

PA Milk Marketing Board
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Shipping Butter from California to Pennsylvania

Recently a colleague published an article stating that Land O' Lakes was shipping butter from California to Pennsylvania—this at a time when PA farmers are under a “base” system for delivery to the cooperative. The base system means that they (the farmers) may receive a financial penalty for delivery of more than their allotted amount of milk to the processing plant. I decided to investigate this on my own.

It seems that Land O' Lakes worked with a Silicon Valley firm, Plus.ai, to “address peak butter demand for holiday cooking and baking.” A self-driven truck made the trip from California to Quakertown, PA, to deliver 40,000 pounds of butter. The trip took three days and there was a “safety driver” in the cab at all times. (BusinessWire, 12/10/19)

This situation raises several serious questions for the PA Milk Marketing Board:

- Was it cheaper for Land O' Lakes to ship butter 2,800 miles rather than buy milk in Pennsylvania and neighboring states and process it here?
- Does Pennsylvania lack the processing capacity to handle situations such as this?
- Was anyone in Pennsylvania, including other cooperatives, the Pennsylvania Association of Dairy Cooperatives, or government agencies aware that this was going to happen?

As emphasized in the recent Legislative and Budget Finance Committee Report on the dairy industry in the Commonwealth, Pennsylvania dairy farmers are struggling. The Report also included a recommendation to develop more processing capacity in the state, as did a Center for Dairy Excellence study from 2017. Since Land O' Lakes is likely to continue this practice, we hope that the situation will generate some serious discussions within our state on how to rise to the occasion and meet the cooperative's needs in the future, or at least address them on some level.

The PMMB is always available to respond to your questions and concerns. I can be reached at 717-210-8244 or by email at chardbarga@pa.gov.