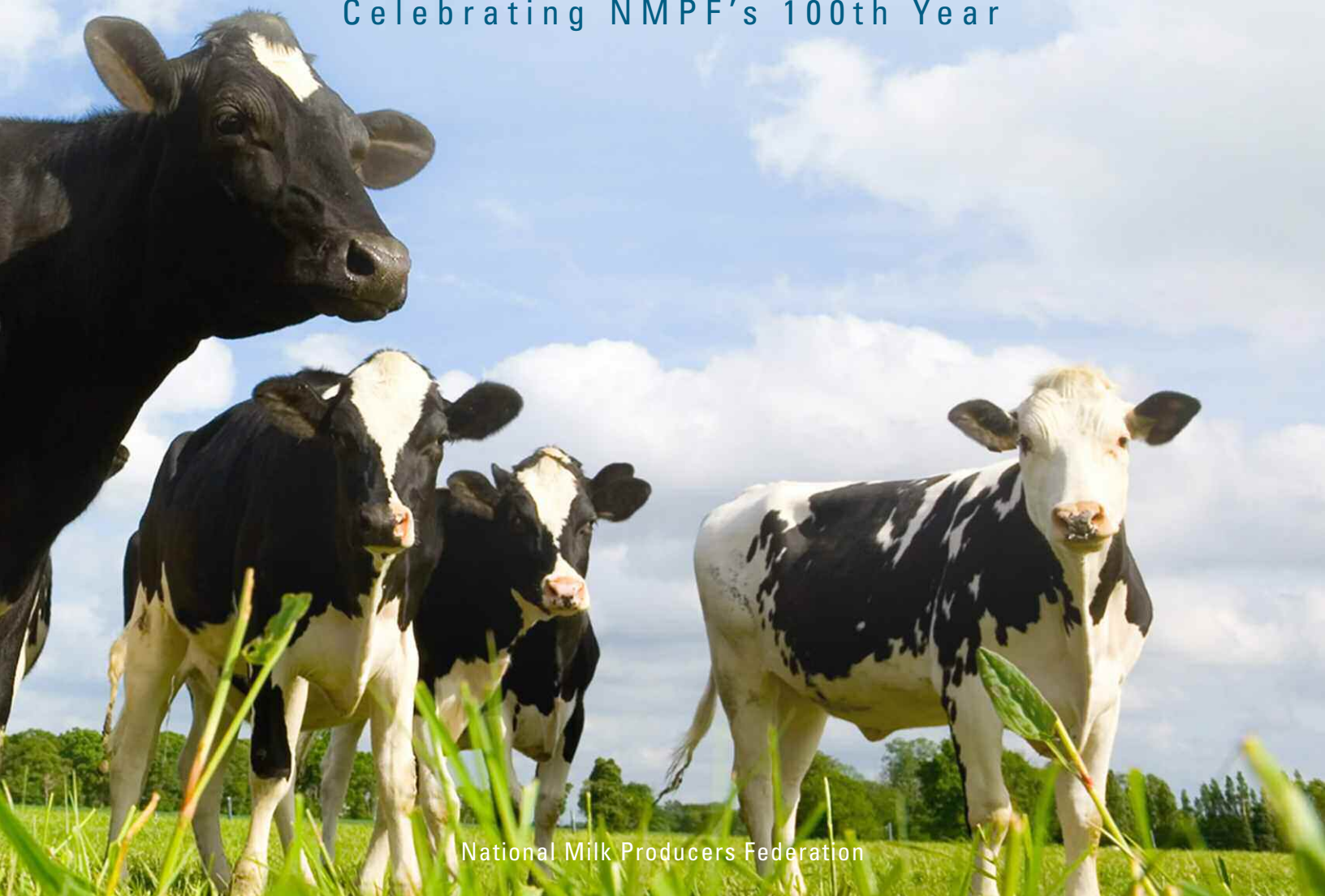




# Activities & Accomplishments Report 2016

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Celebrating NMPF's 100th Year





# Table of Contents



The members of NMPF's cooperatives produce the majority of the U.S. milk supply.



About NMPF	2
From the President & CEO	3
Economic Policy	4
Legislative Issues	6
Trade Policy	11
Regulatory Affairs	15
FARM Program Services	22
Market Development	25
Annual Meeting	28
Membership	31



## About NMPF

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For 100 years, NMPF has been one of the country's most recognized and influential membership organizations.

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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 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 2016, NMPF continued to provide leadership on issues including federal dairy policy, trade, the environment, regulation, and immigration. NMPF also administers the dairy REAL® Seal and the export assistance program known as Cooperatives Working Together. None of these efforts would have been complete without the involvement of NMPF's producer, cooperative, and associate members.



## From the President and CEO



In a testament to the strong and enduring voice the National Milk Producers Federation provides on behalf of its members, NMPF embarked on its second century in 2016.

Throughout the year, we had many opportunities to speak out on behalf of the dairy community. While much has changed in the past 100 years, many of the challenges we

tackle today on behalf of our members strike a resounding, familiar chord across the decades.

Dairy farmers faced a second year of depressed milk prices in 2016, prompting a serious discussion in our membership and on Capitol Hill about how to improve the dairy farmer safety net program created two years earlier. In addition to advocating for congressional action on the issue, we also used our Cooperatives Working Together (CWT) self-help program to boost U.S. dairy sales and help CWT's members better compete in global markets.

NMPF also expended considerable effort in shaping trade policy, from the hard-fought Trans-Pacific Partnership agreement, to persistently and tirelessly challenging Canada and the European Union on their duplicitous efforts to undermine dairy trade. As the United States relies more heavily on foreign markets for dairy sales growth, keeping existing doors open as we try to pry open new export opportunities was a major focus for the organization in the past 12 months.

Food labeling challenges were also a high-profile challenge for our industry in 2016. We worked to shepherd the passage of landmark legislation establishing a reasonable national standard on the disclosure

of foods produced with biotechnology, preventing a ruinous state-by-state approach. We also renewed our efforts to pressure the federal government to crack down on product mislabeling by dairy imitators.

NMPF used our National Dairy Farmers Assuring Responsible Management (FARM) Program to promote best practices on America's dairy operations, and to help tell the great story our farmers have regarding cow care, as well as proper environmental and antibiotic stewardship efforts, on our farms.

In so many areas – from taxes, to labor, to food safety, to child nutrition – 2016 proved to be a busy and successful year for National Milk and its members. The year was capped by an historic election that is producing huge changes in the political climate in Washington. NMPF will continue to advocate for these and many other issues in the coming year, as we create opportunities out of problems and seek creative solutions to our dairy community's major public policy challenges.

The successes of this year were only made possible because of the incredible leadership by our NMPF Officers, Board of Directors, and the engagement of our membership. Thank you for your continued support and confidence in the mission of NMPF, which remains as vital today as it did in 1916.

A handwritten signature in blue ink that reads "Jim Mulhern".

**Jim Mulhern**



## Economic Policy

### NMPF Seeks Improvements to Dairy Safety Net Program

As farm-level economic conditions remained in the doldrums throughout 2016, NMPF began building a case early in the year for why significant changes are needed in the dairy Margin Protection Program (MPP), which entered its second year in 2016.

Despite reaching the lowest margins since 2012, the MPP did not generate appreciable indemnities to many farmers using it in 2016, in part because the majority who enrolled last year chose coverage at the lowest \$4 level

– a threshold the program has not reached despite the compressed margins of 2015 and 2016.



NMPF Chairman Randy Mooney at a House hearing on the MPP.

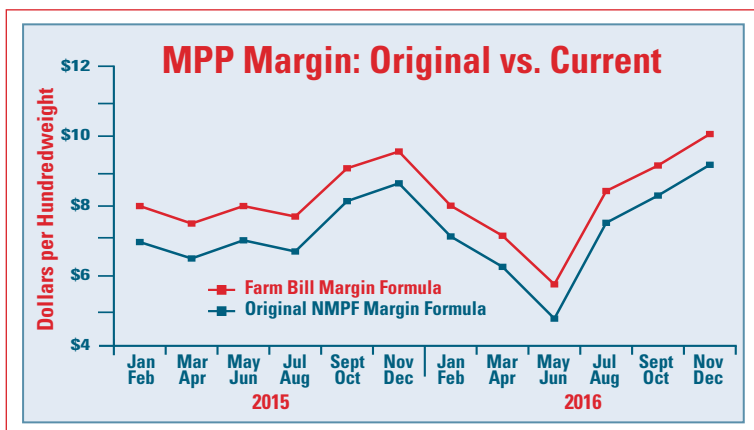
NMPF Chairman Randy Mooney outlined the structural drawbacks of the MPP during congressional testimony he delivered in the spring before the House Agriculture Committee.

“I’m confident that the MPP is the right dairy program for the future,” Mooney told members of Congress in May, “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 told lawmakers that the expected benefit of MPP “did not outweigh the costs, and is likely to result in two consecutive years of premium payments without a measurable return. At the end of the day, dairy farmers just want consistent access to affordable risk management tools.”



The current MPP margin created by the 2014 farm bill is significantly higher than what the margin would be using the original feed cost formula developed by NMPF. This results in higher margins that generate lower and less frequent payments.

NMPF then began the process of utilizing its Economic Policy Committee to assess how various improvements to the MPP would make the program function as intended. These include:

- Restoring the feed cost calculation, reduced by Congress in the 2014 Farm Bill, back to the original level proposed by National Milk;
- Examining the premium structure for supplemental coverage above \$4;
- Assessing whether changes in the calculation of the all-milk price and shifting from a bi-monthly to monthly margin calculation would help farmers; and
- Analyzing how the Livestock Gross Margin program could be improved to be a complement to the MPP.

The Economic Policy Committee has submitted a set of recommendations to the NMPF Board of Directors for approval at their March 2017 meeting. If approved, NMPF will begin working with members of Congress who want to improve the MPP to the benefit of farmers, as the necessary improvements to the current program will require legislation.



