

IDA

2006 Adopted Policy

Immigration Resolution

IDA supports immigration legislation that improves the stability of agricultural labor. Any immigration reform legislation must include the following provisions:

- An affordable and efficient guest worker program that ensures the continued availability of immigrant labor for all agriculture, including dairy.
- A provision that allows immigrants currently employed or with recent employment history in the U.S. to earn the right to work legally, without having to go back to their country of origin.
- A provision that specifies that the responsibility for ultimate verification of the legal status of a worker lies with the government, not the employers.

Federal Milk Marketing Order Resolution

Federal Milk Marketing Orders (FMMO) have evolved into a system that has become unresponsive to market changes and no longer serve the original intent of FMMO's. That intent was to guaranty a fresh wholesome supply of milk for the consumer. In addition, FMMO's have locked some producers out of markets they have the ability to supply or have forced them to pay a compensatory payment to be associated with the market.

Idaho milk production has continued to increase in the absence of government controlled FMMO. Less than 45% of milk in Idaho is marketed through milk cooperatives. Dairy producers have demonstrated their ability and efficiency to manage pricing through the establishment of Common Marketing Agencies and through self help programs such as Cooperatives Working Together (CWT). The current Federal Dairy Policies provide producers with a sense of false security. Those policies have failed to keep producers on dairy operations or provide them an adequate return on their investment and labor. Nationally, since 1980, the number of dairy operations decreased from 225,000 to less than 64,000 today. Multiple times in the last decade the price received by producers has dropped significantly below the \$9.90/cwt support price. The Federal Dairy Policy not only inhibits the free market from working for the dairy industry it also inhibits dairy producers from working collectively together. Without FMMO's issues associated with futures contracts, government derived make allowances and classified pricing disappear.

Therefore; the Idaho Dairymen's Association will oppose the continuation of Federal and State Milk Marketing Orders that interfere with the free market system.

Dairy Price Support Program Resolution

The Milk Price Support Program (MPSP) was established in 1949 and is a market "intervention" program. The government will purchase non-perishable dairy products from a manufacture at specific (intervention) prices. It is activated when the overall supply of milk exceeds the demand. Currently the milk price support is \$9.80 for milk testing 3.5% b'fat.

Issues:

- *Ineffective price floor- the price producers receive drops below the support price.*

- *Questionable whether the MPSP is WTO compliant.*
- *Market Price Distorting- Incentives development of product for the government instead of the market place (i.e. non-fat dry milk versus Milk Protein Concentrate).*
- *Depresses prices longer;*
 - *By not allowing prices to drop to clear the market place of product.*
 - *By having product available in storage when supplies are tightening up.*

Therefore; the Idaho Dairymen's Association supports the elimination of the Dairy Price Support Program.

MILC Program Resolution

The Milk Income Loss Contract (MILC) was established in the 2002 Farm Bill and is a type of target price-deficiency payment program. The program limits the annual production that qualifies for payment at 2.4 million pounds. A herd of 123 cows producing 19,537 pound of milk /cow/year will reach the cap.

Issues:

- *Milk Supply Impact - the MILC tends to lengthen periods of low milk prices.*
- *Lowers the Class III price - University of Missouri Food and Agricultural Policy Research Institute (FAPRI) estimates that on an annual basis MILC lowered the Class III price by \$0.25/cwt.*

Therefore; the Idaho Dairymen's Association is opposed to the renewal of the MILC program and the establishment of programs similar to MILC.

Forward Contracting Resolution

The United States Department of Agriculture (USDA) had oversight of a Dairy Forward Contracting Pilot Program. The program allowed producers to make forward contracts with their individual handlers and held the handlers harmless on the issue of paying Federal Order minimums. Currently in the FMMO regulated areas, only dairy cooperatives, who are allowed to re-blend (pay below FMMO minimums) can freely offer forward contracts to their producers.

USDA comments were:

- *Recommended converting the pilot program to a permanent program.*
- *Evaluated the program as a good program for producers to manage risk.*
- *The pilot program did not undermine the FMMO or the pooling obligation.*
- *Program has no government cost associated with it.*

Therefore; the Idaho Dairymen's Association supports programs, such as the Dairy Forward Contracting Pilot Program, that allow producers mechanisms to establish price and reduce risk.

Self Help Program Resolution

Programs such as Cooperatives Working Together (CWT) have demonstrated that producers can, under the protection of the Capper-Volstead Act, work together to have an impact on the farm gate price.

Therefore; the Idaho Dairymen's Association will be a strong advocate for discussions that will facilitate marketing and transportation alliances among producer groups and support producer-controlled programs to enhance producer income.

Processor Make Allowance Resolution

Although we understand the desire by processors to have adjustments in the Make Allowance to help their competitive position with California and to assist them in recouping their increase in operating costs on the production of Class III and Class IV products. We also recognize that any upward adjustment in the Make Allowance lowers the price received by producers.

Therefore; the Idaho Dairymen's Association supports increasing Processor Make Allowances if and when an equal pricing mechanism is adopted to assist in helping producers recoup their increases in variable costs (i.e. fuel, utilities, interest, etc.).

Classified Pricing Resolution

Idaho Dairymen's Association supports research of the classified pricing system. That research should include models of milk pricing programs that reflect the current use of milk and its byproducts.

Organic and rbst Free Advertising and Marketing

The Idaho Dairymen's Association supports diversity in the development of new milk and milk-based products. However, it is opposed to misleading and/or false advertising and marketing efforts.

Therefore; the Idaho Dairymen's Association will support such action deemed necessary to correct misleading advertising and marketing efforts.