

Webinars

enhance

Resources for **DAIRYWOMEN**
without leaving the farm



DairyGirlNetwork.com

2018 Dairy Policy: the Good, the Bad and the Ugly

Mary Knigge

Dairy Farmers of America

Vice President, Government Relations



- Family farm in Omro, Wis.
- Displaced by robotic milkers in 2000
- National Milk Producers Federation – 7 years
- House Agriculture Committee – 8 years
- Now DFA

What's happening in D.C.?

- Status on issues

- Trade
- Farm Bill
- Immigration
- Milk Labels



What's happening on trade?

- Recent tariffs from China and Mexico
- NAFTA negotiations
- Lack of progress on trade deals

Administration trade policy

- On the campaign trail, they promised



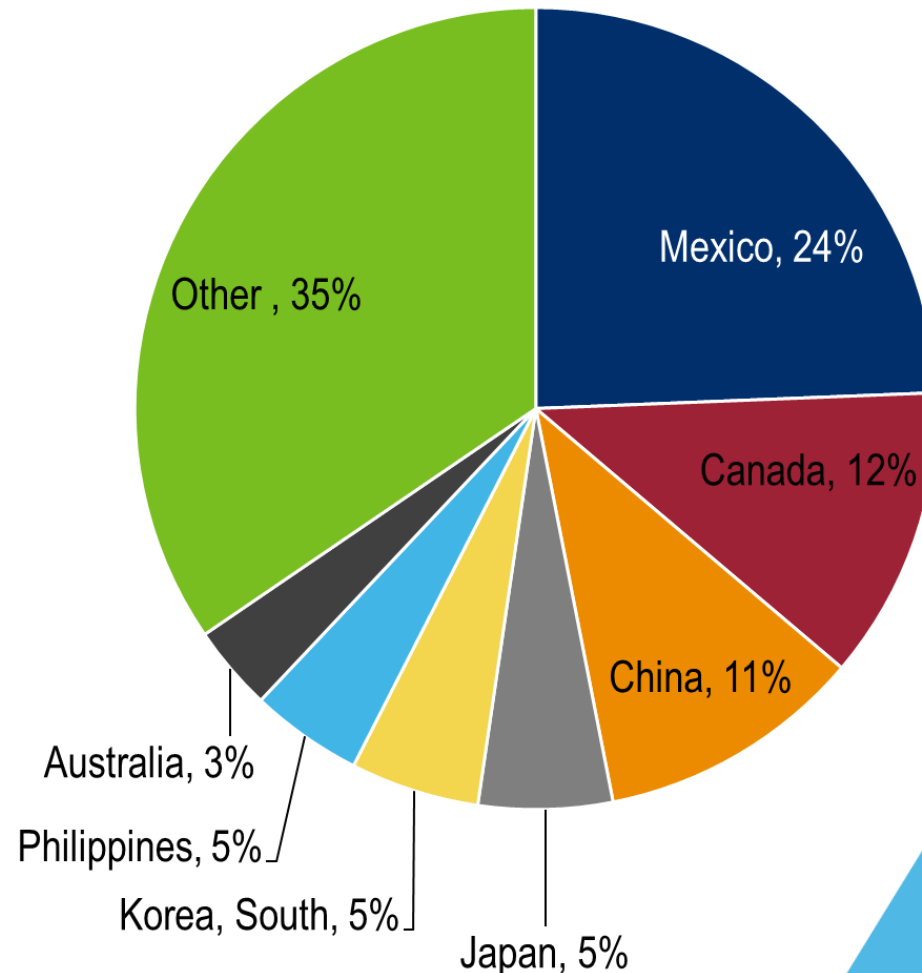
“America First”

- The effort to bring manufacturing back to the United States and bring fairness to trade agreements
- However, not many other sectors enjoy a trade surplus like agriculture

