



A Local Voice at the National Table

Board of Directors

Annie Cheatham *President*

Ben Martens *Treasurer*

Susan Phinney *Secretary*

Cris Coffin

Dorn Cox

Ida DeFrancesco

Marge Kilkelly

Steve Taylor

Advisory Board

Noah Fulmer

Jim Gerritsen

Jeff LaFleur

P. O. Box 226

5 State Street *3rd floor*

Shelburne Falls, MA 01370

413.522.5020 *cell*

413.625.3051 *land*

413.625.3061 *fax*

www.newenglandfarmersunion.org

Dairy Policy Reform: Finding the Right Path for New England Dairy Farmers

Notes from 7 meetings in Maine, New Hampshire and Vermont

August 17-19, 2010

From August 17-August 19, 2010, Chandler Goule, Vice President for Government Relations at the National Farmers Union (NFU), Annie Cheatham, President of New England Farmers Union (NEFU), and Erbin Crowell, Executive Director for the Neighboring Food Coop Association (NFCA), travelled around New England to discuss dairy policy reform, government workshops about consolidation in the food industry, food safety and ways food co-op members and other consumers can help farmers thrive in New England. The strategy sessions were underwritten by Ben & Jerry's Homemade, Stonyfield, Bob White Systems, Organic Valley, the Maine Dairy Industry Association, Cabot, National Farmers Union and the Council for State Governments, Eastern Region. Partners included food co-op stores in Brattleboro, Concord, Littleton, Hanover, and Montpelier, and the St. Albans Dairy Cooperative in St. Albans.

Attendees at the seven sections included dairy farmers, dairy processors and representatives from dairy cooperatives, members of Congressional staffs, members of state legislatures and their staffs, agricultural advocacy organizations, USDA officials, agriculture commissioners, land grant university representatives, members of food co-ops, land trusts and other concerned citizens, and the regional media.

SUMMARY

Current Dairy Policy Activities in DC

Q: What dairy policies are being developed for the 2012 Farm Bill?

Goule: There are two pieces of legislation that provide for some kind of supply management. Senators Sanders and Leahy from Vermont and Representatives Jim Costa (CA) and Peter Welch (VT) have introduced bills that have components that NFU likes since NFU has advocated for dairy supply management for over 20 years. The third proposal is coming from the National Milk Federation's Margin Insurance Plan.

The National Milk plan is being drafted right now by a team of private lawyers. I have seen parts of it and I can tell you that it would eliminate Milk Income Loss Contract (MILC) [provides payments to farmers on a monthly basis when price of milk drops below a certain price] and price supports to fund a revenue insurance program. And if there is not some kind of price support program administered by the USDA, dairy in New England would no longer exist. We are pleased to see that there is language in there about supply management, but not much. It is in there because there has been such a groundswell in favor (at recent Chicago meetings with producers, for example), and National Milk realizes that supply management has got to be on the table. Probably not enough to suit NFU, but we won't know until we see their bill.

Q: How much awareness is there in DC about differences in scale? New England dairy consists of small herds. How will supply management work with our farms?

Goule: Yes, the problem is that we have to write one law and all states are different. New England produces 7% of its fluid milk. You are importing milk from the upper Midwest. So you are a "milk deficit" area. Some farmers in New England probably don't want supply management.

Comment from participant: 10% of US producers feel that a supply management system will prevent them from expanding. What it will do is restrain them from expanding too fast. 90% of US producers want supply management. Dairy is different from all other industries.

Cows give milk 7 days a week, and we have to move the product. The role for government is to stabilize the market.

Goule: Both House and Senate supply management bills break the country up into large regions. The regions are very large, and I can tell you that New England will not be a stand-alone region.

Q: Who will determine how a supply management system will work?

Goule: If supply management is part of the Farm Bill language, USDA will issue the proposed rule, will seek public input, will draft the interim rule, ask for more comment, and then issue the final rule. There will be opportunities to design a system that works, but if the country is divided into regions, that will be set by the legislation. USDA will not have the authority to change the regional designations once the bill is passed. So pay attention to that and work with NEFU to keep your members of Congress aware of your concerns.

