

MILKLINE

NEWSLETTER

FARM FIRST
DAIRY COOPERATIVE

HIGHLIGHTS: *Members 'Lead with Purpose'* p 2
Trade with China p 3

Congressional Prod to FDA p 3
Board Elects Officers p 4

CPDE Member Appreciation p 5
USDA Sustainability Framework p 5

A Year of Opportunity



In preparing my remarks for the 2020 Annual Meeting a few weeks ago, I looked back on the past year within the cooperative and realized that while there were several challenges in 2019, there were also ample opportunities.

First and foremost, we took the opportunity to remind members of the many services and resources that their cooperative offers. From the milk income loss program for members that experience a natural disaster to helping answer questions that relate to their milk tests, our FarmFirst staff is dedicated to finding answers to members' questions.

The cooperative's diversity with its milk marketing and lab testing divisions, Family Dairies USA and Fox Valley Quality Control Lab respectfully, enhances the expertise of our staff

overall while also strengthening the cooperative's ability to provide meaningful and valuable services.

Opportunity also took shape when FarmFirst was representing its members on legislative issues, here in the Midwest and in Washington, D.C. We were extremely successful in getting the Dairy Margin Coverage program implemented and having members sign up. The payments certainly did not make anyone rich nor does it make up for the past few years of low milk prices but the program is much more robust and vastly improved. Dairy farmers can now participate in both the DMC and the Livestock Gross Margin program – previously they had to pick between them. As you know, the 2019 DMC allowed for retroactive coverage and nearly 23,000 dairy farms received \$303 million.

With respect to the United States Mexico Canada agreement, our push to get the agreement signed began in earnest in May when Vice President Mike Pence visited Eau Claire to promote the agreement. FarmFirst received an invitation from the White House to attend this rally, and we also took a seat at the table to speak with the Vice President as he inquired about how the industry would benefit from the USMCA. Special thanks to Wayne Gajewski of Athens, Wis. for participating in this roundtable and a dozen other members for representing FarmFirst during this exclusive meeting.

Grassroots representation of FarmFirst continued into June, where Stephanie Hughes of Pittsville, Wis. and Kristi Dinderman of Orangeville, Ill. joined me in Washington, D.C. to visit congressional offices to discuss trade agreements, trade mitigation payments, dairy labeling, standards of identity and ag labor issues.

Members continued to be a voice of their cooperative during a gathering held by Senator Tammy Baldwin in Wausau late last fall. The dairy innovation grant funding was a highlight of the day, but our members also discussed a number of other ongoing issues.

After months of pressure and encouragement we were able to get bi-partisan passage of the trade agreement in both the House and Senate and have President Trump sign it. Now we are waiting on the Canadian government to pass the trade agreement. While the USMCA has great potential by keeping the market open to us in Mexico and addressing the Class 6 & 7 milk pricing issue, we will need to remain diligent in making sure the agreement is enforced to get maximum benefits.

2019 was the year of trade issues and disputes. We were able to get a phase 1 agreement with China but there still more to do. The year ahead will focus heavily on the implementation and

Continued on Page 5...

Dedicated to serving and representing you, our family farm members, FarmFirst Dairy Cooperative represents farms in Wisconsin, Minnesota, South Dakota, Michigan, Iowa, Illinois and Indiana through policy advocacy, dairy marketing services, laboratory testing opportunities and industry promotion.

