



*Advocating the views of convenience stores, supermarkets,
independent grocers, wholesalers and consumer product vendors.*

STATEMENT OF
THE PENNSYLVANIA FOOD MERCHANTS ASSOCIATION
IN PARTIAL OPPOSITION TO
THE PETITION FOR HEARING OF
THE PENNSYLVANIA DEPARTMENT OF AGRICULTURE

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The Pennsylvania Food Merchants Association (PFMA) is a statewide trade association advocating the views of convenience stores, supermarkets, independent grocers, wholesalers and consumer product vendors operating in Pennsylvania. PFMA's membership consists of national chain stores, regional chains and locally owned independent retailers of all sizes. Our 800 corporate members operate more than 3,500 retail food stores in Pennsylvania and employ more than 150,000 Pennsylvanians.

PFMA supports the PMMB and believes that state regulation of milk pricing has cultivated a positive business environment for Pennsylvania producers/farmers and processors providing consumers with quality locally produced and processed dairy products at competitive market driven prices. As such, PFMA has fully participated in PMMB price setting hearings. It has also supported and cooperated with the Board's other regulatory activities.

Notwithstanding the efforts of the Board, producers, processors and retailers, Pennsylvania farmers are presently facing unusually negative economic conditions. Seeking to assist those farmers, the Pennsylvania Department of Agriculture (PDA) recently filed a Petition for Hearing before this Board in which it asks the Board to consider making several regulatory changes. PDA also asks the Board to seek/support statutory amendments One of the statutory changes suggested by PDA would require the licensing of retailers selling milk in Pennsylvania. PFMA strongly opposes that change.

PFMA agrees that Pennsylvania farmers are under extreme pressure which may require additional governmental action. Accordingly, PFMA supports some of the changes requested by PDA. For example, PFMA supports changes in the federal school nutrition programs to allow a full range of milk products on cafeteria menus to satisfy student preferences.

Most, if not all, PFMA members have supported Pennsylvania's dairy farmers by promoting the sale of milk products containing milk produced and processed in Pennsylvania. They will continue to do so despite the trend in declining national and state fluid milk sales. However, further regulation of the retailers who are the ultimate pathway for Pennsylvania dairy products to the public will endanger that flow, not enhance it.

For years, the Board has heard and accepted evidence that Pennsylvania retailers achieve a minimal margin on dairy products compared to other departments. Additional costs imposed by the costs of registration and reporting sales will, for many retailers, seriously reduce or even eliminate that margin, reducing their incentive to promote the sale of Pennsylvania dairy products.

Moreover, further regulation suggested by PDA could result in the violation of interstate commerce laws which are always at issue with laws regulating the production, processing, retailing and marketing of milk. Such challenges are always costly for the industry and state.

PDA offers no real support for its assertion that retailer registration will assist the plight of farmer/producers. The potential costs are clear. Absent clear evidence that such regulation will support a solution, it should not be sought or imposed.



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