

MILKLINE

NEWSLETTER



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FarmFirst Advocacy Never Stops



While you have been busy planting and now harvesting hay, your FarmFirst staff and our partners in Washington D.C. have also been busy working on your behalf on several legislative and regulatory issues. Below is a brief summary of just a few of the issues we're working on.

Federal Order Reform - Earlier this spring federal order reform discussions focused on addressing the Class I mover formula adopted in the 2018 Farm Bill and how the spread between Class III and Class IV prices affected producer revenue on account of the formula. Discussions also focused on depooling of milk which is part of the reason for negative producer price differentials.

In April, the National Milk Producers Federation approved a Class I mover proposal to submit to USDA. NMPF's plan was to request an emergency hearing and only consider the Class

I mover issue. Under the NMPF proposal, the Class I mover would be adjusted every two years to reflect the difference between the former "higher of" Class III or IV and the current "average of" III and IV plus \$.74/cwt. Shortly thereafter, FarmFirst announced our support for going back to using "the higher of the Class III or Class IV price" if there is a Class I mover hearing since it has served the industry well since 2000.

"There is no shortage of issues that could affect your farming operation. Be assured that FarmFirst will continue to advocate for your interests while you produce nature's most perfect food."

Although there is low Class I utilization in the Upper Midwest, FarmFirst is supportive of addressing the Class I mover issue, but there are several other issues of importance to Upper Midwest dairy farmers and processors that need to be addressed as well. At this writing, no Class I mover proposal has been submitted to USDA.

NMPF has met with USDA to discuss their Class I proposal as well as alternatives to get money back to producers on account of related losses. To date, there are few details and many questions with respect to how any plan would be implemented, but we understand that USDA is working carefully on a plan to partly account for uncompensated losses, which may include those relating to the Class I mover. Certainly, this is not a long-term fix and FarmFirst will continue to advocate for more encompassing, permanent solutions to address federal orders.

Capital Gains - While FarmFirst is supportive of investments in the nation's infrastructure, we are greatly concerned with several proposed changes to the tax code that could impact farms and farmer assets. Primarily, our concerns are on any alterations to estate tax provisions that may increase the conditions when farmers are taxed on inherited farm assets as well as how farm and farm-related assets are taxed, due to the

repealing of the "step-up" basis that is currently used.

Ag Labor Reform - In March, the House of Representatives passed a bill that provides legal protection to current workers and reforms the H-2A agricultural guestworker program, including granting dairy employers access to H-2A. The bill is now in the Senate where passage of a bill is much more difficult due to the narrow majority.

Waters of the United States - Just when you think you have something workable, the shifting political tides in Washington D.C. generate another change in the regulatory position of the Environmental Protection Agency regarding the Clean Water Act. The EPA has announced that they will repeal the Trump Administration's rewrite of the Obama Administration

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Waters of the United States rule and attempt to rewrite again. FarmFirst will be monitoring the process to ensure that EPA does not again overreach in terms of agricultural impact in its efforts to regulate waters under the Clean Water Act.

Trade - With the expansion of dairy exports and their importance to dairy farmers' pay price, FarmFirst is actively involved with several trade issues.

Recently, the U.S and Europe Union reached an agreement to end a decades-long dispute over aircraft subsidies and retaliatory tariffs. The concern for the dairy industry is that retaliatory tariffs imposed by the EU would impede dairy and other food exports. It is our position that the U.S. needs a holistic approach to the EU's continued attempts to disrupt international trade which includes addressing EU tariff and non-tariff trade barriers.

One such EU barrier are new EU certification requirements for a wide range of food products which will add confusing and vague requirements that could impede U.S. food exports to the EU. The requirements are for imports of U.S. dairy and composite food products. The issue has the attention of Congressional leaders who have written to EU Ambassador to the United States Stavros Lambrinidis urging a delay in implementation of the new requirements and greater recognition of our system to produce safe exports.


Another issue is the chronic and unresolved challenge of finding sufficient ocean shipping capacity to facilitate dairy exports. This issue has received attention from Congress when the House Transportation & Infrastructure Committee received testimony examining the impacts of shipping container shortages and delays on supply chains critical to the global food supply.

The problem is that U.S. ag exporters continue to pay exorbitant costs to obtain containers on cargo ships or cannot get space for their goods at all. A significant contributor to the problem is that Asian exporters are paying premiums for shippers to unload at U.S. ports and return immediately across the Pacific, without taking on Asia-bound commodities like dairy, meat, fruits and vegetables. NMPF has urged Congress to allocate sufficient resources to the Federal Maritime Commission to ensure the agency prioritizes complaints of carrier malpractice to prevent shipping carriers from engaging in unfair trade practices.

Finally, in late May, the Biden Administration asked for a dispute settlement panel to investigate whether Canada has violated a commitment under the nearly one-year-old U.S.-Mexico-Canada Agreement to open its dairy market to more imports.

