacteria in the cream. Campylobacter is one of the most common causes of food-borne illness in the United States. At this point, no illnesses have been reported. People with symptoms who consumed this product should consult their physicians.

Under the recall, Organic Pastures Grade A raw cream labeled with a SEP 12 code date is to be pulled immediately from retail shelves and consumers are strongly urged to dispose of any product remaining in their refrigerators.

According to the Centers for Disease Control website: "Most people who become ill with campylobacteriosis get diarrhea, cramping, abdominal pain and fever within two to five days after exposure to the organism. The diarrhea may be bloody and can be accompanied by nausea and vomiting. The illness typically lasts one week. Some infected persons do not have any symptoms. In persons with compromised immune systems, Campylobacter occasionally spreads to the bloodstream and causes a serious life-threatening infection." 

## USDA Reserves 840 Prefix

USDA's Animal and Plant Health Inspection Service (APHIS) announced that it is reserving the use of animal identification numbers with the 840 prefix to only animals born in the United States. The number 840 is the U.S. country code and appears at the beginning of all animal identification numbers issued in this country.

The ability to quickly locate an animal's origin during an animal disease investigation is absolutely essential, says Bruce Knight, under secretary for marketing and regulatory programs. "The more quickly we can determine the source and extent of an outbreak, the more effectively we can contain it. The use of animal identification numbers with the 840 prefix on U.S.-born animals provides animal health officials with key information about the animal's origin immediately," he adds.

By reserving use of this number, producers who use the 840 animal identification numbering system will have a convenient and cost-effective method which documents the origin of their animals in the United States to packers for country of origin labeling (COOL). Packers can rely upon this information for their origin claims on products at retail, in accordance with COOL.

With this interim rule, animal identification numbers with the 840 prefix will be used only on animals born in the United States. In the event of a disease outbreak, this will enable USDA to use the animal identification number to more quickly determine the animal's origin.

While USDA does not require the use of the 840 animal identification number for individual animal identification, producers who do use it will be able to use that 840 number for more than just identification. For example, 840 animal identification numbers also can be used in animal health programs, marketing programs, animal movement records, genetic programs and breed registries.

Also, any imported animal that loses its country of origin identification device cannot be retagged using an 840 animal identification number. These animals can be retagged only with an official identification device using a numbering system other than the 840 animal identification number.

Finally, this interim rule makes it unlawful to remove any official animal identification device, including

those applied in other countries and officials recognized by APHIS for animals entering the United States. These devices are essential for the complete and proper traceability of imported animals.

This interim rule is necessary to enhance animal traceback capabilities for both domestic and imported livestock as well as better contain disease outbreaks.

This interim rule was published in the Sept. 18 Federal Register. Consideration will be given to comments received on or before Nov. 17.

If you wish to comment, send two copies of postal mail or commercial delivery comments to: Docket No. APHIS-2008-0077, Regulatory Analysis and Development, PPD, APHIS, Station 3A-03.8, 4700 River Road, Unit 118, Riverdale, MD 20737-1238.

Comments can be submitted on the Federal eRulemaking portal at: <http://www.regulations.gov/fdmspublic/component/main?main=DocketDetail&d=APHIS-2008-0077> 

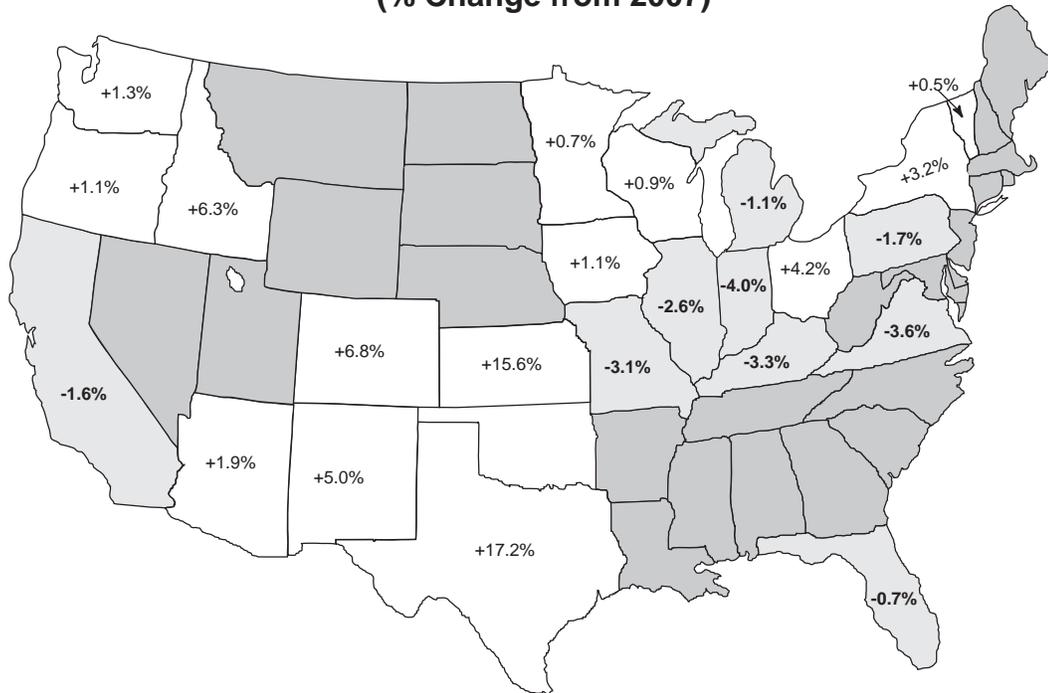
## New Mexico Loses TB-free Status

New Mexico has lost its bovine tuberculosis-free status. The USDA downgraded the state's status because two herds tested positive in New Mexico's accredited free-zone since May 2007. The USDA says downgrading New Mexico is necessary to reduce the likelihood of the spread of bovine tuberculosis within the United States.