## Legislative Issues

### Milestone Biotechnology Labeling Legislation Passes into Law

In one of the biggest victories for NMPF and its members in the past decade, dairy farmers joined forces with more than 1,100 food and agriculture organizations to defend agricultural biotechnology and successfully re-establish the federal government's role in food labeling.

Vermont's first-in-the-nation law requiring the labeling of foods produced with biotechnology, originally slated to go into effect July 1, 2016, helped galvanize a major food sector outreach effort to prevent a destructive state-by-state patchwork system of biotech labeling disclosure requirements. From its leadership position in the Coalition for Safe and Affordable Foods, NMPF built support in the House and Senate for a legislative solution to preempt the state-by-state approach set up by the Vermont law. Specifically, NMPF fought hard to ensure the legislation made clear that the use of biotech feed in dairy cattle did not affect the milk or meat, and thus those products are not subject to labeling disclosure.

As this process played out, NMPF sought to ensure that three major principles were included in any bill. First, that the legislation provided full federal preemption to prevent other states or municipalities from passing legislation similar to the law in Vermont; that feed for livestock grown using biotechnology was not subject to any labeling; and that the disclosure of the use of biotechnology be done in a way that does





not disparage the product. The Senate and House ultimately passed such legislation, and President Barack Obama signed the bill into law on July 14, 2016.

As the U.S. Department of Agriculture (USDA) works to develop the regulations to implement this law, NMPF remains deeply engaged in the process to ensure that milk and dairy products are protected, and that the disclosure aspect of the law will create a vehicle not just to describe a product's ingredients, but to give consumers the ability to learn about the sustainability and nutritional value of such products.



## NMPF Helps Shape Pending Bioengineered Food Regulation

With the summer's passage of the highly visible biotechnology labeling law, Congress gave USDA two years to work through the details of how the information will be conveyed to consumers.

NMPF will work to provide USDA with feedback as the proposal is finalized, and has already engaged extensively with the department as it prepares to issue an "Advanced Notice of Proposed Rulemaking." Some of the key considerations of interest to the dairy industry include:

- Determining which agency will regulate absence claims and how;
- Determining the de minimis levels of bioengineered material that will not trigger disclosure;
- How cultures, enzymes and processing aids will be regulated; and
- How USDA will prevent disparagement against foods produced using biotechnology.

As this sensitive topic moves forward, NMPF will continuously remind USDA that the law clearly states that milk and meat from animals consuming biotech feed are not bioengineered foods.

## NMPF, Other Farm Organizations Challenge Dannon's "Sustainability Pledge"

In fall 2016, NMPF assembled a powerful coalition of farm organizations to denounce the "fear-based marketing" embodied in dairy company Dannon's sustainability "pledge," which suggested that using non-genetically modified ingredients in its products – including in feed – makes them environmentally superior. In a strongly worded rebuke, NMPF and five other farm groups wrote a letter to Dannon's head of U.S. operations.

"Your pledge would force farmers to abandon safe, sustainable farming practices that have enhanced farm productivity over the last 20 years while greatly reducing the carbon footprint of American agriculture," the letter said.

The goal of the letter was simple: Hold Dannon and other companies accountable for touting disingenuous marketing claims about biotechnology foods. Following plenty of media coverage on the letter, Dannon responded, conceding two points: "currently approved GMOs are safe" and "sustainable agricultural practices can be achieved with or without the use of GMOs."

Going forward, NMPF will continue to assertively defend farm practices that are supported by sound science and necessary to the future viability of the industry.

## NMPF Coordinates Congressional Call for Enforcement of FDA Labeling Standards

In a major development that highlights the bureaucratic inaction on the misbranding of plant-based dairy imitators, NMPF worked at the end of 2016 with 32 House members to urge the U.S. Food and Drug Administration (FDA) to enforce labeling standards in the dairy case.

For many years, NMPF has defended the good name and image of milk against a rising tide of dairy imitators. For too long, FDA has refused to enforce current law specifying that milk, cheese, yogurt and ice cream have standards of identity defining them as sourced only from animal milk.

This long-standing lack of enforcement has led to confusion among consumers about the nutritional equivalence of the products they purchase. Some foods labeled as "milk" but made from seeds, nuts, grains and beans are fortified with certain vitamins and minerals, but none are standardized to contain the same package of nine essential nutrients found in milk.

Led by a bipartisan group of members including Reps. Peter Welch (D-VT) and Mike Simpson (R-ID), lawmakers urged FDA to enforce the law. This admonition is only the latest step in efforts by NMPF to ensure that dairy

imitators cannot use terms that violate labeling standards. As the 115th Congress got underway in 2017, NMPF had already coordinated efforts with Sen. Tammy Baldwin (D-WI), who introduced legislation that would force FDA to take action against mislabeled imitators. Soon after, a companion bill was introduced in the House by a bipartisan coalition led by Reps. Welch, Simpson and Sean Duffy (R-WI).



Mr. Mariano Lozano  
The Dannon Company Inc.  
100 Hillside Ave Floor 3  
White Plains, New York 10603-2863

Dear Mr. Lozano:

As leaders of major U.S. farm organizations, we are writing to express our deep concern and great dismay with your company's attack on the livelihood and integrity of our farmers that is contained in the recently released "Dannon Pledge." Under the guise of providing consumers more choices, your pledge would force farmers to abandon safe, sustainable farming practices that have enhanced farm productivity over the last 20 years while greatly reducing the carbon footprint of American agriculture.

Though touted with great fanfare as a corporate commitment to sustainability and environmental improvement, in reality the Dannon Pledge amounts to a major step backward in truly sustainable food production. Indeed, the reason the vast majority of American farmers grow crops improved with biotechnology is precisely because these crops are more sustainable than the ones they used to grow.

We doubt that informed consumers want to see an increase in insecticide applications that will be needed to fulfill your pledge. Conventional crops grown before the advent of agricultural biotechnology required extensive and intensive pesticide use, pesticides that your pledge would force farmers to return to using. We also doubt that consumers are clamoring for the increases in water and fossil fuel use, as well as increased soil erosion that would be brought on by more frequent trips across the fields with cultivation equipment to grow the crops to meet your pledge. Nor do we think consumers who care deeply about how their food is grown want to bring more land into cultivation to make up for the loss in



## Child Nutrition Measure Advances, but Falters at Year's End



Both the House and Senate took important steps at the committee level in 2016 to advance legislation sought by NMPF to bolster the school lunch and other federal food programs, but the measures did not win congressional passage at year's end.

With milk consumption in schools continuing to decline, NMPF pushed hard in 2016 for congressional consideration of the School Milk Nutrition Act, introduced by Reps. Glenn Thompson (R-PA) and Joe Courtney (D-CT), two leaders of the House Education and Workforce committees. The bill would have prompted a return of 1% flavored milk to school meals. Currently, only non-fat flavored milk or 1% white milk can be served. This policy has led to a major decline in milk consumption in schools and lower participation in the school lunch program. The congressional measure would also allow larger container sizes for milk in school lunches, as well as improvements to the WIC program, encouraging more dairy consumption.

In January 2016, the Senate Agriculture Committee passed bipartisan legislation, the Improving Child Nutrition Integrity and Access Act, which included the NMPF-backed provisions of the School Milk Nutrition Act. Later in May, the key features of this legislation were also included in the House Education and Workforce Committee's Improving Child Nutrition and Education Act. This measure, including the dairy provisions that NMPF helped develop, was approved by the committee by a vote of 20-14.

While great progress was made in the House and Senate on the nutrition issue, unrelated provisions halted the legislative prospects of both bills. As the 115th Congress begins revisiting legislation on nutrition policy, improvements NMPF has sought in this arena will once again be a priority issue on both sides of Capitol Hill.

## NMPF Nutrient Recovery Proposal Gains Traction in Congress

In recent years, federal and state regulators have encouraged the agriculture sector to reduce farm nutrient output to improve water quality in crucial watersheds, including the Chesapeake Bay, the Great Lakes region and the Pacific Northwest. NMPF's forward-looking, proactive approach to this issue gained significant, bipartisan traction in Congress in 2016. Last summer, NMPF secured House and Senate introduction of the bipartisan Agriculture Environmental Stewardship Act, authored in the House by Reps. Ron Kind (D-WI) and Tom Reed (R-NY), and in the Senate by Sens. Sherrod Brown (D-OH) and Pat Roberts (R-KS).

Developed by NMPF in partnership with the American Biogas Council, this important legislation would enable dairy farms of all sizes to reduce their environmental footprints by increasing their investments in new technologies aimed at reducing nutrient levels. The bill would create a new investment tax credit for nutrient recovery and biogas systems, which can transform manure into fertilizer for crops and bedding for cows. This will broadly benefit society by decreasing nutrient runoff in waterways, reducing farm odors and improving water quality on farms and in communities.

NMPF has built strong support for the legislation since it was first introduced, including 30 bipartisan House co-sponsors and numerous stakeholder endorsements. The bill's sponsors serve on the tax-writing committees that are expected to undertake broad tax reform legislation in 2017. NMPF will continue to work with them to enact this bill as part of that process.



A Trident nutrient recovery system.

## New Legislation Advances to Clarify Solid Waste Law



To clarify the role of the Resource Conservation and Recovery Act (RCRA), a law enacted to oversee the safe disposal of solid waste, Rep. Dan Newhouse (R-WA) introduced the bipartisan Farm Regulatory Certainty Act in summer 2016 to affirm that RCRA was not intended to cover agricultural operations. NMPF worked closely with Newhouse on crafting this bill, building support within the agriculture sector and securing key cosponsors, including bipartisan leaders of the House Agriculture Committee and newly appointed Energy & Commerce Committee Chairman Greg Walden (R-OR), whose committee has jurisdiction over the bill.

