

2013 Special Order of Business The Dairy Crisis

Federal dairy policy has failed dairy farmers across the country, resulting in a decrease of 81 percent of the dairy farms since 1980. The crisis today caused by chronically low dairy producer prices and record high production costs, particularly feed costs, has caused multigenerational family dairy farms to go out of business at a record pace. It is not possible to produce milk with 2013 costs and sell that milk at 1970 prices, and yet today the price paid to dairy farmers has remained virtually unchanged for the past 43 years except for occasional, usually very short-term, price spikes.

While the cost of doing business in this country has certainly risen and the value of a dollar has declined in purchasing power, today's dairy farmer gets the same return per hundredweight of milk in unadjusted U.S. dollars that he or she got nearly a half-century ago.

The debate over the "dairy cliff" alerted all to the fact that a parity-level milk price would result in more than doubling the price to dairy farmers. The "dairy cliff" demonstrated that dairy producers are substantially underpaid under the current system. Currently, those dairy farmers who are managing to hang on are doing so by heavily subsidizing their family farms operations with off-farm work, borrowing from family and friends and mortgaging their children's futures.

Critics cite the incredible complexity of the dairy pricing system, with its adjustments and readjustments, as setting impossible impediments to making changes in the current sorry state of affairs. We believe that these seemingly impossible complexities merely serve to hide the simple truth that the current dairy pricing system is not keeping current with the realities of the marketplace. This is particularly true if one considers that domestic production levels have historically tracked closely with consumer demand. What has happened bears no relation to supply and demand and does not reflect the true value of milk in the market today. We sincerely and earnestly do petition Congress to pass a farm bill or additional legislation that will:

- Establish a dairy price discovery system that is open and transparent, representing a balance of buyers and sellers;
- Establish a producer self-funded inventory management system, which provides incentives to producers that manage production, paid for by producers who exceeded market demand;
- Improve the Dairy Product Price Support Program to provide an effective safety net at a level equal to feed costs plus \$4.00 with a mechanism to enable producer cost-share, if necessary. Consolidation in the dairy processing sector necessitates an effective product price support to foster competition;
- Include all major milk producing areas in the Federal Milk Marketing Order system to end discounting of milk in certain regions that decreases prices paid to all dairy producers; and
- Close the trade loophole that allows unlimited imports of milk protein concentrate, casein and other concentrated dairy imports.



2013 Special Order of Business A New Five-Year Farm Bill

Congress's failure to pass a new five-year farm bill before the end of 2012 has created significant economic hardship and uncertainty in production and investment planning for family farmers and ranchers.

Sixteen million agricultural workers, rural businesses and millions of food-insecure Americans whose life and livelihoods are dependent upon our nation's agricultural sector will also increasingly have their lives impaired without the security of a five-year farm bill.

Our country is recovering from one of the most significant droughts in history, with most of the counties across the nation being declared agricultural disaster areas by the U.S. Department of Agriculture at some point during 2012, and 55 percent of the nation's pasture and rangeland rated in poor to very poor condition.

We support a price support system that allows the economic viability of crops such as rice, cotton, peanuts, and grazed-out wheat, because these crops are not economically sustainable in the context of farm bill proposals.

We urge Congress to immediately pass, and the president sign, a comprehensive five-year farm bill in its entirety.

We are opposed to any further piecemeal extension of the current expired farm bill.



2013 Special Order of Business Food Safety Modernization Act

National Farmers Union urges the Food and Drug Administration (FDA) to implement the Food Safety Modernization Act (FSMA) in a manner that provides genuinely scale-appropriate and risk-based protocols to reduce the incidence of foodborne illness.

FSMA enforcement authority should be lodged in the state departments of agriculture with full federal funding. State departments of agriculture and the U.S. Department of Agriculture (USDA) understand agricultural production and are better situated to assist farmers with compliance. State departments of agriculture and USDA must provide scale-appropriate and federally funded food safety training on produce and preventive controls.

To ensure market access to institutional and wholesale buyers for local producers, food safety rules must facilitate group compliance measures for food hubs, producer cooperatives and other marketing structures designed for aggregation and scaling up to meet demand.

The proposed rules issued by FDA on January 4 are complex and confusing. They fail to make clear the specific compliance measures required of “exempt” farms. FSMA rules should make clear which farms are exempt and for how long and provide clear guidance for food hubs. Rules for manure handling treatment and storage should be realistic and recognize long-standing and traditional manure handling practices.

The potential economic impact of these rules and their potential to deny access to the specialty crop market for family farmers cannot be understated. To facilitate a fully informed dialogue with producers affected by the proposed rule, the FSMA comment period should be extended until all relevant parties are heard from and reasonable protocols are developed.



2013 Special Order of Business Saturday Mail Delivery

We urge the U.S. Postal Service (USPS) to abandon its plan to discontinue Saturday mail delivery.

For more than two centuries, the USPS has served to build, unite, strengthen and, most importantly, assist in education of our great nation. The importance of the USPS is vested in the U.S. Constitution, stating, "Congress shall have the power to establish Post Offices and Postal Roads."

NFU has a long history in support of the USPS, including rural delivery of mail. The systematic dismantling of the postal delivery system structure, based on fiscal pressure unduly inflicted upon the USPS by Congress, i.e., through prefunding of retiree health benefits as dictated by the Postal Accountability and Enhancement Act of 2006, is unwarranted. The potential of elimination of Saturday and door-to-door delivery, coupled with the loss of good-paying postal jobs, spread over the entire nation, will negatively impact the economy.

The impacts on rural America will be particularly harmful. Local and regional newspaper delivery to outlying areas will be delayed for days. This not only damages the circulation numbers of the newspaper, but devalues local information and advertising. Rural businesses do not need this economic blow delivered via the mailbox.

We support maintaining the current level of USPS service.

2013 Special Order of Business Argentina Foot and Mouth Disease Regionalization Plan

Argentina markets remain closed to U.S. exports of pork, chicken and turkey; yet, in late 2012 Argentina filed a World Trade Organization (WTO) case against the U.S. regarding its ban on Argentina meat products due to Argentina's foot and mouth disease (FMD) problem. FMD is considered by the American Veterinary Medical Association to be the most economically devastating of all livestock diseases. The FMD regionalization plan proposed by Argentina to the WTO is also being requested by such major livestock producing countries as Brazil and Colombia.

An outbreak of FMD in the U.S. has the potential to leave livestock producers in financial ruin as entire livestock herds would need to be culled and international markets would be closed indefinitely. Argentina has shown little concern for rural America by defaulting on loans made by U.S. companies and by opposing U.S. farmers and ranchers in international trade cases.

We call on the Obama administration to defend U.S. farmers and ranchers against Argentina's WTO case. We also call on the Obama administration to pressure Argentina to live up to its commitments within trade and business agreements.

We will work with coalitions and stakeholders to encourage Argentina to address its status as a business and trading partner and play by the rules at the global trade level.



2013 Special Order of Business Financial Institutions Facing Excessive Regulation

Rural financial institutions have been burdened with excessive regulations aimed at Wall Street banks. These regulations have had the unintended consequences of discouraging home lending in rural and underserved areas by locally owned and/or locally controlled financial institutions.

We call on Congress to create a mortgage law exemption for locally controlled institutions serving rural and underserved areas from recently enacted laws and rules regarding mortgage escrow for high-interest loans, mortgage insurance requirements, appraisal requirements, mortgage licensing and registration, and ability to pay/qualifying mortgages.