Why trade matters: 2017 U.S. export destinations

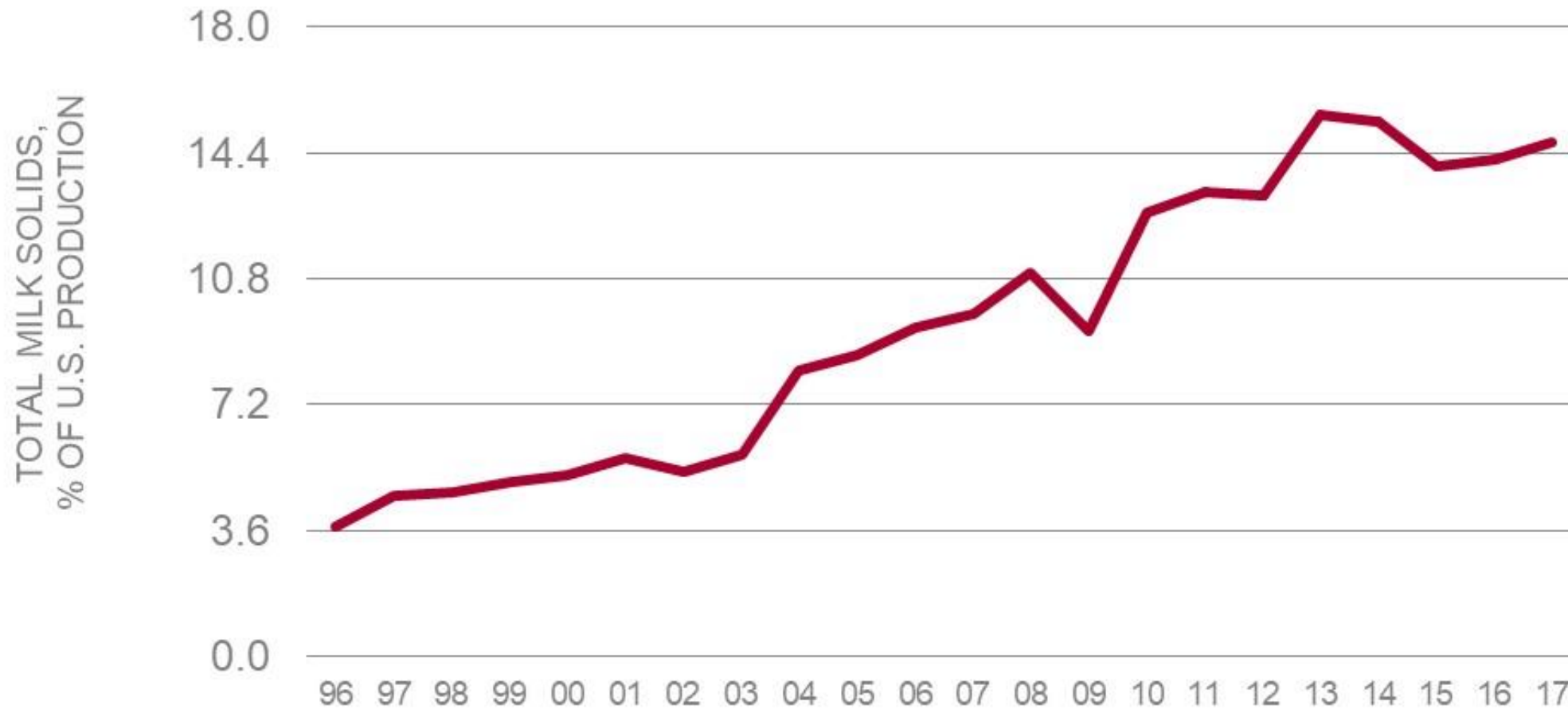
Destinations	Value of exports	Change from prior year*
	Million dollars	
Mexico	\$1,312	8%
Canada	\$636	1%
China	\$577	50%
Japan	\$291	42%
South Korea	\$280	21%
Philippines	\$243	8%
Australia	\$185	71%
Other	\$1,859	10%
Total	\$5,383	15%

*Leap-year adjusted



U.S. Dairy Exports - Percent of Production

1996-2017



In 2017, the United States exported nearly 15 percent of domestic milk production

The 2018 industry goal was to increase that to 20 percent

Q1 2018 showed strong progress toward 5 percent goal

Recent tariffs



- **Mexico:**

- Tariffs on cheese were raised to 10-15 percent on June 5, 2018
- Higher tariffs imposed on July 5, 2018
- **Will increase cost to export by approximately \$90 million**

- **China**

- Additional 25 percent tariffs imposed on July 6
- Wide array of dairy products included
- **Will increase cost to export by approximately \$102 million**

And then, agriculture gets a \$12 billion relief package

- **USDA announced aid to farmers hurt by tariffs on June 24**
- **Direct payments to producers**
 - Soybeans, sorghum, corn, wheat, cotton, dairy and hogs
- **Product purchases for food banks and other**
 - Fruits, nuts, rice, legumes, beef, pork and fluid milk
- **Additional funds for trade promotion**
 - Similar to current Market Access Program

How will direct payments work?

- It's unclear the amount available to dairy producers
 - Based on *loss of markets* from retaliatory tariffs
- Payment limits on amount available to any one farm expected
- Unclear mechanism to make payments
- Payments expected September/October
- Crop payments will come at harvest time

North American Free Trade Agreement

Tale of two different trading relationships

- **Mexico — strong trading partner**
 - No. 1 export market
 - Free and open trade
 - Critical to U.S. dairy industry
- **Canada — protectionist dairy program**
 - Supply management system limits imports
 - Most dairy products face 200–300 percent tariffs
 - New Class 7 program made for NAFTA negotiations

Meanwhile, other countries move forward

Preferential Dairy Access – Selected Markets

	U.S.	EU	NZ	Australia
Mexico	///	◆	◆ *	◆ *
Canada	◆	◆	◆ *	◆ *
China			◆	◆
South Korea	◆	◆	◆	◆
Japan		◆	◆ *	◆
Indonesia		◆	◆	◆
Malaysia		◆	◆	◆
Vietnam		◆	◆ *	◆ *
Thailand			◆	◆
Mercosur		◆	◆	◆
Chile	◆	///	◆	◆
Colombia	◆	◆	◆	◆

