



Legislative Watch

Issues important to today's dairy farmers

House, EPA Move Forward with Climate Change Issues

The past few months have witnessed a flurry of legislative and regulatory activity related to climate change and greenhouse gas (GHG) reporting. Throughout this process, NMPF has been, and will remain, actively engaged to protect producers' interests and evaluate the potential impact of these activities on the dairy industry.

In April, the House Agriculture Committee released a questionnaire seeking information as to how agricultural stakeholders view carbon reduction programs. In its response, NMPF reported on the sustainability efforts already underway throughout the industry and urged that any cap-and-trade programs resulting from efforts to control greenhouse gases include win-win initiatives which will benefit both the environment and dairy producers. MMPA also sent a letter to the House Agriculture Committee in support of NMPF's response to the questionnaire.

The House Energy & Commerce Committee also released a discussion draft bill at the end of April entitled the American Clean Energy and Security Act of 2009. This proposed legislation attempts to address a myriad of issues including, creating additional clean energy sources, increasing energy efficiency, and reducing global warming potential. While it is unclear at this time what the

full impact of legislation like this will be, NMPF is focusing on two specific provisions: the Renewable Electricity standard and the cap-and-trade protocol. Both of these issues could have a direct impact on the creation of incentives for methane digesters and other manure management practices.

NMPF remains concerned about the overall impact of this draft legislation, particularly regarding its potential effect on operating costs throughout the industry and the economy, in general. However, NMPF will continue to work to make certain that any legislation, if or when passed, includes opportunities for dairy producers to gain additional revenue from carbon reduction credits. More information about NMPF's efforts on climate change is available at www.nmpf.org.

In March, the Environmental Protection Agency (EPA) proposed a Mandatory Reporting of Greenhouse Gases rule. This rule will require that owners or operators of facilities that contain manure management systems emitting at least 25,000 metric tons of GHGs per year report emissions from all source categories located at the facility. GHG emissions from enteric fermentation from cattle, field application of manure, or manure deposited by livestock on pasture/range would NOT

be covered under this rule. EPA currently estimates that only 30-40 livestock facilities would have to report emissions. NMPF expects that only a handful of dairies over 5,000 cows would have to report depending on their manure handling systems. NMPF will continue to monitor EPA's rulemaking process as it relates to GHGs.

Finally, on April 17, the EPA issued a proposed finding that greenhouse gases contribute to air pollution that may endanger public health or welfare. As a result, EPA will have a comment period for stakeholder input prior to initiating any new rules. Ultimately, EPA will be obliged to regulate these emissions because, according to the finding, they pose a threat to human health. Finalizing this finding and rulemaking could take a year or two.

This finding is expected to provide an additional impetus to the legislative activities underway within the Congress. In addition, the Obama Administration has made clear their preference for a cap-and-trade type program developed through legislation rather than an endangerment finding to regulate GHG emissions.

NMPF Welcomes Long-Overdue Arrival of Promotion Checkoff on Dairy Imports

The National Milk Producers Federation hailed the May 19 announcement by the U.S. Department of Agriculture that it will finally apply the dairy promotion checkoff to imported dairy products, 25 years after the national 15 cent checkoff was first applied to U.S. produced milk. Jerry Kozak, President and CEO of NMPF, praised Agriculture Secretary Tom Vilsack for moving quickly to implement the assessment.

The USDA published a proposed rule May 18 spelling out how it will calculate and assess the checkoff on imports. Interested parties will have 30 days to submit comments. The proposal will assess the equivalent of 7.5 cents per hundredweight on all dairy-based imports, including cheese and butter products, as well as dry ingredients such as casein and milk

protein concentrates. The money will be collected by the National Dairy Board to be used for nutrition research, consumer education, issues management, and other programs that build demand for dairy consumption.

“At a time when most of the news about the dairy economy is bad, it’s heartening to see that we have finally prevailed in a decade-long battle to ensure a level playing field between U.S. made dairy products, and imports,” said Kozak. “All that America’s dairy farmers have ever asked is that dairy importers, who benefit from the world’s largest dairy market, pay their fair share to help expand that market, the same way that our farmers do.”

NMPF first worked with Congress to include a provision in the 2002 Farm Bill to expand the promotion checkoff to imports,

but the expansion was blocked due to objections that the domestic checkoff was not applied to farmers in all 50 states, only the continental 48. So, NMPF again worked with Congress as it wrote last year’s Farm Bill to ensure that the checkoff was applied in every state, removing the potential stumbling block importers had raised about the equal treatment of all domestic and imported milk production.

Kozak noted that imports of dairy products have grown in the past two decades, at a rate even faster than domestic production. In the past 10 years alone, the value of dairy imports sold in the U.S. has expanded from \$800 million, to nearly \$3 billion. He also noted that ten other farm commodities have promotion programs that apply their checkoff to imports, saying that “dairy has been a glaring exception to a common practice.”

NMPF Forms Strategic Planning Task Force to Examine Dairy Challenges

~Group to Review Factors Affecting Farm Prices, Suggest Means for Improvement

The National Milk Producers Federation (NMPF), in response to the ongoing severe economic challenges facing the dairy producer community, will create a special strategic task force to examine those challenges and suggest possible solutions.

The task force will be led by NMPF’s members, but will reach out to other dairy producer organizations that are not members of the Federation, including those organizations that participate in the Cooperatives Working Together (CWT) program. The purpose of the task force is to build consensus across the dairy industry about both the nature of the causes affecting producer prices, and ways the industry can realistically work to

address the price crunch.

“Dairy farmers from coast to coast are looking for ideas that can help them not only weather the current economic storm, but also bring less volatility to dairy prices in the years ahead,” said Randy Mooney, Chairman of NMPF and a dairy farmer from Rogersville, MO. “Our new task force will allow for open discussion and a dialogue with others, with the goal of achieving a common understanding of how to best tackle the twin problems of low milk prices and high input costs.”

The agenda for the strategic planning task force will include an examination of how CWT’s role might change in helping manage dairy supply; consideration of methods to create incentives to

stimulate the domestic production of new products, such as casein; expanding on the success of the CWT export assistance to create new markets for U.S. milk; and an assessment of methods to implement production controls on U.S. dairy producers.

The task force will also examine the effectiveness of current government dairy safety net programs, such as the Milk Income Loss Contract program and the dairy product price support program, both of which were revised in the 2008 Farm Bill.

The NMPF Strategic Planning Task Force will be appointed at the June 10 NMPF Board meeting, with the goal of having an initial meeting shortly thereafter.