



August 31, 2018

White House Announces Intention to Sign Renegotiated NAFTA

NFU Recommends Provisions that Support Family Farmers and Rural Communities



WASHINGTON - After more than a year of renegotiations, President Donald Trump today sent Congress notice of intent to sign an amended North American Free Trade Agreement (NAFTA). The plan's provisions will be established over the coming weeks and made public at least 60 days before it is signed.

In response to the president's announcement, National Farmers Union (NFU) President Roger Johnson issued the following statement:

"National Farmers Union continues to support a renegotiated NAFTA that prioritizes fair trade principles and protects U.S. sovereignty. For the past 25 years, unfettered free trade policies have contributed to our massive trade deficit, enabled currency manipulation, drained jobs and wages from rural communities, and facilitated corporate consolidation on an international scale. A new agreement must rectify the substantial damage wrought by these policies by strengthening our rural economies and by putting the needs of family farmers and ranchers above those of corporations.

We remain hopeful that the highly flawed investor-state dispute settlement (ISDS) arbitration procedure will be either eliminated or profoundly reformed. This policy encourages the offshoring of domestic jobs, undermines the jurisdiction of the U.S. and its trading partners, and is partly responsible for the consolidation of money and power into the hands of multinational companies.

However, improvements on behalf of American farmers and ranchers should not occur at the expense of farmers across the border. U.S. negotiators should not insist on removing Canada's dairy supply management system, which has maintained a stable dairy market for the country's dairy farmers and consumers. Indeed, the United States should take a page from Canada's book and establish similar policies to support American dairy farmers, who have been enduring chronic oversupply and critically low prices for a number of years.

Renegotiation is also an opportunity to reinstate Country-of-Origin-Labeling (COOL). By providing fair and accurate information, COOL empowers American consumers to make informed purchasing decisions and allows independent producers of high-quality, American-grown beef to differentiate their products. The administration should ensure that this mutually beneficial policy is included in the finalized agreement."

Trade Mitigation Package A Disappointment for Dairy Farmers



As the Trump Administration unveiled the details of the much touted trade mitigation package this week, it quickly became clear that the deal will provide little benefit to California dairy farmers. The economics California dairy farmers face today are grim with costs totaling nearly \$18 per cwt while the price California dairy farmers are paid averages just \$14 per cwt leading to mounting losses for dairies across the state.

The trade mitigation package will provide just 12 cents on half of the milk a dairy farmer produces. The plan also includes a dairy donation component, which is \$85 million of the more than \$1.2 billion spent on food donations.

The trade mitigation package is a disappointment, but to make matters worse, President Trump continues to attack the Canadian dairy system, a system that actually works for dairy farmers. The Canadian system is a model of how dairy farmers can work together to ensure they receive a fair price for their milk and thrive as an industry. As NFU President Roger Johnson said today, *"the United States should take a page from Canada's book and establish similar policies to support American dairy farmers, who have been enduring chronic oversupply and critically low prices for a number of years."*

California Dairy Campaign and California Farmers Union along with National Farmers Union are calling on U.S. lawmakers to model a new federal dairy policy on the Canadian supply management plan. President Trump inherited a failing trade policy, but also and perhaps more importantly to dairy farmers, a failing federal dairy policy tied to it. More than 20 years ago, Congress decided to embrace "Freedom to Farm" to coincide with the free trade policies so popular back then. Now that President Trump has shown his willingness to fight for better trade deals, we urge him to work just as hard to pass better U.S. dairy policy that incorporates inventory management to sustain America's dairy farms.

It is clear that both the House and Senate farm bills will fail to provide effective relief during this extended period of chronically low prices. Unless steps are taken soon to manage our national milk supply, the fate of dairy farmers across California and around the country will continue to be in serious jeopardy. During the last farm bill debate there was extensive negotiation over a modest milk inventory management plan that in the end failed to garner enough support for passage. Back then, milk prices in California were averaging \$20 per cwt, but milk prices have plummeted since and consideration of a national inventory management plan is more critical than ever before.

Due largely to their inventory management program, dairy farmers in Canada produce milk and get paid well to do it. The milk price in Canada is stable and substantially above the average cost of production, while the milk price in the U.S. is highly volatile and well below average production costs in California and around the country. All U.S. dairy farmers would benefit from taking a close look at the Canadian system to determine how best to incorporate its basic

elements here: inventory management, fair milk prices and import/export management.

CDC is supporting the Sustainable Milk Inventory System Act (SMISA) which is based on these three key elements and we are urging dairy farmers in California and around the country to support this new approach to federal dairy policy. For more information about the SMISA go to the [California Dairy Campaign web site](#). (*Executive Director Lynne McBride*)

Canadian Dairy System to Be Focus during National Farmers Union Legislative Fly-in



California Dairy Campaign President Joe Augusto will join California Farmers Union Vice President George Davis, California Dairy Campaign Board Member Mark McAfee and Blaine McAfee on the National Farmers Union Fly-in set to take place in the nation's capital on September 12th through the 14th and the Canadian dairy system will be a major focus. During the NFU fly-in, participants will meet with dairy farmers from Canada to discuss details of the Canadian inventory management system. CDC has joined with dairy farmers from Wisconsin Farmers Union and dairy farmers from around the country to urge U.S. lawmakers to comprehensively reform federal dairy policy to ensure dairy farmers are paid a fair milk price. Given that the average price paid to dairy farmers in Canada this year has averaged \$27 per cwt, all the organizations involved are looking to the structure of the Canadian system to incorporate in future dairy policy.

