



June 21, 2021

Dr. Melissa Bailey
Agricultural Marketing Service
United States Department of Agriculture
Room 2055-S
STOP 0201
1400 Independence Avenue SW
Washington, DC 20250-0201

**Re – Comment on Supply Chains for the Production of Agricultural Commodities and Food Products;
Notice; Request for public comments; AMS-TM-21-0034;
Federal Register page numbers 20652-20654; Document Number 2021-08152.**

Dear Dr. Bailey:

On behalf of the International Dairy Foods Association (IDFA), I appreciate the opportunity to provide comments regarding how stimulus relief programs and spending related to food supply chain resilience as authorized by the Consolidated Appropriations Act, 2021 and the American Rescue Plan Act of 2021 can help to increase durability and resilience within the U.S. food supply.

IDFA represents the nation's dairy manufacturing and marketing industry, which supports more than 3.3 million jobs that generate nearly \$183 billion in wages and \$753 billion in overall economic impact. IDFA's diverse membership ranges from multinational organizations to single-plant companies, from dairy companies and cooperatives to food retailers and suppliers, all on the cutting edge of innovation and sustainable business practices. Together, they represent 90 percent of the milk, cheese, ice cream, yogurt and cultured products, and dairy ingredients produced and marketed in the United States and sold throughout the world. I should also note that IDFA members, both large and small, procure milk from small, medium, and large dairy farms across the country, and our members are proud of the role they play in sustaining the rural economy.

Ensuring that all Americans have access to dairy's proven health and nutrition benefits even during a global pandemic or other challenging situation would support national nutrition security and health. For decades, USDA and the federal government have included dairy as a key component of federal nutrition programs and as part of recommended diets in multiple versions of the Dietary Guidelines for Americans (DGAs) due to dairy's unparalleled contributions to a healthy diet. The nutrient package provided by dairy products reflects a range of nutrient content, but the nutrients provided by the foods and beverages in this category are unique from those provided by any other group of foods. The data analysis conducted by the 2020 Dietary Guidelines Advisory Committee (DGAC) showed that dairy is among the top sources of calcium, vitamin D and potassium. In addition, dairy products provide other key nutrients to the diet such as



phosphorus, vitamin A, riboflavin, vitamin B12, protein, zinc, choline, magnesium, and selenium. The 2020-2025 DGAs identified low-fat and fat-free dairy as a key component of dietary patterns associated with better health, including: better outcomes related to all-cause mortality, cardiovascular disease, growth, size, body composition and risk of overweight and obesity, bone health, colorectal cancer, and lung cancer.

During the COVID-19 pandemic, USDA and other federal agency officials worked closely with representatives of the food and agriculture sector to ensure that the food supply chain remained “up and running” throughout the pandemic. One of the main reasons this occurred was because federal officials provided industry stakeholders with temporary flexibility from certain requirements, including labeling requirements not related to food safety. For example, when restaurant and food service purchases decreased, the federal government made it easier for suppliers of those channels to shift food products to retail outlets where food demand had spiked as Americans ate more of their meals at home.

Another reason why the food supply chain was so resilient during the COVID-19 pandemic was because food and agriculture, including the dairy industry which produces a very perishable product on a daily basis, was deemed to be part of our nation’s critical infrastructure by the Cybersecurity and Infrastructure Security Agency (CISA). This designation initially made it possible for industry workers, both direct and indirect (e.g., truck drivers, port workers and suppliers) to access their work sites as well as the personal protective equipment (PPE) necessary to do their jobs safely. It also prioritized essential resources, including raw ingredients and packaging materials that are needed to produce food products. In addition, fuel, metals, and chemicals were also prioritized for food production, including expedited review and approval for import and export permits for critical raw materials that U.S. companies sourced globally. Designating the food and agriculture sector as part of the nation’s critical infrastructure was one reason why the food supply chain held up during the pandemic. Preserving this designation in future crises will help to minimize the possibility of future disruptions to the food supply chain.

Pursuant to your request, we have structured our comments to track with the specific policy objectives set forth in the April 21, 2021 Federal Register Notice.

(ii) Other essential goods and materials underlying agricultural and food product supply chains, including digital products, and infrastructure.

