

--DRAFT PENDING SUB-COMMITTEE APPROVAL--

**WISCONSIN DAIRY TASK FORCE 2.0  
SUB-COMMITTEE ON MARKETS  
MINUTES**

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**February 11, 2019**

The Markets sub-committee of the Wisconsin Dairy Task Force 2.0 met on Monday, February 11, 2019 beginning at 1:00 p.m. via teleconference, based at DATCP, 2811 Agriculture Drive, Madison, WI 53708 in Room 472.

**Call to Order**

Chair Rob Byrne called the meeting to order at 1:03 p.m.

**Members Present**

Members present included: Brody Stapel, Chad Vincent, Elizabeth Wells, Dave Daniels, Tom Crosby, Rob Byrne, Ted Galloway, and Charles Untz. Dairy Task Force 2.0 Chair Mark Stephenson and DATCP staff Ashley Andre also attended. Resource person Krista Knigge and Dr. John Lucey of the Center for Dairy Research also attended.

Jeff Schwager and Patty Edelburg were unable to attend.

**Minutes**

*Approve minutes of last meeting*

Chair Byrne asked for a motion to approve the minutes. Brody Stapel made a motion. Dave Daniels seconded. The minutes were approved unanimously.

*Consider draft recommendations*

Mr. Daniels shared his draft recommendation #7, supporting Wisconsin put in a proposal to be selected as one of the regionally-located dairy product and business innovation centers. Chad Vincent mentioned that some partners were participating in a meeting later today to discuss a possible proposal.

Mr. Daniels shared that proposals may need to be submitted around May. Chair Stephenson shared that even though we do not specific details, people want to be ready for what may be a short turnaround.

Tom Crosby moved to most recommendation #7 forward to the full Task Force 2.0. Mr. Daniels seconded. The group approved moving it forward.

Chair Mark Stephenson added that he will take the recommendations that have all come in with different writing styles and voices and make them similar. The intent of the recommendations will stay the same. All recommendations will be shared with the sub-committee again for final review before the March 15 meeting.

Dr. Lucey gave an overview of a document he put together on Growing Wisconsin Dairy Exports. It includes what the Center for Dairy Research currently does, what he thinks they need or other projects or work required. These are: a consumer preference study of key export markets, an export cheese program at CDR, and export support staff at CDR. He also shared an idea if there should be a single Wisconsin Dairy Export Organization such as the Irish Dairy Board and the possibility of a Wisconsin brand.

Chair Byrne thanked Dr. Lucey for his work and asked for comments from the group. Chair Stephenson asked Dr. Lucey if he pictures the single organization as a place that would take orders. Dr. Lucey added that the board could be a contact for Wisconsin. Many companies don't have the staff, people, resources, etc. to build the relationships in other markets. The organization could have a contact and bring the technical questions back to individual companies.

Chair Byrne asked Dr. Lucey if this organization would be for Wisconsin-based cheese or Wisconsin cheese. Dr. Lucey said it would be a member-driven organization, and the decision would have to be made. At this point, it is a concept.

Chair Byrne asked if this should be one recommendation or broken apart. Chair Stephenson said while there is a compelling reason to think of it as a whole, it could be broken apart into three or four pieces.

Mr. Daniels asked Krista Knigge if DATCP has an international agribusiness staff member that is focused uniquely on dairy. Ms. Knigge explained that when people are in country, it is important they have knowledge on a variety of industries. Mr. Daniels asked about the role U.S. Dairy Export Council can play. Ms. Knigge added that she was just with USDEC at a meeting, discussing strategies for exporting more dairy products. We are always working to strengthen our alignment with our partners. Mr. Vincent did add that USDEC has the expertise, but they do work on a broader scale, while we work on our more specific Wisconsin interests.

Elizabeth Wells noted that she sees this as three recommendations. Mr. Vincent, Ms. Knigge, and Dr. Lucey will draft a recommendation for the group's review.

Brody Stapel shared his discussion with someone who has warehouses in Wisconsin and then combines and repackages loads to move. His main focus is cheese. In our last sub-committee meeting, we discussed the unit trains as an option to product to the coasts. Mr. Vincent noted the importance of getting product to the coasts to access new markets and export.