In recent years, the law has been used to target dairy and livestock farmers, even those who have demonstrated that they are following approved plans for using manure as fertilizer. Two years ago, a federal court ruled in response to litigation that several dairy farmers in Washington state had inappropriately managed animal manure under RCRA, even though the law was not intended to govern agricultural practices like the management of animal manure.

NMPF supports Newhouse's initiative as a means to ending confusion among farmers about environmental regulations while keeping in place all laws that currently govern agriculture. Newhouse has introduced the measure again in the 115th Congress, and NMPF will work with him and other House leaders to secure its enactment.

## NMPF Continues to Highlight Need for Immigration Reform

NMPF maintained its leadership role on behalf of the dairy industry in the controversial discussion about immigration reform during the 114th Congress. In the past year, immigration reform efforts in Congress ground to a halt, but NMPF, through its leadership in the Agriculture Workforce Coalition (AWC), continued to highlight the workforce challenges faced by farmers across the country, stressing the need for a resolution to the issue.

Co-founded by NMPF, the American Farm Bureau Federation, National Council of Farmer Cooperatives and others, the AWC led efforts to raise awareness about the challenges the agriculture industry faces, including farms' labor needs and the role of immigrant workers in filling those jobs. This advocacy ensured that "enforcement-only" legislation pursued by some in Congress – a focus that would be devastating for many farm employers – did not gain traction or see any legislative action in 2016. With the presidential campaign focusing a great deal of attention on the subject, NMPF also worked to educate both candidates and members of Congress on the unique challenges facing the dairy sector.

As the 115th Congress begins, NMPF and its members will continue to educate the House and Senate, as well as new Trump Administration officials, about agricultural workforce needs. This will be particularly important given the enforcement agenda President Donald Trump has already initiated at the beginning of his term. While NMPF has long supported immigration security measures, the organization has done so with the caveat that such provisions should only be pursued if they are accompanied by reforms that protect current workers, and ensure a smooth transition to a visa program that provides dairy farmers with access to future workers.





## Trade Policy

### Trade Enforcement Remains Focus with Canada, TPP and TTIP Agreements

In a year when trade issues drew bipartisan criticism on the presidential campaign trail, NMPF continued to advance U.S. dairy trade policy goals in 2016 by constantly highlighting the importance of access to global markets for American dairy farmers. From Asia to North America to Europe, NMPF – in concert with the U.S. Dairy Export Council (USDEC) – was at the heart of tackling threats to the ability of the U.S. dairy industry to compete worldwide.



Although the focus of the Trump Administration's trade policies was still to be determined at the end of 2016, both the new administration's officials, and congressional leaders, have been touting the need for strong trade enforcement to ensure that U.S. trade agreements work as intended, and that America's trading partners live up to their obligations. This philosophy

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In 2016, NMPF fought against a Canadian policy aimed at closing a **\$150 million** market for U.S. dairy exports, and robbing the United States of other opportunities to sell milk powders globally.

was the core of much of NMPF's work throughout 2016, which created a natural bridge between dairy-specific issues and the focus of the administration's new leadership.

NMPF highlighted three major trade policy issues during interaction with members of Congress last year:

1. Creating broad-based awareness of Canada's pervasive disregard for its dairy trade obligations and building high-level political support for combatting this systemic problem. As Canada proceeds in 2017 with its plans to further disrupt both U.S. exports to Canada and global skim milk powder trade, this issue is already firmly established as a trade priority requiring resolution. NMPF worked throughout 2016 to build political support for confronting Canada on its trade violations. These efforts were reflected in comments from Senate Minority Leader Chuck Schumer and Wisconsin Gov. Scott Walker, among others.
2. Fostering a strong and vocal insistence on ensuring that barriers to U.S. agricultural exports do not take a back seat in the rush to wrap up the Transatlantic Trade and Investment Partnership (TTIP) agreement. For much of 2016, there was a concerted push to conclude TTIP, despite the EU's adamant refusal to satisfactorily resolve not only dairy-related issues, but also those of most other agricultural sectors. NMPF's Board of Directors declared its opposition in March 2016 to any TTIP agreement that did not fully

address U.S. dairy export concerns. National Milk encouraged other agricultural sectors, as well as Congress, to voice similar concerns, helping ensure that TTIP was not concluded. Its future is unclear as 2017 begins.

3. Securing clarification on how certain critical elements of the Trans-Pacific Partnership's (TPP) provisions would be implemented, in preparation for the possibility of congressional action. When the text of TPP finally became public, it was clear that several terms of the agreement could have had unintended consequences, including providing additional access to the United States beyond what was envisioned, or putting at risk U.S. access to markets such as Japan and Canada. Although the Trump Administration formally withdrew from TPP in early 2017, NMPF believes that some valuable portions of the agreement could be incorporated into future trade pacts

## Building Regional Bridges to Further U.S. Dairy Farmer Goals



In addition to formal negotiations on trade agreements, NMPF expanded alliances in 2016 with key international partners to further the interests of U.S. dairy farmers worldwide.

The most important achievement in this area was the newly established Dairy Alliance with the United States' most important and reliable trading partner: Mexico. As the United States faces heightened commercial competition in this critical market, potential political constraints on U.S. dairy sales, and possibly the renegotiation of the North American Free Trade Agreement, the newly solidified relationship with the Mexican dairy sector will provide the platform for combating these challenges.

Likewise, NMPF worked to build alliances in FEPALE, the Pan-American Dairy Federation organization that includes all countries in Latin America. A key goal of this partnership is to provide the necessary tools for Latin American dairy colleagues to work in tandem with them in support of

mutual interests. In 2017, NMPF will build on its strengthened partnership during this critical period for dairy's No. 1 export market, including a trip to meet with Mexican industry and government representatives.

NMPF also continued to build strong local partnerships to address the competitive disadvantage the dairy industry faces in supplying the Chinese dairy market due to competitors' trade agreements with that country. Last year, NMPF staff traveled to China to pursue equitable tariff treatment for U.S. suppliers compared to those from Oceania. Those discussions also underscored the importance of ensuring that broader regulatory issues affecting Chinese dairy plant registration requirements be resolved without the disruption of U.S. dairy exports. NMPF also partnered last year with USDEC to restore open trading conditions with China through the creation of a U.S. – China memorandum of understanding.

In a related development in 2016, a shift in dairy certification requirements in the last few years has threatened U.S. access to key markets. NMPF fought that trend by pursuing an internationally agreed-upon model for use by multiple countries, which could help curb these types of regulatory-driven market threats. To further this goal, NMPF spoke about this concept at the Asia Pacific Economic Cooperation (APEC) forum in 2016. This laid the groundwork – through extensive work with the U.S. government – for this year's proposal for a workshop to develop an APEC model dairy certificate.

## Safeguarding Dairy as a Global Childhood Nutritional Mainstay



National Milk successfully battled a bizarre proposal in spring 2016 from the World Health Organization (WHO) that would have discouraged the promotion of dairy products among toddlers worldwide. WHO's nonsensical recommendation – pursued in the name of encouraging

breastfeeding – flew in the face of clear scientific support for the benefits young children derive from consuming dairy. In recognition of the importance of early childhood nutrition, NMPF marshalled allies across the dairy community here and around the world to blunt the potentially harmful impact of this declaration.

Months of engagement with Congress and various Obama Administration agencies culminated with a call from NMPF and the International Dairy Foods Association (IDFA) to President Barack Obama to explain the seriousness of the issue. Leading congressional dairy supporters, including House Speaker Paul Ryan, Senate Finance Chairman Orrin Hatch, Senate Finance Ranking Member Ron Wyden, and Ways & Means Chairman Kevin Brady, voiced similar concerns to high-ranking officials throughout the administration.

Ultimately, the U.S. government agreed with NMPF's view that global public health policy must continue to reflect the important role dairy plays in child nutrition, and U.S. statements at the concluding World Health Assembly meeting echoed this fact.

## Keeping Doors Open to U.S. Sales of Foods with Common Names



NMPF's continued support in 2016 for the Consortium for Common Food Names (CCFN) furthered dairy farmers' goals of ensuring that global markets remain open to value-added, high-return dairy products, particularly as global demand for cheese continues to grow. Dedicated to preserving the rights to use common food names such as mozzarella and parmesan, CCFN coupled its market-by-market work to further that goal with several key developments NMPF executed:

- A seminar co-hosted by CCFN and the U.S. Patent and Trademark Office educated U.S. companies on how to take direct action – domestically and overseas – to help preserve

*continued on page 14*

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common names of commercial significance in the face of European Union (EU) efforts to use geographical indications to block their use.

- CCFN commissioned an independent economic report that was conducted by Informa Economics to assess the harm to the U.S. dairy industry if the use of various common cheese names were barred (see side bar story).

- Public events that highlighted the importance of preserving common food names, such as a U.S. Agricultural Export Development Council panel session, multiple congressional briefings, a briefing for Chinese officials who manage the country’s GI system, and a discussion with key Mexican officials as Mexico engages in free trade talks with Europe.

