

Connecting Cows
Cooperatives
Capitol Hill &
Consumers



Activities & Accomplishments Report 2017



“

Working together, we
are stronger and more
effective at precisely
the time when we
need to speak with
one voice on behalf
of dairy farmers.

”

– **Jim Mulhern**
President and CEO of NMPF



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About NMPF

Connecting Cows, Cooperatives, Capitol Hill, & Consumers



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NMPF is one of the country's most recognized and influential membership organizations. The Federation develops and carries out policies that advance the well-being of dairy producers and the cooperatives they own.

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Established in 1916 and based in Arlington, Virginia, the **National Milk Producers Federation** carries out policies that advance the well-being of dairy producers and the cooperatives they own. The members of NMPF's cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of dairy producers on Capitol Hill and with government agencies.

NMPF uses its resources to promote the economic well-being of dairy producers and cooperatives. For over 100 years, NMPF has also been one of the country's most recognized and influential membership organizations.

The policies of NMPF are determined by its members. As a result, the positions expressed by NMPF are the only nationwide expression of dairy farmers and their cooperatives on national policy.

In 2017, NMPF continued to provide leadership on issues including federal dairy policy, trade, the environment, animal care and immigration. NMPF also administers the REAL[®] Seal and export assistance program known as Cooperatives Working Together. The involvement of NMPF's producer, cooperative and associate members has been instrumental in advancing the organization's efforts.

From the President and CEO

National Milk Producers Federation



This past year was one of the busiest in recent decades in our nation's capital, presenting the dairy sector with a host of new challenges and opportunities. I'm proud that our organization vigorously waged a multi-front campaign on many issues, and that our efforts benefitted America's dairy farmers and their cooperatives.

The election of President Donald Trump signaled a major change in direction for Washington on many issues important to NMPF's members. This included reviewing the role of trade agreements in our economy; updating regulations affecting farm and food marketing practices; passing a major, once-in-a-generation tax cut package; and beginning the process of revamping federal farm programs.

This last topic is of paramount importance to NMPF. We worked closely with Congress and the new leadership team at the Agriculture Department to make the case for why dramatic improvements to the current dairy safety net must be enacted as soon as possible. After unveiling a series of recommended changes to the dairy Margin Protection Program in early 2017, NMPF and its members spent much of last year building support for creating a more effective risk management system at the federal level.

We also continued our ongoing effort to make national policy changes to improve the workforce available to farm employers, particularly as it concerns access to immigrant farm workers. The intense national focus on immigration policy last year – and into 2018 – is a concern for our industry, but

also an opportunity to make progress on perhaps the most vexing public policy challenge we've faced in the past decade.

The articles in this report demonstrate the positive difference this association makes on behalf of its members. We have led the fight on so many high-profile issues, ranging from preserving export opportunities, to calling for proper food labeling, to advocating for comprehensive animal care standards.

Thanks to our dedicated staff and the engagement of our members, NMPF's focus on these topics continues to make a positive impact as a new year begins. Working together, we are stronger and more effective at precisely the time when we need to speak with one voice on behalf of dairy farmers.

A handwritten signature in blue ink that reads "Jim Mulhern". The signature is fluid and cursive.

Jim Mulhern
President & CEO



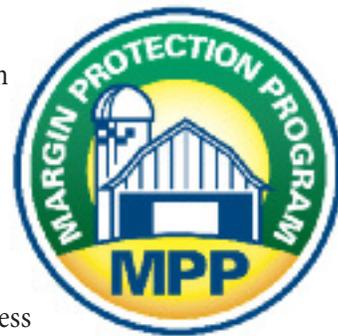
Legislative Issues

Improved Federal Dairy Safety Net Begins to Take Shape

NMPF Proposals to Reform Safety Net

- | | |
|----|--|
| 1. | Restore Original Feed Cost Formula and Adjust Feed and Milk Price Data Sources |
| 2. | Increase Accuracy and Affordability of MPP Premium Rates |
| 3. | Adjust Timing of Margin Determinations and Annual Sign-up |
| 4. | Expand Access to LGM and Other Risk Management Tools |

With the Farm Bill set to expire at the end of 2018, National Milk was busy throughout the year working with Congress to enact much-needed improvements to the dairy safety net insurance program, the Margin Protection Program (MPP).



In March, the NMPF Board of Directors passed a resolution supporting a series of reforms to the MPP, the program Congress enacted in 2014 that has since proven to be inadequate in its ability to serve as an effective risk management tool for America's dairy farmers.

Among these reforms (*see box at left*) were provisions that would not only make MPP more affordable, but also expand the program's flexibility for all farmers. To do this, NMPF asked Congress to change the underlying legislation to generate more affordable premiums on the first tier of milk production covered by the MPP; expand risk management options for all producers; and adjust the formula that determines feed and milk prices, which currently underestimates the official MPP margin.

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NMPF President and CEO Jim Mulhern testified last spring before the House Agriculture Committee to outline how a better MPP is crucial to help farmers confront current and future economic challenges. Mulhern told members of Congress that farmers would be helped by both an improved MPP and a larger range of risk management options, similar to the choices available to other commodities covered by the Farm Bill. In February 2018, NMPF worked with House and Senate agriculture leaders to pass legislation bolstering the MPP and expanding access to the Livestock Gross Margin (LGM) program for dairy. These enhancements will improve the effectiveness of federal dairy safety net programs for all producers.



NMPF President and CEO Jim Mulhern testifies before the House Agriculture Committee about the Farm Bill.

Additionally, in a historic agreement between the two major dairy policy organizations, NMPF and the International Dairy Foods Association (IDFA) both endorsed changes in Class I milk pricing that would benefit farmers, processors and consumers. The agreement is to replace the current “higher of” Class III and Class IV prices for establishing Class I skim milk prices, with the simple average of the Class III and Class IV prices, plus an adjustment of \$0.74/cwt. in the Class I location differential. This change will protect the value of Class I skim milk for dairy producers while allowing buyers to cost-effectively hedge Class I price risk, which will encourage development of new fluid milk products.

This agreement helps build support across the dairy industry for a larger Farm Bill package that also contains improvements to the MPP, and marks an important step toward passage of dairy-related provisions in the 2018 Farm Bill that will benefit the entire sector.

Immigration Reform Progresses, Remains Political Challenge



The Agricultural Guestworker (AG) Act was authored by House Judiciary Committee Chairman Bob Goodlatte (R-VA).

Following the election of President Donald Trump and a Republican majority in Congress, immigration once again moved to the forefront of the legislative agenda in Washington in 2017, as NMPF calibrated how to capitalize on the new political landscape to achieve its long-standing policy objectives.

Throughout last year, NMPF worked with other farm groups to pursue a comprehensive solution to the dairy industry’s labor and immigration challenges. NMPF supported new legislation, known as the Agricultural Guestworker (AG) Act, that was passed by the House Judiciary Committee in the fall. Authored by Committee Chairman Bob Goodlatte (R-VA), this bill represents an important first step toward meaningful immigration reform for farm employers. While the legislation will need changes to make it more workable for dairy operations of all sizes, it remains the only viable policy initiative that will enable farmers to maintain their current workforce and give them access to a reliable, legal flow of workers in the future.

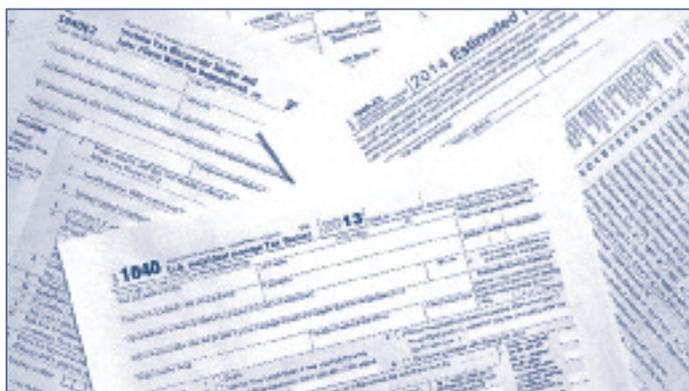
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Even as immigration reforms directed at the farm sector remain a key priority for NMPE, the future of the Deferred Action for Childhood Arrivals (DACA) program took center stage in Washington in 2017. In September, President Trump announced his intention to remove protections for DACA-eligible individuals effective March 2018, placing the onus on Congress to pass reforms to that program. The White House and many in Congress also want to step up internal enforcement actions and provide funding for an expanded wall along the border with Mexico.

NMPE continues to believe that the only solution to the dairy industry's current problems with labor shortages is a full-scale reform of the U.S. immigration system that acknowledges the inability of American dairy farmers to secure a reliable domestic workforce and their need to rely on foreign labor to keep the industry moving forward. The resolution of the DACA issue may create an opportunity for NMPE and its members to achieve further immigration policy changes benefitting agriculture in 2018.

Major Tax Reform Bill Benefits Dairy Farmers, Cooperatives



The massive Tax Cuts & Jobs Act – the most important legislative initiative approved by Congress in 2017 – reflects intense work by NMPE and its members to achieve a valuable outcome for farmers and their cooperatives.