Q: When the USDA asks for public comment, it's always the processors first. Farmers and consumers should have more say than processors.

Goule: That is an issue in every market – livestock, dairy, poultry, grain, etc.-- wherever there is processing. The New England Farmers Union and the Neighboring Food Co-op Association can help you write comments that will be read by folks at USDA. And remember that NFU does not represent processors in any industry. We represent and lobby for producers.

Comment: All policies related to food safety and dairy will affect organic production, which has been seen as an alternative for New England farmers. We need to have exemptions for organic dairies in supply management.

Q: We are concerned over how supply management will impact our overall program especially regarding the World Trade Organization (WTO). Also we are concerned about how the current system doesn't favor producers. Processors are better able to benefit from supply management.

Goule: Supply management is only one tool in the tool kit. It is not a fix-all. It must be coupled with other programs so that producers are not left out of the solutions.

Regarding the WTO and supply management, as long as we don't tie payment to production we should be ok. Canada has a supply management program and no export penalties have been applied to them.

Q: Based on what I have heard from dairy farmers, they are concerned about price volatility -- how to achieve a farm gate price that is greater than the cost of production. How do we get the price without stimulating more production?

Goule: Supply management would get at the core of this problem. Any additional programs that are not supply management-based must have the price decoupled from production.

Comment: Shortage of competition for milk, especially in the Northeast where there is only Dean and HP Hood and where most of the milk is controlled by Dairy Marketing Services, [an LLC of cooperatives dominated by Dairy Farmers of America], makes it apparently difficult to negotiate for higher prices. But since dairy cooperatives control over 80% of New England's supply, they should be able to use that position to negotiate a higher price. The Northeast is a deficit area anyway and milk is imported. Transportation costs from outside the region means that our milk costs more to get here, so why not pay milk deficits areas above the Class 1 allowance to acknowledge higher costs and maintain a dairy infrastructure? Just paying farmers \$3 a hundred weight more for milk would only add \$.25 to a gallon of milk. And of course, processors and brands could lower their profit margins to absorb increased costs, thus giving a greater share of the retail dollar to farmers.

Q: Who says we have to have one large system? Can we look at milk-sheds, and each region be responsible for production levels? The New England dairy compact worked for 5 years. Supply management was part of the program.

Goule: NFU recognizes that equal representation is essential. But in all honesty, the dairy compact will not come back, so we need to work together to rebuild components of that program where we can.

Q: What can NEFU and NFU do to increase New England's voice in Farm Bill 2012 discussions?

Goule: Chairman Peterson on the House Agriculture Committee has started dairy meetings. There are no New England House members on the Ag Committee, so no one is representing you in those meetings right now. By January the Ag Committee will be selecting new members. There will be a lot of competition because that group will draft the next Farm Bill. NEFU can contact some of your House members to ask if they would serve on the Ag Committee in the next Congress. We would be happy to write a letter in support of their request. You need to get more representation and NFU/NEFU can help you do that.

Q: What about New England's overall representation on dairy? How do you view that?

Goyle: There is a gap in what we hear, or don't hear from New England. Before I was at National Farmers Union, when I was working on the dairy title of the 2008 Farm Bill [Staff Director, House Agriculture Subcommittee on Livestock, Dairy and Poultry], the only time I heard anything about New England was when Bob Gray [from Agri-Mark] came to see me. NFU was the only general agriculture organizations that came. You are underserved. Affiliating with NFU and creating a strong NEFU can help you get your voice heard in DC.

Q: We have relied on our state associations, state departments of agriculture, extension services and cooperatives.

Goyle: Yes, and they are all great spokespeople for New England. But there are 46 members of the House Ag Committee, with no New England members, and it takes 216 votes to pass anything in the House and 60 votes in the Senate to get cloture. Also of the 46 members on the House Ag Committee, six have no agriculture in their districts. They are on the committee because of the nutrition title. So farmers are losing some of our advocates, and New England isn't being heard at all. This is why it is important for you to build a strong New England Farmers Union now, affiliate with a national organization that understands your issues and work together on the next Farm Bill.

Q: Compared to the 2008 Farm Bill, what big changes are coming in 2012?