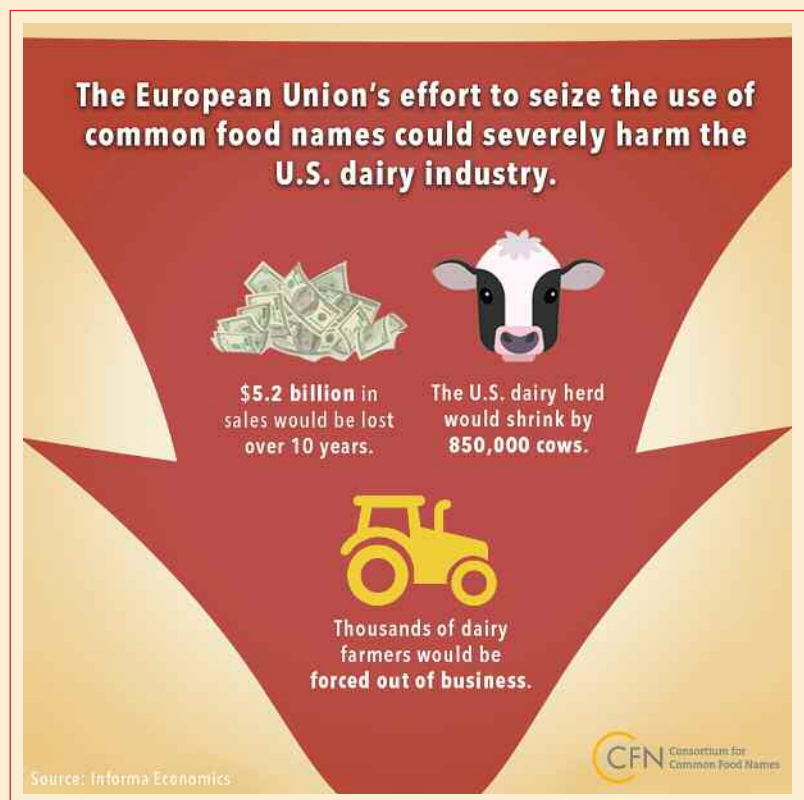
NMPF will continue to support CCFN’s global activities to preserve sales opportunities for U.S. companies, as well as the widest range of demand for American dairy farmers’ milk.

## Report Reveals Economic Loss if EU Restricts Common Food Names

Surrendering to an EU seizure of common food names would cost the U.S. dairy industry billions of dollars, slash domestic cheese consumption and increase prices for consumers, according to a report released in fall 2016 by the Consortium for Common Food Names, of which NMPF is a member. The 60-page analysis revealed that the decline in U.S. cheese consumption due to the loss of common food names could amount to \$2.3 billion in lost sales in three years, and \$5.2 billion in 10 years. Furthermore, it could cost farmers a cumulative \$59 billion in revenue and force several thousand family dairy farms out of business.

“The damage Europe’s GI agenda could do to the U.S. dairy industry is severe,” said NMPF President and CEO Jim Mulhern. “By 2025, our dairy farmers would lose up to 15 percent of their income and the U.S. dairy herd would shrink by up to 9 percent, or 850,000 cows. Thousands of dairy farmers would be forced out of business. That’s not a cost worth forcing upon our farmers just to benefit European cheesemakers. These are terms used around the world for generations, not ones that should be awarded to some European companies for their exclusive use.”

The EU effort to stake its claim to geographical indications (GIs) would unfairly grant European food producers a huge commercial advantage, and would force farmers and food producers outside of Europe to rebrand familiar foods with unfamiliar names.







## Regulatory Affairs

### NMPF Continues Battle Against Expanding Access to Raw Milk



NMPF continued its state-level outreach efforts to prevent the loosening of restrictions on the marketing and sale of raw milk. NMPF has been an industry leader and vocal defender of public health as it takes repeated stances against state efforts to make raw milk more accessible to consumers.

In 2016, at least five state legislatures considered bills to relax food safety regulations on raw milk. NMPF worked with dairy processors in urging lawmakers and governors to maintain existing protections for consumers. In letters written jointly with the International Dairy Foods Association (IDFA), NMPF said the various bills should be voted down “due to the significant public health risks associated with the consumption of raw milk.”

Among other bills, NMPF strongly opposed the following state legislative efforts:

- Maryland House Bill 0079, exempting from regulation the distribution of raw milk and raw milk products from producers directly to the consumer;

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- Virginia House Bill 619, exempting from regulation dairy foods processed in private homes or farms;
- Virginia House Bill 62, exempting milk producers from production requirements (pasteurization);
- West Virginia Bill 387, easing regulation of the statewide sale of raw milk;
- New Jersey Assembly Bill 696, allowing state-wide direct sale of raw milk and milk products; and
- Louisiana Senate Bill 29, easing regulation of the statewide sale of raw milk.

In explaining its opposition to the various proposals, NMPF cited a 2012 report from the Centers for Disease Control and Prevention (CDC), which listed 73 known foodborne illness outbreaks between 1993-2006 that were associated with unpasteurized dairy products. The CDC concluded that unpasteurized milk was 150 times more likely to cause illness than pasteurized milk, and that nearly 75 percent of raw milk-associated outbreaks have occurred in states where sale of the product was legal. NMPF warned state lawmakers that relaxed regulations will lead to more foodborne illness, with nearly two-thirds of all raw milk disease outbreaks involving children.

The West Virginia bill was signed by Gov. Earl Ray Tomblin in March 2016, despite NMPF and IDFA urging him to veto the legislation, as he did with a similar measure in 2015. The Maryland raw milk bill was withdrawn by its sponsor. The Louisiana bill passed the Louisiana Senate, but was voted down in the House Agriculture committee. Louisiana remains one of the last southern states that does not allow the sale of raw milk.

## NMPF Scores Big Win on “Added Sugars” Definition

When the U.S. Food and Drug Administration’s (FDA) final regulation for the labeling of added sugars was released in 2016, NMPF achieved a significant victory, as the measure did not include some forms of lactose in its list of label requirements.

This was a significant achievement for the dairy industry and directly reflected the comments NMPF submitted to FDA on

its proposal for how to describe added sugars on the nutrition facts label. National Milk cautioned that the agency’s proposed definition of “added sugar” would lead to confusion between the natural lactose of dairy ingredients and other sugars such as sucrose.



While the majority of the final regulation did not differ from what FDA had initially proposed, the agency did adjust its definition of added sugars so that, while lactose alone is considered an added sugar, the lactose in dairy ingredients will not be treated as such.

In the final rule, FDA requires a declaration of “includes X grams of Added Sugars.” This means the naturally occurring lactose present in dry dairy ingredients such as milk powder and whey (except for certain forms of lactose) won’t have to be labeled as added sugar.

The new FDA label places more emphasis on overall calories and updates the daily values assessment to help consumers understand the relative nutrient content of certain foods. It also adds Vitamin D and potassium as nutrients that must be declared, joining calcium and iron on the label. Vitamins A and C will no longer be required, but can be included on the label on a voluntary basis.

At the same time, FDA released its final regulation updating serving sizes and reference amounts customarily consumed (RACC) for foods. The final rule requires dual-column labeling for foods that contain at least 200 percent but no more than 300 percent of the RACC, indicating nutrition information both “per serving” and “per package.”

In 2014, NMPF submitted comments opposing FDA’s proposal to increase the serving size for ice cream from one-half cup to one cup, while supporting a decrease in the serving size for yogurt from 8 ounces to 6 ounces. In the final rule, the RACC for yogurt was decreased to 6 ounces, and the RACC for ice cream increased to two-thirds of a cup. For most manufacturers, the revised labels will take effect in 2018.

## NMPF Pushes Back on FDA, Reaffirms Functionality of Sodium in Cheesemaking

A proposal by the U.S. Food and Drug Administration (FDA) to reduce the sodium content of cheese drew strong opposition from NMPF because of wide-ranging concerns about the dramatic impact on the leading dairy product made in America.



FDA released a draft guidance in 2016 recommending that the estimated average U.S. sodium intake of 3,400 mg per day be reduced to 2,300 mg per day during the next 10 years. In its formal response to the agency, NMPF suggested FDA drop its proposal to include cheese in its sodium reduction

efforts, emphasizing the complex role of sodium in cheese quality, functionality and safety.

NMPF was joined by the International Dairy Foods Association (IDFA) in challenging the proposed sodium reduction targets. Both organizations encouraged FDA “in the strongest way possible to remove the entire cheese category from the sodium reduction guidance,” their comments stated. “Salt plays a crucial role in the manufacture and ripening of natural and processed cheeses and impacts overall product functionality, safety, and quality.”

In a parallel effort focused on FDA sodium guidelines, NMPF suggested that FDA had overlooked two other potential food categories for sodium reduction: imitation dairy beverages (e.g. soy and almond “milks”) and imitation dairy products (e.g. soy “cheese” and rice “yogurt”).

“Unlike with milk, where sodium is naturally-occurring, sodium is added to imitation dairy beverages and imitation dairy foods for taste, and in amounts greater than what is needed for microbial safety and product stability,” according to NMPF. As these sodium reduction efforts continue, NMPF will push back against nutrition policies that jeopardize the quality and safety that has been long established by the dairy industry.

## FDA and NMPF Collaborate on Intentional Adulteration Rule

The significant changes brought about by the Food Safety Modernization Act (FSMA) continue to reverberate throughout the food system. In 2016, NMPF challenged state and federal regulators to ensure that dairy farmers and processors aren’t unduly burdened by the new policies generated by FSMA.

In May, the U.S. Food and Drug Administration (FDA) issued the last of the seven major rules under the overall FSMA structure, titled “Mitigation Strategies to Protect Food Against Intentional Adulteration,” otherwise known as the Food Defense Rule. The rule requires certain facilities to create and maintain written food defense plans. This rule somewhat parallels FSMA’s “Preventive Controls Rule for Human Food,” with the exception that it deals with purposeful bad acts against the food system.

NMPF has continually pushed back on the inclusion of dairy farms in the Food Defense Rule, and FDA chose not to include farms at this time. When FDA issued the rule, it acknowledged that NMPF had clarified for the agency that many of its farm-centered mitigation strategies were impractical or ineffective. One of its more contentious proposals was to lock farm milkhouses. State regulators opposed the action, as they felt it impeded their access to milk storage facilities. NMPF said the proposal would have been ineffective because a focus on just one of many points of access to the milk supply would be fruitless.

NMPF also asserted that the regulation of dairy farms is limited by statute to situations where there is high risk that a dairy farm could be intentionally contaminated to inflict massive human casualties. NMPF said that no credible national intelligence supports the theory that dairy farms are at high risk. In the future, FDA plans to work with the National Conference on Interstate Milk Shipments (NCIMS) to further explore this issue.