The Trump Administration initiated the case last December, when it accused Canada of violating the pact by setting aside and reserving a percentage of each of its dairy "tariff-rate quotas" exclusively for its own processors. That practice undermines the ability of U.S. dairy farmers and producers to use the agreed-upon quotas and sell a wide range of dairy products to Canadian consumers.

The two sides now have 30 days to appoint a panel to hear the case. Once the panel is formed, it has 120 days to decide the matter, with a possible 30-day extension.

As you can see there is no shortage of issues that could affect your farming operation. Be assured that FarmFirst will continue to advocate for your interests while you produce nature's most perfect food. 

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FarmFirst Approves of Latest Pandemic Assistance Focused on Producers



On June 15, USDA Agriculture Secretary Tom Vilsack announced additional aid to agricultural producers and businesses as part of the USDA Pandemic Assistance for Producers

initiative. Earlier this year, Secretary Vilsack announced plans to use available pandemic assistance funds to address a number of gaps and disparities in previous rounds of aid.

In March, USDA pledged to continue Coronavirus Food Assistance Program (CFAP) payments and to provide aid to producers and businesses left behind. Implementation of the assistance will continue within 60 days to include support to timber harvesters, biofuels, dairy farmers and processors, livestock farmers and contract growers of poultry, assistance for organic cost share, and grants for PPE. There is \$6 billion in available funds to support several new programs or to modify existing efforts. Specific to dairy, the following programming is planned for implementation within 60 days:

- \$400 million: The new Dairy Donation Program to address food insecurity and mitigate food waste and loss
- Additional pandemic payments targeted to dairy farmers that have demonstrated losses that have not been covered by previous pandemic assistance
- Approximately \$580 million: Supplemental Dairy Margin Coverage for small and medium farms

As the economy continues to gain strength, USDA is working with producers and agricultural businesses to ensure they have

the resources and tools to thrive in 2021 and beyond. The funding associated with USDA Pandemic Assistance is meant to serve as a bridge from disruptions associated with the pandemic to longer-term investments to help build back a better food system. Through USDA's Build Back Better initiative, USDA has already announced \$5 billion in a mix of loans, grants and innovative financing to make meaningful investments to build a food system that is more resilient against shocks, delivers greater value to growers and workers, and offers consumers an affordable selection of healthy food produced and sourced locally and regionally by farmers and processors from diverse backgrounds.

"FarmFirst appreciates USDA's commitment to support agricultural producers and businesses that are still recovering from all the uncertainty from last year. The funding from the Pandemic Assistance package will address any disruptions experienced in our supply chains, as well as provide investments that can lead to long-term improvements in our supply chain as a whole," FarmFirst Dairy Cooperative President John Rettler says.

"FarmFirst applauds the USDA for moving forward with making this round of pandemic assistance available and will work in stride with the USDA to ensure the funds are used as efficiently as possible. The USDA has stated their desire to deliver greater value directly to farmers, growers, and workers, and FarmFirst is eager to see this come to fruition," Rettler says. "Building these long-term solutions and farmer resources, USDA is creating a foundation that will prepare U.S. agriculture to be ready to meet the demands of a recovering economy. FarmFirst looks forward to building this success for the future."

Since January, USDA has provided more than \$11 billion of assistance directly to producers as well as food and agriculture businesses. 🇺🇸

Climate Solutions Bill Earns Approval from Senate - and Ag Industry

The Senate gave broad bipartisan approval on June 24 to a bill backed by NMPF and 75 other ag organizations to establish a USDA system to facilitate greater farmer participation in environmental markets. The bipartisan legislation has 55 cosponsors.

On a vote of 92-8, the Senate approved the Growing Climate Solutions Act, a measure that allocates \$4 million over four years to certify technical assistance providers and third-party verifiers that can work with farmers to help them generate environmental credits. The Act will encourage more farmers to participate in environmental markets, a crucial part of dairy's Net Zero Initiative that helps farmers of all sizes across the country meet our industry's 2050 environmental stewardship goals.

FarmFirst is in favor of the plan, seeing the plan as an avenue to help reduce greenhouse gas emissions while also helping farmers

navigate the new, voluntary program and explore private carbon credit opportunities. This legislation also proves to be valuable by providing much needed clarity and guidance for those participating in any carbon credit program.

The House is currently working on its own version of the bill. FarmFirst looks forward to seeing this continue to move through Congress. 🇺🇸



Fueling the Dairy Boom in Southeast Asia

By the U.S. Dairy Export Council



Southeast Asia provides a ripe opportunity for U.S. dairy exporters with its exploding population of young

people and growing middle class.

The region, which encompasses the six major markets of export focus of Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam, and includes Brunei Darussalam, Myanmar, Timor-Leste, Cambodia and Laos, has a combined population of more than 675 million people, more than double the population of the United States.