Most importantly, NMPE and other agricultural groups urged lawmakers to preserve the economic value represented by the Section 199 deduction, which was eliminated as part of the tax package's deep cut in corporate tax rates. Also known as the Domestic Production Activities Deduction (DPAD), the Section 199 provision applied to proceeds from agricultural products marketed through cooperatives, making it an important means of reducing taxes on farmers and cooperatives alike. Cooperatives typically passed the vast majority of the benefit to their farmer owners, and reinvested the remainder in infrastructure improvements for the processing and marketing of food products.

The new law repealed the DPAD, but now allows farmers to claim a new 20-percent deduction on payments from their cooperatives. In addition, farmer cooperatives will be able to claim the deduction directly. This hard-fought compromise preserves the important benefits of Section 199 for cooperatives and their farmer-owners. The enacted provisions will protect producers from a major tax increase at a time when America's dairy farmers are struggling with reduced incomes.

In addition, NMPE worked on several other components of the legislation of importance to the dairy sector, including:

- **Depreciation** – The law allows farms and other businesses to immediately write off 100 percent of qualified property costs through 2022. The previous law allowed businesses a 50-percent write-off for 2017.
- **Expensing** – The law expands the Section 179 provision made permanent by the 2015 PATH Act, thanks to NMPE support. It adjusts the maximum allowance from \$500,000 to \$1 million, which would revert to \$500,000 when the value of property put into service surpasses \$2.5 million.
- **Estate Tax Relief** – NMPE has actively supported giving farmers additional relief from the federal estate tax, which taxes the transfer of farms between generations of family members. The final bill makes significant progress here, doubling the existing exemption to \$11 million for

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individuals and \$22 million for couples. Importantly, the new law also preserves a full stepped-up basis for inherited property, avoiding what could have been another tax increase to offset reducing the estate tax.

- **Interest Deductibility** – The law preserves the business interest deduction for most farmers, and allows farms with less than \$25 million in average annual gross receipts for the three prior taxable years to continue to deduct interest expenses.
- **Cash Accounting** – The law continues to allow farms to use cash accounting.
- **Like-Kind Exchanges** – The law limits the use of Section 1031 like-kind exchanges to real property, removing their use for equipment.

NMPF-Backed Nutrient Management Legislation Moves Forward

NMPF continued its efforts in 2017 to build support for bipartisan legislation that would clarify that farms are not meant to be covered by the Resource Conservation and Recovery Act (RCRA) environmental regulation, as that policy was never intended to regulate manure generated by livestock operations.

Sponsored by Reps. Dan Newhouse (R-WA) and Jim Costa (D-CA), the Farm Regulatory Certainty Act would make clear that the RCRA law, enacted in 1976 to control solid wastes in landfills, is not intended to regulate agricultural operations such as dairy farms. NMPF has told Congress that the RCRA statute has been inappropriately used to target dairy and other livestock producers, even if they have demonstrated that they

have been following approved plans for using manure as fertilizer. The Farm Regulatory Certainty Act seeks to protect farmers from litigation if they are already working with federal or state regulators to comply with pertinent environmental orders to solve on-farm manure handling issues.

Newhouse and Costa have worked closely with Energy and Commerce Committee Chairman Greg Walden (R-OR) to advance this bill. Thanks to their efforts, the bill received a hearing in the Environment Subcommittee in the fall, and is poised for further movement in 2018. NMPF is collaborating with the bill's sponsors, as well as other agricultural stakeholders, to move the measure forward.

In a related area, NMPF continued to advocate adoption of the bipartisan Agriculture Environmental Stewardship Act to make nutrient recovery technologies eligible for an investment tax credit to cover capital costs. This effort would incentivize dairy producers to reap the benefits of nutrient recovery systems and anaerobic digesters to capture the economic value of manure as a resource, while improving water quality in numerous watersheds around the country.





Trade Policy

NAFTA Renegotiations Become Top Dairy Trade Priority

Trade policy issues made national headlines in 2017 with a frequency and intensity rarely seen in Washington. NMPF took advantage of this focus by securing presidential support for one of the dairy industry's top trade concerns and garnering strong political backing for a range of other trade priorities. Throughout that process, NMPF's close collaboration with the U.S. Dairy Export Council (USDEC) has remained critical to achieving dairy farmers' trade goals.

The Trump Administration initiated a review of existing U.S. trade agreements and launched discussions about two of the most critical ones for America's dairy farmers: the North American Free Trade Agreement (NAFTA) and the Korea-U.S. agreement (KORUS). Negotiations over modernizing NAFTA ("NAFTA 2.0") and related issues with NAFTA members Mexico and Canada dominated the trade policy landscape, with NMPF working to ensure that market access issues both north and south of the border were addressed during the negotiations.

Early in 2017, NMPF President and CEO Jim Mulhern, together with his counterparts from USDEC and the International Dairy Foods Association (IDFA), traveled to Mexico to meet with government and industry leaders to reinforce the U.S.

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“
Canada has made business for our dairy farmers in Wisconsin and other border states very difficult. We will not stand for this. Watch!”



In a show of support for the U.S. dairy industry, President Donald Trump tweeted his frustration last spring with Canada's damaging dairy trade policies.

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dairy industry’s commitment to preserving NAFTA. With a \$1.2 billion annual market at stake, the importance of maintaining dairy sales in Mexico was a consistent theme in NMPF’s interactions with Mexican officials.



Mexico is the U.S. dairy industry’s No. 1 trading partner, with an annual market worth \$1.2 billion.

Partnership-building was also the focus of the second annual U.S.-Mexico Dairy Alliance meeting in August, which brought together industry leaders from both nations to collaborate on issues of mutual interest. This meeting resulted in a joint statement addressing nine key topics that the two industries pledged to work on together, such as Canada’s damaging dairy policies and the European Union’s use of geographical indications to restrict trade.

In stark relief to the constructive engagement with Mexico, America’s dairy sector watched Canada pursue a very different path, just as the NAFTA renegotiation process commenced.

Canada’s introduction in February of a new pricing program, called Class 7, resulted in abrupt changes in U.S. exports of ultra-filtered milk (UFM) in the first quarter of 2017. The sudden imposition of Class 7, which incentivized Canadian processors to stop buying U.S.-made UFM and enabled them to export skim milk powder at artificially low prices, catapulted this trade concern to one of national significance. NMPF used this as an opportunity to drive home the point that Canada’s government has repeatedly used a variety of policies to thwart trade.

Working with other dairy organizations and its members, NMPF directed attention to the negative impact Class 7 was designed to have, not only on direct exports to Canada but also on the global milk powder trade. Those efforts included multiple letters and meetings with senior Trump Administration officials and top leaders in Congress; a similar campaign organized by NMPF to reach state government officials; a D.C. fly-in for NMPF members to speak with lawmakers; media interviews to publicize the need for action; and support for two congressional hearings on NAFTA during which this issue was a key focus.

It was in this environment that the Trump Administration kicked off “NAFTA 2.0” negotiations in August, following months of preparation. NMPF has provided significant input to that process, filing detailed comments, testifying at hearings held by the U.S. Trade Representative’s office (USTR) and by the International Trade Commission (ITC), passing a board resolution providing direction to negotiators, participating in confidential trade advisor consultations, and attending negotiating rounds where the fate of NAFTA is being decided.