The state estimates that the downgrade could cost more than \$4 million a year. The New Mexico Livestock Board has asked the USDA to reconsider the ruling.

New Mexico has a shortage of large animal veterinarians, with only 11 located in seven counties that do food-animal work. This shortage is expected to make testing difficult. After cattle are vaccinated, they have to be re-tested in three days, which can be a logistic problem given the region's shortage of large-animal veterinarians. 

## August Milk Production in the Top 23 States (% Change from 2007)



For the U.S. overall, comparing August 2008 to August 2007:

- U.S. Milk production during August was up 1.1%
- The number of cows on farms was 9.282 million head, up 123,000 head
- Production per cow averaged 1,691 pounds, 4 pounds less than August 2007
- Nine 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\* By Quarter, 2007-2008

Quarter	North Coast		North Valley		South Valley		Southern California		Statewide Weighted Average	
	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
<i>Dollars per Hundredweight</i>										
<b>1st Quarter</b>										
Total Costs	17.52	19.74	13.33	15.14	13.16	15.31	13.17	15.44	13.31	15.34
Total Costs & Allowances*	19.27	21.97	14.86	16.98	14.76	17.17	14.55	17.07	14.87	17.31
<b>2nd Quarter</b>										
Total Costs	16.23	18.49	13.41	15.86	13.51	16.26	13.00	16.06	13.49	16.14
Total Costs & Allowances*	18.15	20.62	15.13	17.76	15.29	18.16	14.53	17.69	15.25	18.04
<b>3rd Quarter</b>										
Total Costs	17.12		13.62		14.20		13.76		14.01	
Total Costs & Allowances*	19.24		15.51		16.24		15.52		15.98	
<b>4th Quarter</b>										
Total Costs	19.01		14.93		15.04		14.46		15.03	
Total Costs & Allowances*	21.21		16.84		17.05		16.23		14.97	

\* Includes an allowance for management and a return on investment

# Pool Prices

Month	Quota	Overbase
March '07	\$15.28	\$13.58
April	\$16.33	\$14.63
May	\$18.29	\$16.59
June	\$20.70	\$19.00
July	\$21.60	\$19.90
August	\$21.74	\$20.04
September	\$21.69	\$19.99
October	\$21.16	\$19.46
November	\$21.93	\$20.23
December	\$20.79	\$19.09
January '08	\$19.14	\$17.44
February	\$18.42	\$16.72
March	\$17.71	\$16.01
April	\$17.56	\$15.86
May	\$18.47	\$16.77
June	\$19.12	\$17.42
July	\$19.05	\$17.35
August	\$18.01	\$16.31

# Milk Mailbox Prices

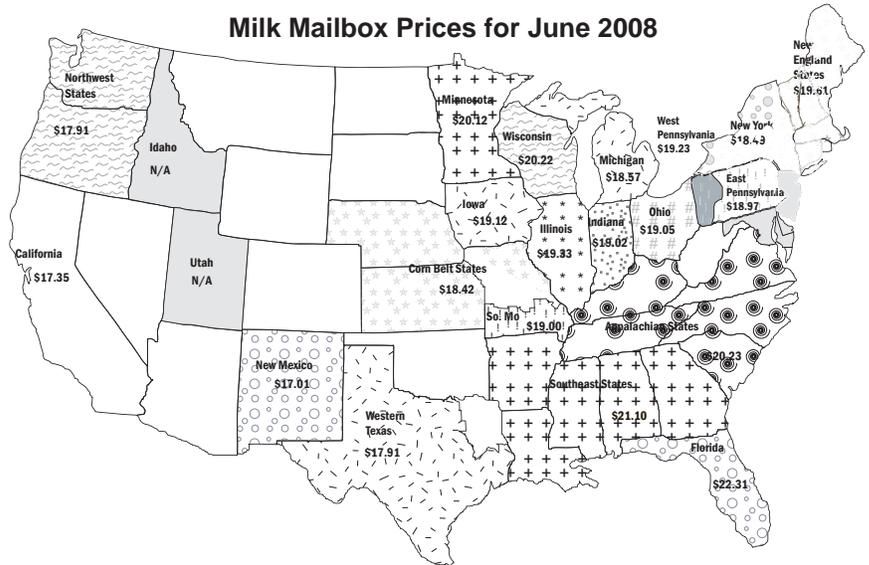
## Milk Mailbox Prices in Dollars per Hundredweight

	December	January	February	March	April	May	June
California <sup>1</sup>	\$19.71	\$17.97	\$17.05	\$16.04	\$15.88	\$16.79	\$17.35
USDA <sup>2</sup>	\$21.04	\$20.70	\$19.03	\$18.01	\$18.19	\$18.09	\$19.11

<sup>1</sup> California mailbox price calculated by CDFA.

<sup>2</sup> All federal milk market order weighted average, as calculated by USDA.

## Milk Mailbox Prices for June 2008



In June 2008, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$19.11 per cwt., up \$1.02 from the previous month, but down \$0.69 from June 2007. The component tests of producer milk in June 2008 were: butterfat, 3.57%; protein, 2.97%; and other solids, 5.72%. On an individual reporting area basis, mailbox prices increased in all Federal milk order reporting areas, and ranged from \$22.31 in Florida to \$17.01 in New Mexico.



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 Within California 1-800-503-3490  
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The California Department of Food and Agriculture Dairy Marketing Branch publishes the California Dairy Review monthly. Please direct any comments or subscription requests to Karen Dapper at (916) 341-5988 or send an email to [dairy@cdfa.ca.gov](mailto:dairy@cdfa.ca.gov)

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