



October 12 Update



USMCA

Dairy Trade



As details of the recently announced United States Mexico Canada Agreement (USMCA) become more available it is clear that the deal is not a rewrite of the North American Free Trade Agreement (NAFTA), but rather a series of updates.



Access to the Canadian Dairy Market: Headlines on the agreement have focused on the big win the US achieved by gaining greater access to the Canadian market. However, it is very limited access amounting to less than 1 percent of the value of US milk sales or about \$70 million in value per year, certainly not enough to improve milk prices in the US and likely to weaken the Canadian system, the only system in the world that ensures dairy farmers receive a fair share of the retail dollar.

In 2017, Americans sold nearly \$800 million worth of dairy products to Canada, while Canadians sold approximately \$150 million in dairy products to the US, amounting to a \$650 million US trade surplus. The USMCA would eliminate Class 6 and 7 pricing programs in Canada within six months and require that Canada sells non-fat dry milk powder, milk protein concentrate and infant formula at prices at or above USDA's announced prices.

Considering that the milk price in Canada is \$27 per cwt this year, many US dairy farmers are looking to the model of the Canadian system for solutions to the crisis dairy farmers are facing. Many multi-generational dairy farm families are closing or questioning how long they can stay in operation in California, in

Wisconsin and other major dairy states. California Dairy Campaign is joining with dairy farmers in Wisconsin and other states to call for reforms to US dairy policy to enable dairy farmers here to manage their milk inventories and establish an equitable milk price for dairy producers. The US continues to be the largest consuming market in the world and dairy farmers here deserve to be paid a fair price for the milk they produce. It is clear that US federal dairy policy is failing when New Zealand, a country that exports more than 90 percent of the milk it produces, has a milk price that is 20 percent higher than the US milk price.

California Dairy Campaign supports incorporating the tenants of the Canadian dairy system in the US to create a Sustainable Milk Inventory System here. Under the current US dairy milk pricing system, dairy farmers in California and across the country are incurring mounting losses over nearly a four year period, indicating that a substantial change in dairy policy is critical to sustain US dairies.

The three major components of the Canadian dairy system:

1) Balance milk supply with market demand – US dairy farmers could benefit from a farmer-led effort to balance milk supply with market demand. In California milk production has decreased or increased slightly while other parts of the country continue to significantly increase their milk production depressing all US milk prices.

2) Fair price to producers – Canadian dairy farmers are part of the negotiation to establish an equitable price for their milk. Here in the US dairy farmers sell their milk into a highly concentrated dairy market with few buyers of milk selling into a highly consolidated retail marketplace including major retailers like Walmart and Amazon.

3) Import/Export control – Canada ensures that imports coming in do not undermine the strong, sustainable dairy system that allows Canadian farmers to prosper. In the US, highly concentrated imports continue to enter the market virtually tariff free lowering the milk price paid to US dairy producers.

Support for Greater Trade Policy Reform: California Dairy Campaign and California Farmers Union have joined a wide coalition of organizations including National Farmers Union over many years to call for a rewrite of NAFTA because farmers in the US are forced to compete against a flood of imports that do not meet our health, safety, labor and environmental standards. Here in California, especially, farmers must adhere to some of the highest environmental standards and yet imports are allowed into the US that do not meet our high standards. Mandatory country-of-origin labeling of meat was in effect and later repealed, but should be reinstated so that US beef and dairy producers can accurately label the meat they produce and consumers can make an informed choice about the meat they purchase at the grocery store. The USMCA is a step in the right direction, but more must be done to establish trade agreements that are fair to US farmers. *(Executive Director Lynne McBride)*

Action Alert: Contact your members of Congress and urge their support for **dairy inventory management** to enable dairy farmers nationwide to manage their milk inventories to respond to market demand and be paid a fair price for the milk they produce.

Capitol Hill Switchboard phone number: 202-225-3121

NFU Calls for Strong Dairy Product Standards



National Farmers Union (NFU) submitted comments to the Food and Drug Administration (FDA) on the "Multi-Year Nutrition Innovation Strategy" calling for strong standards for the labeling of dairy products.

The NFU comments stated, "US dairy farmers have been struggling with multi-year price declines and oversupply. Trade challenges and an inadequate dairy safety-net have also harmed the sector. Several government policies have disadvantaged dairy producers as well. One such problem is the lack of enforcement of current standards of identity.

NFU policy supports thorough and accurate food labels as an important tool that helps consumers make informed decisions and allows producers to differentiate their products. We support conspicuous, mandatory, uniform, and federal labeling for food products throughout the processing chain to include all ingredients, additives, and processes. NFU supports labeling of imitation and substitute dairy products.

We support FDA's current provisions defining milk and cream. According to FDA standards "milk is the lacteal secretion, practically free from colostrum, obtained by the complete milking of one or more healthy cows." Commissioner Gottlieb further stated in July that "An almond doesn't lactate, I will confess." Given existing FDA standards and the recognition that imitation dairy products don't meet said standard, we urge that FDA act to enforce existing standards related to all dairy products."



Next Round of AMMP Funding

The California Department of Food and Agriculture (CDFA) is expected to announce the next application period for the Alternative Manure Management Program (AMMP) in December. A number of CDC members have already received AMMP grants and CDC Field Representative Joe Melo is working with more dairy producers on their AMMP applications in preparation for



Urge FDA to Uphold Strong Dairy Labeling

The Food and Drug Administration invites comments on the labeling of plant-based products with names that include the names of dairy foods such as "milk," "cultured milk," "yogurt," and "cheese." FDA is taking this action to inform its development of an approach to the labeling of plant-

the next sign-up period.

Dairy producers interested in more information about the AMMP can contact Joe Melo at 209-216-7615. More details about the AMMP can be found online at [CDFA AMMP web site](#).

based products that consumers may substitute for dairy foods. Comments are due by November 27, 2018. Electronic comments must be submitted on or before November 27, 2018 at <https://www.regulations.gov> until midnight Eastern Time at the end of November 27, 2018. Written/paper submissions must be postmarked on or before that date. (Source: FDA)



Join Us for Our Upcoming Fall Membership Meetings and Socials in Modesto and Merced

Each year during our fall meetings we come together to look back on our work throughout the year and ahead to set our policy priorities for the new year.

We invite you to join us for one or both of our upcoming membership meetings and socials!

Friends and family are more than welcome for a delicious dinner.

Membership Meeting and Social in Modesto Wednesday, November 7 at 5:00 p.m.

Location: The Fruit Yard located at 7948 Yosemite Blvd. Modesto

Membership Meeting and Social in Merced Wednesday, December 5th At 5:00 p.m.

Location: The Branding Iron Restaurant located at 640 W 16th Street in Merced

Contact Bertha Medina at 209-632-0885 to RSVP.

California Dairy Sustainability Summit



November 27–28, 2018
Sacramento, CA

Register Today



Hosted by:



Leading dairy organizations have united to host the inaugural California Dairy Sustainability Summit on November 27-28, 2018 at the Sacramento Convention Center. The summit will showcase California's innovative and sustainable dairy farm practices, while highlighting cost-effective ways to meet ongoing challenges. A key focus will be developing partnerships and strategies to improve the economic sustainability of the state's family dairy farms. To learn more about how California dairy farmers are leading the way in planet-smart farming and to

register, visit CADairySummit.com.

For additional information contact the California Dairy Campaign office at 209-632-0885.

**For More Information
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