CALIFORNIA DAIRY CAMPAIGN

Dairymen working for Dairymen

California Dairy Campaign

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California Farmers Union

UNITED TO GROW FAMILY AGRICULTURE

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CDC BOARD MEETING - This week the California Dairy Campaign (CDC) Board met to discuss actions to address low dairy margins. Milk prices paid throughout the state are at levels comparable to 2010 when the average cost of production was in the $15 per cwt range, while today the average cost of production is $19.74 per cwt. Board members discussed the importance of reaching out to dairy producers in other states by working on the Emergency Dairy Price Committee and Campaign called for during the National Farmers Union Annual Convention. CDC Board members identified reform of the Dairy Margin Protection Program (DMPP) as a high priority moving forward. The DMPP was intended to provide financial protection during periods of low margins. Enrollment in the buy-up coverage of the DMPP plummeted in 2016, especially in California where just 38 dairies signed up. Yet, the United States Department of Agriculture (USDA) and supporters of DMPP claim that the program would have taken in $500 million in premiums from 2009 to 2014 and paid out $2.5 billion, pointing out that it would have paid $1 billion more than the Milk Income Loss Contract Program (MILC) program. However, these calculations do not reflect the steep drop in participation in the buy-up portion of the DMPP in 2016. The buy-up coverage allows farmers to pay premiums to insure margins up to $8.00 per cwt. In 2016, the vast majority of dairies in California signed up for the $4 minimum catastrophic margin that would have paid out on average 42 cents cwt in 2009 and 28 cents cwt in 2012. According to USDA, dairy farmers nationwide lost $10 billion in equity in 2009 alone. When comparing the DMPP to MILC it is important to recognize that when the MILC was in place, the dairy price support program was also in effect. Under the support program, USDA was required to purchase dairy products when prices fell below certain levels. The nonfat dry milk support price was 80 cents per pound and the current NFDM price is 73 cents per pound. In federal fiscal year 2009, USDA spent $354 million on the dairy support program and $994 million the year prior.

CALIFORNIA FARM AND RURAL GROUPS JOIN 160+ ORGANIZATIONS TO ASK CONGRESS TO REJECT TPP, STAND UP FOR INDEPENDENT FARMERS AND RANCHERS - The Trans-Pacific Partnership (TPP) has become a divisive issue in the nation's capital, and criticism intensified after 161 food, farm, faith and rural organizations, including 9 from California, sent a letter to Capitol Hill yesterday, April 27, 2016–urging lawmakers to reject the trade pact. "The main beneficiaries of the TPP are the companies that buy, process and ship raw agricultural commodities, not the farmers who face real risks from rising import competition. TPP imports will compete against U.S. farmers who are facing declining farm prices that are projected to stay low for years," the organizations wrote. Trade deals do not just add new export markets – the flow of trade goes both ways – and the U.S. has committed to allowing significantly greater market access to imports under the TPP," the groups explained. Especially "alarming" to the organizations is the agreement's complete lack of enforceable provisions against currency manipulation, a substantial cause of America's debilitating $531 billion trade imbalance.

California Dairy Campaign President Joe Augusto stated, "The Trans-Pacific Partnership will mean that imports from New Zealand and other countries will greatly increase, especially imports of concentrated dairy products. As more and more dairies in California go out of business, passage of the TPP will lead to a further decline in milk production across our state." The TPP poses particular risks for dairy farmers and cattle producers. The TPP dairy export opportunities were more modest than promised, but the TPP will likely increase imports of milk and whey protein concentrates from global dairy powerhouse New Zealand during a period of declining farmgate milk prices in the U.S. The United States imported nearly 2.3 billion pounds of beef from TPP partners but only exported about 1.2 billion pounds in 2015. The TPP will also increase beef and cattle imports while domestic cattle prices are plummeting. **California Farmers Union President Joaquin Contente** stated, "Farmers in California are some of the most highly regulated in the world, and under the Trans-Pacific Partnership, they will have to compete against a flood of imports that do not meet the same high standards that farmers here are required to follow. Any potential export gains can be erased at any point when our competitors devalue their currency because currency manipulation is not addressed in the TPP. The TPP also does not crack down on the value-added taxes (VAT) that our competitors can impose which make our exports uncompetitive in other markets." The TPP also covers important agricultural policy areas such as investment, procurement, labeling, food safety, animal health and crop disease. The stringent rules and dispute system under the TPP make it easier to successfully challenge and overturn domestic laws, as happened last year to country of origin meat labels.