## Johanna Plant May Close, Industry Unruffled

KARL BERGER Special Correspondent FREDERICK, Md. - The decision of Johanna Farms Inc., to try to phase out fluid milk processing at its Flemington, N.J., plant should have little impact on dairy farmers' milk checks, according to officials for the company and other industry spokesmen.

Mike Suever, Johanna's vice president for milk procurement, said the change will not affect Johanna's fundamental relationships with its raw milk suppliers, which include both cooperatives and a number of independent producers.

"All we're doing is taking the product that we're handling at Flemington and moving it somewhere else," he said.

Johanna, the largest milk processor on the East Coast, also operates Tuscan Dairies plants in Union, N.J., and Jamaica, N.Y., the three Lehigh Valley Dairies plants in Pennsylvania and Green Spring Dairy in Baltimore.

Suever said hauling charges potentially could change for some producers whose milk supply is shifted to another plant, but the same haulers and fieldmen will

continue to serve these dairymen.

Although Johanna has contracts with dozens of independent dairymen, particularly in northern New Jersey, most of the milk produced by these farmers already goes to the Tuscan plant in Union, according to industry sources. Suever said only a handful of independent producers from New Jersey still have their milk shipped to Flemington.

Officials for Atlantic Dairy Cooperative, whose members reportedly supply the bulk of the raw milk to the plant, also expressed equanimity about the forthcoming change.

"We don't see any major disruptions at this point because that supply is going to be shared with other plant sites," said Atlantic spokesman Laura England.

Johanna announced June 1 that it had opened discussions with a local Teamsters unit on a proposal to end milk processing at the plant. The local represents a majority of the 200 or so workers there. Company officials said many of the affected employees will be offered positions at other locations or within other divisions of the company.

Under the proposal, the plant's other current operations, including the making of yogurt and the processing of juice, would continue, Suever said. Johanna's headquarters also would remain at the Flemington site.

The proposed move reflects continued consolidation and competitive pressures within the industry.

In a prepared statement, John Anderson, the firm's chief executive officer, said, "Declining consumption of fluid milk products coupled with population shifts out of our New Jersey and New York markets have led to excess production capacity . . . After months of analysis, we concluded that we must close a plant.

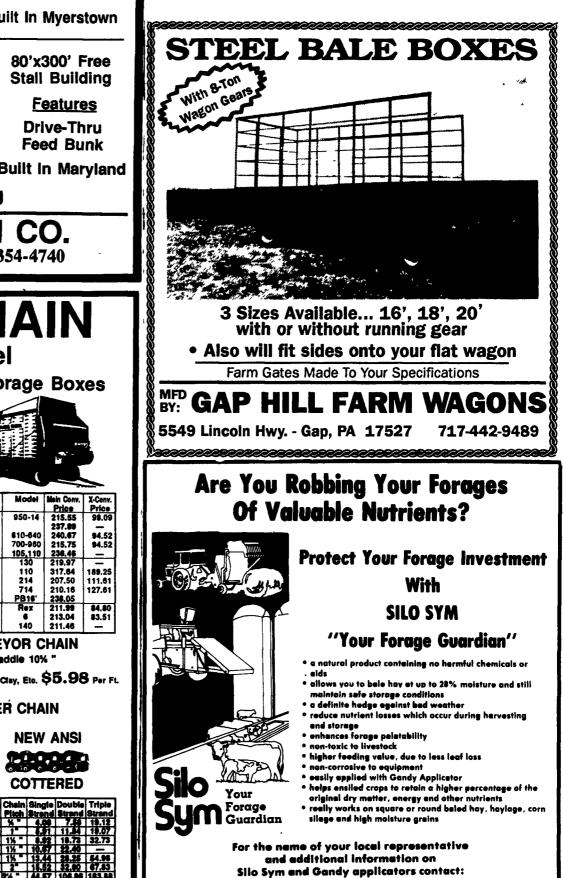
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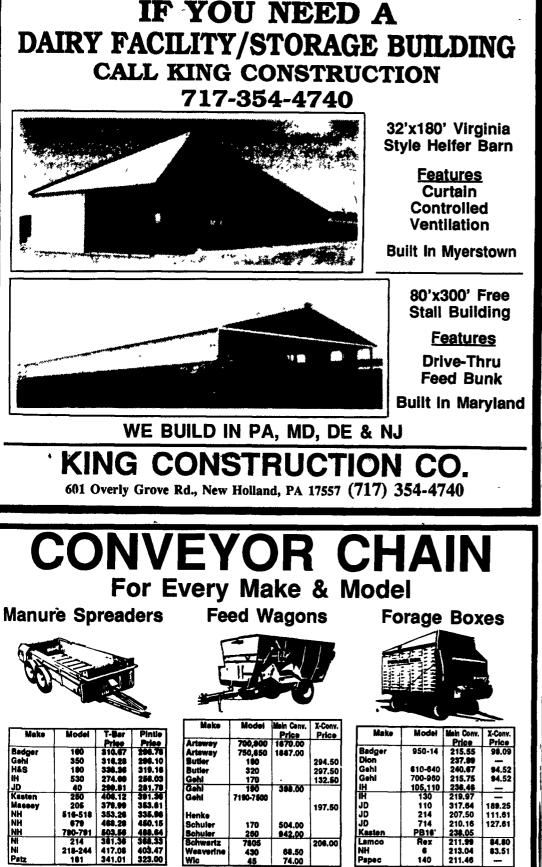
"Flemington was a prime candidate because of its poor proximity to our two largest markets, metropolitan New York and metropolitan Philadelphia, and its increasingly poor proximity to raw milk supply.'

Industry observers concur with the company's analysis.

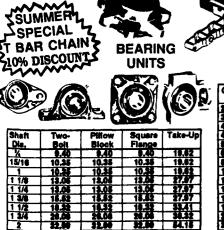
Bob Yonkers, an ag economist at Penn State University, said, "It used to be all the bottling plants were located in the city and now they're moving farther away to be closer to the milk supply." These changes also reflect population shifts from city centers to outlying areas, he added.

Yonkers, too, agreed the move would have little, if any, impact on overall producer returns within the Mid-Atlantic region. Fluid milk processing capacity will be less, he said, "But we're not using the Class I capacity that we have now."

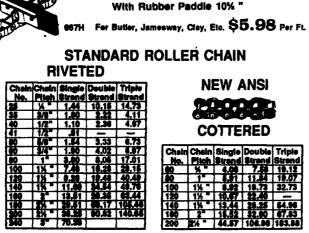




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