FDA FOOD SAFETY  
MODERNIZATION ACT

During the summer, FDA asked NMPF to organize an evaluation team to review Version 2.0 of its popular Food Defense Plan Builder tool, an easy-to-use and innovative software program that creates customizable food defense plans. National Milk completed that evaluation in August 2016. FDA plans to reissue a final version of the tool in early 2018. The software was created using knowledge gleaned from the numerous vulnerability assessments provided by NMPF and others in the dairy sector. NMPF also helped FDA organize a cheese manufacturing vulnerability assessment during the summer, which included a plant tour in Wisconsin.

## NMPF Staff Provides Food Safety Training to Member Cooperatives



Participants attend a training on the FSMA Preventive Controls for Human Food rule in New Ulm, Minn.

National Milk offered a new member service in 2016: Dairy cooperatives were able to receive staff-led trainings to help them comply with the requirements of the Food Safety Modernization Act.

Early in the year, NMPF staff members Clay Detlefsen and Beth Briczinski were certified as Preventive Control for Human Food lead instructors, enabling them to conduct qualified individual training for nearly 60 people at two dairy plants in Minnesota and Arizona. NMPF staff are available to conduct additional qualified individual training in the future as requested by the membership.

The new Preventive Controls for Human Food rule requires facilities to have a food safety plan created and overseen by a qualified individual. While the rule does not require each facility to have its own qualified individual, NMPF suggests that each dairy facility have one or more, given the magnitude of the work required. The training requirements for this rule, and soon other FSMA rules, were created by the Food Safety Preventive Controls Alliance under a contract with FDA.

## NMPF Backs Establishment of Water Quality Trading System in Maryland

In an effort to establish a model state environmental program that will benefit dairy producers across the country, NMPF worked in 2016 to foster the launch of a water quality trading program in Maryland. The state, which is bisected by the increasingly nutrient-polluted Chesapeake Bay, is preparing to relaunch its water quality trading program in 2017 with a focus on point-nonpoint trading between agricultural sites and municipal sewage and water facilities. NMPF has

advocated for sensible improvements in the Maryland program to create long-term opportunities for farmers.

Water quality trading programs typically focus on best management practices (BMPs), such as planting trees and cover crops, and using fencing. NMPF has pushed state officials to move beyond these basic practices, incorporating more advanced technology and establishing long-term trading in nutrient credits.

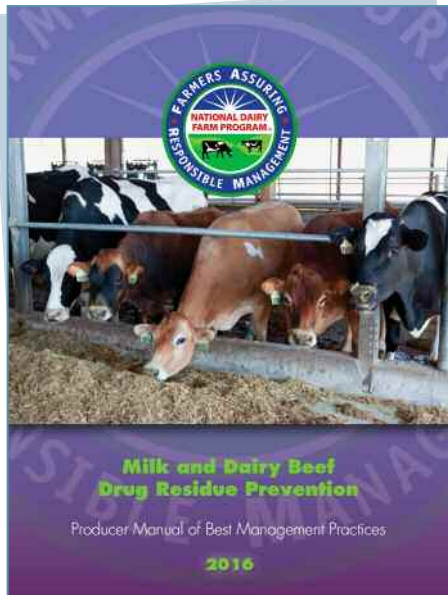


Maryland's nascent effort is promising, as most water quality trading projects in existence or in development have struggled and only had limited success. Thus, a successful, sophisticated program in Maryland could serve as a model for water quality trading networks elsewhere in the United States.

So far, the state agrees with National Milk that nutrient-removal technologies should have a place in its trading program. The U.S. Environmental Protection Agency (EPA) also noted that nutrient-recovery technologies provide palpable and verifiable nutrient reductions, which can eliminate the uncertainty that arises when attempting to assess BMPs. Maryland is also amenable to allowing long-term trades, and is considering a 5- to 15-year timeframe. A longer time frame is key in securing financing for nutrient-removal technologies. NMPF will continue its advocacy in 2017 to build on the promise of this initiative, and to spread that success to other watersheds.

NMPF and its cooperatives are also working in Pennsylvania to push for legislation that would create a water quality trading program. The bill would fund the installation of enhanced nutrient removal technology and conservation practices to reduce total nitrogen and phosphorus, and prevent those nutrients from reaching the Chesapeake Bay. To date, Pennsylvania has failed to meet the nutrient reductions required by the Chesapeake Total Maximum Daily Load (TMDL), which could subject the state to EPA penalties. A water quality trading program like the one NMPF is pursuing in Pennsylvania would allow the state to comply in a cost-effective manner.

## Focus on Antibiotics Stewardship Intensifies in 2016



With farmers increasingly facing scrutiny about their use of antibiotics, NMPF expanded its advocacy efforts on this sensitive issue. At a variety of major public conferences on antibiotic use, NMPF defended farmers' ability to maintain the judicious use of antibiotics in dairy cattle for the treatment, control and prevention of disease.

One of NMPF's primary tools to foster proper antimicrobial stewardship is its drug residue avoidance manual, which was updated in 2016 and distributed across the industry. Antibiotic stewardship is now one of three pillars of the National Dairy FARM Program, alongside Animal Care and Environmental Stewardship.

Several of NMPF's members tapped the organization's expertise on the issue in 2016 as dairy customers continued to ask questions and seek corroboration about on-farm pharmaceutical use. NMPF offered responses to the responsible sourcing questionnaires circulated to cooperatives by their processors and retailer clients.

### PACCARB

Presidential Advisory Council on Combating Antibiotic-Resistant Bacteria

At the national policy level, NMPF participated in several meetings of the White House-led Presidential Advisory Council on Combating Antimicrobial Resistant Bacteria (PACCARB). In May, NMPF shared with the PACCARB the dairy industry's commitment to the responsible use of antibiotics, and in particular its proactive approach to animal wellbeing through the FARM Animal Care Program. The PACCARB effort continues to explore best practices for antibiotic use in both human and animal medicine.

In March, NMPF asked USDA's Food Safety and Inspection Service to maintain the integrity of the National Residue Monitoring Program for animals at slaughter. Currently, USDA conducts exploratory assessments of environmental contaminants and other potential chemical hazards in

livestock at slaughter. NMPF requested this approach be applied to animal health chemical residues that do not have established tolerances.

In the international arena, NMPF took center stage representing U.S. dairy interests at important forums. Last May, during its 84th General Sessions, the World Organization for Animal Health reaffirmed its commitment to combatting antimicrobial resistance (AMR) through strategies to decrease use, monitor resistance and provide guidance on alternatives. NMPF helped ensure this approach is consistent with U.S. dairy sector strategies.

In September, NMPF represented U.S. dairy farmers at a high-level meeting on AMR hosted by the United Nations in New York City. The meeting concluded with the adoption of a political declaration affirming the importance of addressing AMR throughout the world. Again, National Milk's engagement was important in helping shape the outcome so that on-farm uses are not unfairly targeted as the issue gains scrutiny.

In November, NMPF represented U.S. dairy interests at a Codex meeting as the international food standards organization delved into antibiotic use in the livestock sector. NMPF helped finalize the Codex body's revised guidelines to monitor for and reduce the incidence of antibiotic resistant bacteria. This work was also made possible through support from the U.S. Dairy Export Council.

Coming in 2017 is the updated annual drug residue manual, plus a new antibiotic stewardship pocket guide and mobile app.

## NMPF Engages at Global Level to Guard Against Foreign Animal Disease Outbreak

In 2016, foreign animal disease preparedness remained a top animal health priority for NMPF. In May, during the 84th General Sessions of the World Organization for Animal Health, the United States concluded a series of bilateral animal health agreements on foreign animal disease preparedness and response. These negotiations resulted in outcomes that were advocated by NMPF, including:

- Creating an international animal health emergency reserve with Australia, Canada, Ireland, New Zealand and the United Kingdom;

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- Agreeing to Foot and Mouth Disease (FMD) vaccine sharing with Australia, Canada, Mexico and New Zealand; and
- Formulating zoning for foreign animal disease outbreaks with Australia, Canada and New Zealand.

The combination of formalized prevention strategies, an agreement on vaccine allocation, and regional disease status distinctions will help preserve the economic health of the U.S. dairy sector in the event of a foreign animal disease outbreak.

NMPF also continued work in 2016 with USDA and other agencies on the Secure Milk Supply program. Through a cooperative agreement between USDA's Animal and Plant Health Inspection Service, the Center for Food Security and Public Health, the American Association of Bovine Practitioners and the National Cattleman's Beef Association, NMPF helped finalize three new biosecurity posters for dairy farmers and veterinarians:

- General biosecurity in English and Spanish;
- Visitors with animal contact biosecurity in English and Spanish; and
- Visitors without animal contact biosecurity in English and Spanish.

In August, NMPF staff were part of a team that conducted the first review of the USDA National Veterinary Services Laboratory (NVSL) in nearly 20 years. The NVSL serves as a reference



laboratory, a center of expertise and guidance on diagnostic techniques, and a cornerstone for foreign animal disease monitoring and diagnostics. The review team identified several overarching themes across six evaluation categories that USDA will use to modernize the NVSL and overall U.S. FMD preparedness.

Finally, NMPF's advocacy for a functioning FMD vaccine bank brought additional attention to this important issue. In February, the House Agriculture Livestock and Foreign Agriculture Subcommittee held a hearing to examine U.S. animal agriculture's preparedness in the event of an FMD outbreak in this country, bringing to light the need for an enhanced FMD vaccine bank. In May, at the USDA Secretary's Advisory Committee on Animal Health meeting, John Mahoney, DVM, a member of NMPF's Animal Health and Wellbeing Committee, spoke to the importance of a fully functional FMD vaccine bank. Dr. Mahoney also stressed the need for "vaccinate-to-live" strategies for the U.S. dairy industry, so that cattle exposed to FMD do not need to be culled after an outbreak.

