

Randy Mooney 2013 ANNUAL MEETING SPEECH

Finally, after five years as chairman, I'm all alone up here.

I could get used to this.

Change can be a good thing.

First, let me start with the obvious: this is a bittersweet occasion.

Although I kid about having to share the stage with Jerry as he and I gave our speeches together, we've been a good team, on stages like this one, and more importantly, working together on behalf of NMPF and its members.

I'll have more to say about that in a few minutes, but Jerry, anytime you want to join me on stage again, you're welcome.

You just have to remind me to speak more slowly, so you can follow along....

This is also somewhat bittersweet from the standpoint that we've made a lot of progress on key issues, but.... we're still not yet where we want to be.

But things are looking up, from the farm bill, to immigration, to animal care, and on many other topics.

So let me bring you all up to speed on some of NMPF's priority issues.

As it has been for the past four years, NMPF's number one goal in 2013 has been creating a new safety net for dairy farmers: one that works, and reflects the realities of being a dairy producer in the 21st century.

And I can report good news on this issue.

Both the House and Senate farm bills have endorsed the idea of margin insurance as a replacement for the safety nets we had for years, in some cases, for decades.

We are on the verge of replacing the MILC, price support and export incentive programs.

While those programs provided a measure of assistance in years past, they are inadequate to the needs of our industry today.

In place of these, Congress is now preparing to back a whole new concept: margin insurance...a way to give farmers some protection from either low milk prices, high feed costs, or the combination of both.

And both the House and Senate have endorsed this new approach.

That's the good news.

Now, the not-so-good news is that we're still trying to get Congress to agree to a final farm bill.

And we need a final agreement that couples margin insurance with the market stabilization plan.

The Senate has done so, but the House has not.

We've talked a lot in the past few years about why market stabilization is needed.

What it comes down to is this: we need a mechanism baked into the dairy safety net that sends clear signals to farmers that a little less milk may be needed from time to time.

Despite a lot of rhetoric from our processor friends, this type of stabilization is not supply management; it's not a Canadian quota system; it's not the government forcing you not to produce.

It is a simple, voluntary device to encourage a faster rebound in healthy margins, and it's a way to reduce the cost of this new dairy program to taxpayers.

There's been an ongoing debate between farmers and processors, about whether you can have an effective margin insurance program without market stabilization.

And after all of our evaluation, the answer is clear: we cannot have a cost-effective, stand-alone insurance program, one that is sustainable in the future.

And history tells us why, specifically, the history of the price support program.

When I started out in dairying 30 years ago, we had a safety net that was, in hindsight, far too generous.

The price support level reached more than 13 dollars per hundredweight in the early 1980s.

Most of us responded accordingly.

We produced a whole lot of milk.

We produced too much of it.

The government ended up spending billions of dollars a year buying up surplus cheese,

butter and powder because we were producing milk the market didn't need.

The USDA became the largest single customer that our industry had.

We spent most of the rest of the 80s paring down the structural surplus that was created because Congress wanted to help us...and help us to a fault.

And even as I speak today we are in the dangerous position of repeating history because certain people in Congress are forgetting the lessons of the past.

The House has adopted a farm bill that creates margin insurance, without the means to signal producers to trim production when margins are poor.

The insurance payouts will insulate farmers from those market signals.

That means the milk will keep coming and coming.

It'll be cheap milk for processors, with taxpayers on the hook to keep the insurance money flowing.

And mark my words: if this approach were adopted, it would be the first, and last time, that a farm bill features this type of program.

It's not built on sound financial footing.

In addition, it is high time we all face the facts: the days of asking Congress to provide financial support without taking some responsibility ourselves - those days are over.

We are trying to lead by example.

We're not asking for a handout, we're asking for a hand.

And we are willing to do our part to make sure taxpayers aren't on the hook for an open-ended, costly new program.

That's why we are fighting hard to enact the Dairy Security Act.

(Pause)

I want to focus on another major issue that NMPF and its members have been dealing with in 2013, as well as prior to this year.

And that's immigration reform.

Dairy farmers in every region of the country face the same dilemma: it's hard to find good help, and the nation's labor and immigration policies are a hindrance.