Chair Byrne asked about the opportunity to work with other centrally-located states on this issue. Mr. Stapel did say that this particular company does have facilities in other states.

Chair Byrne asked if this was an individual recommendation. Chair Stephenson noted that it is worthwhile to note that the group raised this issue and discussed it; that we recognized it is a challenge to the cost and coordination to get products to the coasts.

Charles Untz mentioned a conversation he had with a Chinese company that when they ship electronics to the Midwest by air, they usually fly back empty. Is air freight an option? Chair Byrne added that it is an option, but that air freight is generally seen as a higher-cost option. Ms. Knigge shared that for some recent sales to the Middle East, USDEC offered some freight assistance.

Mr. Stapel will work with Dr. Lucey, Ms. Knigge, and Mr. Vincent on adding this issue to the above draft recommendations.

Chair Stephenson shared his draft recommendation #13 to consider reducing the milk classes from the current four to only two classes. This would encourage milk to move at its highest value in manufacturing products to the point that the marginal value of milk used in hard cheeses was the same as milk used in butter and powders.

Chair Byrne noted how the classes have gone from eight to now four. This would bring it down to two. Ted Galloway mentioned how it is important to encourage fluid milk as an ingredient. Chair Stephenson noted that he could modify the recommendation to address that. Mr. Galloway gave an example of confectionary manufacturers using powder, while powder is not ordinarily from Wisconsin.

Ms. Wells asked about any potential downsides to moving from four to two classes. Chair Stephenson noted that there would likely be some discussion from those who balance the system.

Chair Wells asked if it would have an impact to the retailers or buyers. Would it make dairy less competitive? Mr. Galloway would doubt it.

Mr. Stapel asked where the powder is usually from. Mr. Galloway noted that much comes in from out west and that New Zealand is a huge player.

Chair Byrne asked if this would be a Federal Order change. Chair Stephenson added that it would. When national hearings occur later this year, perhaps this could be raised as an issue discussed.

Mr. Galloway moved to move recommendation #13 forward. Mr. Stapel seconded. The group agreed to move the recommendation forward.

Ms. Wells presented recommendation #12 to encourage producers to have an understanding of their agreements with milk buyers. Chair Byrne added that this is a statement of awareness to both parties. Chair Stephenson noted that it is important for producers and milk buyers to be sure they have a current or active contract and that they understand the terms.

Tom Crosby added that it should be added to the recommendation that all parties know what their contract says and that they are encouraged to actively share information. They shouldn't have to dig for it. Mr. Galloway mentioned that so many things have automatic renewal. There is value in having at least a regular remind of what is in the agreement.

Ms. Andre agreed to make an edit to recommendation #12 for the group to 'strongly encourage all milk producers *and buyers* to have a current contract/member agreement...It is further encouraged that the *producer and the buyer understands and communicates*:

Mr. Galloway moved to move the recommendation forward. Mr. Daniels seconded. The group agreed to move the recommendation #12 forward to the Task Force 2.0

Ms. Wells shared information as requested at the last sub-committee meeting about the state of Maine's direct payment program and language about their laws on ending of milk producer/buyer agreements. This is just being shared as information.

Ms. Andre shared a note from Ms. Knigge that she continues to research and collect information on how farmers can sell to multiple milk buyers if they want to split their milk based on certain attributes on certain cows. At this point, it is not a recommendation, but she will share information that comes up. Mr. Galloway added that he has spoken to a few people about this issue of segregating specialty milk, and in general, it was not an issue they have faced.

#### *Identify next steps*

The recommendations will be reviewed by the group for final review before the next full Dairy Task Force 2.0 meeting in March.

Chair Stephenson encouraged follow-up work to be sent to Ms. Andre in the next two weeks so it can be shared with the sub-committee.

#### **Adjournment**

The sub-committee adjourned at approximately 2:22 p.m.

Minutes drafted by Ashley Andre.

*Please note that an additional teleconference will be scheduled and noticed in early March to approve the final recommendations from this sub-committee that will advance to the full Dairy Task Force 2.0 for consideration on March 15.*