Personal Protective Equipment (PPE): USDA should provide reimbursement for dairy company expenditures related to keeping essential workers safe during the pandemic, including by providing personal protective equipment (PPE), COVID testing, and vaccination support. Dairy companies of all sizes have taken these steps and accordingly, USDA should provide funding reimbursement opportunities to all companies which is consistent with the authorizing statute. Furthermore, USDA should utilize flexibility to address both future needs as well as make retroactive reimbursements for the investments in employee safety that dairy companies have made since the beginning of the pandemic. Simply put, companies that took steps to protect their workers before federal reimbursements were authorized should not be unfairly penalized for “doing the right thing” to protect their workers. Providing reimbursement for these expenditures



will also encourage companies to continue to maintain this equipment and practices which should help the industry to be better prepared for the next pandemic and serve as a preventative measure for other workplace illnesses.

Trade Issues: IDFA members remain deeply concerned with the impact of U.S. supply chain congestion on their ability to effectively export their products. Although recent media coverage has focused primarily on port congestion, the U.S. dairy industry faces challenges in many parts of the supply chain, beginning with ingredient procurement all the way through to the point of foreign customs clearance and final import.

In other words, the entirety of the trade infrastructure has become a challenge for the U.S. dairy industry, and there is need for reliable and modernized waterways, ports, and transportation infrastructure to facilitate international trade. Infrastructure, as the integrated collection of transportation, water, energy, and other public utility networks, is the backbone of a modern, competitive economy. It is a platform for business innovation, productivity growth and job creation. Modern infrastructure provides the basis for an economy that supports a high quality of life.

The COVID-19 pandemic exposed the vulnerabilities in the broader agriculture supply chain trade infrastructure. Foreign markets are critical to the U.S. dairy industry with approximately 15% of dairy production going abroad in 2020. This year, the industry was forced to rework its supply chains to fulfill overseas contracts and get products to market. Increasing resiliency, primarily through increased investment and upgrades in ports, waterways, and transportation infrastructure is essential for the long-term growth of the U.S. dairy industry.

IDFA urges the Administration to address trade aspects of the supply chain as holistically as possible, rather than via a series of separate regulatory steps taken by different departments and agencies over the coming months. Simple changes to Federal Maritime Commission rules for ports, for example, are unlikely to solve the issues our members are currently experiencing, as the following points hopefully help to illustrate:

- Shippers have no financial incentive to wait for containers to fill before sending vessels out, and at a time when US commodity prices are declining, vessels are regularly leaving the U.S. without servicing outbound shippers.
- Port congestion is causing a backlog of vessels and product, creating rescheduling of exports three to five times, which then causes orders to regularly be redone.
- Dairy exporters are experiencing rolling shipping outages that result in one- to two-week delays on average. In some cases, there have been delays of six weeks or more (for perishable goods), and some exporters indicate they have had entire weeks of outbound shipments delayed.
- Customers receiving export re-order requests and delays are increasing demand to buffer their supply pipeline, creating yet more pressure on the U.S. dairy exporters.
- Low container availability is resulting in inland carriers being unwilling to accept bookings for four- to six-weeks out, and when bookings do get loaded and depart for an exporting port, they invariably suffer significant delays waiting on rail sidings or warehouses for free outbound vessel space.



- Rail carriers are holding containers on their siding tracks for upwards of five weeks due to lack of space at hubs to transition the containers.
- At a time when vessel space is needed, in cases where vessels depart with goods rather than empty, IDFA members have received reports of vessels being only partially filled.
- Vessel space to Asia is 20% below the needs for available cargo, and carrier on-time performance has reached an all-time low of just over 20% (i.e., 80% being delayed, with an average delay time of eight days).
- Delays of departing vessels are so lengthy that carriers are choosing to skip destination ports in Asia to try to make up lost time, resulting in exports being offloaded at the wrong ports and having to be rerouted.
- With congestion and disincentivized shippers, small exporters are not able to secure vessel space at all in some cases and must essentially beg for help in obtaining vessel space from larger exporters.
- With reduced flight availability and COVID vaccinations being prioritized for larger cargo flights, very little air freight is available to U.S. dairy exporters as an alternative.