To ensure that current workers can remain on farms, and that workers can continue to come here in the future, the entire immigration system must be reformed.

The dairy industry is pushing a legislative solution that deals with the current workforce and ensures that future needs are met.

NMPF was a founding member a year ago of the Agriculture Workforce Coalition, a new team effort bringing together the associations representing the breadth of farming and ranching organizations interested in this issue.

Working through the AWC, we were able to convince the Senate that a farmer-friendly reform bill was not just necessary economically, but possible politically.

Thanks to this effort, the Senate passed a comprehensive immigration reform bill this summer.

This measure would be of particular benefit to dairy farmers, since it addresses both our current workers, and also our future employees.

Now, kind of like what's happened with the farm bill in Congress, the immigration issue has traveled a different path in the House.

Unlike the Senate's comprehensive approach, the House of Representatives is pursuing a series of bills on specific immigration issues, including border security, and agriculture workers.

So far, however, no bill has made it to the House floor, and no votes are scheduled.

If reform efforts drag on into 2014, it will be challenging to maintain the momentum needed for a legislative solution.

But we must continue our efforts.

So, the common theme here is that we've made great progress on both the farm bill, and immigration reform, but the same congressional gridlock that produced the government shutdown last month is also affecting these other big-ticket items that are priorities for NMPF.

(Pause)

Let me shift gears by addressing some issues that aren't the typical Inside the Beltway legislative matters that we often spend time talking about.... but that are still very important to the economic prospects of dairy farmers.

One is clearly and consistently telling the compelling story about how we as farmers

care for our animals.

That's why we have the National Dairy FARM program, and why that program continues to grow and improve.

It allows us to speak proactively on the dairy cow well-being topic.

We're all familiar with, because we've all seen, the criticisms leveled against livestock producers.

Most of these attacks are sparked by the hard-core animal rights crowd that wants to do away with meat and milk consumption.

But these criticisms can also affect the views of more mainstream consumers, who want to enjoy dairy products, and beef, but are getting skittish because they truly don't know the realities of today's dairy farms.

This dynamic affects the entire food chain, where there is a growing demand for transparency and accountability.

We created the FARM program four years ago to achieve the twin goals of continuously improving animal care, while also measuring the responsible care that dairy farmers are already providing.

Participation in the program now exceeds 70 percent of the nation's milk supply.

In the past year, we've continued a steady outreach to customers, letting them know that it would be counterproductive for individual companies to each create their own animal care program, when we already have one national program.

As part of our commitment to continuous improvement, we've recently revised the program to make it even more effective.

Thanks to the feedback we've received from thousands of on-farm surveys, we've streamlined the number of individual steps in the Quick Reference Guide.

It now focuses on 48 key practices, detailing best practices for animal health, housing, nutrition, transportation and handling.

Before that, it was 72 individual steps.

We haven't reduced the quality of the program, only the number of questions.

The program will continue to evolve in ways that improve animal care and minimize the burden on individual farmers.

(Pause)

Another thing I want to mention today is arguably the biggest development in the U.S. dairy industry in the past 10 years.... and that is the growth in our export capabilities.

With one in seven tankers of milk now headed to foreign customers, we have to rethink how we look at the domestic market - and its opportunities - versus international markets, which have both great opportunities, and a great deal of complexity.

Yesterday's Town Hall session offered a good summary of all the different things we're doing to make the U.S. dairy sector competitive in our global, 21st century economy.

I'm not going to rehash it all, except to say that we are playing on both sides of the ball, offense and defense, on behalf of America's dairy farmers.

First, in terms of defense, we are working with U.S. trade negotiators to make sure that we don't end up with unbalanced trade deals, either with the TransPacific Partnership or the TransAtlantic Partnership.

While the European Union wants a trade deal with U.S., they also want such a deal to impose broad new restrictions on common food names, including Greek yogurt, and cheeses like parmesan, romano, feta, muenster, and maybe even mozzarella.

We will continue to build support for the Consortium for Common Food Names to challenge this European effort to restrict the use of many food names.

