



News Release

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NMPF Chairman Tells House Agriculture Subcommittee That Dairy Farm Safety Net Needs Work *Adjustments Needed in Margin Protection Program, along with Action on GMO labeling and TPP*

ARLINGTON, VA – The challenging economic conditions affecting America's dairy farmers call for improvements by Congress to the federal safety net program created in the 2014 Farm Bill, according to Randy Mooney, chairman of the National Milk Producers Federation, in testimony Tuesday before the House Subcommittee on Livestock and Foreign Agriculture.

The hearing focused on the state of the livestock sectors in America, including dairy farming – which is facing the worst global turndown in milk prices since 2009. Mooney, a dairy farmer from Rogersville, Missouri, who also serves as chairman of Dairy Farmers of America, urged the committee to work with NMPF to reassess how the dairy Margin Protection Program (MPP) can be improved in the future.

"I'm confident that the MPP is the right dairy program for the future," Mooney said of the program, which was developed following the recession-induced dairy price crash seven years ago. The program offers dairy farmers the ability to purchase insurance-type coverage against poor margins caused either by low milk prices or high feed costs. "But the program is not completely fulfilling its intended objective as an effective safety net. For many farmers, the MPP is simply not enough to protect them in this economic environment."

Mooney explained that when the Farm Bill was written, the MPP formula for calculating feed costs was altered, which understated the true cost of feeding a dairy herd. At the same time, while the feed cost element was diminished, the farmer cost of insurance premiums was not reduced. The MPP "has been less effective as a result," Mooney said.

"In 2015, many farmers saw that the MPP didn't pay out much, even at the highest levels of coverage. So in 2016 they opted for the least expensive – and minimal – level of coverage available. Had Congress not reduced the feed ration, more farmers would have seen benefits in 2015 and participated at higher levels this year," he said.

Mooney said that the MPP remains a work in progress, and that farmers want to work with Congress and the USDA to "improve the effectiveness of MPP for all dairy producers." He said recent

administrative changes made by USDA to the program will enhance the MPP's flexibility and make it more useful for farmers.

Mooney also addressed two other pressing issues of importance to dairy farmers: the threat posed by a lack of a federal standard on the labeling of foods made with biotechnology, and the promise of new export markets as a result of the pending Trans-Pacific Partnership agreement.

Mooney said that both chambers of Congress must establish a national law on how to define and label foods with genetically-modified ingredients prior to July 1, 2016, when Vermont's law will take effect requiring labels on such products. In the absence of clear federal standards for food labeling, more states will pass differing versions of legislation addressing food biotechnology, leading to a confusing series of claims and mandates across the entire food marketing chain, Mooney said.

"Failure by Congress to address this issue threatens the viability of not only my farm, but also the 30,000 farmers I represent. It also threatens our ability to feed the world's growing population," he said. Mooney said that if biotech crops are stigmatized and their usage declines, it will be harder to improve on agricultural sustainability through reductions in the use of water, pesticides and fuel.

Mooney also addressed the importance of free trade agreements that deliver new opportunities to America's dairy sector. The U.S. dairy industry has gone from exporting less than \$1 billion in dairy products in 2000, to more than \$5.2 billion of exports in 2015, thanks to well-crafted trade deals.

NMPF supports the Trans-Pacific Partnership (TPP), Mooney said, but is adamant that each participating country must be held to its commitments. He said important implementation and enforcement issues must be addressed as Congress prepares to consider TPP.

In the case of the Trans-Atlantic Trade and Investment Partnership (TTIP) with the European Union, Mooney expressed concerns about the EU's lack of good-faith commitment to opening its markets to agricultural trade, and its attempt to establish new non-tariff trade barriers through the use of Geographical Indicators. Mooney urged caution in securing an agreement with the EU.

"The EU has not demonstrated a good-faith commitment to open agricultural trade," said Mooney. "The U.S. must proceed cautiously by securing clear commitments from the EU to guard against the imposition of future trade barriers."

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The National Milk Producers Federation (NMPF), 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 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of dairy producers on Capitol Hill and with government agencies. For more on NMPF's activities, visit our website at www.nmpf.org.