The U.S. dairy industry also imports ingredients for many of its products. Delays are also occurring in this area pursuant to the following examples we have collected from our members:

- Importers are unable to find enough trucks to get containers off the pier, causing delays in the unloading process, for which they are being charged demurrage.
- Other importers have enough trucks to unload, but due to congestion at the port, are not able to access the port to unload the product, for which they are also being charged demurrage.
- Rail carriers and ocean carriers are at odds with one another over chassis availability versus efficient container processing of imports and which issue is the root of the problem, without collaborative reduction of backlogged containers waiting to be processed.
- Importers face delays between one-to two-weeks of vessels sitting anchored in harbor while waiting for the terminal to schedule their arrival and offloading, causing importers and the downstream customers of the import to wait indefinitely.
- Importers are experiencing problems with ports processing vessels out of arrival order, creating even more uncertainty than if anchored vessels were processed in a queue of arrival order.
- Many ports generally only offer importers three days to offload their goods, but most ports will not release the vessel until it has been docked for 48 hours, resulting in importers having a single day to obtain an appointment to offload and arrange the logistics and labor that have been waiting for weeks for the vessel's processing.
- When ports do offer offloading appointments, the congestion causes them to squeeze as much offloading as possible into a single appointment, e.g., offloading ten to fifteen containers in one day, despite prolonged traffic waiting times at ports for truckers (e.g. six to eight hours to offload one container). This combination results in importers having to obtain significantly more drivers to meet the port's offloading appointment demands.



IDFA notes that the Department’s request for comment focused on providing funding solutions for stakeholders. In some circumstances, however, the Department may also need more resources to enhance its efforts to support U.S. agricultural exporters by ensuring the U.S. supply chain is globally competitive. It is imperative that this work be undertaken, both to address existing problems, such as the port congestion and down-chain impacts thereof, as well as evaluating the administration of ongoing procurement programs such as USDA’s administration of the sugar program which is discussed in more detail below.

Temporary financial relief, small business relief programs, government purchasing programs – many such federal relief programs have fallen short of addressing the balloon of backlogs in U.S. and global supply chains that are keeping U.S. agricultural exports uncompetitive. IDFA urges the Administration to prioritize support for supply chain matters impacting trade, and to take clear steps to enhance interagency collaboration that could lead to innovative solutions to these complex problems. Without prioritizing any one solution over another, IDFA urges the Administration to take a broader approach to addressing these issues, including:

- Either revising the U.S. Department of Transportation’s Committee on Marine Transportation Systems to make it an interagency committee, including USDA representation, that regularly consults on and proposes solutions to existing problems, or establishing a new interagency working group to consult on trade infrastructure, transportation, and facilitation issues;
- Establishing a permanent supply chain position within the Executive Office of the President. Similarly, USDA and other Departments with a role to play in these issues should also establish lead roles or units to collaborate on the trade facilitation matters impacting their stakeholders;
- Development of a trade advisory committee supporting supply chains to obtain input from cleared advisors on supply chain issues which may otherwise not be visible to federal officials;
- Direction to the Office of the U.S. Trade Representative to immediately engage in the matters, both domestically and abroad, within the supply chain which are impacting U.S. agricultural exporters, with a view towards developing improved and enhanced trade facilitation text commitments in the future;
- Conduct a GAO review of the U.S. oversight of the supply chain to determine whether additional authorities, new roles, or less federal intervention is needed to support the resilience of the U.S. supply chain for U.S. agricultural exporters;
- Take steps to ensure that administrative functions that facilitate trade, such as electronic certification of exports, are better protected from cybersecurity attacks;
- Consideration of new data points and data collection tools to increase supply chain visibility and market transparency, such as whether sufficient HS codes exist, the ability to track transshipments of U.S. goods through foreign ports, information on number of detentions, time delays in shipments, and other basic information that would improve the transparency of imports and exports and could facilitate the identification of problem areas within the supply chains that merit early attention; and



- Direction/Encouragement to port authorities to take additional measures to allow ports to function more smoothly, such as operating longer hours and assessing possible improvements that could be implemented to facilitate more efficient product movement through the supply chain.