On offense, we want to use fair- and free- trade agreements to increase the competitive position of U.S. dairy exports in places like Canada and Japan, which are now parties to the Trans-Pacific Trade Partnership that's currently being negotiated.

Up until this year, we didn't see much new opportunity in the TPP.

But if we can get the two lucrative markets of Canada and Japan further opened to our exports, that would be a huge step forward.

And also on offense, we have to recognize the value that Cooperatives Working Together is providing to our industry.

The surge in U.S. exports in the past decade dovetails nicely with the growth of CWT as an important tool in our trade arsenal.

I want to thank all those cooperatives that agreed this year to increase the CWT membership assessment from 2 to 4 cents.

It's a great investment in our industry's future.

I also want to touch on what NMPF has done in the past year on protecting and promoting the integrity of dairy labels.

We all know that the dairy case is no longer home to just dairy products.

Dozens of imitation products - ranging from almond "milk" to rice "yogurt" to soy "cheese" - can be found in supermarkets.

Dairy farmers are concerned that consumers may not understand that these products don't have the same level of nutrition as the products they seek to imitate.

We have taken a two-pronged approach to challenging dairy imitators.

First, in 2010 NMPF urged the Food and Drug Administration to crack down on the misuse of dairy terms.

NMPF argued the imitators should be renamed so that consumers better understand the differences between them and real dairy products.

NMPF said the terms "milk," "cheese," "yogurt," and "ice cream" should be used only for foods that come from cows.

So far, unfortunately, the FDA has failed to penalize the dairy imitators.

The second prong of NMPF's response has been to use dairy's time-tested icon - the REAL® Seal - to educate a new generation of consumers about the benefits of real dairy.

The REAL Seal means that a product is made with real dairy foods, and also that it is made in the USA.

Products bearing the REAL Seal are certified as having been made from milk from cows on U.S. dairy farms, and without imported, imitation or substitute ingredients.

We've developed a variety of extensions of the main label icon, to accommodate the processors who want to tout the fact they are using real butter, cheese, and other dairy ingredients.

That's one way to expand the value of the Seal.

Another way is to educate people who are using the internet, especially social media, to learn where their foods come from.

In contrast to the 1980s, when the Seal was first advertised using print ads, we're using today's technology - digital advertising and platforms like Facebook - to get people interested in real dairy foods, and what the REAL Seal means to them.

Those of you at the Town Hall meeting yesterday saw that we have created a new, animated version of the Seal to use online.

We know that Dairyus will be a great spokesman, and yet another way to make the Seal relevant to our key audiences in the 21st century.

We've also created an online buyer's guide that will help consumers find specific brands, and dairy product categories, that feature the Seal.

I want to close my remarks today by thanking the NMPF Board of Directors for their support during the past year, and our team of officers.

We've been unified in the direction our organization is taking on all these issues I've covered this morning, and many others.

We're much more effective as an organization when we have everyone pulling in the same direction.

I want to express my excitement about our incoming CEO, Jim Mulhern, who hit the ground running in 2013, and has confidently grabbed the reins of the organization at a critical time.

I know Jim is the right person to lead NMPF into the future.

Jim was brought onboard because he has a unique and powerful set of skills that will serve our members well.

His 30 years in Washington, his time on Capitol Hill, and his work with Congress and federal agencies, means he knows the ins and outs of Capitol Hill, and how to get things done in DC.

Just as importantly, his history with NMPF, his work on behalf of DMI, and his background in the dairy industry, means he's very familiar with the dairy landscape and its players.

Jim knows cows, cooperatives, and Congress, and I know he will lead our organization confidently from day one.

And finally, what else can I say about Jerry Kozak that hasn't been said in the past 16 years?

Especially when he's going to get the last word on me anyway this morning?

After all's been said and done, what I have appreciated in my time as Chairman of NMPF these past five years is that Jerry never took the quick or easy way, he never

stopped fighting for what he believed was right, and he cared deeply about everyone involved in our industry.

I'll always be grateful for the time that Jerry and I worked hard together, on behalf of our farmer members.

It's now my pleasure to introduce, one last time, the President and Chief Executive Officer of NMPF, my friend, Jerry Kozak.

Thank you.

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