

Grassland/Loss of Milk Market Update and Key Points as shared in Dairy Girl Network informational conference call 4-5-2017

*** This is an information only piece created for our members, media please connect directly to sources listed below.

Facts

- 75 farms across Wisconsin and Minnesota affected; shipping 1.3 million pounds of milk per day.
- Farms notified they will be cut ranged in size from 2000 cows+ to less than 50. This is not a large vs. small issue.
- Grassland had been exporting UF 85 (ultra-filtered milk with a protein content of 85 percent) to Canadian cheese makers.
- Exporting UF 85 to Canada was a result of NAFTA (North American Free Trade Agreement) according to this agreement the U.S. can export milk protein isolates (MPI) to Canada duty free. U.S. exports of MPI to Canada have grown significantly. During 2015 Canadian imports totaled 27,051 MT; 2016 at 51,462 MT and for the first two months of 2017 exports to Canada total 12,181, up 135% from last year.
- Grassland was informed of the decision to stop buying UF 85 from their Canadian customer last week Thursday and mailed letters on April 1st to inform impacted farmers. The farmers will have to find a new buyer for their milk by May 1.
- This issue is larger than just Grassland as another Wisconsin creamery Nassonville Dairy also recently cut farms, and it is larger than just Wisconsin as dozens of farms in the Northeast especially New York have also recently been notified that their milk processor will no longer accept their milk.

Why did Grassland take this action?

- Grassland officials state that their customer made this decision based on the change in Canadian law, which closes off what had been a growing market for them.
- Grassland also explained that they made adjustments to keep as much milk as possible but doesn't have the capacity to process all of it.

What is the change in Canadian Law?

- Canada has recently implemented a domestic program (Class 7 milk) to support the use of milk proteins at a competitive price to deter the use of imported milk proteins. It was just last month that the Canadian provinces began notifying that the Class 7 program was in effect.
- A result of the Canadian Government changing their compositional standards has effectively shut off UF 85 (ultra-filtered milk with a protein content of 85 percent) being imported. Likely in order to utilize more of the Canadian milk supplied by their dairy farmers who are part of their quota system.

What has been done and is being done now?

- A hotline at the Wisconsin Department of Trade and Consumer Protection has been set up, it is critical that all producers who lost their milk market call and register with DATCP. More information below in Action Items.
- Dairy Business Association of Wisconsin (DBA) and Dairy Business Milk Marketing Cooperative (DBMMC) worked to help Grassland by contacting USDA and members of the federal congressional delegation urging them to oppose the use of non-tariff trade barriers such as this. Senator Baldwin and Governor Walker were helpful however, the decision was made and Grassland had to adapt to the sudden loss of a large market.
- Many media interviews throughout Wisconsin have taken place and will continue through the week. Dairy Girl Network members have been helping with the media effort by contacting stations/outlets and finding farmers for media to interview. As a result there is tremendous awareness of this issue throughout Wisconsin.
- Government officials and federal legislators are currently reviewing Canada's compliance with the World Trade Organization (WTO) requirements at the urging of our leading dairy organizations including U.S. Dairy Export Council (USDEC), and National Milk Producers Federation (NMPF) and the American Dairy Coalition (ADC).

What other factors are involved, and points to consider?

- Concerns were also raised around futures contracts that farmers signed with Grassland, what will happen with those, will they be honored?
- Should we continue support for programs within the state of Wisconsin and across the nation designed to increase production like Wisconsin's Dairy 30 x 20 program?
- On our DGN call today there was discussion about changes in the willingness of our partners Canada and Mexico to keep borders open to agricultural trade. Are our elected officials (including the President) doing enough to manage the perception that agricultural trade is important? There is concern that we are facing this crisis without a sitting Secretary of Agriculture as appointee Sonny Purdue awaits confirmation.
- What can be done in the Farm Bill as discussion about fixing the dairy section begins in earnest?

Call to Action

If you have lost your milk market in Wisconsin:

- Farmers are to contact the DATCP (Department of Agriculture, Trade and Consumer Protection) to register their farm as an affected producer. This is very important as the Wisconsin Department of Agriculture will have the best list of producers impacted. Even if they find an alternate place to ship, they should register.
 - ✓ Contact DATCP Farm Center by calling 800.942.2474

Reach out to elected officials –how to from Karen Gefvert from Wisconsin Farm Bureau Federation

- Contact your elected member of the U.S. House of Representatives as well the U.S. Senate.
- House: <http://www.house.gov/representatives/find/> Senate: <https://www.senate.gov/senators/contact/>
- Call your state representatives also, here is link to WI: <http://maps.legis.wisconsin.gov/>
 - ✓ Email or phone call? - phone call is recommended and ask to speak with their agriculture liaison.
 - ✓ Introduce yourself by telling them your name, where you are located, that you are a dairy farmer and how many cows you have. It may also be helpful to share who you currently ship your milk to.
 - ✓ Tell them **WHY** you are calling: i.e. Grassland Dairy issue in WI
 - ✓ Then tell them **HOW** this event affects you: You lost your processor; or you are not directly affected but you are concerned about the future stability of your market for milk.
 - “If this can happen to some it can happen to many”
 - “Trade is critically important to my farm and farms across the nation.”
 - ✓ **ASK** them to support the letter in the House of Representative and creating a letter in the Senate that asks for action on the Canadian dairy trade issue.
 - ✓ If they have already signed on, be sure to thank them.
 - ✓ Close with a statement that enforces the need for swift action on this issue for both short and long term solutions. "We need solutions for these dairy farmers that have lost their milk processor and we also need to address the underlying issue of our current milk supply and it's vulnerability from the actions of our trading partners."

Know the details of your contract with the buyer of your milk.

- This was an important takeaway for the Dairy Girl Members attending today's call. They plan to ask many more questions about these incredibly important contracts.
- As dairy producers we all should know how much notice we will receive if the buyer decides to cut back.
- Ask where the products made with your milk are being sold, how stable are those markets? Are products being sold on the international market or domestically?
- Buyers and sellers of milk across the U.S. will need to adopt milk marketing agreements with more specific volume commitments and termination notices, which are common in producer milk contracts in western states.

Read More. Here are some accurate articles for more information:

- <http://www.jsonline.com/story/money/business/2017/04/05/wisconsin-dairy-farmers-shut-out-canadian-market/100087448/>
- <http://www.nmpf.org/latest-news/press-releases/apr-2017/april-5-canada%E2%80%99s-dairy-trade-actions-hurting-rural-america>
- <http://www.milkbusiness.com/article/dozens-of-wisconsin-farmers-lose-their-milk-contracts>

Contributors to this notes and resources for more information:

- Laurie Fischer -American Dairy Coalition laurie@americandairycoalitioninc.org
- Mary Ledman -Keough Ledman Associates mary@dailydairyreport.com
- Karen Gefvert -Wisconsin Farm Bureau Federation kgefvert@wfbf.com
- John Holevoet -Dairy Business Association jholevoet@widba.com

Dairy Girl Network resources:

- Laura Daniels -President lauradaniels@uwalumni.com
- Carrie Mess –Board member handling media carriemess@gmail.com
- Andrea Brossard -Topic Manager brossard_andrea@uwalumni.com
- Renee Norman-Kenny –Director of Development reneek@dairygirlnetwork.com
- For more information on Dairy Girl Network visit our Website: www.dairygirlnetwork.com