

# Cheese Importers Want to Use Dairy's REAL® Seal!!

by Pete Hardin

Who “dumbed down” dairy’s REAL® Seal? How, in Sam Hill, did the U.S. dairy industry get into the position of having our REAL® Seal – once a leading consumer product icon denoting 100% made in the U.S.A. dairy products – now coveted by cheese importers???

There’s a long, sordid history to this foolishness. For more than a decade, the incredibly stupid goal of assessing dairy promotion fees on imported dairy products has blinded many U.S. dairy groups – including those with globalist tendencies – to the dangers of such a move. High among the many risks of the misguided import assessment is the loss of the “domestic content” requirement established by Congress in the 1983 enabling legislation authorizing the mandatory 15-cents-per-hundredweight dairy check-off program.

Removing the “U.S.-produced” requirements for the REAL® Seal is merely symbolic of the larger problem: in the 2002 federal farm law, National Milk Producers Federation (NMPF – the dairy co-op lobby) convinced lawmakers to junk the domestic content requirements for the entire whole dairy check-off program. That’s right! In 2002, language restricting promotions funded by U.S. dairy farmers to milk and milk products produced in the United States was eliminated!

The loss of the REAL® Seal is just the tip of the iceberg. Ignoring the warnings of the Dairy Trade Coalition, National Milk and the dairy promotion mafia charged ahead blindly with the import assessment. It was one of the most risky, misguided campaigns in the history of U.S. dairy policy – and that’s saying a lot! (See accompanying story on page 5 for the sordid details.)

Today, activities of dairy check-off promotion groups are not restricted to U.S.-produced milk and milk products. That was the conscious, political trade-off agreed to by NMPF in efforts to gain promotion assessments on dairy imports back in the 2002 farm law deliberations. Much to the dismay of NMPF and money-hungry dairy promotion leaders, “equal treatment” provisions of international trade law rules have blocked USDA from implementing the import fee. No problem: such language ridding arcane notions about promoting milk and dairy products “produced in the U.S.” was carried over into the 2008 farm law. At long last, USDA is seemingly poised to enact this foolish move.

\* USDA’s final rules for the dairy import promotion assessment – after years of delay – are under final review. Six months ago, dairy promotion leaders were told by Dairy Management, Inc. CEO Tom Gallagher that the import assessment rules were “at the printers.”

\* Cheese importers, who will pay a promotion fee to USDA on all their dairy imports, are now demanding details on how they may affix dairy’s “REAL Seal” to their imported goodies! (See accompanying July 20, 2010 letter from the Cheese Importers Assn. of America to Dairy Management, Inc.)

The REAL answer: Blame National Milk Producers Federation and incompetent management/directors of dairy farmers’ milk promotion organizations. For a decade, those bozos have schemed to add a dairy promotion fee to imported dairy products. Unfortunately, U.S. dairy farmers will suffer because this venal scheme has backfired.

## Imports pay half of U.S. fee, \$ refundable

Desperate for a “win” to take back home, National Milk leaders struck a true fool’s agreement on the import assessment issue with House Agriculture Committee Chairman Collin Peterson (D-Minnesota) and other politicians in the final hours of the 2008 Farm bill debate. The assessment compromise is the kind of treacherous deal making that typifies the worst of Washington insider politics.

Here’s the bogus deal that NMPF’s Jerry Kozak has stuck U.S. dairy farmers with, according to final rules submitted by USDA for public comment:

\* Dairy importers will pay only half the promotion fee that’s assessed against U.S. dairy farmers. Imported dairy products will be charged only 7.5 cents per cwt. (milk equivalent). U.S. dairy farmers pay \$.15 per hundredweight on all milk they produce.



CHEESE IMPORTERS  
ASSOCIATION OF AMERICA

204 E Street, NE  
Washington, DC 20002  
Phone: 202-547-0899  
Fax: 202-547-6348  
[www.theciaa.org](http://www.theciaa.org)

July 20, 2010

Tom Gallagher  
Dairy Management, Inc.  
10255 West Higgins Road, Suite 900  
Rosemont, Illinois 60018

Dear Tom:

As you know, the U.S. Department of Agriculture (USDA) issued a proposed rule to implement the Dairy Import Assessment in May 2009.

The CIAA has steadfastly opposed the Dairy Import Assessment, and continues to do so. However, in light of USDA’s stated intent to move ahead, it is the Association’s responsibility to consider what its implementation would mean for members of the Association. To that end, one of the aspects of the Dairy Research and Promotion Program that might be of interest to some of our members is the REAL® Seal. Although the Seal has previously been restricted for use only on domestically-produced products, it is clear that final implementation of the Dairy Import Assessment will involve the removal of such restrictions.

Given the long lead time involved in importing products, not to mention the lead time involved in designing new packaging, I would like to account for how members could possibly obtain authorization to employ the REAL® Seal on their products bound for the U.S. market. A few CIAA members have inquired about this option, and I think it would be easier if such a dialogue occurred between you and me, rather than between DMI and a number of importers. If you have any insight as to how the policies governing use of the Seal would be modified, and the timeline for doing so, I would appreciate the opportunity to discuss it with you.

Although we have doubts about the utility of the Dairy Checkoff for importers, we wish to make every effort to derive value from the programs that will be funded, in part, by the assessments we will pay. Aside from the use of funds within qualified programs to support imported products, the REAL® Seal represents one tool which may be of interest to CIAA members.

I look forward to hearing from you regarding your thoughts on these issues.

Sincerely,

Ken Meyers  
President, CIAA Board of Directors

\* At the end of the year, importers may request that their promotion assessments be returned to them – importers’ promotion fees are refundable upon request! U.S. dairy farmers have no such luxury – their money is gone, funding the inane programs cooked up by the U.S. milk promotion mafia. How can any credible programming be fashioned the funding may be pulled back ... after the fact?

Word in dairy circles is that cheese importers are considering establishing their own “qualified program” – as allowed under USDA regulations. “Qualified programs” operate with dairy promotion check-off funds. Organizations such as the Wisconsin Milk Marketing Board and the California Milk Advisory Board are examples of “qualified programs.”

About a decade ago, in preparation for the dairy import promotion fee, Dairy Management, Inc. (DMI) eliminated domestic content requirements for

REAL® Seal use. DMI is the “umbrella” organization for national dairy promotions funded by the farmer-paid check-off. DMI’s leaders were so eager to get their grubby mitts on dairy promotion fees from imports that they counted the income in the annual budget before USDA ever finalized the rules! And that event occurred several years ago.

DMI leaders continue to push for increased globalization, what with research and nutrition education programs that include U.S. dairy farmers’ arch-enemies: New Zealand dairy interests, specifically Fonterra.

On one hand, some proponents of such foolishness argue, “It’s a global dairy industry.” Yes, that’s true. But at the same time, any dairy leaders so wrong-headed as to quit promoting dairy products made exclusively from U.S. farm milk supplies are dangerously misguided “free-traitors.”



Our REAL® Seal once depicted 100% U.S. dairy products. But no more, thanks to National Milk Producers’ opening up dairy promotion to include foreign dairy products in the 2002 Farm Bill.