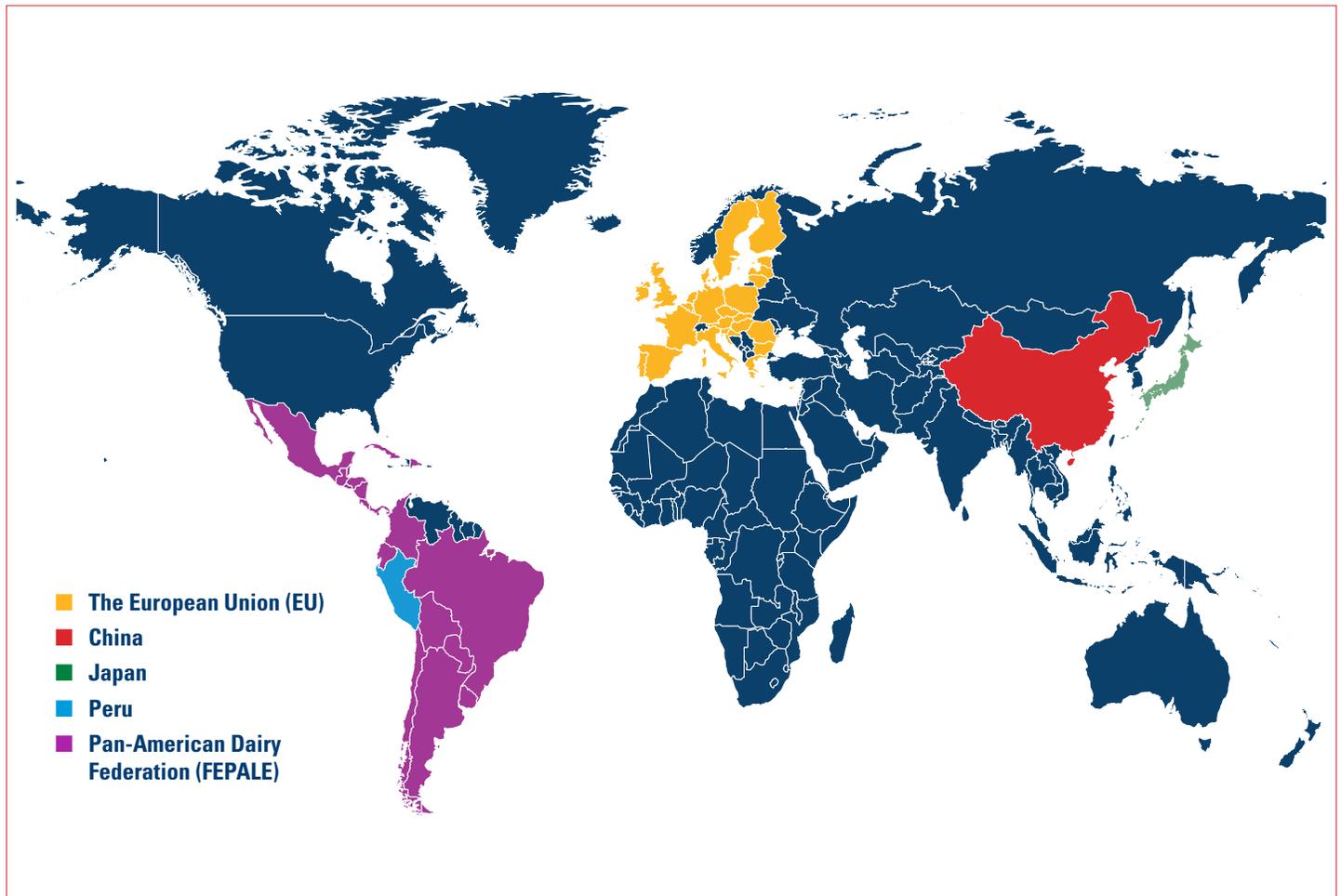


NMPF has repeatedly directed attention to the negative impact of Canada’s new pricing program, called Class 7.

These efforts resulted in strong USTR proposals that closely followed NMPF priorities in key areas. As the negotiations continue into 2018, NMPF will remain at the center of any NAFTA discussions impacting dairy trade, fighting for dairy producers’ interests within the country’s most important trade agreement.

Showing Our Reach Across the Globe

NMPF's role has been to align with the U.S. Dairy Export Council (USDEC) to anticipate emerging trade barriers and work aggressively to prevent them from constraining the global opportunities that dairy cooperatives need to grow demand for their farmers' milk. Below are some of the critical issues tackled by both dairy organizations in 2017.



- Vehemently opposing restrictions on common food names to preserve sales prospects for U.S. cheeses through the Consortium for Common Food Names (CCFN):
 - **The European Union (EU)** has been using its negotiations with China, Japan, Mexico and the Mercosur countries to hamper competition by forbidding U.S. companies to use certain

common cheese names. At the end of 2017, **Japan** announced that the widely used terms would remain generic moving forward.

- NMPF defended the U.S. market against efforts by European competitors to restrict sales opportunities at home for products such as romano and gruyere.

Showing Our Reach Across the Globe (continued)

- Supporting the successful adoption of a U.S. – **China** Memorandum of Understanding that governs U.S. dairy exports to the industry’s third-largest market, as well as shepherding progress on facility list updates needed for U.S. dairy companies to fully access the Chinese market.
- Preserving access to the **Peruvian** milk powder market by preventing a regulatory change that would bar the use of milk powder in reconstituted dairy products.
- Laying the groundwork for a long-term solution to recurrent dairy certification challenges by advancing a proposal in the Asia Pacific Economic Cooperation (APEC) for a model dairy certificate. Last year, NMPF staff secured APEC approval for an industry-funded project aimed at creating this standardized certificate. If ultimately approved for use, this will help preempt future trade barriers.
- Sustaining in-depth outreach to the **Pan-American Dairy Federation (FEPALE)**, which resulted in strong statements of unity from FEPALE on NMPF goals related to preserving the use of common food names and upholding dairy’s role in child nutrition.



Other Trade Agreements Also NMPF Focus in 2017

NAFTA was not the only major trade agreement receiving attention in 2017. National Milk also touted the importance of preserving other U.S. free trade agreements, particularly the one enjoyed with South Korea (KORUS), as USTR announced its intent to pursue certain changes to that agreement and potentially others.

Thanks to KORUS, South Korea is the fourth-largest market for U.S. dairy exports. Without that agreement, U.S. exporters would be at a tremendous disadvantage in servicing this large dairy market given that Korea has trade agreements with three major U.S. dairy competitors: the European Union (EU), New Zealand and Australia. NMPF has continued to emphasize the necessity of focusing any changes to the Korean agreement on ways to improve it, not eradicate it.

However, to move ahead or just to keep up, the United States will need to pursue new deals with key agriculture-importing countries around the world. During 2017, NMPF reiterated this message about the importance of prioritizing countries most likely to deliver the strongest return on the investment of U.S. negotiating time and resources. The conclusion of a free trade agreement between the EU and Japan in December 2017 was a fresh reminder of how critical it is that the United States aggressively pursues its own offensive trade strategy with new markets, particularly in Asia.



Regulatory Affairs

Dairy Food Labeling Major Priority in 2017

Get Almond Milk? Dairy Farms Protest Milk Label on Nondairy Drinks

What's Big Dairy's Beef With Plant-Based Milk?

The surprisingly heated political battle raging over the word 'milk'

There's a war over the definition of "milk" between dairy farmers and food startups—and Trump may settle it

Do You Need a Cow for Milk? Debate Climms Over Dairy Definition

Wisconsin Senator Puts The Squeeze On Almond Milk With Her 'Dairy Pride Act'

The dairy imitator labeling issue made national headlines, including The New York Times, The Wall Street Journal and The Washington Post.

The marketplace in 2017 continued to fill with more manufacturers illegally disregarding federal standards of identity and abusing the names of dairy products on their imitations. In response, NMPF bolstered its engagement with lawmakers, regulators and the media to protect the integrity of dairy labeling standards.

At the beginning of the year, NMPF secured broad bipartisan support for bills introduced in the House and the Senate (H.R. 778 and S. 130), both titled the DAIRY PRIDE Act (Defending Against Imitations and Replacements of Yogurt, Milk, and Cheese to Promote Regular Intake of Dairy Everyday Act). If passed, this legislation would require the U.S. Food and Drug Administration (FDA) to finally take enforcement action against the misuse of dairy-specific terms on non-dairy imitations, and develop a 90-day timetable for such enforcement. For many years, NMPF has pushed FDA to take action against plant-based imitators that mislabel their packages, and worked last year with dairy advocates in both congressional chambers to generate support for this legislation.

At the 2017 National Conference on Interstate Milk Shipments (NCIMS), state milk safety regulators voiced their frustration

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on this issue, voting unanimously in favor of NMPF’s resolution to clarify the responsibilities of both FDA and state agencies in ensuring the proper use of standardized dairy product names. In a major victory for NMPF, NCIMS delegates acknowledged that states need federal assistance in the regulation of all products utilizing standardized dairy terms, especially plant-based imitators that misuse them.

The Good Food Institute (GFI), a vegan advocacy group, petitioned FDA last summer to codify the existing practices of manufacturers using dairy terminology on plant-based imitations, such as “milk,” “cheese” or “yogurt.” GFI asked FDA to permit these misleading marketing tactics and reject federal standards of identity that have been in place for decades to protect consumer interests. NMPF filed a strong rebuke of the petition, maintaining that the GFI stance is at odds with established laws and inconsistent with federal regulations. NMPF argued that when plant-based beverages use standardized dairy terms, “they typically do so to imitate milk and other real dairy products, and to benefit unfairly from the reputation that real dairy foods have for nutritional content and quality.”

NMPF argued that calling these foods what they really are – plant-based beverages – is the “simplest and most certain way to promote honesty and fair dealing in the interests of consumers,” and cited examples of other “beverages” or “drinks” that both comply with federal labeling regulations and clearly state their composition. With industry help, the docket was flooded with similar views upholding the standards of identity.

In the summer of 2017, NMPF regulatory staff and President and CEO Jim Mulhern met with FDA officials to express concern about how the agency’s persistent inaction toward the misleading labeling practices of plant-based food manufacturers has only encouraged them to continue their current practices.

While plant-based “milk” imitators use dairy terminology and imagery to advertise their products as suitable replacements for cow’s milk, they remain nutritionally inferior, NMPF said. It is this type of deceptive marketing that misleads consumers. Data from a 2015 Mintel survey found that 49 percent of respondents said they consumed plant “milks” because they thought the products were nutritious. However, according to a 2017 NMPF marketplace survey of 244 imitation dairy beverages, none of them were nutritionally equivalent to cow’s milk.

