

## *Panel Talks 2013 Farm Bill*

“Unlock Dairy’s Potential” was the theme of this year’s International Dairy Foods Association (IDFA) Dairy Forum, the annual gathering of dairy processors, suppliers, and allied associations. Many of the sessions focused on global dairy opportunities and trade, but one domestic issue remains key for both processors and producers moving forward: the next Farm Bill and its resulting dairy policy.

“One thing the U.S. dairy industry has taken for granted for most of the past 40 years is that farm milk will always be there to meet domestic processor and manufacturer demand,” said IDFA President and CEO Connie Tipton in her opening remarks. “But, is that still the case today . . . and what about in the future?”

In 2012, “Our industry began to be rocked by volatile dairy feed costs and farm milk prices. This was due in part to the growth in production share from U.S. dairy farm operations with just cows and little or no attached cropping operations, but also to U.S. biofuel policy and higher prices for all crops worldwide, not only dairy feedstuffs. Throw in a major drought and it’s a quadruple whammy.”

“Going forward, one thing is for sure,” said Tipton. “The conventional thinking that farm milk will ‘always be there when we want it’ has to change. It’s dangerous nostalgia. Fortunately, dairy farm operators are spending much more time than ever before on strategic planning to ensure that the feed they need will be there when they need it.”

The Farm Bill remains a piece of that strategic planning that cannot be predicted, but is essential for the entire industry moving forward. Congress passed a Farm Bill extension at the beginning of January, extending the Milk Income Loss Contract

program through September 30, 2013 and the Dairy Product Price Support and Dairy Export Incentive Programs through next December. According to Tipton, the extension “gives us the time to work again on finding a better safety net program for our nation’s dairy farmers.”

Three Dairy Forum speakers addressed this Farm Bill delay and the possibilities for 2013. “[House] Speaker Boehner was right that there weren’t the votes for a five-year Farm Bill,” said Harry

Katrichis of The Advocacy Group, an Alexandria, Virginia-based network of lobbyists and public affairs professionals. During the lame duck session, Congress was “nominally open for business,” and not likely to pass sweeping legislation. Jackie Klippenstein, Vice President of Industry & Legislative Affairs for Dairy Farmers of America, hopes Congress will approach the next round of Farm Bill

discussion “with much more interest and vigor.”

There was a change of agricultural leadership for the 113<sup>th</sup> Congress, with Senator Thad Cochran (R-MS) taking the post as ranking member on the Senate Agriculture Committee from Senator Pat Roberts (R-KS), who will continue to serve on the committee. The change in Senate committee leadership may help southern crops that felt short-changed in the 2012 draft, said Klippenstein. So far this year, Senate Majority Leader Harry Reid (D-NV) introduced the 2012 Farm Bill passed by the Senate as a place-holder, and Senate Agriculture Committee Chair Debbie Stabenow (D-MI) indicated the committee will provide a mark-up as soon as possible.

In the House of Representatives, the Farm Bill will likely have a tougher road, as seen last year. “The House is a treacherous place for any legislation,” said Tyson Redpath, Senior Vice President of

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- Connie Tipton

Government Affairs at The Russell Group, a lobbying firm specializing in agricultural policy. The road facing the next Farm Bill “is fraught with so much peril, I don’t think it can be predicted.”

The decreasing number of Congressional leaders from rural districts continues to challenge each Farm Bill. The dynamic on the agriculture committees is changing, as many new representatives are from urban districts interested in the nutrition programs included in the Farm Bill and don’t have experience with production agriculture. There is also more political interest in issues like agricultural practices and animal welfare, both in Washington, D.C. and in state legislative sessions. Even more difficult than getting non-rural representatives interested agriculture is getting any representatives interested in dairy policy. “In every Farm Bill, dairy becomes the ‘red-headed stepchild’ no one wants to deal with or understand,” said Katrichis.

As for specific dairy policy, the panel discussion did touch on market stabilization, the most controversial piece of the proposed dairy legislation. Moderator Ruth Saunders of IDFA asked if, in light of the market stabilization disagreement, industry stakeholders had forgotten they agree on the merits of margin insurance and ending existing support programs. “Let’s get done what’s do-able,” answered Katrichis. Margin insurance is a step in the right direction and follows the lead of other commodities away from direct government payments. Katrichis also felt the “milk cliff damaged consumers’ view of dairy” and policy. “I want to make sure we get policy right,” added Klippenstein, meaning policy that gives producers the support they need and processors a steady supply of milk. “We want to see real change.”

The Goodlatte-Scott amendment, proposing a stand-alone margin insurance program, was defeated in the House Agriculture Committee (17 votes in favor to 29 against) last year. The panel was asked if the amendment would resurface in this Congress. “It is a starting point,” said Redpath. The Goodlatte-Scott amendment showed it was possible to have economical margin insurance without production

disincentives, and Redpath hoped the amendment would make it to discussion on the House floor. “I want to have that debate.”

“This program suits the needs for continued dairy growth,” countered Klippenstein, referring to the Dairy Security Act. “This program is a product of compromise. It’s not ideal for anybody.”

Many processors in the audience remain concerned about the possible impact of the market stabilization program on dairy exports. “There are lots of stakeholders,” said Katrichis. “What do you say to customers? We don’t want that notion out there that there may be a glitch in supply. We will lose potential customers to Oceania or Europe.”

It’s important to look at the evolution of the Dairy Security Act, Klippenstein responded. A large number of producers that participated in its development also wear the hats of processor and exporter. The proposed market stabilization program is not the supply management program from the 1980s. “That’s not what we’re talking about.”

In her opening remarks, Connie Tipton urged the development of dairy policy that could earn consensus from the industry. “It’s time to get serious about finding solutions that help everyone in the supply chain,” Tipton said. “So as we again work on new safety net programs for dairy producers this is a critical consideration. We must consider farms, processors and manufacturers, exporters and consumers for our industry to find true success.”

At the conclusion of the Farm Bill panel discussion, Redpath was confident the Farm Bill would make it to the House floor this year as its own legislation, not “tucked in” to another bill. That was tried with the Super Committee, he reminded the audience, and that time has passed. There also must be a budget before the Farm Bill can be done, said Redpath. “You’re not going to sign a five-year lease without knowing what the rental payment is.” As he said to the attendees gathered in Orlando, Florida, “Everything is within the realm of possibility, but it may take some pixie dust.”