

Milkweed article – Rick North

March 6, 2010

Analysis

While most of the dairy world has been consumed, understandably, by low milk and high feed prices, Elanco has been quietly trying to head off the decline of Posilac (rBGH or rBST) use in the U.S.

Since its purchase of Posilac from Monsanto in October 2008, Elanco, the animal drug division of the Eli Lilly Company, has adopted a less contentious stance. Monsanto actively encouraged anti-labeling bills or rules in numerous states, starting with Pennsylvania in 2007. It ended with Kansas in 2009, when then-Governor Kathleen Sebelius, after receiving thousands of messages from outraged consumers, vetoed a bill that would have restricted labeling and banned the terms “rBGH-free” and “rBST-free.” Elanco has opted to keep a low profile and no new legislation or rules have been proposed so far in 2010.

But behind the scenes, Elanco has been busily trying to build a case to convince processors and retailers not to go rBGH-free, or if they do, choose only certain product lines instead of going completely. Meanwhile, activists, scientists, physicians and consumer and public health advocates have challenged their moves and launched their own offensives. There is a war going on, often outside the public view. Here are the major fronts, with a scorecard on who’s winning each battle:

Organizational Stances

For many years, Monsanto, and now Elanco, had touted the support of numerous organizations like the American Dietetic Association that had followed the FDA’s lead in supporting the safety of rBGH. But as more and more public health associations have researched the scientific data, they’re coming out strongly against the hormone.

From the drug’s approval in 1993, groups like Rural Vermont, Organic Consumers Association, Consumers Union, Center for Food Safety and Cancer Prevention Coalition denounced it. In 2003, Oregon Physicians for Social Responsibility (PSR) launched its grass roots campaign that led to Oregon and Washington going virtually rBGH-free. It spearheaded the formation in 2007, with Family Farm Defenders and Food and Water Watch, of a nationwide coalition of dozens of organizations and individuals opposing rBGH.

In 2005, Health Care Without Harm, a coalition of over 460 organizations promoting safe and healthy practices in hospitals, adopted an official position opposing rBGH based on human and animal health concerns. In 2008, the American Nurses Association made a similar declaration and the past president of the American Medical Association advised members to serve only rBGH-free milk in hospitals, although the AMA doesn’t have an official stance. To date, over 250 hospitals in 23 states have signed a pledge that includes the commitment to phase in rBGH-free dairy products.

In 2009, the American Cancer Society changed its position from supporting rBGH to a neutral stance, although it warned against the drug increasing antibiotic resistance and quoted the AMA president's recommendation for hospitals on its website. In November 2009, after a year-long review, the American Public Health Association, the nation's oldest and largest health organization, adopted an official resolution opposing both rBGH and non-therapeutic hormones in beef cattle. The APHA even went so far as to urge the FDA to ban the drug.

Every public health organization that has closely examined the scientific data on rBGH in the past five years has either officially opposed it or dropped its previous support.

Advantage: Public health/Consumer advocates

Elanco's Report

In July 2009, Elanco presented a report entitled "Recombinant Bovine Somatotropin (rbST): A Safety Assessment" at the joint annual meeting of the American Dairy Science Association, Canadian Society of Animal Science and American Society of Animal Science in Montreal. The paper asserted that rBGH was safe for cows and humans and provided both environmental and economic benefits.

It looked impressive – it was co-authored by five scientists and three physicians, including lead author Richard Raymond, MD, the former Under Secretary for Food Safety at the USDA, and Dale Bauman, PhD, well known in dairy science circles as one of the main developers of Posilac at Cornell. The paper was 11 pages of small print and included 66 footnotes. To its main audience – processors, retailers and farmers who are on the fence about dropping rBGH – it certainly could be convincing.