Rural broadband: Reliable high-speed internet service has become an integral piece of American infrastructure. Too many Americans, especially rural Americans, do not have access to reliable affordable broadband. The COVID-19 pandemic has highlighted the urgency for a significant investment from the federal government in this area. A recent USDA report entitled “A Case for Rural Broadband” estimated that between \$130 to \$150 billion investment over the next five to seven years would be necessary to “adequately support rural coverage and 5G wireless densification.”¹

In order to provide greater broadband deployment, especially in rural America, IDFA supports increasing federal government investment in long-term, sustainable broadband infrastructure, and decreasing barriers to deployment of new infrastructure to allow for solutions that will meet the needs of every community. This will also require better coordination between the federal government and states and localities to ensure that these resources are allocated effectively to maximize the economic competitiveness.

(iii) The manufacturing or other capabilities necessary to produce the materials identified in subsections (i) and (ii) of this section, including emerging capabilities.

Cold Storage Capacity: Our members have told us that one of the important steps that USDA could take to ensure continued operation of the dairy supply chain during future pandemics would be to provide financial support to upgrade or expand cold storage capacity, including for frozen and deep-frozen products. Grant funding could be used for smaller projects, including buying or renting additional cold storage facilities or equipment. Grants of this nature could be particularly useful for schools, school food distribution centers, food banks and food pantries that want to provide more dairy products to food insecure families but are deterred from doing so due to limited cold storage capacity. USDA’s recent announcement that it would provide funding for improved food bank and food pantry infrastructure under The Emergency Food Assistance Program (TEFAP) represents a significant step forward in achieving this particular goal. Similarly, USDA should consider providing funding and/or technical assistance to agencies and organizations distributing and delivering foods to ensure dairy products and other perishables are provided under food-delivery programs, such as the Commodity Supplemental Food Program, and as other nutrition benefit assistance programs, such as SNAP and WIC explore online purchasing and home-delivery. In addition, USDA loan programs could be utilized for larger projects, such as building new cold storage warehouses in areas of the country that currently have limited cold storage capacity to provide additional storage options for perishable dairy products in all regions of the country.

¹ <https://www.usda.gov/sites/default/files/documents/case-for-rural-broadband.pdf>



(iv) the defense, intelligence, cyber, homeland security, health, climate, environmental, natural, market, economic, geopolitical, human-rights or forced-labor risks or other contingencies that may disrupt, strain, compromise, or eliminate the supply chain.

Federal Support for Food Industry Efforts to Improve Cybersecurity Defenses: As the recent criminal attack on U.S. meatpacking plants demonstrates, the food and agricultural supply chain is vulnerable to cybersecurity threats. Such threats could result in the shutdown of food production facilities; compromise the safety of our food supply and significantly disrupt the continued operation of the U.S. food and agricultural supply chain. To help combat future cybersecurity threats, USDA should work with the food industry to develop educational tools that can be used to help industry leaders and employees better understand the steps that should be taken to minimize future cyber threats. In addition, USDA could provide grants, subsidies or loans to companies that invest in significant upgrades to their cyber defenses.

(v)(C) Supply chains with a single point of failure, single or dual suppliers, or limited resilience, especially for subcontractors as defined by section 44.101 of title 48, Code of Federal Regulations (Federal Acquisition Regulation). USDA is particularly interested in comments related to the role of market concentration and consolidation in agricultural sectors and how it affects food system resilience, including potential system failures in the face of supply chain disruptions.

U.S. Sugar Program: USDA's administration of the sugar program provides an excellent example of how concentrated markets can lead to supply chain disruptions and system failures. After a warehouse fire stranded raw sugar in the southern United States in 2020, prices for raw sugar ballooned on U.S. coasts while sugar prices in the middle part of the country remained stable. USDA typically bases pricing decisions on production and deliveries; however, in this case deliveries were limited due to external factors rather than actual demand, and sugar prices became artificially inflated which ultimately hurt consumers, including those in disadvantaged communities. Without the correct data and decision points in its program, little action can be taken by USDA to alleviate such grossly inflated pricing even when this pricing occurs in the absence of pressure from the global markets. In addition to increased freight rates, driver pay, and numerous other supply chain cost increases, those processors that use raw sugar as an ingredient were faced with unbearably high prices with little end in sight, all while the refined sugar industry moves towards greater market consolidation. IDFA urges USDA to conduct a comprehensive review of the sugar industry's concentration, its management, the data points associated with USDA sugar program decisions, and the liabilities these limitations create for industries like ours that use sugar to make finished products.

