News Release

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NMPF
NATIONAL MILK
PRODUCERS FEDERATION

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NMPF Asks USDA to Bolster Dairy Aid Package

ARLINGTON, VA – The U.S. Department of Agriculture (USDA) needs to better reflect the dairy-farm incomes lost to tariff retaliation when it calculates its next round of trade mitigation payments, the National Milk Producers Federation said today.

In a letter sent Tuesday to Agriculture Secretary Sonny Perdue, NMPF Chairman and dairy farmer Randy Mooney cited four studies illustrating that milk producers have experienced more than $1 billion in lost income since May, when the retaliatory tariffs were first placed on dairy goods in response to U.S. levies on foreign products. In contrast, the first round of USDA trade mitigation payments, announced in August, allocated only $127 million to dairy farmers.

"We are ever-grateful for your advocacy on agricultural trade, which is crucial to the economic health of our industry," wrote Mooney, who operates Mooney Dairy in Rogersville, Missouri, with his wife, Jan. "However, our members are greatly concerned about the level of aid that was provided in the initial effort."

The letter details four analyses, including two independent studies using sophisticated economic modeling, that each show losses to dairy producers far above USDA's initial payment level.

- NMPF analyzed the CME dairy futures-based milk prices through the end of 2018, based on the settlement prices in late May, just before retaliatory tariffs were announced, with those same prices after tariffs had been thoroughly incorporated into market expectations. The expected impact of the retaliation may result in roughly $1.5 billion in lost revenue for producers during the second half of 2018.
- USDA's own monthly World Agricultural Supply and Demand Estimates (WASDE) showed a drop in its forecast milk prices for the full 2018 calendar year of $0.70/cwt., after the imposition of the tariffs. The WASDE estimate amounts to a loss in dairy farm income of $1.5 billion for the year.
- An Informa Agribusiness Consulting study estimated that the tariffs would lower U.S. dairy farm income by $1.5 billion for the full year 2018.

- The Center for North American Studies at Texas A&M University, estimated an annual loss of $1.17 billion.

“These estimates show that farmer losses from the tariffs will notably exceed $1 billion in 2018,” Mooney wrote. “Significant income losses will continue” if tariffs imposed by Mexico and China – two of the largest dairy export markets for the United States – remain in place.

Perdue has said a second trade mitigation payment to producers may be made this year, after additional calculations of farmer losses.

“We are eager to work with you on a plan that better reflects the struggles dairy producers across the country have faced due to the tariffs,” Mooney wrote. “Thank you for considering the critical implications of these trade challenges for us as dairy farmers and cooperative owners.”

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