But public health/consumer advocates told another story and released a rebuttal that skewered the report, saying "Numerous mistakes, misrepresentations of fact, and omissions seriously undermine the report's credibility." The rebuttal was co-authored by Michael Hansen, PhD, senior scientist at Consumers Union, David Wallinga, MD, of the Institute for Agriculture and Trade Policy, Sam Epstein, MD, of the Cancer Prevention Coalition, Martin Donohoe, MD, of Oregon PSR, and this reporter.

Elanco's report is purported to be written by "a group of independent scientific experts." However, each of them was paid by Elanco, which at least was noted at the end of the report. However, Elanco never made public that this was commissioned by the Porter-Novelli public relations firm, nor was this mentioned in the paper itself. It's unknown how much was actually written by Porter-Novelli with the authors simply allowing their names to be used with minimal input.

The credibility of Elanco's report was further damaged by an article in the online publication Bioscience Resource Project by Jonathan Latham. The report claimed that several prestigious organizations had endorsed the safety of rBGH, including the American Medical Association, American Academy of Pediatrics and American Cancer Society. But when Latham contacted them, all denied that they endorsed rBGH. When Latham contacted several of the authors, one refused to answer questions, one didn't know about

any errors, and a third, David Clemmons, MD, admitted that the endorsements were “technically untrue” and that the authors “counted endorsement as failure to oppose rBGH.”

Michael Hansen observed that, “By this logic, the American Automobile Association and the Federal Reserve Board have endorsed the safety of rBGH.”

Meanwhile, Elanco has hired E. Linwood “Tip” Tipton, a heavyweight consultant/lobbyist and former director of the International Dairy Foods Association, to represent them to processors and retailers. Tipton’s wife, Connie, is the current director of IDFA.

Advantage: Elanco, if their report is all that companies see
Public health/consumer advocates, if companies see the rebuttal and/or Latham’s article

Labeling battle in Ohio

Monsanto and their allies attempted to institute anti-labeling bills or rules in eight states. Only in Ohio were they successful, where the Ohio Department of Agriculture proposed rules that prohibited the terms “rBGH-free” and “rBST-free,” although allowing process-related claims such as “Milk from cows not treated with rBGH.” The rules also required the FDA disclaimer that there was “no significant difference” between rBGH and rBGH-free milk, and that it be the same size and contiguous to the label claim.

Although a few other states require the FDA disclaimer (the FDA itself only recommends, but doesn’t require it), none require it be contiguous with the label claim. This makes it impossible for regional and national processors to comply with Ohio without changing all its labeling, since it isn’t feasible to label for only one state. The net effect is that several companies have opted not to label at all, losing the marketing advantage that comes from their rBGH-free status.

This restriction is the main reason that IDFA, even though it approves of rBGH use, sued Ohio over the rules. Many of IDFA’s members have gone rBGH-free and feel the rules are an illegal censorship of commercial free speech. IDFA has been joined in the lawsuit by the Organic Trade Association. The Center for Food Safety filed an amicus brief, co-signed by several organizations, including Oregon PSR.

Ohio won the first legal skirmish at the federal district court level. After an unsuccessful mediation attempt, IDFA and OTA appealed the ruling and the case will be heard by the federal court of appeals later this year. In the meantime, national companies that have recently gone rBGH-free, such as Dannon, Yoplait and Walmart’s Great Value milk, are delaying any labeling until they know the outcome.

Advantage: Elanco

Latest trends

Over the past five years, there has been a significant trend toward processors and retailers going rBGH-free. Oregon PSR’s latest survey found that 57 out of the largest 100

processors in the U.S. are completely or partially rBGH-free. A year ago, there were 37 and two years ago, only 23 rBGH-free dairies on the Top 100 list.

Major players such as Dean Foods, Land O' Lakes and Kraft have gone part way while California Dairies, Inc., Glanbia and Darigold have gone completely rBGH-free. The largest retailers like Walmart and Kroger have gone rBGH-free for their milk, while Chipotle Mexican Restaurants and Starbucks' company-owned stores have completely eliminated the hormone.