Goyle: USDA won't have more money so it will be nearly impossible to create new programs. Only place to get money is out of direct payments. NFU favors the reduction or elimination of direct payments. We would like to invest that money in crop insurance and cover more crops, like many of the ones you have here in New England. Secretary Vilsack wants to expand rural development. More emphasis will be placed on conservation, on the Market Access Program, telemedicine, broadband. Probably won't cut nutrition. Dairy will be a big one. Everybody knows we have to do something about dairy.

Comment: New England farmers, esp. dairy farmers, are creative and we use alternative approaches. We build coalitions with environmentalists, conservationists, etc. We might not represent a lot of milk on the national scale, but we represent cutting edge approaches that can help solve problems in the dairy industry. Look to us as a resource.

Goyle: NFU is committed to building a presence in New England and to helping you amplify your voice in DC. And we know that you have a lot to teach us about innovation. As this tour shows, we are listening.

Q: Will we see anything done for dairy before the Farm Bill of 2012?

Goyle: There might be something in the Omnibus Bill for the lame duck session, and if the price of milk drops below \$12/hundred weight, Congress might add more money to the price support program. But to be completely honest with you, I don't see anything else happening before the Farm Bill.

National Farmers Union's Dairy Policy

Q: What is NFU's policy on dairy?

Goyle: We endorse MILC, price supports, supply management. We think dairy on the Chicago Mercantile Exchange is too thinly traded. NFU has not taken a position on National Milk's plan or either the Sanders or the Costa bills. NFU isn't a dairy trade association, so we take positions on legislative components (supply management, MILC, price support, better retail spread). We are also big believers in risk management and crop insurance. We have a whole section of our website in dairy at www.nfu.org.

Q: What is your position on hormones and antibiotics?

Goyle: We believe farmers have a right to use antibiotics to treat sick animals, but we don't approve of feeding antibiotics to animals everyday if the animals are well.

Q: What is NFU's position on block voting?

Goyle: We oppose block voting. Every producer should have a voice.

Q: What other dairy issues is NFU working on?

Goyle: Import assessments, Environmental Quality Incentive Program (EQIP), the Rural Energy for America Program (REAP), the Supplemental Revenue Assistance Program (SURE), closing the loophole for Milk Protein Concentrates (MPCs), getting the National Agriculture Statistics Service to accurately report what dairy products come into US.

Q: If New England Farmers Union develops policy that is different from NFU, will you lobby for us?

Goule: NFU allows its 26 chapters to stand alone on policy. We don't dictate what your policies are. If you differ from the national policy, you don't get penalized. We will help you get access to members of Congress and the administration if you want to come and lobby for a differing position. If asked, we will say that your policy differs from NFU, but we won't discourage you from advocating for your position. And of course, if you build membership in New England and get more delegates to NFU's national convention, you will be able to change national policy to line up with yours.

Q: As a national agriculture organization representing many different kinds of farmers, how does Farmers Union manage to span different interests?

Goule: All 26 states/regions send delegates to the convention, so everyone is at the table. Most FU farmers are not vertically integrated. Our pork, turkey, beef, poultry producers are not vertically integrated. We do not have industry in our organization. Even though we do represent farmers who farm larger acreages than you do here in New England, I am sure 95% of your concerns would be in line with their concerns.

Q: If dairy farmers collaborate with environmental groups, we would have a good audience. It costs a lot of money to move milk. In Maine, we got sportsmen, boaters, hunters involved with our issues. Does NFU team up with other groups to get consumer groups working with us on dairy and other ag issues?

Goule: NFU understands that coalitions of like-minded organizations are very powerful. We always reach across the aisle and across the ag industry to be sure that we can represent dairy producers as strongly as possible. We are excited by NEFU's collaboration with the Neighboring Food Coop Association for this tour. It is a good model for the national organization.

USDA/Department of Justice (DOJ) Workshops on Agriculture Industry Consolidation

Q: How are the meetings going?