California Dairy Campaign (CDC) has put forward a plan that incorporates the three major components of the Canadian system including inventory management; fair milk prices and effective management of dairy imports and exports. The three point plan, the Sustainable Milk Inventory System Act (SMISA), would build a three-legged stool to foster a strong and sustainable dairy system in the United States. A summary of the SMISA can be found on the CDC web site at www.californiadairycampaign.com. (*Executive Director Lynne McBride*)

*Contact us with your thoughts and feedback on the SMISA proposal by phone at 209-632-0885 or by email at cdc@californiadairycampaign.com
We continue to make improvements and look forward to your input.*

2018 Fall Legislative Fly-In September 12-14, 2018



California Dairy Campaign and California Farmers Union members will join more than 250 farmers in Washington, D.C., for the 2018 National Farmers Union Fall Legislative Fly-In this September! California Dairy Campaign and California Farmers Union members are invited to join us to meet with members of Congress about the farm bill and other important issues.

During their time in Washington, farmers will hear from U.S. Department of

Agriculture officials about current events, opportunities and other work the department is doing on behalf of farmers. All will participate in a discussion with dairy farmers from Canada about how the Canadian dairy system ensures fair milk prices to dairy farmers. They will receive briefings from White House officials, U.S. Senate and House of Representatives Committees on Agriculture leadership and staff.

The most important agenda items of the fly-in, however, are the meetings on Capitol Hill. Teams of Farmers Union members will stop by the office of every member of Congress. Grassroots efforts at their finest, Farmers Union members will highlight the key priorities for the organization, struggles they are facing, and goals for future legislation and the next farm bill. Fly-In is always an enjoyable time in our nation's capital. It is also an important and effective way to influence policy. Members of Congress need to hear directly from our family farmers, ranchers, fishermen and rural residents.

Contact us in the Turlock office at 209-632-0885 or by email at cdc@californiadairycampaign.com for more information. Financial assistance is available to cover traveling expenses. We hope you can join us!

There is Still Time to Comment on U.S.A. Meat Labeling



Action Alert: Comment on "Product of U.S.A." by September 17, 2018

California Dairy Campaign and California Farmers Union submitted comments in support of a petition to require that only meat that is born, raised and processed is labeled "Product of U.S.A." The Organization for Competitive Markets and American Grassfed Association submitted a petition earlier this year to restrict the use of "Product of U.S.A." labels exclusively to products that are of domestic origin. Current standards allow meat products that pass through a U.S.D.A. inspected plant to use the label, regardless of where the animal was raised.

FSIS is accepting comments on the petition through September 17. The petition submitted by AGA and OCM and the link for comment submissions can be found at the following link: [Comment on USA Meat Labeling Today](#)

- **Key points to include in comments:**
- The current FSIS labeling policy for "Product of U.S.A." grants foreign countries and foreign interests unfair marketing opportunity that harms America's family farmers by allowing foreign entities to receive a premium from consumers who unwittingly believe they are buying meat and meat products with ingredients that originate domestically.
- Research has shown that as many as 93% of Americans want to know where their food comes from and 75% of Americans indicate the source of origin of their food is a major attribute when making their food choices. The current FSIS policy misleads Americans when they are making their purchases and denies America's family farmers these food dollars. FSIS food labeling policy for "Product of U.S.A." should be based on the source

of the ingredients.

- The current FSIS labeling policy for “Product of U.S.A.” deceives America’s consumers who have clearly demonstrated they will pay a premium for meat and meat products sourced domestically by misbranding foreign meat and meat products as “Product of U.S.A.”
- In passing the Federal Meat Inspection Act (FMIA), Congress acknowledged the financial harm misbranding and mislabeling causes America’s livestock producers and clearly stated this as a key basis for the adoption of FMIA.
- Both the Federal Meat Inspection Act and FSIS regulations clearly establish that meat and meat product labels must not mislead the consumer nor must they be false. FMIA states that meat or meat food products shall be “misbranded” if its “labeling is false or misleading in any particular.” The current FSIS policy on labeling “Product of U.S.A.” must be clarified to correctly reflect the federal law ensuring U.S. consumers are not misled or deceived.
- Australia is a leading beef exporter into the U.S. and has just implemented a mandatory retail Country of Origin Labeling requirement. The current U.S. policy that allows Australian beef to pass through a USDA inspected facility and then to be labeled “Product of U.S.A.” clearly gives Australian ranchers and foreign interests a grossly unfair marketing advantage over American family farmers by allowing these foreign interests to receive a premium in both the U.S. and Australian market.

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