BOARD OF DIRECTORS

President: John Rettler
Neosho, Wis. 920-625-3237

Vice-President: Steve Brock
Daggett, Mich. 906-290-1917

Secretary: Kathy Bauer
Faribault, Minn. 507-332-2870

Treasurer: Wayne Gajewski
Athens, Wis. 715-370-5078

Young Cooperator Rep: Travis Clark
Eldorado, Wis. 608-516-8789

Bob Dietzel - East Dubuque, Ill. 563-543-2368

Richard Meyer - Unity, Wis. 715-223-2058

Jean Reisinger - Spring Green, Wis. 608-546-6162

Dan Vandertie - Brussels, Wis. 920-493-7564

Brian Wozniak - Stanley, Wis. 715-703-0361

MEMBER SERVICES FIELD STAFF

Bob Hodgson - Dyersville, Iowa. 608-642-2859

Betty Lund - Mondovi, Wis. 715-491-9119

Dan Schaefer - Platteville, Wis. 608-330-1741

Rick Wolfe - Aniwa, Wis. 715-581-4321

Pat Yeagle - Winslow, Ill. 815-291-4581

Dan Zeleske - Fond du Lac, Wis. 920-323-7079

MILK MARKETING FIELD STAFF

Jeff Bradley - Columbus, Wis. 608-516-3624

Deanna Malin - Clintonville, Wis. 920-901-2173

MAILING ADDRESS

P.O. Box 14380
Madison, WI 53708-0380

MADISON OFFICE

4001 Nakoosa Trail, Suite 100
Madison, WI 53714
(608) 244-3373

Members 'Leading with Purpose' at 2020 Annual Meeting

Leading with
PURPOSE

FarmFirst Dairy Cooperative members and delegates gathered on February 14-15 to learn more about hot industry topics, approve new public policy for

2020 and look back on the cooperative's accomplishments during the past year at its eighth annual meeting in Oshkosh, Wis.

The Producer Discovery Workshops kicked off Friday afternoon, featuring Dr. Mark Stephenson, Director of Dairy Policy Analysis of UW-Madison, who shared his insight on the future of dairy markets and provided his predictions for 2020 milk prices. Dr. Stephenson noted that cheese consumption continues to rise, showcasing opportunities for growth especially abroad. While fluid milk sales have continued to decrease due to competing beverages and changing preferences, he pointed out that more people today are consuming more dairy in a variety of other ways than putting milk on their cereal, including higher protein snacks and specialty cheeses.



Dr. Stephenson acknowledged that with no Farm Bill and it being an election year means that it is unlikely that there will be dairy policy changes. He noted that he has heard more conversations regarding milk price discovery than in the past and more discussions will be taking place regarding federal order reform. While farm milk prices have improved and will be better on average in the year ahead, the entire supply chain needs to be healthy.




The second workshop featured Katie Burgess, Commodity Risk Analyst with Blimling & Associates, who shared data and statistics about the latest trends in consumer food-purchasing habits. Overall, there is overwhelming data proving that consumers are seeking convenience in accessing healthy, on-the-go food options, including individually packaged protein snacks like those paring up cheese, nuts and dried fruits. Today, consumers want to save time when purchasing food, making their purchases online to be delivered to their car in the parking lot or front door at home. As more consumers seek out digital conveniences to save time purchasing their groceries and meals, the industry must continue to evolve to meet their needs and desires.



At the cooperative's business meeting the next day, President Rettler of Neosho, Wis. reflected on the challenges over the past year, highlighting the many ways weather negatively impacted harvest and made it an incredibly challenging year on that front alone. He emphasized the importance for members to take the time for themselves. During challenging times, he reminded members to reflect on what motivated them to become a dairy farmer in the first place and not let current circumstances cloud their passion. Rettler shared the joy he had in the past year in becoming a first-time grandfather

Continued on Page 4...

visit us on
FarmFirstDairyCooperative.com

 Like us on Facebook at
www.facebook.com/FarmFirstDairyCooperative

Trade with China: Getting U.S. Dairy To Chinese Consumers



The first phase of the highly-anticipated trade deal with China began on February 14. Obviously, the big question is how the slowdown of China's economy, as it struggles to contain the coronavirus, will affect

its ability to import more U.S. products. After the tariff wars began two years ago, U.S. exports of agricultural and related products to China shrank to \$16.3 billion in 2019, down from nearly \$24 billion in 2017. The Phase I deal requires China to buy \$36 billion worth of U.S. farm products in the first year and \$43.5 billion in the second year.

How many Phases will there be?

While Phase 1 of a trade agreement with China alludes to several parts to the agreement, it is called Phase 1 in recognition that the U.S. has not gotten all the pieces in the China agreement that it wants. Tougher negotiations lie within intellectual property and manufacturing aspects of the trade deal, so trade experts are anticipating at least one more phase of the deal. Right now, emphasis will be on implementation and monitoring Phase 1.