NMPF also told FDA that it is out of step with its international counterparts. Food regulators in Canada, the United Kingdom and the European Union (EU) each actively police the improper labeling of imitation dairy products. Canada even requires U.S.-based companies to change the wording on their labels to comply with Canada’s own rules, so that the term “almondmilk” in the United States must be changed to “almond beverage.” Europe’s Court of Justice determined in summer 2017 that products not sourced from an animal cannot bear the terms “milk,” “cheese,” “yogurt” and “ice cream.”



NMPF designed several colorful graphics to illustrate the unfair and illegal marketing tactics of dairy imitators.

In the fall, NMPF launched a recurring communications campaign that calls attention to specific plant-based food brands that label their products using dairy terms. The new

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An NMPF campaign called "Dairy Imitators: Exposed" highlights the labeling tactics of certain non-dairy brands.

feature, titled “Dairy Imitators: Exposed,” highlights not just the confusion caused by the product’s labels, but also how these plant-derived imitation “milks,” “yogurts” and “cheeses” fail to match real dairy’s superior nutritional qualities. In addition to each graphic, NMPF sends letters to both FDA and the state agriculture department where the brand is located, alerting them to the issue. The first “Exposed” product was Blue Magic Milk by Urban Remedy. California’s agriculture department sent a warning letter to Urban Remedy, which ultimately resulted in a change to the product label.

NMPF: New GMO Labeling Regulation Should Not Disparage Biotechnology

As the U.S. Department of Agriculture (USDA) prepares in 2018 to unveil a new regulatory standard for the labeling of foods made with bioengineered food ingredients, it must ensure that consumers receive clear, accurate information about the foods they eat, NMPF told the agency last year.

NMPF said that dairy farmers support a strict, science-based approach to determining how foods made using bioengineering should be regulated. Since bioengineered foods have repeatedly been found to be completely safe by both domestic and international science organizations, NMPF stated that the

new standard under review by USDA’s Agriculture Marketing Service (AMS) should focus on providing consumers with accurate information while discouraging misleading marketing tactics and meaningless absence claims.

In comments to USDA last year, NMPF stated there is “irrefutable scientific evidence that such foods are safe and not materially different from their conventional counterparts and that too many food companies utilize ‘fear-mongering’ to vilify food biotechnology as they seek to profit from the consumer confusion surrounding its use.”

NMPF’s comments were among many submitted to USDA by farm and food organizations that worked together in 2016 to help pass the National Bioengineered Food Disclosure Standard. This legislation established a framework for the labeling of certain foods containing bioengineered ingredients.

The law clearly recognized that feeding farm animals grains developed through bioengineering has no effect on the meat and milk derived from those livestock. Dairy foods are not genetically modified products and therefore there is nothing to label, NMPF argued. None of the biotech disclosure requirements in more than 60 other nations have labeling requirements on milk or meat from animals that may have consumed bioengineered grains.

National Milk stressed that the bioengineered food disclosure standard is really a measure to regulate food marketing, not food safety. Therefore, in determining the level of a substance needed for a product to be considered bioengineered, NMPF

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NMPF Launches Campaign Against Misleading Food Marketing



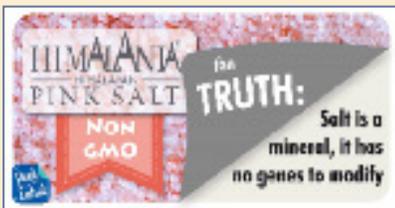
NMPF launched a new advocacy campaign in 2017 to shine a spotlight on deceptive and fear-based marketing by food companies. “Peel Back the Label” continues to make waves as consumers take up the campaign’s rallying cry seeking truth and transparency in food labeling.

Through a new website and social media channels, Peel Back the Label gives consumers the tools they need to separate hype from fact as they seek to make informed food decisions for their families. The campaign also empowers consumers to tell their own stories about the negative impacts of deceptive labeling, and share information on their social networks to further encourage food manufacturers to stop



this practice. Since its launch, Peel Back the Label has more than 22,000 supporters on social media, and those numbers continue to grow.

Peel Back the Label’s case studies – real world examples of food companies using deceptive marketing – have proven most popular among consumers, who have taken to social media to express dismay



that companies are banking on a lack of knowledge in the pursuit of profits. Whether it’s Hunt’s advertising its crushed tomatoes as “non-GMO” (even

though there is no such thing as a GMO tomato on the market), or Himalania rock pink salt pushing its own “non-GMO” label (even though salt – a mineral – has no genes to modify), or Purdue’s use of a “no added hormones” label (ignoring the fact that it’s already illegal to sell poultry in the United States with added hormones), Peel Back

the Label is shining a light on deceptive marketing practices.



In 2018, Peel Back the Label continues the drumbeat for responsible food

marketing. In January, U.S. News and World Report published an opinion column by former Agriculture Secretary and current CEO of the U.S. Dairy Export Council Tom Vilsack highlighting the negative impacts of deceptive food marketing. According to Vilsack: “If we allow this kind of label fear mongering to continue, the losers are obvious: all of us – from individual consumers to the very industry they count on to provide safe and healthy food for their families.”

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recommended that USDA use the same 5-percent threshold employed by the National Organic Program, another marketing program administered by the department. Under this approach, the minimum disclosure level for bioengineered ingredients would be 5 percent, below which mandatory label disclosure would not be required.

USDA was still reviewing comments at the end of 2017, and will use them to develop a proposed rule. When issued, NMPF will review the proposed rule and submit comments on behalf of the dairy industry. A final rule is expected in the summer of 2018.

USDA Announces Regulations to Allow Low-Fat Flavored Milk Back into Schools



NMPF’s ongoing effort to generate more milk options in school cafeterias progressed in 2017 thanks in no small part to Agriculture Secretary Sonny Perdue. In one of his first official acts as secretary, Perdue announced regulatory changes to streamline the process by which schools can serve low-fat flavored milk. In November, the U.S. Department of Agriculture (USDA) proposed a regulation to implement Perdue’s changes.

Last fall’s interim final rule allows school districts to solicit bids for low-fat flavored milk in Spring 2018, before the

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2018-19 school year begins, giving milk processors time to formulate and produce a low-fat flavored milk that meets the specifications of a particular school district. This USDA action rectifies a 2012 decision requiring that U.S. schools only offer fat-free flavored milk, mostly to reduce calories. Subsequently, participation rates in school meal programs fell, with students consuming 288 million fewer half-pints of milk from 2012-2015, even though public school enrollment grew.

The school milk issue is also the target of the bipartisan 2017 School Milk Nutrition Act. Introduced in October by Reps. G. T. Thompson (R-PA) and Joe Courtney (D-CT), the bill would allow schools to offer low-fat and fat-free milk, including flavored milk with no more than 150 calories per 8-ounce serving. The bill allows individual schools and school districts to determine which milkfat varieties to offer students.

As a growing body of research reinforces the health benefits of higher-fat milk varieties, NMPF continues to take a leadership role in encouraging this newer science to be incorporated in school meals and dietary guidelines.

NMPF Supports Overhaul of Waters of the U.S. Regulation



NMPF endorsed efforts in 2017 by the new leadership team at the U.S. Environmental Protection Agency (EPA) to restart the regulatory process behind the controversial “Waters of the U.S.” (WOTUS) rule. In September, NMPF made a case for rescinding the problematic 2015 rule as part of a substantive

re-evaluation of the definitions used by the federal government to regulate waterways.

Rescinding EPA’s flawed 2015 policy – which is currently not being enforced after an appeals court suspended it in 2017 pending the outcome of several lawsuits – is the first step in a two-part process. In the second step, EPA needs to propose a new rule that conforms to the various past Supreme Court cases impacting definitions of WOTUS, NMPF said in comments to the agency. At the end of January 2018, EPA announced it was suspending the rule during the next two years to revise the WOTUS regulation.

NMPF has insisted that EPA and the U.S. Army Corps of Engineers must correct the ambiguity that resulted from the 2015 rule’s lack of clarity on key terms and definitions, such as “adjacent,” “floodplain” and “significant nexus.” NMPF has told regulators that pursuing a new rulemaking process that complies with past Supreme Court rulings will provide greater certainty for dairy farmers.

NMPF joined a coalition of other agriculture groups in supporting the addition of an applicability date to the 2015 rule of two years from the date of final action on this proposal. The addition of an applicability date means EPA and the Army Corps can maintain consistent application of the pre-2015 definition of WOTUS as they consider revisions to the 2015 rule.

NCIMS Adopts NMPF Positions on Grade “A” Milk Processing, Robotic Milkers

NMPF used the biennial meeting of the National Conference on Interstate Milk Shipments (NCIMS) to achieve several positive outcomes for dairy cooperatives and their members.

The May 2017 conference in Grand Rapids, Michigan, witnessed the culmination of several years of work by NMPF to harmonize the Pasteurized Milk Ordinance (PMO) with standards required by the Food Safety Modernization Act (FSMA). At the meeting,

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NCIMS participants added a new appendix to milk safety regulations to better harmonize the new FSMA requirements with the long-standing PMO protocols.



