



*A coalition of grassroots dairy producers  
actively participating, with a unified voice,  
on policies and issues  
affecting milk pricing.*

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Sec. Tom Vilsack and Attny. Gen. Eric Holder  
Legal Policy Section, Antitrust Division  
U.S. Department of Justice  
450 5th Street, N.W., Suite 11700  
Washington, D.C. 20001

December 31, 2009

**Dear Secretary Vilsack and Attorney General Holder:**

The Dairy Policy Action Coalition (DPAC) is a grassroots coalition of dairy producers, who are concerned about market transparency in the dairy industry.

Because DPAC only recently formed on December 10, 2009, they have not had sufficient time to prepare a complete comment paper by the December 31, 2009 deadline.

The purpose of this grassroots dairy farmer coalition is to actively participate, with a unified voice, on dairy policy and issues affecting milk pricing. DPAC welcomes the opportunity to participate in the June 2010 USDA / DOJ Workshop on concentration, marketplace transparency and vertical integration in the dairy industry.

Concentration in the dairy industry has occurred rapidly since 2001. At the same time, changes were made to the pricing formulas of the Federal Milk Marketing Orders based on surveys of bulk commodity sales of four end products: cheese, butter, nonfat dry milk, and whey. Since 2001, the cheese market at the Chicago Mercantile Exchange (CME) has—in effect—set the price for a large percentage of the U.S. milk produced, along with setting the base price for fluid beverage milk, even though less than one percent of the cheese and butter marketed in the U.S. actually takes place on the CME.

A 2007 Government Accountability Office report, in fact, suggested the CME cheese market is thinly traded by a few large traders and is vulnerable to manipulation. Poor price discovery allows unfair manipulation of prices that directly affects the profitability of U.S. dairy farmers.

DPAC appreciates the USDA and DOJ working together to host these workshops on market concentration and transparency in 2010. It is clear that investigation into marketing practices and changes to the milk marketing system are needed to ensure a fair and transparent market for U.S. dairy farmers.

**Yours Truly,**

**Sherry A. Bunting**

Correspondence Secretary  
on behalf of the dairy producer members of DPAC