Ag Exports Outlook

The USDA's 2020 forecast predicts more farm exports to China this year, but the agency's outlook on Feb. 20 was for a total ag

export value reaching \$14 billion in 2020, up from \$10 billion in sales to China last year – well short of the nearly \$40 billion figure the China Phase One deal is supposed to generate. The next day, President Trump hinted in a tweet that if farm exports don't rebound significantly, another round of Market Facilitation Payments may be in the future. The Trump administration has provided \$23 billion in the MFP program over the past two years to help compensate farmers affected by the tariff wars with China and other nations, but until Trump's tweets on the topic, the USDA has been telling farmers not to expect any more payments.

Chinese Announced Dairy Tariff Exemptions

U.S. dairy exporters looking to overcome the hurdles posed by Chinese tariffs have an opportunity to exempt their products from retaliatory tariffs under a plan announced by China's Tariff Committee of the State Council. The Chinese published a list of nearly 700 U.S. products, including dairy tariff lines like NDM/ SMP, dry whey and lactose, for which they are specifically inviting requests from companies in China to eliminate tariffs.

The list does not include cheese, but importers can make a request to include cheese products in the list of waivers, as the Chinese government has said that it will consider applications for other items not on the list. The ongoing outreach by NMPF-USDEC trade policy staff, in conjunction with in-country efforts by USDEC, has helped pry open the door to help importers take advantage of this opportunity. China will begin accepting additional tariff waiver applications in early March. 

Congressional Prod to FDA on Fake Dairy is Welcomed


58 members of the House of Representatives wrote to FDA Commissioner Stephen Hahn on February 18, urging the agency to quickly finish and act upon its examination of how to enforce regulations defining what may be labeled a dairy product.

"The deception caused by mislabeling of imitation products is both unfair to our hardworking dairy farmers and problematic for consumers, making it harder for Americans to make educated decisions about what they feed themselves and their families," wrote the lawmakers in the bipartisan letter, which was led by Reps. Peter Welch (D-VT), Mike Simpson (R-ID), Anthony Brindisi (D-NY), and John Joyce (R-PA).

Citing public health concerns expressed by medical groups including the American Academy of Pediatrics, the American Heart Association, the Academy of Nutrition and Dietetics, and the American Academy of Pediatric Dentistry, the members of Congress said they appreciated that Hahn saw the topic of fake dairy labeling as "a public health and nutrition matter" while calling action on it "long overdue."

Many letter-signers are also co-sponsoring the DAIRY PRIDE Act, introduced by Representatives Welch and Simpson in the House and Senators Tammy Baldwin (D-WI) and Jim Risch (R-ID) in the Senate. That legislation would designate

foods that make an inaccurate claim about milk contents as "misbranded" and subject to enforcement of labeling rules. It would require FDA to issue guidance for nationwide enforcement of mislabeled imitation dairy products within 90 days of its passage and require FDA to report to Congress two years after enactment to hold the agency accountable in its enforcement.

Hahn has voiced his support for "clear, transparent, and understandable labeling for the American people." FarmFirst has been an advocate for the DAIRY PRIDE ACT, especially considering the delay in any action by the FDA. 



Members 'Leading with Purpose' at 2020 Annual Meeting

Continued from page 2

and the importance of family and friends during challenging times for the dairy industry.

He also reminded members of the importance of continuing to engage with others that do not have an agriculture background as they become further removed from how their food is produced and those that produce it.

During the resolution session, delegates reiterated their support for the FARM program but believe greater farmer input is needed with respect to practices intended to protect the welfare of their animals. Delegates continued their strong support for getting more fluid milk options in schools and opposed size limits on milk sold or distributed in schools.

Delegates also supported farmer access to A2A2 labeling on dairy products containing the A2A2 milk from their dairy herd. Delegates also took a stance on having the Food and Drug Administration keep non-prescription medications available to producers to prevent costly veterinarian bills for common animal illnesses.

General Manager Jeff Lyon shared legislative accomplishments including implementation of the new Dairy Margin Coverage program and passage of the USMCA trade agreement. He noted that trade negotiations with China, European Union tariffs, and trade with Japan will be high profile issues in 2020. He added that the cooperative will be involved with dairy labeling, standards of identity and updating U.S. dietary guidelines.



Lyon indicated that the newly created FarmFirst Services LLC, would ensure that the milk loss program due to natural disasters would still be available to members.

He noted that the cooperative was able to reduce overhead expenses and successfully find additional sources of income.

He concluded by promoting the new "FarmFirst Future Dairy Leaders" program which will start this spring to prepare the next generation of cooperative leaders.