Nutrition Administrative Flexibilities: USDA should continue to utilize administrative flexibilities and waiver authorities in child nutrition, WIC, and other food assistance programs until the disruptive impact of the COVID pandemic is truly behind us. These flexibilities have been a lifeline for schools and organizations that have been focused on combatting nutrition insecurity during times of great uncertainty while also maintaining an outlet for nutritious dairy products and upstream dairy production. For child nutrition programs, such as the school meals program, USDA provided an administratively simple meal pattern waiver, allowing school foodservice operators and food-suppliers to provide



available varieties and package sizes of fluid milk and other dairy products without interruption. For example, package and variety substitution flexibility under WIC during the COVID emergency maintained both food access and the nutritional integrity of the program. USDA should continue utilizing such flexibilities for the coming school year to ensure that schools have ready access to food that is both healthy and nutritious. For School Year 2021-2022, however, the Department has instituted school meal patterns that are more restrictive than those that were in place prior to the COVID-19 emergency and which have previously resulted in decreased milk consumption in schools. Specifically, when USDA school meal pattern regulations, in 2012, prohibited low-fat flavored milk, among other things, in school lunches and breakfasts, fluid milk consumption declined by 9 percent in total volume between the 2011-12 and 2015-16 school years.² When USDA permitted re-introduction of low-fat flavored milk in schools for School Year 2017-2018, an increase in school milk consumption also returned.³ Moreover, dairy processors that supply milk to schools have had little time to revert to producing fat-free flavored milk, which is currently the default flavored option in schools, given that there is no significant commercial market for this product. The same is true for school meal pattern “sodium targets” that exceed current technological limits and food safety standards for cheese production which means there will be less cheese served in schools going forward. These sudden, restrictive changes in school meal patterns impact upstream dairy product processing and farm production. As a result, USDA’s meal pattern regulatory requirements are unintentionally, but directly, complicating dairy product processing capacity.

(v)(G) Current domestic education and manufacturing workforce skills for the relevant sector and identified gaps, opportunities, and potential best practices in meeting the future workforce needs for the relevant sector.

Dairy Workforce Needs: Like many other members of the food and agriculture sector, dairy processors and producers face challenges in attracting and retaining an adequate workforce, despite offering competitive wage and benefit packages. This is true for both farm and line workers in dairy manufacturing facilities, as well as for employees with more specialized skills, including maintenance, equipment repair, commercial truck drivers, and cybersecurity.

To address these needs, we encourage the Administration to develop or enhance targeted training and support programs that would encourage members of the military and veterans to consider a second career in the food manufacturing industry. Similar transition programs could be offered for socially disadvantaged workers, along the lines of programs that have been developed to encourage and support socially disadvantaged farm workers.

The Administration should also create or increase vocational training programs for skilled and specialized manufacturing positions, including maintenance workers, high tech manufacturing positions, and cybersecurity professionals. These programs should be tailored to the particular needs of local communities. Training should also be offered for existing line workers who are interested in becoming managers, focusing on candidates who might one day run a plant or who

² Prime Consulting. School Milk Information: From Milk Processor Education Program Data. 2015 Edition. August 2016.

³ Prime Consulting for DairyMax. VOLUME IMPACT FROM REINTRODUCTION OF 1% FLAVORED MILK IN SCHOOLS. Spring 2019.



are interested in leading people in their organizations. These programs could support ongoing efforts to create diverse, equitable, and inclusive work cultures in the dairy processing industry.

Finally, given the number of immigrant workers employed in our industry, we urge the Administration to work with Congress to establish a new agricultural guestworker program that would cover non-seasonal, skilled immigrant workers. IDFA strongly supports making dairy processing and manufacturing jobs eligible for such an agricultural guestworker visa program by defining “agricultural labor or services” to include dairy processing and manufacturing jobs. In addition, we support training programs that provide these workers with cultural and language skills that will help these workers assimilate into their local communities.

