



# Dairy Policy: A US Perspective



***ICOS 41<sup>st</sup> National Conference***  
***Cork, Ireland***  
***January 9, 2018***

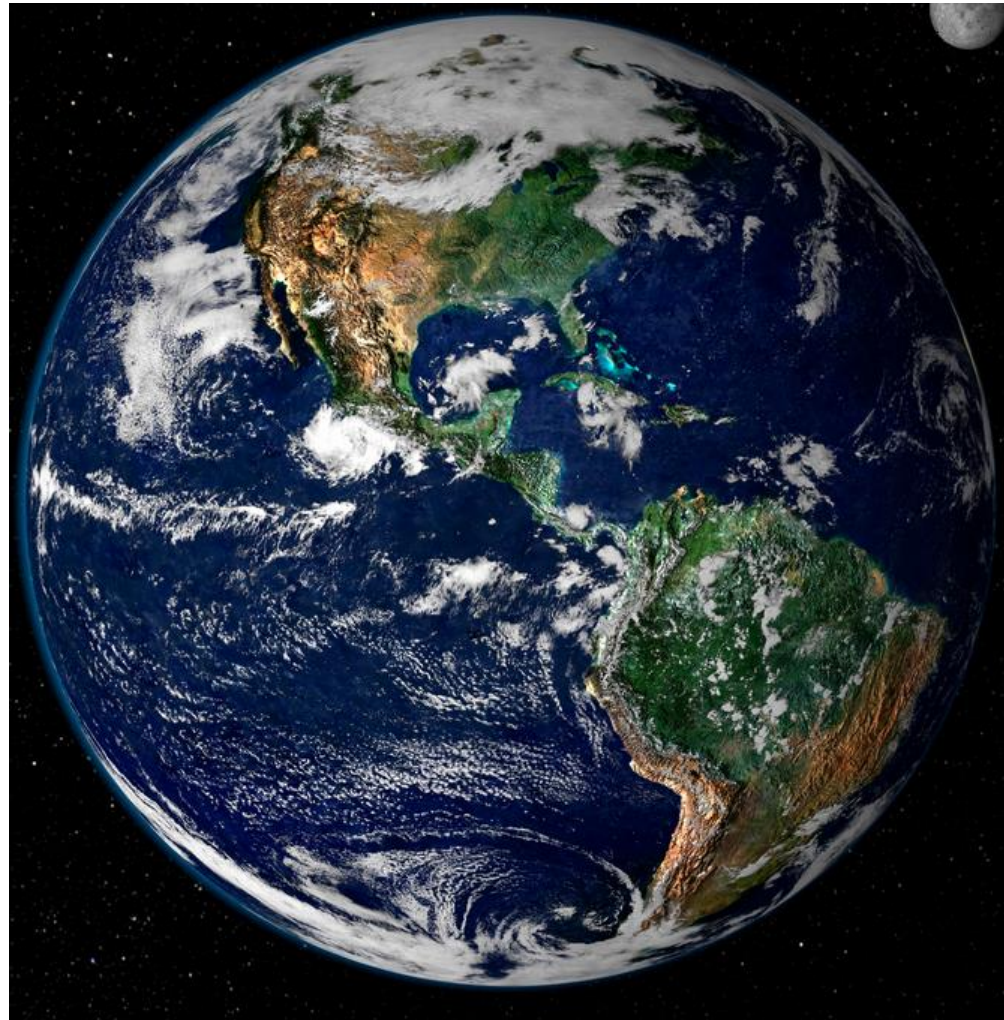
Jim Mulhern  
President & CEO  
US National Milk Producers Federation