- ◆ Concluded FTA (implemented or pending implementation)
- ◆ Negotiating FTA, with potential dairy access
- /// Re-negotiating FTA

* - Deal via TPP-11

Farm Bill 2018

- **House**

- Partisan Farm Bill process
- Failed on May, 213-198 due to process and Freedom Caucus
- Second vote passed narrowly, 213–211

- **Senate**

- Bipartisan effort
- Bill passed out of committee, 20-1
- Very strong vote, 86-11

- **Now we move to conference**



Dairy provisions similar in House and Senate

- Makes the program more affordable for small farms
- Provides more coverage options for all farms
- Makes the program more accessible to large farms
- Eliminates production history adjustment going forward



F A R M B I L L

Differences — not many

Dairy is not expected to be the hold-up as it has in the past

- Senate provides additional discounts for under 2 million pounds
- House allows participation in both MPP and LGM
- Senate allows sign-up annually, House requires one election
- Senate creates a dairy product donation program
- House creates various feed costs studies

- Name?
 - Dairy Risk Management (House) or Dairy Risk Coverage (Senate)

Challenges to passage

- **House bill makes major changes to SNAP**
 - Supplemental Nutrition Assistance Program
- **Senate bill does not include same changes**
 - Nor could such changes pass the Senate
 - Need 60 votes
- **Current Farm Bill expires end of September**
 - Leaders hope to complete work by then
 - If not, we will have an extension
- **Will the president sign a Farm Bill without significant SNAP changes?**

Not much time left before the election

August

			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

September

						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

- House in session 19 days
Senate 47 days! Forced to work in August

October

	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

November

				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

December

						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

■ Both chambers in session
 ■ House in session
 ■ Senate in session
 ■ Holiday



Farm labor



U.S. Immigration
and Customs
Enforcement

- No real legislative action
- Enforcement action has been focus
- Bills have gotten votes but lack enough support to pass
- The dairy industry needs a program
 - Currently no program for dairy!
 - Need something to address the current workforce and provide for a future workflow

Milk labels – “Almonds don’t lactate”



- Finally the FDA has acknowledged that they haven’t been enforcing current standard of identity for milk
 - Current standard “Milk is the lacteal secretion, practically free from colostrum, obtained by the complete milking of one or more healthy cows.” They also allow for goat, buffalo, camel...
- There has been an explosion in the dairy case

#GOTREALMILK

It's time for FDA to get real about enforcing milk labeling laws.

U.S.



Canada



They don't
"got" milk!

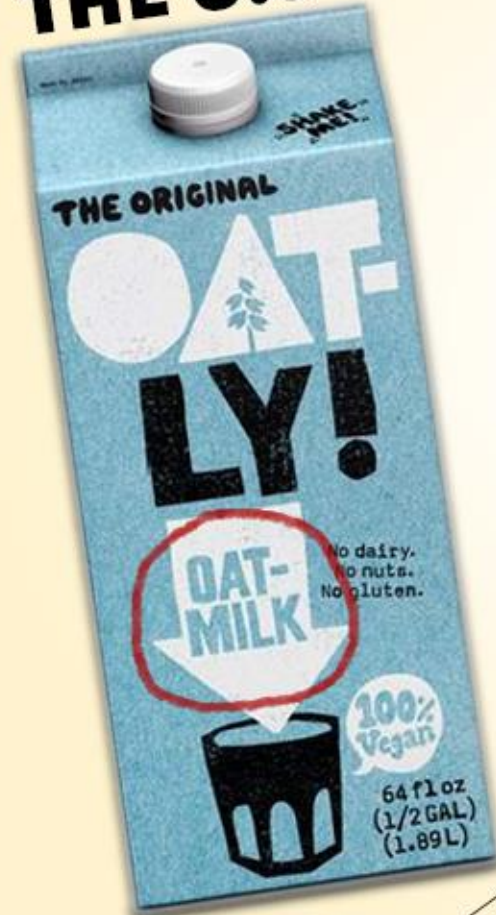
U.K.



Other countries
enforce
standard of
identity, the
United States
should too!

Same product. Two different labels.

THE U.S.



SWEDEN



"Oat drink"
in Swedish

Ask FDA to enforce current standard for dairy NOW!

- FDA is going to review how they enforce all standards
- Not guaranteed they will agree with dairy position
- Open for public comment until August 27
- How do you comment?
 - DFA is sending postcards to every member and has a link on MyDFA for members to send electronic comment directly to FDA
 - You can submit comments: Dockets Management Staff (HFA-305), Food and Drug Administration, 5630 Fishers Lane, Rm 1061, Rockville, MD 20852 or (<https://www.regulations.gov/comment?D=FDA-2018-N-2381-0001>)

"An almond doesn't lactate, I will confess,"
Commissioner
Scott Gottlieb, FDA



Get Engaged

- **Everyone involved in the dairy industry has to identify their manner of engagement, whether it's**
 - Attending meetings with legislators in the district or in Washington, D.C.
 - Political donations
 - Writing letters or making calls
- **Your voice matters, others love to tell our story**
- **Make sure your voice is heard**





Thank you!

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Questions

Thank you for attending Dairy Girl
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