(v)(I) The role of transportation systems in supporting existing supply chains and risks associated with those transportation systems.

IDFA supports changes to our transportation system that would improve the resiliency, efficiency, and sustainability of the dairy supply chain. We have advocated for federal gross vehicle weight limit increases and for interventions to alleviate the shortage of commercial truck drivers through the establishment of an apprenticeship program for qualified commercial drivers ages 18 to 21 to drive in interstate commerce.

Federal Gross Vehicle Weight Limit Increase: Investments in and regulatory updates to America’s infrastructure and transportation systems are long overdue. Federal Gross Vehicle Weight (GVW) limits have not been adjusted since 1982 despite major advancements in vehicle safety and paving technology. We urge the Administration to support legislation that would increase GVW limits on federal highways from the current 80,000 pounds to 91,000 pounds.

Dairy products tend to be more dense and heavier, causing truck shipments to “weigh out” before they “cube out” – that is, trucks hit their weight limit before they are full. In addition, because there are so many dairy products that can be made from the component parts of milk (e.g., fat, lactose, proteins, cream, and various powders), these components are often moved multiple times to different processing facilities to make various dairy products. The current GVW limit on federal highways is often lower than state road weight limits which means that more and more truck traffic has migrated to state and local roads, through neighborhoods and past schools. To improve the efficiency of the dairy supply chain, we recommend that the federal GVW be increased to make it easier and more efficient to transport dairy products and components on federal highways which are the most suitable locations for these shipments.

In addition to improved efficiency, increasing the GVW limit will have positive impacts on the environment and assist in meeting the nation’s climate change goals. One dairy economic firm recently estimated that if the GVW were increased, the cheese industry alone could reduce the number of trucks on the road by over 50,000. That would have a profound impact on reducing greenhouse gas emissions.



Commercial Driver Shortage Mitigation: Given the severity of the national truck driver shortage and its far-reaching impacts throughout the food supply chain, we urge the Administration to support the DRIVE Safe Act (S. 2016) which would promote opportunity and enhanced safety training for emerging members of the transportation workforce. This legislation would establish an apprenticeship program to train 18- to 20-year-old qualified drivers who satisfy certain safety, training, and technology requirements to operate vehicles in interstate commerce. The bill would remove the single biggest barrier preventing entry into the truck driving profession and equip young people with skills for jobs whose median pay is \$54,585, plus health and retirement benefits.

Although 49 states and the District of Columbia currently allow individuals under the age of 21 to obtain a commercial driver's license and operate in intrastate commerce, these same individuals are prohibited from driving a truck across state lines until they turn 21. The DRIVE Safe Act would change this through a rigorous two-step apprenticeship program that creates a path for these drivers to enter the industry. To qualify for the program, candidates must complete at least 400 hours of additional training—more than what is required for any other CDL holder in the nation at this time. Only after these benchmarks are successfully met will the candidate be permitted to drive a commercial vehicle across state lines. Enactment of this legislation would go a long way towards addressing the current commercial driver shortage that affects the dairy processing industry as well as other sectors of the economy.

(v)(J) the risks posed by climate change to the availability, production, or transportation of critical goods and materials and other essential goods and materials, as identified in subsections (i) and (ii) of this section. Given the risks posed, USDA is particularly interested in the potential to retool, reengineer, or develop new capacity that would address the risks, improve efficiency, and have a climate benefit due to lower energy use, less food waste, or hasten capture of by-products and co-products (among other benefits).