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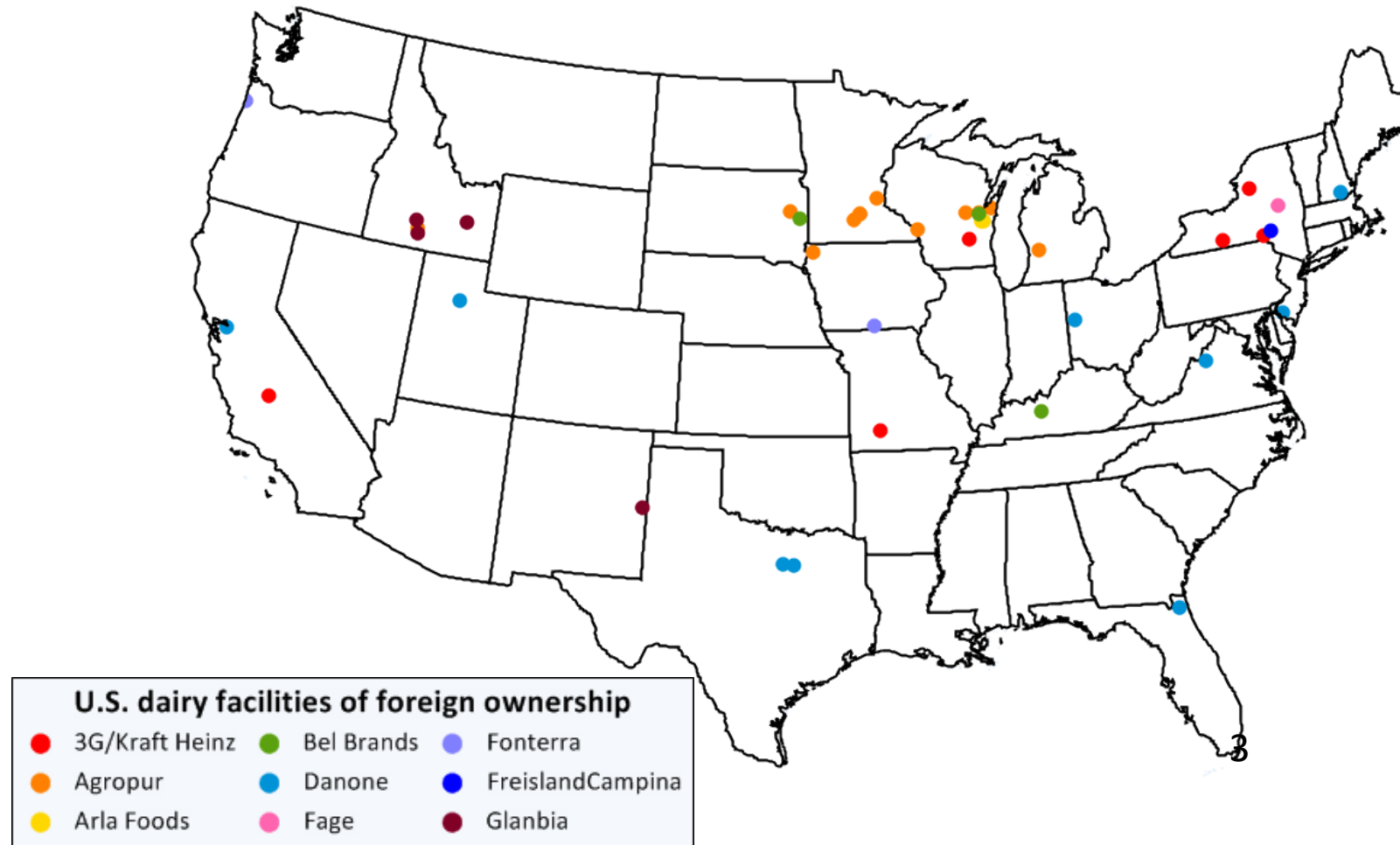