By updating the regulations, Grade “A” facilities are now compliant with FSMA requirements and continue to be inspected and regulated under the PMO. However, most NCIMS-listed dairy processing facilities manufacture both Grade “A” and non-Grade “A” products, raising the question of how to reconcile the separate regulatory and enforcement schemes for these mixed-product facilities.

Following the NCIMS meeting, the U.S. Food and Drug Administration (FDA) announced a pilot program that will consider a single inspection scheme for facilities that process both Grade “A” and non-Grade “A” products. NMPF has long advocated for a non-duplicative inspection scheme that minimizes disruption to the industry while maximizing state and federal resources. This should ensure that a processing facility receives no more than one annual inspection to achieve FSMA compliance.

The NCIMS also dealt with the ongoing issue of how to regulate robotic milkers, or automatic milking installations (AMIs). NMPF requested that the NCIMS establish a subcommittee to address AMIs and how they can enhance milk production technology while complying with established regulatory standards.

This newly established subcommittee will identify obstacles and potential solutions to aligning PMO requirements with

current- and next-generation AMI equipment and operations. NMPF will continue to work with the subcommittee and producer-members to assure the dairy industry’s success in applying this technical expertise while continuing to produce a safe, wholesome product.

NCIMS also addressed the new pilot program for the enhanced screening of milk tankers for tetracycline residues, which was subsequently launched July 1. The testing program will be conducted for 18 months, after which FDA will examine the results and determine next steps, including the possibility of formalizing tetracycline testing requirements.

In collaboration with state and federal milk safety regulators and other industry stakeholders, NMPF has remained engaged throughout the entire pilot program process to ensure that the testing will yield strong data upon which sound decisions can be made about the future of residue testing in the dairy industry. NMPF spearheaded industry education efforts, including holding webinars during program development for its members. The pilot program also reinforces the need for producers to work closely with veterinarians and have a valid VCPR (veterinarian-client-patient relationship) form, a cornerstone of the NMPF’s National Dairy FARM Program.

NMPF Fights Misguided Air Emissions Reporting Requirement

As 2018 began, dairy farmers continued to await a final decision on whether they would have to report air emissions associated with animal manure to the government. NMPF has continued to advocate on behalf of its members that policies designed to make first responders aware of chemical hazards were never meant to generate unnecessary reports from livestock farms.

In 2008, the U.S. Environmental Protection Agency (EPA) exempted most farms from reporting the release of manure-related ammonia and hydrogen sulfide under the

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Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) and the Emergency Planning and Community Right-to-Know

Act of 1986 (EPCRA). Both rules were originally created to address accidental hazardous air emission emergencies from toxic waste sites.

EPA has maintained that the inclusion of animal agriculture operations under these rules is not necessary, but the U.S. Court of Appeals determined that the agency cannot simply ignore a statute because the reporting requirements “aren’t worth the trouble.” In April 2017, the court mandated the removal of the long-standing exemption for dairy and other livestock operations from the two federal laws. The rule required Concentrated Animal Feeding Operations to continue reporting air emissions under EPCRA, but not under CERCLA; smaller farms were exempted from both rules.

NMPF and other animal agriculture associations have assisted EPA in petitioning the appeals court to hold off from issuing a mandate that would prompt the emissions reporting. In the interim, NMPF worked with EPA to clarify reporting obligations in dairy production and develop meaningful guidance for farms of all sizes. NMPF’s counsel to farmers is that their reporting obligation does not commence until the court issues its mandate.

NMPF informed its membership that if farm owners and operators comply with their Animal Feeding Operation Air Compliance Agreement, then they are not expected to report air releases of hazardous substances from animal wastes under CERCLA and EPCRA. Per that agreement, participants

must report air releases of hazardous substances equal to or exceeding the hazardous substances’ reportable quantities under CERCLA only when EPA completes the National Air Emissions Monitoring Study.

NMPF Assists Florida Dairy Producers After Hurricane Irma



Following September 2017’s devastating arrival of Hurricane Irma in the southeastern United States, National Milk helped coordinate the delivery of 17 rail cars of grain

and cattle feed to dairy producers in Florida, just a few days before farmers would have run out of feedstuffs for their herds.

Before Hurricane Irma passed through Florida, the Florida Department of Agriculture and Consumer Services (DACs) alerted NMPF about the feed supply situation. Animal feed shipments had been curtailed before the hurricane’s arrival, which meant prior to the storm, feed stocks were already low.

Once the hurricane passed, NMPF worked diligently with the Department of Homeland Security’s Critical Infrastructure Cross Sector Council, the Florida DACs, the National Business Emergency Operations Center, FEMA and others during the following weeks to coordinate a “grain train.” The 17 cars of feed departed from Georgia at midnight on Sept. 14, and arrived in Okeechobee, Florida, the next day. **The photo above shows the train pulling into the station that morning.**

NMPF Focus on Antibiotics Stewardship Intensifies in 2017

Around the world, the proper use of antibiotics on farms remained a highly visible topic in 2017, in both public policy and the food marketing sector. At several major public conferences on the societal concerns raised by antibiotic misuse, NMPF advocated on behalf of dairy producers so that farmers can continue to responsibly use antibiotics in dairy cattle for the treatment, control and prevention of disease.

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One of NMPF’s most important tools for fostering proper antimicrobial stewardship is its drug residue avoidance manual, which was updated in 2017 and distributed across the industry. Antibiotic stewardship is one of three pillars of the National Dairy Farmers Assuring Responsible Management Program, along with Animal Care and Environmental Stewardship. NMPF also helped prepare dairy cooperatives and their members for an NCIMS pilot program that is testing milk tankers for tetracycline by holding webinars, creating factsheets and generating articles in the dairy trade press. Several NMPF members utilized the organization’s expertise on the issue in 2017 as dairy customers continue to ask more questions about on-farm pharmaceutical use. Additionally, NMPF helped respond to the responsible sourcing questionnaires that processors and retailer clients circulated to cooperatives.

At the national level, NMPF submitted comments to the U.S. Food and Drug Administration (FDA) in March stating the agency needs to collect more data before changing currently approved treatment durations for antibiotics already used in livestock. Also in March, NMPF asked the Department of Agriculture’s (USDA) Food Safety and Inspection Service to maintain the integrity of the National Residue Monitoring

Program for animals at slaughter. Currently, USDA assesses environmental contaminants and other potential chemical hazards in livestock at slaughter. NMPF requested this same approach be applied to animal health chemical residues that do not have established tolerances.

In November, NMPF expressed concern to FDA that the biomass estimate of antibiotic use by species would not provide the precision and accuracy necessary to provide useful data on antibiotic use. In fact, the publication of biomass estimates as proposed by FDA could run the risk of pushing sales of more potent antibiotics – often ranked as critically important – rather than older, less important drugs. NMPF concluded that FDA and its federal partners should present a comprehensive plan for antibiotic use data collection, complete with justifications and goals, rather than incomplete, ad-hoc approaches that only confuse the issue.

In November, NMPF represented U.S. dairy interests as a Codex stakeholder as the international food standards organization further delved into antibiotic use in the livestock sector. Through National Milk’s involvement with both the U.S. government delegation to Codex and the International Dairy Federation (IDF), NMPF advocated against a Eurocentric “precautionary

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Annual FDA Drug Residue Report Finds Continued Progress

In the most recent affirmation of dairy farmers’ commitment to keeping antibiotic residues out of the milk supply, the 2016 FDA report tracking residue levels continued to show a decline in positive drug test results for milk. Released in February, the *2016 National Milk Drug Residue Data Base* survey found that only 0.011 percent of all bulk milk tankers – or 1 in 8,800 loads – showed any sign of commonly used animal antibiotics. All milk loads are tested for antibiotics, and any tanker that tests positive for a drug residue is rejected before entering a dairy plant and does not enter the market for human consumption.

On-farm vigilance in following drug withdrawal times has led to a steady decline in detectable antibiotic residues, with 2016’s figure falling from an already low level of 0.038 percent in 2005, representing a decline of more than 70 percent in the last decade. Additionally, not a single sample of the 38,329 consumer-packaged pasteurized milk products tested positive for animal drug residues. Data from the last seven years have not yielded a single positive drug test result for pasteurized Grade “A” products.



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principle” viewpoint that would allow finalized Codex codes and guidelines to be used by a country to prevent the importation of U.S. dairy products under the guise of preventing the spread of antimicrobial resistance. This work was made possible through support of the U.S. Dairy Export Council.

Guarding Against Foreign Animal Disease Outbreak a Top Animal Health Priority



(L-R) Jamie Jonker of NMPF, Dr. Monique Eloit of the World Organisation for Animal Health, and Karen Jordan, DVM, chair of the NMPF Animal Health & Wellbeing Committee discussed animal health issues in 2017.

As the global trade of food continues to increase, preventing a foreign animal disease outbreak in the United States remained a top priority for NMPF in 2017. NMPF staff and members of its Animal Health & Wellbeing Committee attended dozens of meetings, workshops and discussions around the world, successfully advocating for support of adequate disease preparedness for events like a Foot and Mouth Disease (FMD) outbreak.

