



August 9, 2012

Karen Ross, Secretary
California Department of Food and Agriculture
1220 N Street
Sacramento, CA 95814

Dear Secretary Ross,

On behalf of Hilmar Cheese Company, Inc., I am writing to request that you deny the August 6, 2012 petition submitted by Western United Dairymen.

Considering another change to the 4b minimum price only weeks after the announcement of the May 31/June 1, 2012 Hearing outcome will further perpetuate regulatory uncertainty in the state. This constantly changing business climate will do little to encourage investment in this state at a time when capacity is exiting California and growing in other regions.

In recent days, market prices appear to be rebounding in response to supply concerns. We should let markets work. Increasing the minimum price will not increase the real value of milk. These intrusive regulatory adjustments insulate our industry from true market signals and do not create sustainable value. If we are really going to grow the value of milk over time, processors and producers must learn to respond to market signals and develop the skill set necessary to compete in the global marketplace.

We must address the longer term structural issues that are at the root of many of our problems today. As you noted in your July 20, 2012 letter to industry stakeholders, "we can no longer nibble around the edges or push the discussion off." With this in mind, we look forward to the development of the Dairy Future Task Force and its effort to bring the industry together to address our most fundamental challenges. Undoubtedly this process will require industry cooperation, and many more difficult decisions lie ahead. However, they are necessary if our industry is to thrive and maintain its position of strength.

Sincerely,

David Ahlem
Vice President
Dairy Procurement and Policy