Dean Sommers from the Center for Dairy Research (CDR) provided an overview of the programs and services of CDR, which receives a majority of its funding from dairy checkoff dollars. Sommer shared the work and innovative dairy products the CDR has helped create and bring to the marketplace, working alongside cheesemakers and other dairy manufacturers.

During its awards program, the cooperative recognized its top milk quality awards winners for its Family Dairies USA, milk marketing division. Staff members, Jeff Bradley (15 years), Anne Simon (15 years), Cheryl Harrmann (25 years) and Bob Hodgson (35 years) were recognized for their career milestones and contributions to the cooperative. Lastly, 2019 scholarship recipients were in attendance to share their appreciation for the cooperative's scholarship program and what they plan to accomplish following graduation in a few years.

As part of the annual event, a live and silent auction were hosted to help raise funds for youth educational programming. This year's live and silent auction raised more than \$5,000 to be put towards its youth education, including college scholarships and dairy camp sponsorships.

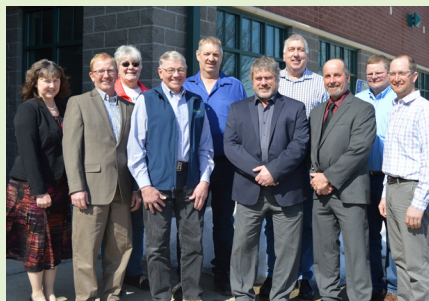
The 2021 Annual Meeting is set for February 12-13, 2021 in Onalaska, Wis. 🇺🇸

FarmFirst Board Elects Officers

John Rettler of Neosho, Wis. was re-elected as president

of FarmFirst Dairy Cooperative's board of directors. Other officers elected were Steve Brock of Daggett, Mich. to serve as vice-president, Kathy Bauer of Faribault, Minn. as secretary, and Wayne Gajewski of Athens, Wis. as treasurer.

Re-elected to three-year terms included Bob Dietzel of East Dubuque, Ill., Richard Meyer of Unity, Wis., and Brian Wozniak of Stanley, Wis.



The board of directors consists of dairy farmers, one from each of the nine districts. Jean Reisinger of Spring Green, Wis. and Dan Vandertie of Brussels, Wis. are

also members of FarmFirst's board of directors. Travis Clark of Rosendale, Wis. is the Young Cooperator Representative on the board. 🇺🇸

Member Appreciation Breakfast During Central Plains Dairy Expo



FarmFirst members are invited to attend a member appreciation breakfast taking

place on Thursday, March 26 at the Crooked Pint Ale House (located within the Holiday Inn) at 2040 W. Russell Street, Sioux Falls, SD.

Members are welcome to enjoy a warm, delicious breakfast being served from 7:00 a.m. until 8:15 a.m. while visiting with General Manager Jeff Lyon. No formal presentation is included, however Jeff and Field Representative Betty Lund will be present to visit with members about membership opportunities, disaster programs, and hear first-hand of their outlook for 2020.

Members in attendance will also receive a special FarmFirst item. Make your reservations today! Reservations allow for a more accurate meal count. Call Betty at 715-491-9119 today! 🐮

A Year of Opportunity

Continued from page 1

monitoring of Phase 1, ensuring that the full benefit for dairy is captured and redeemed in full. Additionally, we will continue to monitor tariffs on EU cheese and follow trade with Japan. Domestically our focus is on childhood nutrition (more fluid milk options in schools), updating U.S. dietary guidelines, dairy labeling and standards of identity, and ag labor.

The success of FarmFirst hinges on the involvement and commitment of its members. To ensure that FarmFirst has a stable supply of members interested in leadership roles, we launched a new leadership program, 'FarmFirst Future Dairy Leaders' focused on enhancing members' leadership skills and their understanding of cooperative business practices and a detailed understanding of the dairy industry. The program is open to all members and consists of four one-day long classes throughout the year. We have eight members participating in this year's class.

2019 was a challenging year for all of us. There was never a dull moment. Surely, 2020 will provide us with a different set of challenges and opportunities. I know that working with our board of directors, my staff and with you we will build on our past successes.