In March, members of NMPF’s animal health committee provided the dairy industry perspective during a government workshop focused on protecting the U.S. cattle herd from emerging diseases. The workshop focused on three areas: improved knowledge of the risk for emerging and re-emerging cattle diseases, thus enabling improved preparedness; identification of needs, gaps and barriers to improve early warning and detection of emerging cattle diseases in North

America; and defining risk-based priority disease surveillance needs. In July, USDA released the “Emerging Animal Disease Preparedness and Response Plan,” reflecting NMPF feedback from this workshop and other interactions.

NMPF also continued work with USDA and other agencies on the Secure Milk Supply program. New and updated documents released in 2017 included: an improved Self-Assessment Checklist for Enhanced Biosecurity for FMD Prevention; a corresponding Information Manual for Enhanced Biosecurity for FMD Prevention; a customizable Biosecurity Plan Template; instructions for creating a premises map using Google Maps; and more.

In April, NMPF staff and Karen Jordan, DVM, chair of the Animal Health & Wellbeing Committee, met with the administrator of USDA’s Animal and Plant Health Inspection Services to discuss priorities to ensure a healthy domestic dairy herd and thus not only maintain U.S. consumer confidence, but also enhance global competitiveness of U.S. dairy exports. These priorities included:

- FMD preparedness, including modernizing the vaccine bank, continued development of the Secure Milk Supply, improved diagnostics and agreements on trade during an outbreak;
- Bovine Tuberculosis and Brucellosis eradication programs;
- Animal identification and disease traceability, and;
- Antibiotic use data collection through the National Animal Health Monitoring System.

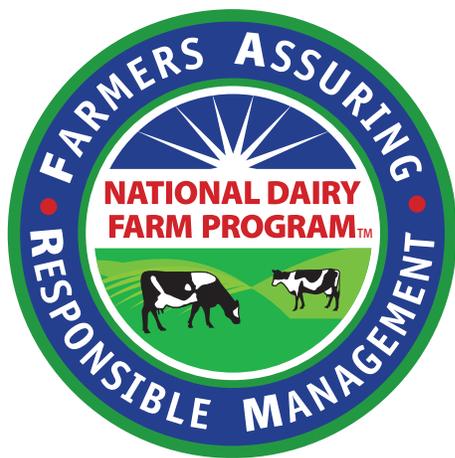
In response to a 2016 NMPF request, USDA held a high-level meeting on “Modernization of the National Tuberculosis Program in Cattle” in July. The session examined issues relating to current bovine tuberculosis outbreaks and opportunities for modernizing methods to eradicate the disease.

In September, NMPF’s Jim Mulhern and others in the livestock coalition met with Agriculture Secretary Sonny Perdue to discuss funding for an FMD vaccine bank in the next Farm Bill.



FARM Program

Implementation of FARM 3.0 Begins in 2017



The National Dairy Farmers Assuring Responsible Management Program launched Version 3.0 of its Animal Care program at the start of 2017. The latest edition of FARM now features two priority areas, requires three minimum participation standards and, if needed, provides participants mandatory corrective action plans when program standards are not met.

Revisions to the FARM Program occur every three years, and are based on input from dairy welfare experts, academics, veterinarians, farmers and others in the FARM Program's Technical Writing Group, NMPF's Animal Health & Wellbeing Committee, and recommendations received through a public comment period.

In Version 3.0, minimum participation requirements and Priority 1 areas now include a signed Veterinary-Client-Patient Relationship (VCPR) form, a signed Dairy Cattle Care and Ethics agreement, annual training documentation for all employees, and the complete phase-out of tail docking.

Second-tier priority areas focus on developing protocols for newborn calves, pain management, non-ambulatory animal management and euthanasia. It also raised the expectation for meeting benchmarks for lameness, body condition and hock/knee lesions.

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Last year, 7,152 Version 3.0 evaluations were completed by more than 350 trained and certified second-party evaluators. Eighty percent of farms had a signed VCPR; 90 percent had signed annual training and cow care documents; and 99.9 percent had phased out tail docking. While farms have up to a year to resolve any issues with evaluations, the average time of resolution for corrective actions was 16.1 weeks.

FARM Program Customer Outreach Expands in 2017



Ed Henderson (far left) of Shenandoah Dairy in Florida hosts dairy customers during a FARM Program forum.

The National Dairy FARM Program continued to reach out to major customers through several informative forums in 2017 to educate them about how the FARM Program works for those across the supply chain.

Throughout the year, the FARM Program and the Innovation Center for U.S. Dairy hosted four customer forums that communicated the dairy industry's focus on social responsibility with prominent national and international dairy customers. More than 100 representatives from grocery stores, food processors and restaurant chains attended forums in Los Angeles, Minneapolis, Washington, D.C., and Jacksonville.

During each two-day forum, educational sessions provided a deeper understanding of the FARM Program using expert industry representatives, including farmers, veterinarians and

university personnel. These experts shared insights into the rigorous standards within the three FARM Program silos: Animal Care, Environmental Stewardship and Antibiotic Stewardship. Additionally, in-depth conversations around social responsibility and emerging issues in the dairy industry allowed customers to ask questions and learn about topics like calve disbudding and artificial insemination.

On the second day of the event, participants visited a local dairy farm to see the FARM Program in action. During the tour, dairy customers walked through a FARM Animal Care Version 3.0 evaluation and learned about everyday farm life. Attendees also completed the FARM Environmental Stewardship (FARM ES) module, which teaches proactive methods to reduce greenhouse gasses and energy use on the farm.

The FARM Program published a binder of resources for dairy customers, which contained a detailed overview of the three FARM silos, copies of FARM resource manuals and draft company policies related to animal well-being and antibiotic stewardship. This comprehensive resource serves as a reference for everything regarding dairy social responsibility. FARM will send new and updated resources to recipients as they are developed.

In 2018, the FARM team plans to continue fostering customer-industry relationships through additional deliverables including a FARM Customer Newsletter and the 2018 FARM Program Year in Review.

FARM Launches Environmental Stewardship Module

In its effort to share farmers' compelling story of continuous improvement, the FARM Program established the Environmental Stewardship (ES) module in February 2017, joining the FARM Program's two other silos, Animal Care and Antibiotic Stewardship.

U.S. dairy farmers have a long-standing history of environmental stewardship. As dairy production has become more efficient, it

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requires fewer resources to produce the same amount of milk. Compared to 70 years ago, producing a gallon of milk uses 65 percent less water, requires 90 percent less land and has a 63 percent smaller carbon footprint.



NMPF members Land O’ Lakes, Inc. and Dairy Farmers of America joined Walmart in its quest to eliminate a gigaton of carbon from its supply chain by 2030. Project Gigaton uses the FARM ES tool to report on-farm dairy emissions.

FARM Environmental Stewardship is based on the Farm Smart calculator: a greenhouse gas (GHG), fuel and energy baseline tool that calculates a farm’s footprint per unit of milk produced. As farmers upgrade their technology and produce milk more efficiently, FARM ES can capture these gains and

provide data to milk marketers so they can promote this positive story to dairy customers. Since the module’s inception a year ago, 15 different participating organizations have conducted more than 375 assessments.

FARM ES provides a comprehensive estimate of the greenhouse gas emissions and energy use per pound of milk produced on dairy farms by asking producers a limited set of questions to assess a farm’s carbon and energy footprint. The tool is based on a life-cycle assessment of fluid milk conducted by the Applied Sustainability Center at the University of Arkansas, incorporating data from more than 500 dairy farms across the United States. This reduces the burden on farmers while still providing reliable, statistically robust estimates.

Dairy cooperatives and farmers wishing to use the ES module can opt in through the existing FARM Program database, which allows FARM Evaluators to see the assessments. FARM has created a random sampling protocol for organizations that use the ES module, allowing FARM Program milk handlers to randomly select representative farms for a voluntary assessment. This allows cooperatives and processors to monitor the greenhouse gas impact of their milk supply and track continuous improvement to then promote in the supply chain.

National Dairy FARM Program Silos





Cooperatives Working Together

CWT Helps Members Move 810 Million Pounds of Milk to 21 Countries

In 2017, Cooperatives Working Together (CWT) helped member cooperatives secure major sales contracts in vital export markets. By year's end, CWT's members sold 79.3 million pounds of cheese and butter – the equivalent of 810.2 million pounds of milk – across the world.

After a bid-by-bid economic analysis of nearly 700 requests from member cooperatives, CWT accepted 500 requests for assistance. This assistance helped members acquire 467 export sales contracts for 73.4 million pounds of Cheddar,



Gouda and Monterey Jack cheeses, and 33 sales contracts for 5.9 million pounds of butter. These products went to 21 countries in six regions.

Asia received 76 percent of cheese sales, with Japan the top destination in the region with 69 percent of sales. The Middle East accounted for 63 percent of butter sales, with Saudi Arabia the top destination, receiving 45 percent of the product.