In 2020, Southeast Asia was the United States' No. 1 global customer on a volume basis and No. 2 on a value (or dollar sales) basis. From 2019 to 2020, sales to Southeast Asia rose 36%, to \$1.3 billion.

Southeast Asia's emergence as the largest destination for U.S. dairy exports has been primarily driven by U.S. skim milk powder shipments to Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam.

The equivalent of about one day's production

of U.S. milk per month now goes to Southeast Asia.

Even more exciting for the future, USDEC has positioned the U.S. dairy industry to take advantage of opportunities in Southeast Asia through the new U.S. Center for Dairy Excellence in Singapore. Introduced in October 2020, the new center will help satisfy Southeast Asia's growing need for U.S. dairy products and ingredients.

The state-of-the-art facility is an education hub and collaborative meeting place aimed at inspiring innovation utilizing U.S. dairy ingredients and cheeses. Visitors to the center will learn how U.S. dairy farmers and processors bring the highest quality products and ingredients from the farm to consumers in the most sustainable and efficient way. More importantly, USDEC food scientists will create foods using U.S. dairy ingredients to meet the taste preferences of Southeast Asian customers.

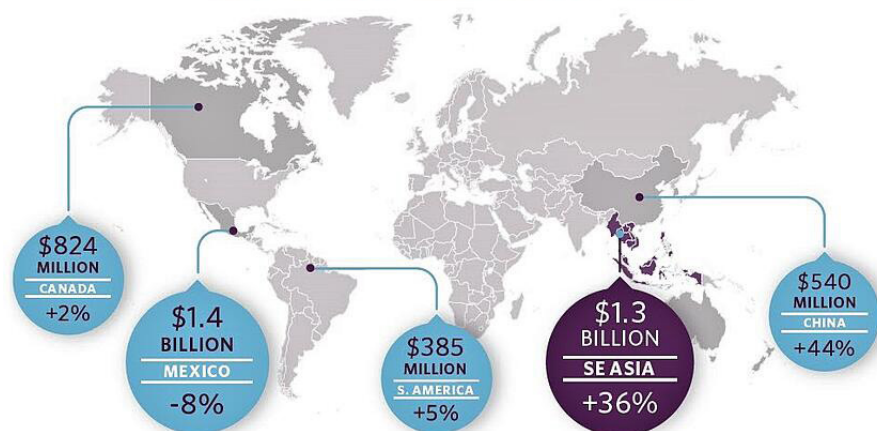
The U.S. Center for Dairy Excellence is an ambitious effort to build a gateway between U.S. suppliers and customers in Southeast Asia. It gives the collective U.S. dairy industry—for the first time—a shared physical presence in a key growth market outside the United States.

The investment is a tangible illustration of increasing optimism for a more prosperous U.S. dairy future in a fast-growing region. While COVID-19 has delayed full implementation of the center due to

Singapore's restrictions, USDEC looks forward to the world-class facility being available to service the region, for both existing customers and to grow relationships with new customers.



Exports to Southeast Asia are Booming



The chart compares 2020 trade data with 2019 data. Courtesy of USDEC.

Welcome New Members

We would like to welcome these individuals and farms that have joined FarmFirst Dairy Cooperative in recent months.

We look forward to your participation and involvement in the programs and services of your cooperative where we put members first.

Randy Wagner

Steven & Sarah Lapp

Keith O'Connell

Matthew & Emily Horst

Paul Halligan

Mitch Peters

John Kraus

Leslie Holte

Ben Pancratz

Rich Holman

Steve Strigel

Daniel Mast

Lewis Kanagy

Allen Derstine

Charles & Lori Fremstad

Kelvin Anderson

Thomas Schaub

Lowell Volkert

Brian Stanley Volkert

Jon Rackowski

Greg & Amy Tietz

Susan Johnson

Aaron & Rachael Fisher

Norbert Gebhart

Aaron & Amanda Martin

Lee Wudstrack

Mark Smith

James Vangsness

Tom Szymanski

Adam Seibel

Vermont Dairy Farmer, Elle Purrier St. Pierre, Racing to the 2021 Summer Olympics



Vermont dairy farmer and now world-renowned track star, Elle Purrier St. Pierre has earned her spot on the U.S. team to compete in the 2021 Summer Olympic Games hosted in Tokyo.

During the U.S. Track and Field Olympic Trials, Purrier took first place in the final 1,500-meter race, running a time of 3:58:03 and ultimately breaking a 32-year-old Olympic Trials record for the event, previously set at 3:58:92.

The Vermont native shattered a 37-year-old record for the fastest U.S. women's indoor mile in February 2020 with a race time of 4:16:85, according to NBC. She continued to break records earlier this year with her two-mile race time of 9:10:28. Her dedication and hard work over the past 16 months has surely paid off, with three records shattered as the farm girl heads to compete in the Olympics.