The two major yogurt producers, Yoplait and Dannon, which control about two thirds of the U.S. market, both went completely rBGH-free in 2009. There are numerous other sizeable rBGH-free yogurt companies, such as Stonyfield, Brown Cow and Nancy's, which adds up to an estimated 75-80% of yogurt sold nationwide is rBGH-free.

The latest announcements, both last month, were Ciao Bella Gelato, which is moving its processing from New Jersey to Eugene, Oregon so that it has a ready supply of rBGH-free milk, and Danisco, which now produces rBGH-free fermentates for a wide variety of dairy products. Like virtually all processors who've made this decision, Danisco said that it was responding to consumer requests.

A 2008 Consumer Reports survey found that 57% of Americans were willing to pay more for rBGH-free milk and other dairy products. As a general trend, the entire country is moving toward more healthy and sustainably-produced foods, and rBGH-free dairy products are one of the most visible, helping lead the way.

Advantage: Public health/consumer advocates

There appears to be no sign of the conflict waning. A recent story in AgWeb said that Elanco "has made re-education about the dairy production technology a priority" and "has reached out to the entire food chain" to promote rBGH.

On the other side, public health/consumer advocates continue to ramp up their education and consumer action campaigns, based on their experience that the more consumers know about rBGH, the more they avoid it.

Rick North is the Project Director of Oregon Physicians for Social Responsibility's Campaign For Safe Food (www.oregonpsr.org). For nearly seven years, he has led a campaign educating the public on the animal and human health risks of rBGH. He welcomes questions and comments and can be reached at hrnorth@hevanet.com or 503-968-1520.

Milkweed rBGH Analysis – Rick North

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How widespread is rBGH (rBST) use?

Elanco, Posilac's® manufacturer, won't say. Like Monsanto, its predecessor, it carefully guards any information regarding sales. Spokesman Dennis Erpelding, in a recent article in Dairy Today, would only say that **"it's doing well."**

However, based on recent studies and events, that statement is more corporate spin than accurate assessment. In the past six years, there has been a significant decline in rBGH use, spurred by farmer dissatisfaction with the hormone and increasing consumer demand for rBGH-free products.

Taking all public data into account, **Oregon Physicians for Social Responsibility's current estimate is that only 9-12% of dairy operations are still using the hormone on 10-14% of the nation's cows.**

What the USDA Says

In 2002, the USDA's national dairy survey estimated that 15.2% of herds were using rBGH, with 22.3% of cows injected. Among herds of 500 or more cows, it was used in 54.4%, while it decreased to 32.2% in medium-sized herds and only 8.8% in herds of fewer than 100 cows. It was used more in the West than in the Midwest, Northeast and Southeast, reflecting larger herd sizes there.

By 2007, the USDA estimates showed just how much rBGH sales had eroded. The percent of herds using the drug remained the same at 15.2%, but the percent of cows being injected dropped to 17.2%, a major 22.8% decrease. Use in the largest herds dropped to 42.7%, 28.8% in medium herds and remained about the same at 9.1% in the smallest herds. The study didn't break down use by geographical area.

What the Academic Studies Say

The most recent academic statistics on rBGH use were compiled by Henry An, an assistant professor in the Department of Rural Economy at the University of Alberta, and formerly at the University of California-Davis.

He co-authored a paper with Leslie Butler at UC-Davis on rBGH adoption and disadoption rates in California taken from a spring 2008 survey reviewing statistics from 243 dairy operations, about 18% of the California total. An, who has been studying rBGH usage for over a decade, found that it had declined from 31% of dairy operations in 2001 to only 18%. Although his sample size was limited, the figures were similar to larger national surveys.

Fully 35% of producers who had tried rBGH had stopped using it. This was consistent with a 2002 review done by Bradford Barham and Jeremy Foltz that found that 25-40% of producers using rBGH had given it up.