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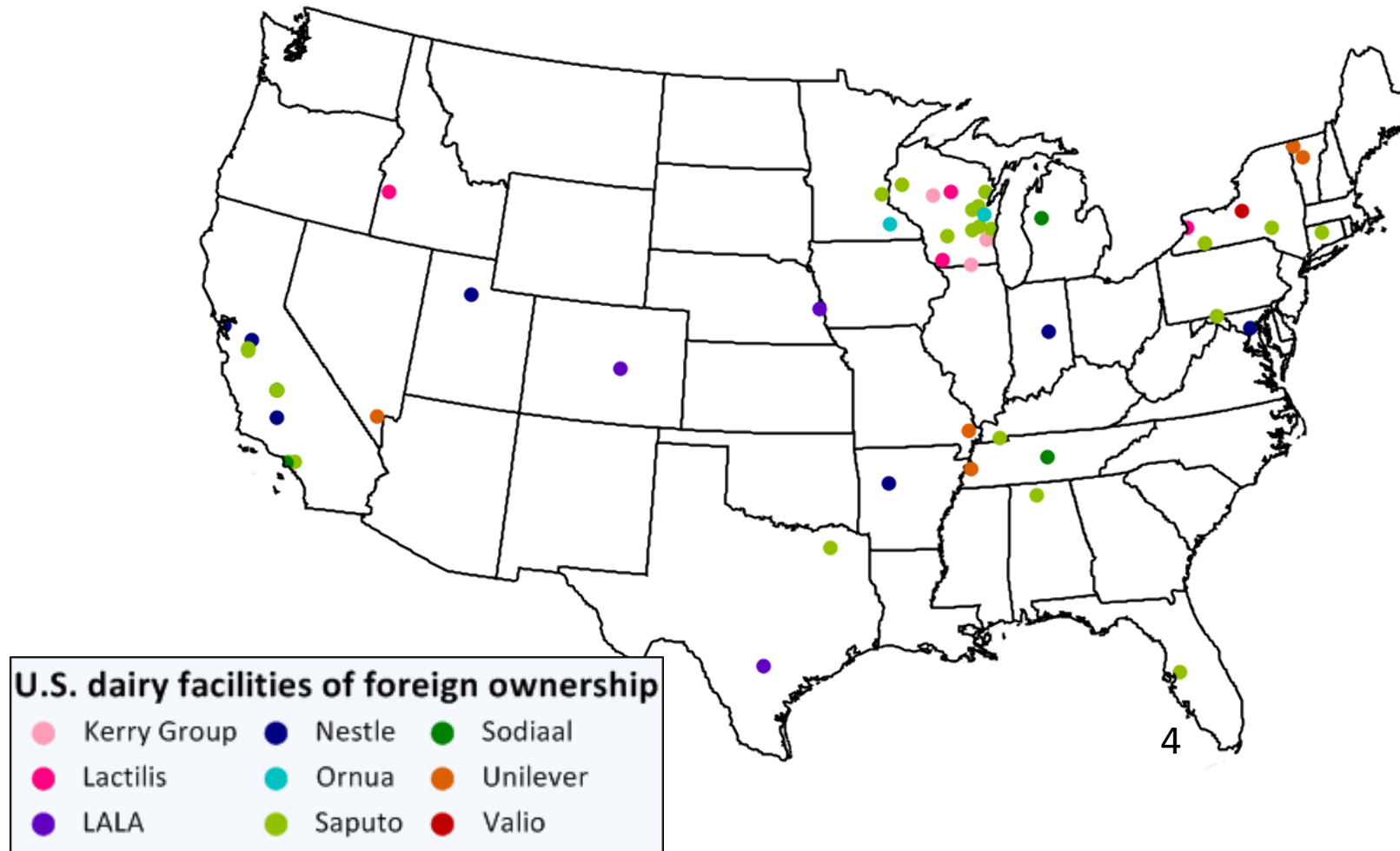
# It's a Global Market