According to the New York Times, this dairy farmer's daughter grew up on her family's farm where she would head to the barn before school each morning to milk 40 cows. Running became an interest for her once she attended high school, and took it on as an after school activity. Additionally, she participated in

4-H where she showed some of her family's livestock at the Champlain Valley Fair and Vermont State 4-H Dairy Show.

Dairy farming remains an active part of her life, as Purrier recently married her high school sweetheart, Jamie St. Pierre. Purrier would compete against her now husband at 4-H events growing up. St. Pierre studied dairy management at Cornell and is a dairy farmer, working on his family's dairy farm also located in Vermont.



A 'herd' of dairy farmer fans are sure to be cheering Purrier on, as she competes in the 1,500-meter race on August 2 at the 2021 Summer Olympic Games. 🐮

Elle Purrier St. Pierre credits her success on the track to her upbringing on her family's dairy farm. Pictured here alongside one of her favorite cows, Quincy, she has plans to join her husband's dairy farm once her running career is complete.



U.S. Dairy's Economic Impact Totals \$753 Billion

Latest Economic Report Shows Industry Supports 3.3 Million Jobs



The U.S. dairy industry continues to play a strong role in the United States, supporting 3.3 million total jobs and \$41.6 billion in direct wages, according to the latest economic impact report from the

International Dairy Foods Association (IDFA), which represents the nation's dairy manufacturing and marketing industry.

IDFA's 2021 Economic Impact Study, which measures the combined impact of the dairy products industry, showed the US dairy industry's economic impact totaled \$752.93 billion.

The newly released figures indicate that the U.S. dairy industry now contributes:

- 3.5% of US GDP
- 3.3 million total jobs
- \$41.6 billion in direct wages for workers in dairy industry
- \$67.1 billion in federal, state and local taxes (not including sales taxes paid by consumers)

For the first time, the total value of exports was included in the study, revealing the US dairy industry is responsible for a total of \$6.5 billion in exported goods and reinforces the importance of fair international trade agreements for the industry.

The report also demonstrates how dairy product categories contribute directly to the US economy, including:

- Cheese: Adds \$55.4 billion in direct economic impact and supports 57,700 dairy industry jobs
- Milk: Adds \$49 billion in direct economic impact and supports 62,200 dairy industry jobs
- Ice cream: Adds \$13.1 billion in direct economic impact and supports 28,800 dairy industry jobs
- Yogurt and cultured products: Adds \$6.8 billion in direct economic impact and supports 8,600 dairy industry jobs
- Dairy ingredients: Adds \$17.7 billion in direct economic impact and supports 11,000 dairy industry jobs

Whether it's milk, cheese, ice cream, yogurt and cultured products, or dairy-derived ingredients, American dairy companies contribute significantly to the U.S. economy and their impact continues to grow year after year. To learn more about the study's findings, visit www.idfa.org/dairydelivers. 🐮

MAY 2021

	UPPER MIDWEST	CENTRAL	MIDEAST	
Order Name and Number	Order 30	Order 32	Order 33	
Producer Milk (lbs.)	938,719,153	920,012,439	1,422,644,305	
Producer Price Differential @ base zone	\$ -1.44	\$ -2.18	\$ -1.53	
Statistical Uniform Price/cwt @ 3.5% BF*	\$ 17.52	\$ 16.78	\$ 17.43	
Class I Price/cwt	\$ 18.90	\$ 19.10	\$ 19.10	
Class II Price/cwt	\$ 16.22	\$ 16.22	\$ 16.22	
Class III Price/cwt	\$ 18.96	\$ 18.96	\$ 18.96	
Class IV Price/cwt	\$ 16.16	\$ 16.16	\$ 16.16	
Component Prices & Test Avg. % aves				
Butterfat/lb.	\$ 1.9851	3.98%	3.90%	3.88%
Protein/lb.	\$ 3.1307	3.14%	3.20%	3.15%
Other Solids/lb.	\$ 0.46450	5.79%	5.80%	5.79%
SCC Adjust Rate/1000	\$ 0.00091			
Producer Milk Classified %				
Class I	21.60%	38.43%	37.40%	
Class II	23.70%	17.10%	24.10%	
Class III	34.70%	4.25%	18.00%	
Class IV	20.00%	40.22%	20.50%	
	100.00%	100.00%	100.00%	



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Learn more about
a dairy farmer with her sights
set on the Tokyo Olympics!

Make You More Money



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Is this possible? Yes. Is DMC the only choice? No. Using the right combination of tools will give you a competitive edge. It might seem daunting to get started but our team of experts makes it easy.

If you are currently using DMC, LGM, DRP or a hedge account, we would welcome the opportunity to review your plan. We are confident we can enhance your understanding and make you more money from your milk.

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