Goule: We have been pleased with the workshops so far. Three state Farmers Union presidents testified on dairy, and two dairy farmers from New England Farmers Union were interviewed on the telephone by DOJ investigators. The new administration at USDA has known about the consolidation problems, but the DOJ folks have been floored by what they have been hearing. I have talked with some people over there who said they couldn't believe the stories, especially from poultry contractors at the Alabama meeting.

Q: How do they change this system, what are next steps?

Goule: DOJ has the authority to go in and do investigations if anti-trust activities are going on. And they can break up a company. They can also look at what's happening when a farmer brings one of the integrators or consolidators to court. So far, judicial judgments have gone against producers. The DOJ will be looking at that. I do know that they have started investigations of Dean Foods and Monsanto.

Q: Some dairy producers have to sign contracts. When they were told to cut back on production, the contractor said they would determine the price month to month. Is there anything that addresses this?

Goule: The Grain Inspection Packer and Stockyards Act (GIPSA), written in 1928, contains language to help in this situation. But a lot of that bill has never been put into rules. We added language in the 2008 Farm Bill – can't force mandatory arbitration, farmers have to be given 90 days notice of contract cancellation, farmers given time to correct problems, etc. – but we are still fighting to get this passed. The next DOJ/USDA workshop in Fort Collins will address this. We are calling GIPSA the "Farmer/Rancher Bill of Rights." New England Farmers Union and you can make comments about GIPSA before November 23, and I encourage you to do that even though you don't have a lot of contract agriculture in New England. And once the rule is adopted, it will be another 12-18 months before GIPSA goes through.

Food Modernization Act (the Food Safety Bill)

Q: Parts of the food safety bill seem over the top for small farmers, and there are amendments trying to identify risk assessment -- is a small farm processor subject to regulation, etc? What is NFU's policy on this?

Goule: First of all, this legislation is going to pass, perhaps in September, because no member of Congress wants to go home having voted against food safety in an election year. So NFU has been working hard to make sure that Congress writes a bill that can be shaped by the rule-making process once it becomes law.

Q: What is NFU's position on Congressman Jon Tester's amendment to exempt small producers from food safety regulations?

Goule: We need a food policy that is based on science. We don't think it is advisable to exempt any farmer from food safety regulations. Where would you draw the line? And if something happens on one farm or at one farmers market, it could undo

some of the goodwill we have gained in recent years with direct marketing. We need to guarantee that all food in the US is safe and handled properly. So NFU is not endorsing the Tester amendment.

However, we are working with Senator Stabenow to insure that the USDA and the FDA support farmers with technical assistance money to help producers meet the standards. We don't think the burden should fall on farmers to meet standards that are set by the legislation.

NFU always works to keep legislative language flexible enough to accommodate broad interpretations during the rule making process, so that we "do no harm" to small farmers. Once the USDA and FDA get this bill, we will work hard to make sure that state departments of agriculture and health keep responsibility for establishing Good Agricultural Practices (GAP) standards, not the federal government. We will be commenting during the rule making process, and encourage NEFU and individual farmers to do so as well.

Q: Raw milk and other raw foods are a fast growing segment in New England agriculture, especially direct sales. What is NFU's position on raw foods?

Goyle: NFU does not support raw milk sales at this time, but I can tell you that at the convention last March, the Wisconsin Farmers Union offered an amendment to support raw milk. That amendment failed by only a few votes. If New England Farmers Union builds its membership and gets more delegates to the convention, you could push the National Farmers Union on raw milk. And, as I have said, NEFU can have its own policy on raw milk that differs from NFU's without being penalized by the national organization.

Role for Consumers

Q: We have a great consumer base and markets in New England. And there is a perception that agriculture is different here. How do we invite consumers to help us help farmers?

Goyle: NFU has been concerned about the "Farmer's Share of the Retail Food Dollar" for many decades. Every month we calculate the amount of money farmers are getting from the national food retail average, and we publish the results on our website. NEFU is using this on its website and we have handouts of it here. NEFU is planning to develop a "Farmer's Share of the Food Co-op Dollar" which will show how much farmers get when they sell to food co-ops. We think this is a great next step and will show food co-op members the value of shopping at co-ops.

Q: The Hanover/Lebanon Cooperative stores have started a Keep Local Farms Initiative. We return 15cents on every gallon of milk to dairy farmers in New Hampshire. Is there any federal program that could be like this?

