



November 15, 2012

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

Dear Secretary Ross:

I am writing on behalf of Saputo Cheese USA Inc. to request that you deny the petition dated October 30, 2012 by California Dairies, Land O'Lakes, and Dairy Farmers of America.

The economic problems facing dairy producers not only in California but across the U.S. and around the world for that matter are a consequence of the high cost of feed. These problems are not isolated to California and are consequently not the result of the California milk pricing system.

Selectively comparing certain attributes of the California system with those of federal order regions is self-serving. There are a myriad of differences between them, not the least of which is the inability of California processors to clear the market by paying less than the regulated price when necessary. The petitioners propose a hybrid system which is neither one nor the other. It would combine selective pieces of both. This would undermine the logic and integrity behind the design of either system.

To a great extent, this requested hearing has already taken place. It is simply a variation on a theme that has been fully and intensely debated and decided. To revisit it yet again would be counter-productive and send the wrong message.

If allowed, the market will respond to the current economic difficulties and already has to an extent. Prices have risen; milk supplies which had been burdensome earlier have contracted, and competitive pressures are increasing. To interfere now would only inhibit and delay the inevitable correction. We should continue

Dairy Products Division (USA)

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along the direction you set in seeking permanent solutions that take into account the well being of the state's industry as a whole.

Please continue to provide the leadership and consistency that the industry needs and deny this petition.

Very truly yours,

A handwritten signature in black ink that reads "R. Gregory Dryer". The signature is written in a cursive style with a large, sweeping initial "R" and a long, horizontal flourish extending to the right.

R. Gregory Dryer
Executive Vice President
Industry and Government Relations

RGD:ba