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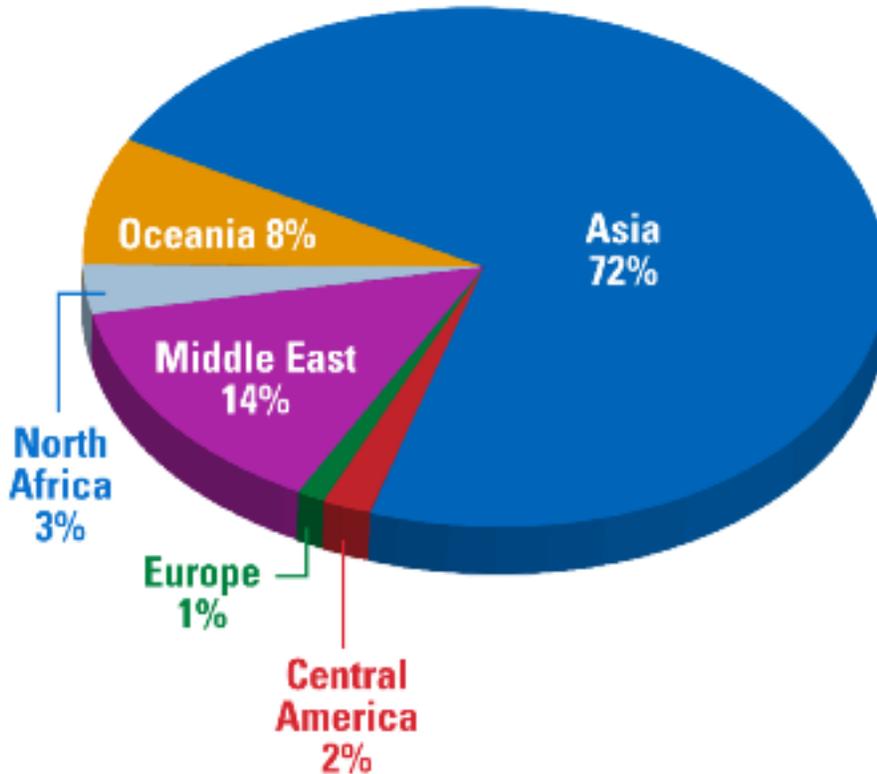
CWT benefits U.S. dairy farmers by helping to grow U.S. exports of key dairy products, and helping its members compete in those markets when world prices are below U.S. prices. By focusing CWT assistance on products that most directly impact dairy farmers' milk prices, CWT shipments in 2017 kept dairy farmer milk prices from being an estimated \$0.23/cwt. lower.

To ensure that CWT is as effective as possible in helping to grow U.S. exports of key dairy products in key markets, the

organization launched a strategic planning process in 2017. The goal is to ensure that CWT remains an effective, broadly supported program by reviewing current program procedures and exploring additional program options and/or modifications to grow dairy product export sales.

The continued investment of 30 cooperatives, their farmer members and more than 100 individual producers will allow CWT to provide the export assistance member cooperatives will need to maintain and grow the sales of U.S. dairy products in 2018 and beyond.

CWT Product Destinations in 2017





Other NMPF Activities

Social Media Helps Spread Dairy Story Through Graphics, Videos, Campaigns

NMPF boosted its social media engagement in 2017 through its Twitter and Facebook platforms, sharing new online content, participating in online discussions and collaborating with other dairy organizations to spread important information about the dairy industry.

Throughout the year, NMPF created a series of colorful graphics that challenged plant-based companies and their misbranded dairy imitators, often using the hashtag #GotRealMilk. These graphics chastised companies for both claiming their products are suitable substitutes for real dairy and for blatantly ignoring government regulations on food labeling.

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June 1 marked World Milk Day, and NMPF was heavily involved in celebrating nature’s most perfect food, posting a photo of its staff members holding up a glass of milk, as well as retweeting farmers who posted similar content.



Last June, NMPF joined other dairy organizations in promoting “Undeniably Dairy,” a major new campaign celebrating dairy’s unmistakable value in the areas of nutrition, sustainability and community. Organized by Dairy Management Inc. (DMI), the campaign involved branding, commercials, video and social media content.



In the fall, NMPF once again joined a cohort of dairy and agriculture organizations in celebrating National Farmers Day on Oct. 12. NMPF helped both DMI and member cooperative Land O’ Lakes, Inc. in sharing special content that celebrated the American farmer – dairy included.

Refreshed Look for REAL® Seal Delivers More Pro-Dairy Content



The REAL® Seal used 2017 to refresh its social media content, better positioning the campaign to appeal to changing consumer expectations about real, wholesome food. This included a greater variety of content for the millennial audience and a greater emphasis on video.

NMPF became the administrator of the REAL® Seal symbol in 2012, with the goal of remaking it for the social media age, boosting dairy sales and using the REAL® Seal to go on the offensive against a growing list of imitation dairy products.

With a renewed focus on both family and millennial shopping habits, the REAL® Seal introduced more than 25 videos and GIFs in 2017 for a total of over 750,000 views. The top three most popular videos were recipes for pancakes, chicken salad and cheesy potatoes. Once again, video was a popular and engaging method of sharing recipes, hacks and reasons why real dairy products are nutritionally superior to their imitations.

Other Facebook content continued to attract Likes and engagements through the year. The number of REAL® Seal fans climbed to a yearly total of 337,806. The image with the most engagement compared real milk's 8 grams of protein to that of almond "milk," which has 1 gram. Other top performers centered around holidays like Valentine's Day and the Super Bowl.

To supplement its Facebook content, the REAL® Seal filled its Pinterest



page with colorful new recipe cards and brand spotlights. By the end of the year, the page attracted 2,783 followers with a 1.41-percent monthly growth rate. Popular pins educated users on certain dairy products and offered flavorful dairy recipes.

Dairy Leaders Call for Collaboration, Innovation at 101st Annual Meeting

At NMPF's 101st Annual Meeting last year in Anaheim, California, U.S. dairy leaders spoke about the convergence of several trends that together will help build a better future for the industry: increasing collaboration within the industry, defending the good name of dairy foods, and pursuing innovative new marketing strategies.

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NMPF's Young Cooperators attended a welcome event to meet other young dairy farmers and enjoy some outside activities.



Trace Sheehan, co-producer of the documentary "Food Evolution," was this year's keynote speaker.

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More than 800 people attended the 2017 Annual Meeting, held jointly by NMPF, the National Dairy Board and the United Dairy Industry Association from Oct. 30-Nov. 1. Hosted at the Disneyland Hotel in Anaheim, the event's theme was "We Are



NMPF Chairman Randy Mooney presents his opening remarks at the 2017 Annual Meeting.



NMPF President and CEO Jim Mulhern (far left) moderates a panel of cooperative leaders who discussed how to tackle the industry's challenges.



Attendees once again enjoyed real dairy foods and treats at the always popular Dairy Bar.

Undeniably Dairy," building on a campaign launched earlier in the year that celebrates dairy's undeniable goodness in the areas of nutrition, sustainability and community. In their remarks to members, NMPF's leaders stressed the need for America's dairy companies to do more in collaboration with other marketing cooperatives.

"We have to stop looking at other U.S. cooperatives as if we're competitors," said NMPF Chairman Randy Mooney in his remarks. "We have to recognize that in a globalized dairy market, our competitors are outside of America's borders, and we have to work together to fight for a larger share of those markets."



This year's Cheese Reception featured a photo opportunity with Disney characters.

NMPF's annual Town Hall event featured presentations from staff on the latest policy developments affecting the industry, including efforts in Congress to address immigration reform, the fight against misbranded dairy imitators and NMPF's work toward a positive outcome in the ongoing NAFTA negotiations. NMPF President and CEO Jim Mulhern discussed the organization's work last year to improve the dairy safety net in the upcoming Farm Bill, as well as its new campaign, Peel Back the Label, which challenges the misleading marketing practices used by certain food companies.

"To surmount the hurdles that we face, and carry these efforts across the finish line, we must stand together as a united industry," Mulhern said. "Our dairy community is unstoppable when we engage on these important issues."

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Trace Sheehan, co-producer of the documentary “Food Evolution,” was the meeting's keynote speaker. He shared his experience working on the film, which centers on the contentious debate over genetically modified organisms (GMOs). Later that evening, attendees were invited to a screening of the documentary and a question-and-answer session with Sheehan.



Members of the 2018 Young Cooperator Advisory Council.

The main programming also included two moderated panels – one hosted by Mooney, another by Mulhern – that broached significant questions about the industry’s challenges and opportunities, such as high milk production and competition abroad.



The winner of the annual cheese contest was a pepperjack made in Middlebury, Indiana, by the Michigan Milk Producers Association.

While meeting in California, NMPF also welcomed four new members to its Board of Directors: Tom Beringer of Bongards’ Creameries, Leon Berthiaume of St. Albans Cooperative Creamery, Brad Nosbush of First District Association, and

Brian Rexing of Dairy Farmers of America. NMPF also recognized retiring board members Ralph McNall of St. Albans Cooperative Creamery and George Mertens of Dairy Farmers of America for their contributions to the industry.

