

**National Farmers Union
2007 Special Order of Business**

Dairy

WHEREAS, America's dairy producers are the economic backbone of many rural communities across the country; strong and steady milk prices are vital to the economic future of dairy producers and have a direct correlation to an adequate supply of fresh fluid milk and dairy products for consumers; and

WHEREAS, imported dairy products are distorting the U.S. milk market, displacing domestically produced products, and not required to meet the same high safety-standards as dairy products produced within the U.S.; and

WHEREAS, the value of nonfat dry milk is a key ingredient in the establishment of milk producers' prices in both the FMMO as well as California's state milk pricing program. Since August 2006, the values of nonfat dry milk reported to both USDA and California's department of agriculture's dairy pricing program have been below other price measures, causing milk prices to be lower than they should have, furthering economic hardship.

WHEREAS, current programs to promote dairy consumption to America's consumers is funded by producers, yet too often the dedicated interests of dairy producers is secondary and does not meet the integrity standards as expected by producers.

THEREFORE BE IT RESOLVED, National Farmers Union continues its steadfast leadership to promote and enhancing the economic livelihoods of America's dairy producers. In order to achieve our goal, we urge both the Administration and Congress to take the following measures:

- Establish a one percent loan program for dairy producers who lose their milk checks due to a financial default by a milk marketer. The fund should extend low-interest loans to producers for the amount of money lost in the default for a term of up to three years.
- Mandate commodity promotion programs board of directors be elected by producers that are assessed to fund the program. USDA's Office of Inspector General should investigate whether the National Dairy Promotion and Research Board has violated rules by approving grants/loans to wholly-owned subsidiaries of the cooperatives to which they belong.
- Immediately cease all imports of Grade A dairy products that do not meet the same high standards as met in the U.S.
- Prohibit imports of dairy and meat products from any nation with an active outbreak of Foot and Mouth Disease (FMD); and maintain a one-year prohibition of imports from any country following an announcement of eradication of FMD.
- Amend the Capper-Volstead Act and Internal Revenue Services rules to limit antitrust exemptions for agricultural cooperatives only to the original procurement, pricing and marketing of raw agricultural products and commodities.
- Make adequate reforms to the Federal Milk Marketing Order (FMMO):
 - Enforce rules of the FMMO to ensure adequate competition exist in all Orders;
 - Include California and all areas of the U.S. into the FMMO system.
 - Require USDA to act upon the mandate found in U.S. C. 7 Chapter 26, Subchapter III, Section 608c. 18 to adjust milk prices within the FMMO system based upon regional grain prices;
 - Reject efforts to increase the manufacturer's make-allowance, which would reduce producer income at a time when producer income is declining.
- Require all foods and commodities utilized in federally-subsidized nutrition programs, including the School Lunch Program contain only domestically-produced dairy products and ingredients that have been certified as safe under FDA's Generally Recognized as Safe program (GRAS).
- Require dairy products provided to members of the Armed Services be supplied by U.S. producers and processors, as an effort to create additional marketing opportunities for U.S. producers while reducing the potential for bioterrorism and further promote domestic dairy products.
- Full reinstatement of dairy products of the Women's Infants and Children (WIC) program.
- Extend the MILC program to expire in tandem with the remainder of the 2002 Farm Bill programs and fully restore funding levels and to be considered in the 2007 Farm Bill.
- Immediately pass legislation to address the rapidly increasing imports of MPC and other protein concentrates that distort the U.S. milk market.
- Prohibit the Food and Drug Administration from changing the definition of milk for cheese, ice cream and any other dairy product, which would reduce the nutritional value of those products and have a devastating economic impact on American dairy producers.
- Immediately investigate and review reporting procedures for the values of nonfat dry milk from July 2006 to present and establish an indemnity fund to compensate producers that have lost revenues from proven and documented incidents of under-reporting nonfat dry milk values. Both USDA and the California Department of Food and Agriculture should review pricing programs to assure dairy commodity values are accurately and fairly reported.