As always, FarmFirst looks forward to serving you in the year ahead. 🐮

*Article by Jeff Lyon
FarmFirst Dairy Cooperative*

LAST CALL! 2020 Scholarships Due March 31



Scholarship applications are available once again for the 2020 FarmFirst Dairy Cooperative scholarship program. The application deadline is **March 31,**

2020. Please review the application for student eligibility and criteria. Applications are available online at www.FarmFirstDairyCooperative.com or by calling 608-286-1909.

Use the online application for an easy and quick submission process!

Applicants can once again submit their application directly online via our online submission form. Printed and completed applications are also accepted. Visit www.FarmFirstDairyCooperative.com/scholarships to access the form. Please confirm receipt of your application. **Don't delay! Apply Today!** 🐮

USDA Releases Ag Sustainability Framework

At its annual outlook conference this week, the USDA announced a new Agriculture Innovation Agenda intended to improve the productivity and reduce the environmental footprint of farming in the coming decades. Agriculture Secretary Perdue said that the Innovation Agenda is a department-wide initiative to align resources, programs, and research to increase farm output by 40%, while reducing by half the environmental footprint of U.S. agriculture by 2050. This effort will focus on cutting nutrient runoff and carbon emissions, reducing food loss and waste, and increasing renewable energy production and use.

USDA's outline for achieving those targets is similar in many respects to what the dairy producer community is already focused on through our collective efforts in the Innovation Center for US Dairy's Environmental Stewardship goals, Newtrient, the Net Zero Initiative, and the FARM program's Environmental Stewardship module. These efforts are all designed to improve the environmental impact of U.S. dairy with a focus on a healthy product for healthy people and a healthy planet. 🐮

Congratulations to Dan Zeleske!



Dan Zeleske, FarmFirst Member Services Field Representative for eastern Wisconsin, was

awarded the 2019 Fieldman of the Year earlier in February at the Wisconsin Association of Dairy Plant Field Representatives Winter Conference. Dan was recognized for his dedication in providing quality service to members. Congratulations, Dan! 🐮

JANUARY 2020

	UPPER MIDWEST	CENTRAL	MIDEAST	
Order Name and Number	Order 30	Order 32	Order 33	
Producer Milk (lbs.)	2,234,479,475	1,304,962,147	1,745,098,276	
Producer Price Differential @ base zone	\$ 0.28	\$ 0.58	\$ 0.89	
Statistical Uniform Price/cwt @ 3.5% BF*	\$ 17.33	\$ 17.63	\$ 17.94	
Class I Price/cwt	\$ 20.81	\$ 21.01	\$ 21.01	
Class II Price/cwt	\$ 17.05	\$ 17.05	\$ 17.05	
Class III Price/cwt	\$ 17.05	\$ 17.05	\$ 17.05	
Class IV Price/cwt	\$ 16.65	\$ 16.65	\$ 16.65	
Component Prices & Test Avg. % aves				
Butterfat/lb.	\$ 2.1117	4.01%	4.02%	3.96%
Protein/lb.	\$ 2.9606	3.20%	3.02%	3.20%
Other Solids/lb.	\$ 0.14170	5.74%	5.77%	5.77%
SCC Adjust Rate/1000	\$ 0.00090			
Producer Milk Classified %				
Class I	10.70%	32.12%	33.30%	
Class II	6.80%	10.39	19.40%	
Class III	76.30%	36.02%	31.10%	
Class IV	6.20%	21.47%	16.20%	
	100.00%	100.00%	100.00%	



P.O. Box 14380
Madison, WI
53708-0380

PRESORTED STD
US POSTAGE
PAID
MADISON, WI
PERMIT NO. 549



Congratulations to the 2020 Leadership Program Participants!

The FarmFirst Future Dairy Leaders Program kicked off on March 4th with its 2020 program participants. Four day-long sessions will take place throughout the year, focusing on enhancing leadership skills and cooperative business knowledge. Participating members for 2020 include:

Travis Clark

Brian Dinderman

Kristi Dinderman

Jake Hoewisch

Stephanie Hughes

Abby Swan

Becky Wellnitz

Nathan Wiese

**Visit us at an
Upcoming
Tradeshow!**



Eau Claire Farm Show, Eau Claire, WI - March 3-4
PDPW Annual Business Conference, Madison, WI - March 18-19
Central Plains Dairy Expo, Sioux Falls, SD - March 24-26
Wisconsin Public Service Farm Show, Oshkosh, WI - March 31 - April 2