## NMPF Advocates for Dairy Health Programs on TB, Brucellosis and Johne's

As the U.S. Department of Agriculture (USDA) considered changing its brucellosis and bovine tuberculosis mitigation programs last year, NMPF spoke out on the potential drawbacks to the dairy sector regarding plans by the agency's Animal and Plant Health Inspection Service (APHIS) to weaken the programs.

APHIS had proposed significant operational changes, including combining the two separate disease programs into a single eradication effort and establishing state standards for disease surveillance, epidemiological investigations and affected herds.

NMPF identified several concerns about the proposal, and told USDA that additional revision and stakeholder input were necessary prior to finalization. NMPF's major misgivings included the confusion caused when combining TB and brucellosis into a single standard; the lack of proper technical, workforce and financial resources available at the state level for implementation of this plan; the need to replace the current disease prevalence rate-based classification system with a system based on compliance with the Animal Health Plan; and the proposal's implications for trade in dairy and beef. USDA is currently reviewing NMPF's concerns, with a final rule anticipated in 2017.

In the area of Johne's disease prevention, NMPF told an international audience at the ParaTB Forum about the ongoing U.S. efforts led by industry and government to address the disease. The event was a one-day symposium on regional and national Johne's disease control programs, held in advance of the 13th International Colloquium on Paratuberculosis. NMPF provided an overview of current U.S. Johne's disease program efforts, highlighting the ongoing success of the voluntary Johne's control program that has been formulated and led by NMPF.

## Screening Program Shows Continued Progress in Keeping Antibiotics Out of Milk Supply

In what has become an annual 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.

Released last February, the *2015 National Milk Drug Residue Data Base* survey found that only 0.012 percent of all bulk milk tankers, or 1 in 8,300 loads, showed any sign of animal antibiotic drug residues. On-farm vigilance in following drug withdrawal times has led to a steady decline in detectable antibiotic residues, with 2015's figure falling from an already low level of 0.038 percent in 2005 – a decline of nearly 70 percent in the last decade.

All milk loads are screened for antibiotics, and any tanker that tests positive for a drug residue is disposed. This ensures that consumers receive only the safest, highest-quality product.





## FARM Program Services

### FARM Program Expands Services Across Dairy Marketing Chain

The National Dairy Farmers Assuring Responsible Management (FARM) Program continued to grow its ability to promote on-farm best practices, with 98 percent of the U.S. milk supply now enrolled in the program. The FARM Program provides assurance to customers and consumers that their milk and dairy products come from farms that take the utmost care of their animals.

In May 2016, the FARM Program welcomed two team members to help support and manage the program's day-to-day activities. Emily Yeiser Stepp is the director of the FARM Animal Care Program, and Beverly Hampton serves as program coordinator, focusing on communication and outreach. Emily Meredith continues to oversee the entire FARM team as Chief of Staff, while Ryan Bennett manages the new FARM Environmental Stewardship platform and Jamie Jonker continues to direct the Antibiotic Stewardship arm.

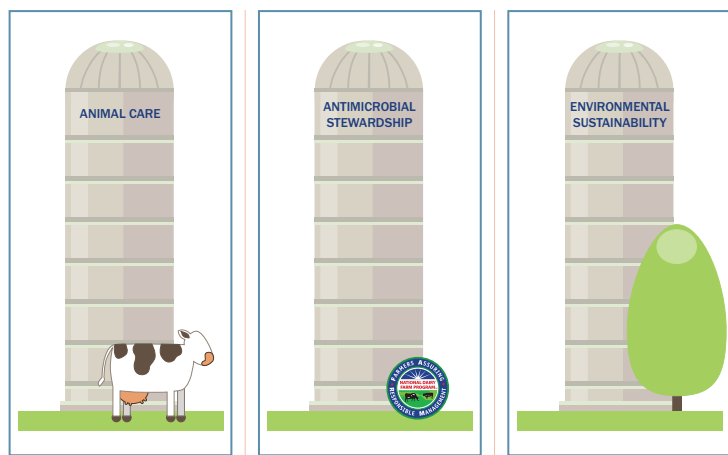


FARM focused significant resources last year on stakeholder engagement. For the first time, the program hosted a full day of programming at the American Association of Bovine Practitioners (AABP) annual conference to further engage with the veterinary community.





### The Three FARM Program Silos



Veterinarians continue to play an integral role in ensuring excellent animal care on dairy farms. With a heightened focus on the Veterinarian-Client-Patient-Relationship and Herd Health Plan documents in Version 3.0 of FARM Animal Care, the AABP meeting was an excellent venue to instill the importance of veterinary involvement.

Additionally, FARM held its first-ever Evaluator Conference in October as a professional development and networking opportunity for nearly 70 FARM Program evaluators. Topics included how to become leaders in the industry on behalf of FARM, how to help farmers embrace the program, sensitive animal care issues and the newest research related to animal welfare. Bringing together evaluators from across the country allowed for conversations around successes and challenges.

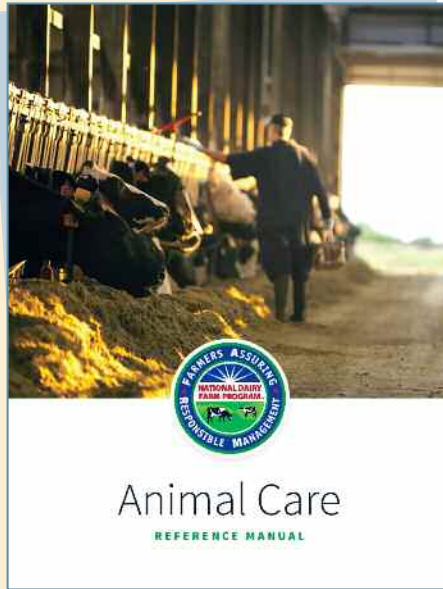
In preparation for the implementation of FARM Version 3.0 in 2017, the Animal Care program hosted four Train-the-Trainer sessions throughout the country. More than 100 trainers came to Ithaca, N.Y.; Minneapolis, Minn.; Columbus, Ohio; and Phoenix, Ariz., to participate in two days of intensive training. The first day of training was dedicated to the classroom, as participants learned the details of the newest version of FARM Animal Care and were evaluated with tests throughout the day. On day two, trainers applied their classroom knowledge on local dairy farms. These trainers are now equipped to do FARM Animal Care evaluations in addition to training evaluators within their respective organizations.

## FARM Version 3.0 Approved, Rollout Begins

The NMPF Board of Directors last March formally approved the third update to the FARM Animal Care program, kicking off the rollout of new materials to prepare members for its implementation on Jan. 1, 2017.

This latest version of FARM includes new documents and guidelines to update and strengthen the program. These requirements include a signed Veterinary-Client-Patient Relationship (VCPR) form, a signed Dairy Cattle Care and Ethics agreement, training in basic stockmanship by all employees, and the phase-out of tail docking. The FARM team spent much of 2016 hosting webinars and training sessions to prepare evaluators for this update.

Revisions to the FARM Program occur every three years and are based on input from farmers, veterinarians and others involved in the FARM Program's Technical Writing Group, NMPF's Animal Health and Wellbeing Committee, as well as recommendations received through a public comment period. The revision process began in May 2015.



The module asks a limited set of questions to assess a farm's carbon and energy footprint – reducing the burden on farmers while still providing reliable, statistically robust estimates. This tool is based on a life-cycle assessment of fluid milk conducted by the Applied Sustainability Center at the University of Arkansas, incorporating existing data from more than 500 dairy farms across the United States.

Farmers have a great story to tell when it comes to reducing their environmental footprint because of their gains in efficiency. As genetics, nutrition and cropping practices continue to become more efficient, this trend will continue. FARM Environmental Stewardship will be an easy way to document these gains and promote them to dairy customers. At the same time, FARM Environmental Stewardship can help accelerate the rate at which farmers improve their environmental footprint by

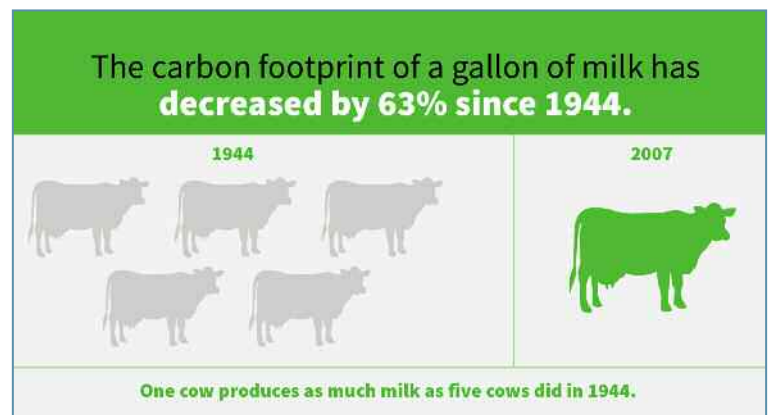
identifying areas that can both lower their greenhouse gas emissions and improve their farm's economic health.

FARM Program cooperative and processor participants will have the ability to work with individual farmers to assess their footprints starting in 2017. FARM Environmental Stewardship participants can voluntarily opt in to the new program, and staff can work with those farmers to use the tool, either in conjunction with or apart from an Animal Care farm evaluation. The FARM team has been working on creating training and educational sources for the new program, available via webinar, video and documents in the Environment section of the National Dairy FARM website.

## FARM Program Environmental Stewardship Component Launching in 2017

NMPF's National Dairy FARM Program announced last summer the creation of the FARM Environmental Stewardship module, adding to the program's existing pillars of Animal Care and Antibiotic Stewardship. FARM Environmental Stewardship, which will be available in early 2017, is a voluntary tool for co-ops and processors to use when discussing improvements in greenhouse gas reduction across the supply chain. It integrates the Farm Smart greenhouse gas assessment tool previously managed by Dairy Management Inc.