# Foreign ownership of U.S. dairy facilities



# Foreign ownership of U.S. dairy facilities (con't.)



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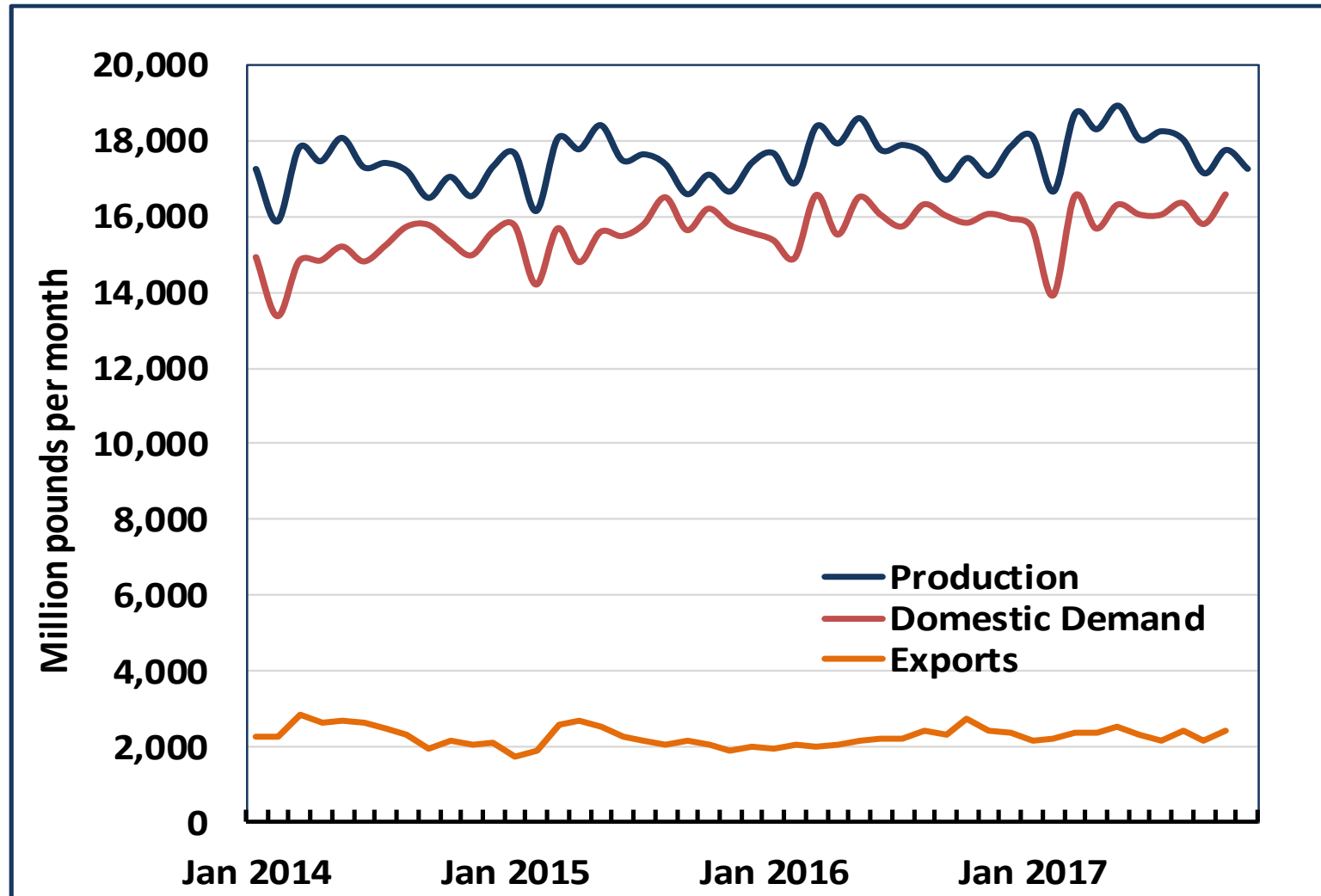
# Overview of U.S. Dairy Industry

