



NEWS RELEASE

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Foundation for the Future Program Conducive to the U.S. Growing Its Role as Major Dairy Exporter

ARLINGTON, VA – The [Foundation for the Future](#) (FFTF) dairy policy program has been designed to allow the U.S. to build on its burgeoning role as a consistent global exporter of dairy products, according to the National Milk Producers Federation, which helped design the proposal.

The U.S. is on pace to export 13 percent of its milk production in 2011 – the highest portion ever – and many overseas markets for dairy products are expected to continue growing at a faster rate than the U.S. market. Thus, any changes to current dairy policy “must not place the U.S. farmer at a competitive disadvantage,” according to NMPF board member Les Hardesty, a dairy producer from Windsor, Colorado.

In order to make the U.S. more competitive globally, the multi-faceted approach of FFTF eliminates the Dairy Product Price Support Program, Hardesty said. Currently, the price support program acts as a government-funded buyer of last resort for commodities including cheese, butter and nonfat dry milk powder. But the program also can act as a disincentive to export, when, during periods of low price, product manufacturers have greater incentive to sell surplus commodities to the government, rather than on the world market. Such was the case in 2009, when U.S. dairy exports dropped and government price support purchases surged.

“Once this program is eliminated, markets, during periods of surplus, will clear more quickly,” Hardesty said. This will be in contrast to what happened in 2009, when global dairy sales didn’t drop, but the U.S. portion of those sales did, because products were sold to the government, rather than commercially, Hardesty said.

Some critics have alleged that Foundation for the Future’s Dairy Market Stabilization Program (DMSP), if and when it activates, will so greatly reduce domestic production that exports will be choked off. But Hardesty disputed that, saying that the DMSP “only activates when margins are extremely low, and would not be active when domestic or international demand is sending strong signals for more milk output.”

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Also, the Foundation for the Future proposal contains a provision that prevents the DMSP from kicking in if U.S. prices are 20% or more above world prices for cheddar cheese and skim milk powder. This clause will ensure that any market stabilizing slowdowns in milk production don't unintentionally distort the relationship between U.S. and world prices, creating an imbalance that could incentivize more imports, and/or hinder exports.

"American dairy farmers have invested millions of dollars in building and fostering an export capability, through the creation and continued funding of both the [U.S. Dairy Export Council](#) (USDEC), and the [Cooperatives Working Together](#) program," Hardesty noted.

"We are fully aware that foreign sales of U.S.-made dairy products are crucial to the current and future health of our industry, and don't want policies that would detrimentally affect our export capabilities."

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The **National Milk Producers Federation**, based in Arlington, VA, develops and carries out policies that advance the well being of dairy producers and the cooperatives they own. The members of NMPF's 31 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of more than 40,000 dairy producers on Capitol Hill and with government agencies. Visit www.nmpf.org for more information.