The FARM Environmental Stewardship module provides a comprehensive estimate of the greenhouse gas (GHG) emissions and energy use associated with dairy farming.





## Market Development

### CWT Assists Members in Capturing Contracts for 80.5 Million Pounds of Dairy Exports

Cooperatives Working Together (CWT) worked with its member cooperatives in 2016 to help maintain their competitive stance when the global dairy marketing environment was particularly challenging. CWT's assistance helped win 383 contracts in 2016, resulting in the export of 866 million pounds of milk.



The majority of the exports – a mix of cheese, butter and whole milk powder – was delivered in 2016, with 40 percent scheduled to ship in the first six months of 2017. CWT assists exports of dairy products that have the greatest positive impact on farmers' milk checks. An analysis of CWT-assisted export shipments in 2015 indicates these sales kept producers' milk prices from being an estimated \$0.30-per-hundredweight lower.

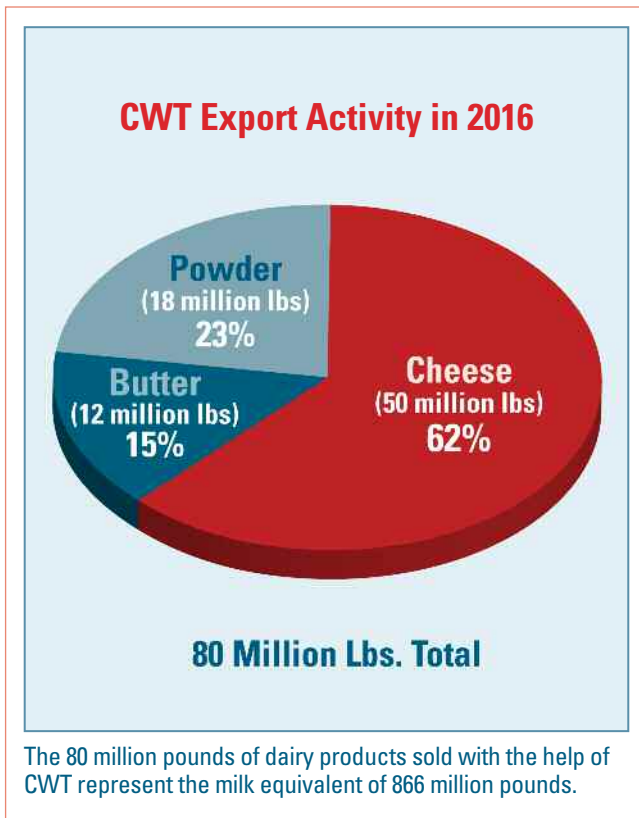
CWT member cooperatives submitted 973 total requests for CWT export assistance in 2016. Economic analysis of these requests resulted in the acceptance of 380. The assistance

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provided helped members win 283 export sales contracts for 50.3 million pounds of Cheddar, Gouda and Monterey Jack cheeses, 51 contracts for 11.9 million pounds of butter, and 36 contracts for 18.3 million pounds of whole milk powder. These products were sold to clients in 22 countries in six regions.

Fifty-seven percent of cheese sales were to Asia, with Japan being the top destination in that region. The Middle East accounted for 84 percent of butter sales, with the majority going to Saudi Arabia. South America was the top destination for CWT-assisted whole milk powder sales, with 88 percent of the contracts in Colombia.



CWT benefits U.S. dairy farmers by helping to maintain American exports of dairy products when world prices are below U.S. dairy product prices. By helping U.S. dairy cooperatives compete, CWT is a factor in the United States being a more reliable supplier of dairy products to world markets. The continuing investment of the dairy farmer members of 30 cooperatives and over 100 individual producers allows CWT to continue its operations.

## CWT Reaches Litigation Settlement

CWT's leadership team reached a legal settlement last year to protect the continued value of the Export Assistance program and to resolve a class action lawsuit filed in 2011 against CWT and several other defendants. Settlement of this legacy issue was the most sensible and responsible course of action to maintain the current CWT Export Assistance program and allow NMPF to focus on growing future dairy exports.

Under the terms of the agreement, CWT committed to paying \$52 million to the plaintiff class in a combination of cash and in-store loyalty cards to be used for the purchase of fresh milk products. It is important to note that the court found no antitrust violation and CWT made no admission of wrongdoing in this settlement. The activity at issue in this litigation — the Herd Retirement program — has long since been terminated by CWT.

NMPF and the CWT leadership have carefully managed the program's resources throughout this period to protect the future effectiveness and viability of the Export Assistance program, which has been the focus of CWT for the past six years. CWT has been positioned in a manner to ensure it is poised for a quick rebound and a strong future.

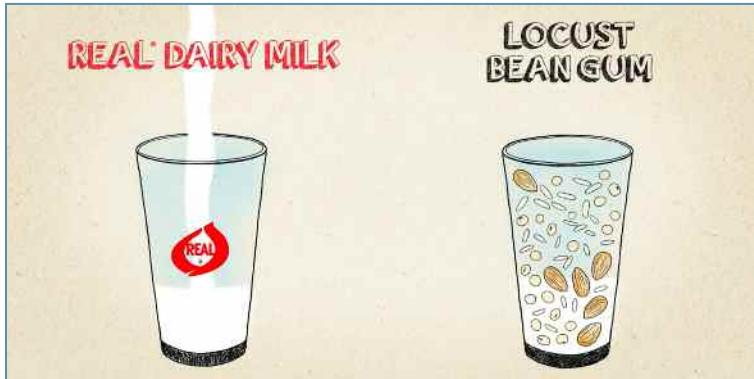
## REAL Seal Campaign Introduces Video Story Telling as Social Media Impact Grows

In what was another strong year for the REAL® Seal's social media footprint, the iconic dairy brand introduced animated videos alongside its usual colorful graphics to help illustrate the benefits of consuming real, American-made dairy. The four published videos were among the program's most popular Facebook posts last year, garnering thousands of engagements.



This is the third year NMPF has used a digital communications strategy to remake the REAL® Seal for the social media age, boosting dairy sales and using the Seal to go on the offensive against a growing list of plant-based imitation products.

The program introduced four videos in 2016, shared periodically throughout the year. Three were educational videos, sharing facts such as the nutritional benefits of real dairy and how consuming it can help the U.S. economy. One recipe video took an idea from a REAL® Seal food blogger and animated it for a fun twist on a traditional recipe card. More videos are scheduled for 2017.



On Facebook, the number of REAL® Seal fans climbed by roughly 10,000 every month to a yearly total of just under 320,000 Likes. In 2016, 141 clever images and easy-to-follow recipes continued to attract appreciation from fellow dairy lovers.

In addition to videos, the REAL® Seal featured its first guest Pinterest board in November. In honor of Thanksgiving, food blogger The Cookie Rookie created a custom board of dairy-centric recipes for the holiday table. The board was saved a total of 125,846 times with 14,411 impressions. At the end of 2016, the REAL® Seal Pinterest page had 2,332 followers and 48 original pins.

The REAL® Seal also fostered relationships with five dedicated food bloggers who carried forth the REAL® Seal mission by creating cuisine using American-made dairy products. When shared on the REAL® Seal social channels, their posts were often the most popular of the month.



THE REAL® DEAL		
REAL® SKIM MILK	VS.	SOY MILK
90	CALORIES	60
300	CALCIUM	50
336	POTASSIUM	141



## Annual Meeting

### NMPF Celebrates Centennial at Annual Meeting in Nashville



NMPF Chairman Randy Mooney presents his opening remarks at the 2016 Annual Meeting.

The 2016 Joint Annual Meeting held a special message for dairy producers as they adapt to far-reaching changes in the economy and consumer marketplace: Unite behind a common voice and follow a clear vision to create a positive image for dairy in the future.

Close to 900 attendees traveled to Nashville, Tenn., at the end of October to attend the event, hosted by NMPF, the United

Dairy Industry Association and the National Dairy Board. This year marked the centennial of NMPF's founding in Chicago in 1916.

From Oct. 31-Nov. 2, dairy producers, processors, cooperative staff and other stakeholders traveled to the Gaylord Opryland Resort to attend meetings and presentations on all things dairy. Topics included the current dairy economic outlook, the dairy export market and industry partnerships with major retailers.



**Rick Smith, president and CEO of Dairy Farmers of America, discusses the importance of the Global Dairy Platform.**

At NMPF’s Town Hall event on Nov. 1, Chairman Randy Mooney used his opening speech to discuss the many important functions of NMPF. National Milk staff presented on topics like the Margin Protection Program, animal care and the latest in regulatory affairs, followed by a question-and-answer session. NMPF President and CEO Jim Mulhern closed the day with concluding remarks on NMPF’s centennial and his vision for the organization’s future.

Mulhern said that as one of Washington’s leading agriculture policy groups, NMPF will continue its aggressive dedication to issues such as economics, trade, animal care and nutrition, even as the conversation around these issues changes.

“Defending U.S. dairy interests — here or abroad — is nothing new to National Milk. It’s our job, and it’s a job we will never shy away from,” he said. “We will speak out; we will push back when those who don’t necessarily have your interests at heart push their agenda at our expense.”

Keynote speakers included political analyst Stu Rothenberg, who shared his thoughts on the upcoming presidential election. Author and investigative journalist Nina Teicholz was a crowd favorite with her research on the changing perception of dietary fat. During the Wednesday luncheon, inspirational speaker Leigh Anne Tuohy, of “The Blind Side” fame, shared her personal story. Dairy executives Rick Smith of Dairy Farmers of America and Chris Policinski of Land O’Lakes also presented remarks. For the first time this year, television program RFD-TV attended and interviewed members of NMPF and DMI for its daily show.