Goyle: The Market Access Program will help pay for advertising for farmers markets and moving raw products through direct sales. Funding for this was in the 2008 Farm Bill. Otherwise, there is no program at the retail level like that. Consumer groups can initiate programs like this locally, though, and we support that.

Q: In Massachusetts, the Department of Transitional Assistance was just awarded a \$20 million grant to work on access to local foods. Our department of agriculture worked with that department to write the grant.

Goyle: Yes, this kind of collaboration is very important because the members of the Agriculture Committees on the House and Senate sides are increasingly from urban areas. They are focused on consumers. Any time you can connect farmers to consumers, you will get the attention of members of Congress.

Q: How can we counter the negative publicity around dairy products? With the fight against obesity, will milk be down played because it is viewed as too fat?

Goyle: NFU is part of a movement among agriculture and food groups in DC to counter negative publicity about food. NFU has proven its ability to run check-off programs throughout its history. We were one of the first administrators of the Green Thumb Program. NFU is certified for dairy check-off dollars which can be used for media outreach and promotion.

Comment from Erbin Crowell, Executive Director, Neighboring Food Co-op Association (NFCA): [NFCA represents over twenty food cooperatives in western New England with 70,000 members and close to \$200 million in sales.] Central to the vision of the Neighboring Food Co-op Association is a thriving regional economy, rooted in a healthy, just and sustainable food system. We contribute to this vision everyday through our own purchases and through the policies of our member-owned food co-ops. We are collaborating with NEFU on this tour because we want our members to influence the policies that affect agriculture in our region. As part of this effort, our association has become an affiliate member of the New England Farmers

Union. We look forward to collaborating with NEFU on the development of the organization's policy statement for New England, covering everything from food safety and quality of life to climate change and international trade. This will provide a platform for our 70,000 members to engage in the emerging dialogue around the 2012 Food Bill.

Goule: Food and farmer co-ops are key. National Farmers Union started in 1902 as a cooperative to force Cargill and the railroads to give farmers better prices for their grain. We understand the importance of working together. I am glad to see NEFU reaching out to food co-op members. You are great allies for farmers in New England. Come to our legislative sessions in Washington, and to our convention in San Antonio, Texas next March. We want to see New England Farmers Union grow, and we welcome non-farmer members to help us fight for small family farmers and fishermen in New England.

Research and Education

Q: What is NFU's position on land grant universities and extension?

Goule: We need to protect research and extension education/science. We need more money flow for that. NFU signed a letter earlier this year to Secretary Vilsack to increase federal investment in food and agricultural research, extension and education as a critical component of federal appropriations for FY11.

Another Role for NEFU/NFU for New England

Comment: Perhaps more than anywhere else in US, New England is very aware of food insecurity and our overwhelming dependence on food sources "from away." This awareness, along with continued loss of farmland and concerns about the long-term sustainability of our farm businesses, especially dairy, caused six New England governors to establish a regional Farm and Food Security Initiative. They charged the "Chief Agricultural Officers" of the six states to find ways to work together and with USDA to improve regional self-sufficiency.

The Farm/Food Security Initiative offers an opportunity to bring New England's congressional delegation together to push for federal investments around regional food systems and security. Helping push this agenda forward could be great role for NEFU. Together with NFU, we could think through how this might be done and how we might connect to other regions and their interests. Focus would be on ways regions can increase self-sufficiency, through processing and distribution infrastructure, farm business and marketing support, co-op development, increased farm-to-institution sales, ensuring future land availability and a foundation for the next generation of farmers.

Goule: That sounds like a great program and does have potential for replication in other Farmers Union regions, so we would be happy to talk with you about that. The Farmers Union experience is that by working together we accomplish much more than we can by working separately. With reduced funds available to support farmers and with fewer programs to assist them, we have to be creative. And I will also repeat that in order to have a strong presence in the Farmers Union community, New England needs to build membership and support. We can only do so much from DC. NFU is a grassroots organization. You have to develop the voice for New England so that we can amplify it in Washington. So get people to join your effort and we can make a difference for New England.

###