An and Butler's findings on why farmers had stopped using rBGH were especially revealing. The percentages of respondents who cited the following reasons as **"very important"** in their decisions to disadopt are shown below. They could name more than one reason:

Public opinion	26%
No yield gain	24%
Low milk prices	24%
Oversupply	23%
High rBGH price	21%
High management and labor costs	18%
High veterinary costs	15%

The above results mirrored the 2002 USDA report findings that “**cost and animal health were major concerns specifically identified in all regions**” as reasons that farmers had stopped using the drug. Numerous agricultural economic studies have confirmed that there is no guarantee that rBGH use increases profits, including Tauer/Knoblauch in 1998, Foltz/Chang in 2002 and McBride et al in 2004.

An and Butler concluded that: “**Our main result is that rbST use in California is on the decline. The confluence of low profitability, increasing consumer backlash, and a shifting of demand toward more natural milk has led many dairy producers to conclude that rbST is not an effective technology.**”

What the Accountants Say

Genske, Mulder & Co. is one of the country’s leading accounting firms for dairy operations, handling the books of processors producing 10% of the nation’s milk in 29 states. In a February 10, 2010 presentation for the American Dairy Products Institute, CPA Gary Genske produced hard numbers from his clients showing just how far and fast rBGH is falling.

Based on the average herd size of his clients in 2008 at 1,963 cows, the actual expenses for rBGH equated to only 66 cows per day, a mere 3.4% of the total herd.

By 2009, this dropped to only 58 cows per day. For 2010, he estimated total costs of rBGH even lower, an even more dismal projection for Elanco.

Referring to limited profitability and the growing nationwide consumer preference for rBGH-free products, Genske affirmed that “**There’s no question that it (rBGH) is almost completely obsolete for our clients.**” Genske, who also has his own farms, formerly used rBGH but has discontinued it.

Are Farmers Telling the Truth?

The question of cheating invariably comes up – are the farmers who say they’re rBGH-free telling the truth? No groups of people – doctors, lawyers, Wall Street executives, and yes, non-profit managers - are 100% truthful, and dairy farmers are no exception. While there is cheating, it’s doubtful that it’s widespread, based on a number of factors.

First, a significant majority of farmers never used rBGH in the first place and many have stopped using it for the reasons cited above. They have no reason to lie, since they simply don’t want the drug, regardless of their processor’s policy. Second, some processors pay a premium to farmers for not using rBGH, providing a financial incentive. Third, the industry standard for declaring a company rBGH-free is a written affidavit, a legal document. Several social scientific studies have shown that when people sign their name on an agreement, they usually keep their word. Finally, most dairy farmers are honest, and most don’t want to risk losing the respect of their peers who are telling the truth and of their families.

Retailers and Processors Saying No to rBGH

The groundswell of consumer opposition to rBGH that began in earnest in 2004 has continued. In 2008, the two largest food retailers in the country, Wal-Mart and Kroger, both went rBGH-free for their private label fluid milk, although their other dairy products still allow the hormone. There was some confusion created by an article in the Idaho Dairymen's Association newsletter and reprinted elsewhere that gave the impression Wal-Mart was accepting rBGH milk for all their dairy products. Their consumer affairs department confirmed in an e-mail that their fluid milk will stay rBGH-free: **“Wal-Mart has made the decision to convert to rBST free milk to address growing consumer concerns and competitor claims.”**

In 2009, three of the largest dairy processors in the country went totally rBGH-free. In April, Glanbia Foods, #21, a major cheese manufacturer, made the switch. In August, Yoplait, #23, announced its conversion, and in December, Dannon, #26, followed suit. Yoplait and Dannon, the two largest U.S. yogurt companies, sell approximately two thirds of all yogurt in the country. Combined with numerous other national and regional yogurt companies that had already gone rBGH-free, such as Brown Cow, Cascade Fresh, Nancy's, Stonyfield Farm, Wallaby and Yami, it's now estimated that at least 75-80% of all yogurt sold in the country disallows the hormone.

The rBGH-free trend is quite clear. More and more consumers won't risk their health with rBGH and more and more processors and retailers won't risk their profits by ignoring their consumers' wishes.

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