In other meeting news, NMPF’s annual cheese contest was won by a pepperjack cheese made by Michigan Milk Producers Association in Middlebury, Indiana. The contest received a record 194 entries, totaling 3,070 pounds of cheese. Dairy Farmers of America’s communications team scored several awards in NMPF’s annual communications competition, including the top “Communicator of the Year.” And finally, the 2018 YC Advisory Council selected its leadership: Justin and Jennifer Malott of Maryland & Virginia Milk Producers Cooperative Association are the new Chaircouple; Josh and Emily Reinhardt of Prairie Farms were elected Vice Chaircouple; and Nate and Jenny Elzinga of Michigan Milk Producers Association were chosen as Secretary Couple.

Young Cooperators Discuss Critical Issues on Capitol Hill, at Annual Meeting

National Milk’s Young Cooperator (YC) Program helped dairy cooperatives engage in critical national dairy policy issues in 2017, during both visits to Capitol Hill in June and a full day of enlightening presentations at NMPF’s Annual Meeting in October.

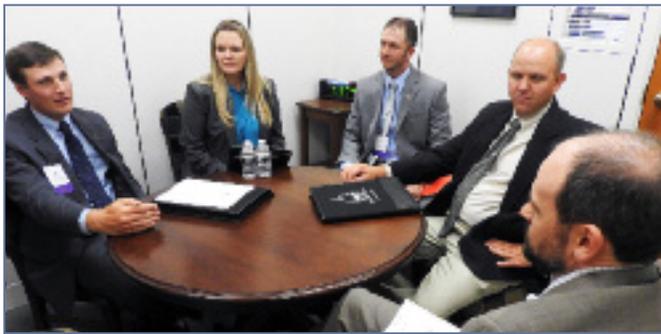
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YCs from Ohio meet with their representative, Rep. Jim Jordan (far right).

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The National YC Program has been a key part of NMPF's activities for more than 60 years. The program builds leadership capabilities in younger dairy farmers as they shape the future course of the dairy industry. Many of today's national leaders, including several current NMPF board members, are former YCs. YCs from across the nation typically meet in Washington once a year, and then again at the Annual Meeting.



The YC contingent from Missouri meet with staff from Sen. Claire McCaskill's office.



2017 YC Chaircouple Adam and Melissa Griffin visit the Capitol during the YC June legislative fly-in.

In June, more than 70 farmers from 21 states visited their House and Senate members to discuss current challenges and priorities for improvement. These included the need for significant improvements to the Agriculture Department's dairy Margin Protection Program, followed by the need to adopt the DAIRY PRIDE Act to ensure proper regulation of non-dairy imitators. The YCs also spoke from personal experience about the need for a balanced trade policy and a reliable farm workforce.

In late October, an even larger number of YCs attended NMPF's Annual Meeting at the Disneyland Hotel in Anaheim, California. The group enjoyed a full day of programming with presentations on food marketing trends, optimizing dairy cattle feeding, effective dairy farm management and how to handle farm ownership succession.

Once again this year, the YC Program sold raffle tickets to benefit The NMPF Scholarship Program. They broke the record for most raffle tickets sold, and the top sellers won prizes for their efforts.

An advisory council provides leadership for the YCs. For 2017, members of the council included:

Chaircouple

Adam and Melissa Griffin
Agri-Mark Inc.

Vice Chaircouple

Brooks and Katie Long
Maryland & Virginia Milk Producers
Cooperative Association

Secretary Couple

Ben and April Butler
Southeast Milk Inc.

Becky Clark
Land O' Lakes, Inc.

Travis and Janet Clark
FarmFirst Dairy Cooperative

James and Natalie Flint
Upstate Niagara Cooperative, Inc.

John Seymour
Tillamook County Creamery Association

Darrin and Barbara Siemen
Michigan Milk Producers Association

Travis and Sasha Thomasson
Northwest Dairy Association

Bart and Linda van Ruiten
Dairy Farmers of America

Karl Wedemeyer
Dairy Farmers of America

NMPF Awards Two Scholarships in 2017

NMPF's Scholarship Committee selected two graduate students to receive awards as part of the 2017 NMPF National Dairy Leadership Scholarship Program. These students are conducting research in areas that will benefit dairy cooperatives and producers.

Sarah Adcock



Sarah Adcock received the 2017 Hintz Memorial Scholarship, given to the top scholarship candidate. Sarah is a Ph. D candidate in animal behavior at the University of California-Davis, where she is studying the long-term welfare implications of hot-iron disbudding in dairy calves.

Carlyn Peterson



A scholarship was also awarded to **Carlyn Peterson**, a Ph. D candidate in animal biology, also at the University of California-Davis, where she is studying the use of a novel methane inhibitor to improve the environmental footprint of dairy cattle.

NMPF Officers

Randy Mooney – *Chairman*
Dairy Farmers of America, Inc.

Ken Nobis – *1st Vice Chairman*
Michigan Milk Producers Association

Adrian Boer – *2nd Vice Chairman*
Northwest Dairy Association

Mike McCloskey – *3rd Vice Chairman*
Select Milk Producers, Inc.

Keith Murfield – *Secretary*
United Dairymen of Arizona

Doug Nuttelman – *Assistant Secretary*
Dairy Farmers of America, Inc.

Pete Kappelman – *Treasurer*
Land O'Lakes, Inc.

Neal Rea – *Assistant Treasurer*
Agri-Mark, Inc.

Jim Mulhern – *President & CEO*
National Milk Producers Federation

NMPF Board Members

Sheryl Meshke
Associated Milk Producers, Inc.

Steve Schlangen
Associated Milk Producers, Inc.

Tom Beringer
Bongards' Creameries

Jimmy Kerr
Cooperative Milk Producers Association

Craig Edler
Dairy Farmers of America

Brian Hardy
Dairy Farmers of America

Jerrel Heatwole
Dairy Farmers of America

Neil Hoff
Dairy Farmers of America

Jackie Klippenstein
Dairy Farmers of America

Chris Kraft
Dairy Farmers of America

Jeff Raney
Dairy Farmers of America

Brian Rexing
Dairy Farmers of America

George Rohrer
Dairy Farmers of America

Dan Senestraro
Dairy Farmers of America

Rick Smith
Dairy Farmers of America

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Case van Steyn

Dairy Farmers of America

Greg Wickham

Dairy Farmers of America

John Wilson

Dairy Farmers of America

Scot Meyer

Ellsworth Cooperative Creamery

Randy Geiger

FarmFirst Dairy Cooperative

Jeff Lyon

FarmFirst Dairy Cooperative

Brad Nosbush

First District Association

Michael Doyle

Foremost Farms USA

David Scheevel

Foremost Farms USA

Beth Ford

Land O' Lakes, Inc.

Cornell Kasbergen

Land O' Lakes, Inc.

Levi Ransom

Land O' Lakes, Inc.

Jim Baird

Lone Star Milk Producers

Jay Bryant

Maryland & Virginia Milk Producers

Joe Diglio

Michigan Milk Producers Association

Dennis Tonak

Mid-West Dairymen's Company

Gib Martin

Mount Joy Farmers Cooperative Association

Leroy Plagerman

Northwest Dairy Association

Stan Ryan

Northwest Dairy Association

Tony Graves

Prairie Farms Dairy, Inc.

Tom Pittman

Premier Milk, Inc.

Leon Berthiaume

St. Albans Cooperative Creamery

Jonathan VanderDussen

Select Milk Producers, Inc.

Joe Wright

Southeast Milk Producers, Inc.

Larry Webster

Upstate Niagara Cooperative, Inc.

NMPF Staff

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Maddy Berner

Communications Manager

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Senior Director, Government Relations

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Jaime Castaneda

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Gail Mobley

Senior Director, Finance & Administration

Shawna Morris

Vice President, Trade Policy

Marta Staudinger

Front Desk Assistant

Peter Vitaliano

Vice President, Economic Policy & Market Research

Emily Yeiser Stepp

Director, FARM Animal Care

Bobby Yi

Director, Information Technology

2018 Meeting Dates

Board Of Directors Meeting

Monday, March 5 – Tuesday, March 6, 2018
The Ritz-Carlton Pentagon City
Arlington, Virginia

Board Of Directors Meeting

Monday, June 4 – Wednesday, June 6, 2018
The Westin Arlington Gateway
Arlington, Virginia

NDB/ NMPF/UDIA Joint Annual Meeting

Monday, October 29 – Wednesday, October 31, 2018
JW Marriott Desert Ridge
Phoenix, Arizona

2019 Meeting Dates

NMPF Board of Directors Meeting

Monday, March 4 – Tuesday, March 5, 2019
The Ritz Carlton Pentagon City
Arlington, Virginia

NMPF Board of Directors & YC Meeting

Monday, June 3 – Wednesday, June 5, 2019
The Ritz Carlton Pentagon City
Arlington, Virginia

NDB/NMPF/UDIA Joint Annual Meeting

Monday, November 4 – Wednesday, November 6, 2019
Hyatt Regency New Orleans
New Orleans, Louisiana

2018 NMPF Annual Meeting



JW Marriott Desert Ridge – Phoenix, Arizona



| 2017 Activities & Accomplishments Report |



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