Funding for research aimed at transforming food waste and co-product into value added materials: Over the last few years, Congress has provided USDA's Agriculture Research Service (ARS) with \$4.5 million to develop new strategies for utilizing ice cream co-product that would otherwise be waste.⁴ Currently, product that cannot be reused is discarded and is generally used for animal feed or is landfilled. Research into alternative uses for ice cream co-product could lead to solutions that reduce food waste that must be transported to landfills and therefore decrease associated climate impacts from both transportation and landfills. The research could also lead to alternative and beneficial uses for the nutritional components contained in the ice cream co-product (e.g., proteins and fats). In addition, the promise of new packaging products that could replace more GHG-intensive petroleum-based plastics underscores the needs for more widespread research into the transformation of ice cream co-product and other food wastes at the processor level. We urge USDA to prioritize ice cream co-product and similar research at ARS, and we call upon the Department to work collaboratively with industry partners in a transparent way to ensure that the benefits of this research are fully available to the ice cream industry. Furthermore, we urge USDA to expand the scope of research to include research institutions

⁴ Ice cream co-product is the waste generated during the packaging or filling of ice cream products when lines are stopped for product changeouts or due to equipment disruption; an ice cream product does not meet specifications; or there is a packaging failure.



and universities, increasing the likelihood of novel discoveries that could transform ice cream co-product into valuable materials that can reduce waste and associated GHG emissions across the dairy sector.

Loans to assist dairy processors in reducing the use of GHG-emitting hydrofluorocarbons: The age of dairy processing plants across the country varies. Many newer plants utilize state-of-the-art sustainable technology and renewable energy sources. Some older plants, however, would benefit greatly from investment in sustainable, more energy efficient equipment and business practices. For some plants, this could include reducing or eliminating the use of hydrofluorocarbon (HFCs) in plant refrigeration and cold storage systems as required by the 2020 AIM Act. While many dairy plants have transitioned to ammonia and non-GHG emitting refrigerants, for many companies this would require a costly capital investment in new refrigeration systems that may be difficult for smaller and medium sized processors to bear. Loans and loan guarantees to assist with this transition to non-GHG emitting substances, whether through USDA or in collaboration with EPA and the SBA, would help smaller and medium-sized processors become more sustainable and resilient.

Incentivize sustainable, novel, and diversified energy sources for dairy processing plants: Dairy processing plants are generally dependent on energy from the electric grid and would benefit from more diversified and self-sustaining renewable sources of energy. Providing loans, loan guarantees and incentives to implement sustainable energy technology would minimize the impacts of extreme price fluctuations in the energy market and risks associated with energy disruptions. Smaller and medium sized dairy processors may not have sufficient access to capital to evaluate and implement novel sustainable technologies at their plants. Assistance programs, tied to energy performance, could be developed solely through USDA, or in collaboration with other federal agencies such as EPA and SBA. For example, cost assistance would be valuable to companies seeking to utilize renewable energy sources (e.g., hydropower and wind), solar, or in-plant digester technology. With cost assistance and incentives, more dairy companies would be able to install more sustainable energy technologies and at a larger scale to reduce energy needs from a single source. Importantly, companies would be more willing to implement novel energy reduction strategies because of a lower financial risk of the investment. Once a novel technology strategy has been demonstrated at a plant, it would more likely be adopted by other companies.

(xi) proposals for improving the Government-wide effort to strengthen supply chains, including proposals for coordinating actions with ongoing efforts that could be considered duplicative of the work of E.O. 14017 or with existing Government mechanisms that could be used to implement E.O. 14017 in a more effective manner.

Enhanced Governmental Communications Network: One of the “lessons learned” during the COVID-19 pandemic is the importance of establishing a strong, coordinated communications network within the federal government to both provide authoritative information to relevant stakeholders as well as to receive input from essential industries, including the food sector. Establishing such mechanisms in advance of the next public health crisis would enable the federal government to better coordinate its response to the crisis, as well as provide all stakeholders, including state and local health authorities and members of our industry, with centralized direction and guidance to ensure consistency in outcomes across the country. Defining appropriate roles in advance for relevant authorities at the federal, state, and



local levels of government would also reduce unnecessary confusion that could result from contradictory directives emanating from different governmental authorities. This should include the designation of state coordinators for food and agricultural issues who can liaise with federal authorities to ensure that clear guidance and consistent messages are conveyed and disseminated to stakeholders.

Thank you for the opportunity to provide our views on this important topic.

Sincerely,

A handwritten signature in black ink that reads "Michael Dykes". The signature is fluid and cursive, written in a professional style.

Michael Dykes
President and CEO
International Dairy Foods Association