*continued on page 30*

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In other annual meeting news, two new members were added to the NMPF board: Case van Steyn of Dairy Farmers of America and Beth Ford of Land O' Lakes, Inc. Retiring board members included George Mertens of Dairy Farmers of America, William Beeman of Dairy Farmers of America, Peter Janzen of Land O' Lakes, Inc. and Michael Anderson of Farmers Cooperative Creamery. These individuals were honored with certificates of appreciation. Honorary Director certificates were presented to William Beeman and Boyd Schaufelberger.



NMPF FARM Program staff Emily Yeiser Stepp (left) and Emily Meredith present at the 2016 Annual Meeting.



Political analyst Stu Rothenberg shares his thoughts on the upcoming 2016 presidential election.



Chris Policinski, president and CEO of Land O' Lakes, Inc., presents at the 2016 Annual Meeting.

For the 2016 annual NMPF cheese contest, the Chairman's Plaque was given to Associated Milk Producers Inc. for its Medium Cheddar. AMPI also took home the Communicator of the Year Award in NMPF's Communications Competition. The 2017 YC Advisory Council also elected its leadership. Adam and Melissa Griffin will head the council, Brooks and Katie Long will serve as Vice Chaircouple, and Ben and April Butler will serve as Secretary Couple.



2016 Annual NMPF cheese contest winners.



Outgoing USDEC President and CEO Tom Suber is recognized for his 20 years of work on export issues by NMPF's Jim Mulhern.



Members of the 2017 Young Cooperator Advisory Council.





## Membership

### NMPF Young Cooperators Enjoy Busy Year in D.C., Nashville



A group of Young Cooperators pose in front of the Washington Monument during their trip to Washington, D.C., in June.

Members of NMPF's Young Cooperator Program had a productive year in 2016, lobbying their Congress members on critical policy issues in June, then attending their own day of programming during the Joint Annual Meeting in October.

The National Young Cooperator Program has been a crucial part of NMPF's activities for more than 60 years. The program builds leadership skills in younger dairy farmers as they plot the future course of the dairy industry. Many of today's national leaders, including current NMPF board members, are former YCs. Young Cooperators from across the nation

*continued on page 32*

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typically meet in Washington once a summer, then again at the annual meeting.



Travis and Tamara Ridge (center), dairy farmers from Arizona, visit their representative's office in Washington, D.C., in June.

In June 2016, nearly 60 young farmers joined a contingent of NMPF board members on Capitol Hill to advocate for a sensible solution to the dispute over the proper labeling of foods produced using biotechnology. The YCs also discussed other key issues of concern with their elected officials, including the importance of balanced trade agreements and the need to create a biogas tax credit. The week ended with a Capitol Hill dinner celebrating NMPF's centennial.

More than 100 producers then came together at the end of October to attend their own day of programming during the three-day Joint Annual Meeting in Nashville, Tenn. The day included lessons on family conflict resolution, employee management, and how to create effective videos for sharing online. In the evening, the YCs headed downtown to enjoy Tennessee barbecue, country music and mechanical bull rides.

A national advisory council provides leadership for the YC Program. For 2016, members of the council included:

**Chaircouple:**

**Jason and Lisa Mesch**

Upstate Niagara Cooperative, Inc.

**Vice Chaircouple:**

**Brad and Meghan Austin**

Southeast Milk, Inc.

**Secretary Couple:**

**Thomas and Jenna Matthews**

Dairy Farmers of America

**Jason and Ashley Griffin**

Prairie Farms Dairy, Inc

**Jason and Mary Crum**

Maryland & Virginia Milk Producers  
Cooperative Association, Inc.

**Amanda Freund**

Agri-Mark, Inc.

**Shawn and Beth Vandrie**

Michigan Milk Producers Association

**Travis and Janet Clark**

FarmFirst Dairy Cooperative

**Daniel and Jenelle Thorman**

Swiss Valley Farms

**Nate and Brenda Rudolph**

Dairy Farmers of America

**Travis and Tamara Ridge**

United Dairywomen of Arizona

**Tyler and Jennifer Ribeiro**

Land O' Lakes, Inc.

**Brandon and Krista Stauffer**

Northwest Dairy Association/Darigold

## NMPF Scholarship Winners Announced

NMPF's Scholarship Committee selected three graduate students to receive awards as part of the 2016 NMPF National Dairy Leadership Scholarship Program. These students are conducting research in areas that will benefit dairy cooperatives and producers.

Scholarships were awarded to:

### Matthew Borchers



Matthew Borchers, a PhD candidate in Dairy Systems Management at the University of Kentucky, who is studying the effect of housing environment on bedding bacterial profiles and immunological function of dairy cattle.

### Brittany Shonka-Martin



Brittany Shonka-Martin, a PhD candidate in Animal Science at the University of Minnesota, who is studying a comparison of feed intake, frame size, body weight, and production efficiency of ProCROSS versus Holstein cows.

### Jennifer Spencer



Jennifer Spencer, a PhD candidate in Animal Physiology at the University of Idaho, who is studying the role of aspirin on prostaglandin secretion and alternative synchronization protocols to improve pregnancy rates in lactating dairy cows.

## NMPF Officers

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

**Ken Nobis** – *First Vice Chairman*  
Michigan Milk Producers Association

**Adrian Boer** – *Second Vice Chairman*  
Northwest Dairy Association

**Mike McCloskey** – *Third 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 & Chief Executive Officer*  
National Milk Producers Federation

## NMPF Board Members

**Neal Rea**  
Agri-Mark, Inc.

**Sheryl Meshke**  
Associated Milk Producers, Inc.

**Steve Schlangen**  
Associated Milk Producers Inc.

**Jimmy Kerr**  
Cooperative Milk Producers Association, Inc.

**William Beeman**  
Dairy Farmers of America, Inc.

**Craig Edler**  
Dairy Farmers of America, Inc.

**Brian Hardy**  
Dairy Farmers of America, Inc.

**Jerrel Heatwole**  
Dairy Farmers of America, Inc.

**Neil Hoff**  
Dairy Farmers of America, Inc.

**Jackie Klippenstein**  
Dairy Farmers of America, Inc.

**Chris Kraft**  
Dairy Farmers of America, Inc.

**George Mertens**  
Dairy Farmers of America, Inc.

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

**Doug Nuttelman**  
Dairy Farmers of America, Inc.

**Jeff Raney**  
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**George Rohrer**  
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**Dan Senestraro**  
Dairy Farmers of America, Inc.

**Rick Smith**  
Dairy Farmers of America, Inc.

**Greg Wickham**  
Dairy Farmers of America, Inc.

**John Wilson**  
Dairy Farmers of America, Inc.

**Scot Meyer**  
Ellsworth Cooperative Creamery

**Mike Anderson**  
Farmers Cooperative Creamery

**David Cooper**  
FarmFirst Dairy Cooperative

**Clint Fall**  
First District Association

**Michael Doyle**  
Foremost Farms USA

**David Scheevel**  
Foremost Farms USA

**Peter Janzen**  
Land O'Lakes, Inc.

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

**Cornell Kasbergen**  
Land O'Lakes, Inc.

**Levi Ransom**  
Land O'Lakes, Inc.

**Jim Baird**  
Lone Star Milk Producers

**Jay Bryant**

MD & VA Milk Producers Cooperative Association

**Joe Diglio**

Michigan Milk Producers Association

**Ken Nobis**

Michigan Milk Producers Association

**Dennis Tonak**

Mid-West Dairymen's Company

**Gib Martin**

Mt. Joy Farmers' Co-operative Association

**Adrian Boer**

Northwest Dairy Association

**Jim Werkhoven**

Northwest Dairy Association

**Mark Wesen**

Northwest Dairy Association

**Tony Graves**

Prairie Farms Dairy, Inc.

**Tom Pittman**

Premier Milk Inc.

**Mike McCloskey**

Select Milk Producers, Inc.

**Jonathan Vander Dussen**

Select Milk Producers, Inc.

**Joe Wright**

Southeast Milk, Inc.

**Ralph McNall**

St. Albans Cooperative Creamery, Inc.

**Keith Blake**

Swiss Valley Farms

**Keith Murfield**

United Dairymen of Arizona

**Larry Webster**

Upstate Niagara Cooperative, Inc.

## **NMPF Staff**

**Jim Mulhern**

President & Chief Executive Officer

**Weston Abels**

Office Services Assistant

**Tom Balmer**

Executive Vice President

**Ryan Bennett**

Senior Director – Industry & Environmental Affairs

**Maddy Berner**

Communications Coordinator

**Paul Bleiberg**

Senior Director – Government Relations

**Beth Briczinski**

Vice President – Dairy Foods & Nutrition

**Jaime Castaneda**

Senior Vice President – Strategic Initiatives & Trade Policy

**Clay Detlefsen**

Senior Vice President – Regulatory & Environmental Affairs

**Chris Galen**

Senior Vice President – Communications

**Khadija Gibson-White**

Program Manager – Cooperatives Working Together

**Beverly Hampton**

FARM Program Coordinator

**John Hollay**

Vice President – Government Relations

**Jamie Jonker**

Vice President – Sustainability & Scientific Affairs

**Louise Kamali**

Senior Director – Meetings & Office Services

**Emily Meredith**

Chief of Staff

**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

## 2017 Meeting Dates

### Board Of Directors Meeting

Monday, March 6 – Tuesday, March 7, 2017  
The Ritz-Carlton Pentagon City  
Arlington, Virginia

### Board Of Directors Meeting

Monday, June 12 – Wednesday, June 14, 2017  
The Ritz-Carlton  
Washington, D.C.

### NDB, NMPE, UDIA Joint Annual Meeting

Monday, October 30 – Wednesday, November 1, 2017  
Disneyland Hotel  
Anaheim, California

## 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, NMPE, UDIA Joint Annual Meeting

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

## 2017 NMPE Annual Meeting



Disneyland Hotel – Anaheim, California



Celebrating NMPF's 100th Year



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