# U.S. Milk Supply Dynamics

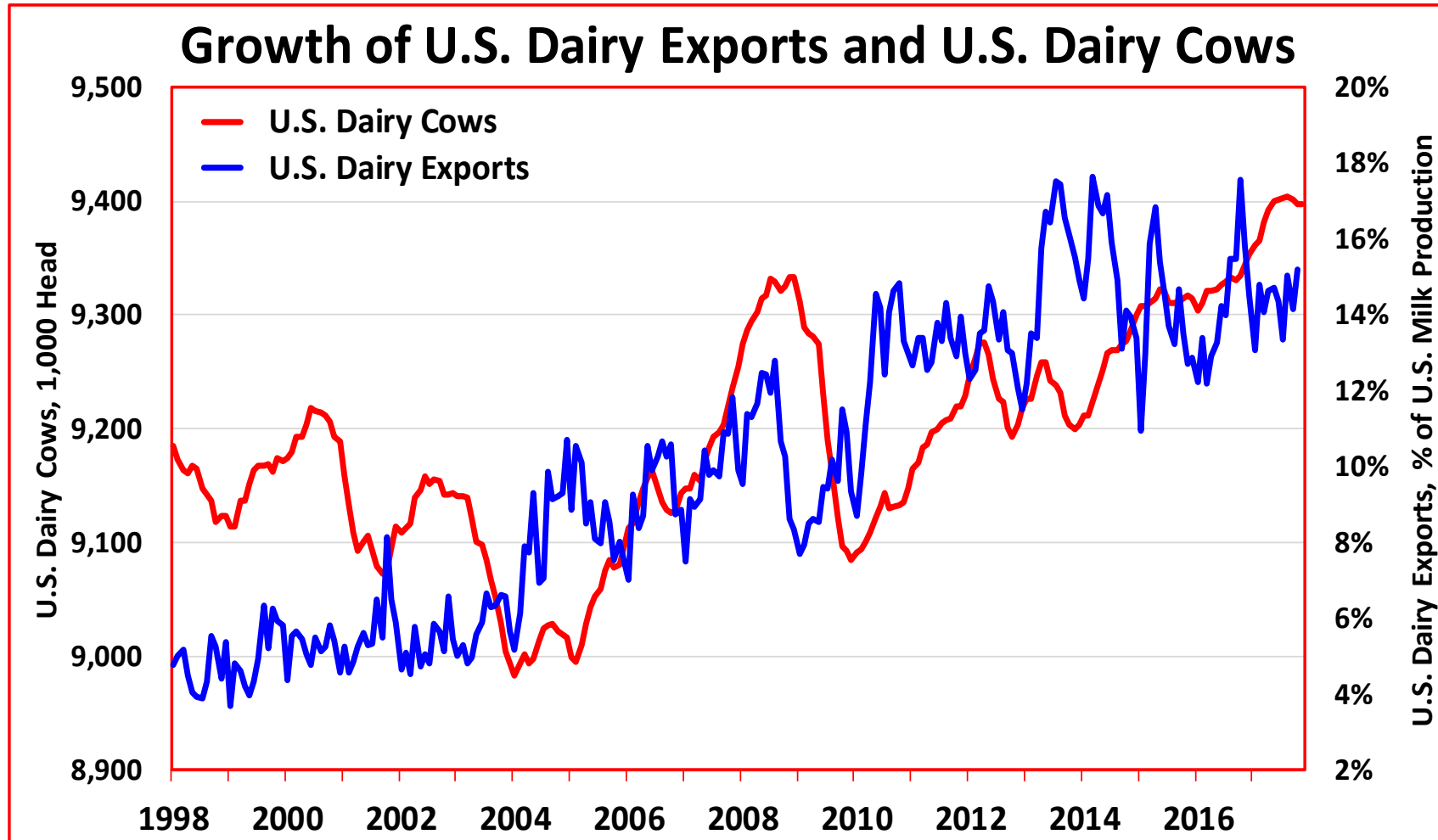
- U.S. per capita consumption is growing & total sales are up ~1.1%/yr
- But dairy cow productivity is growing faster than total domestic consumption: ~1.5%/yr
- Export growth since 2004 has allowed total U.S. dairy cow numbers to grow
- Without export growth, the U.S. dairy cow herd must downsize by about a half percent per year, as occurred between 1998 and 2003



# U.S. Milk Production and Demand

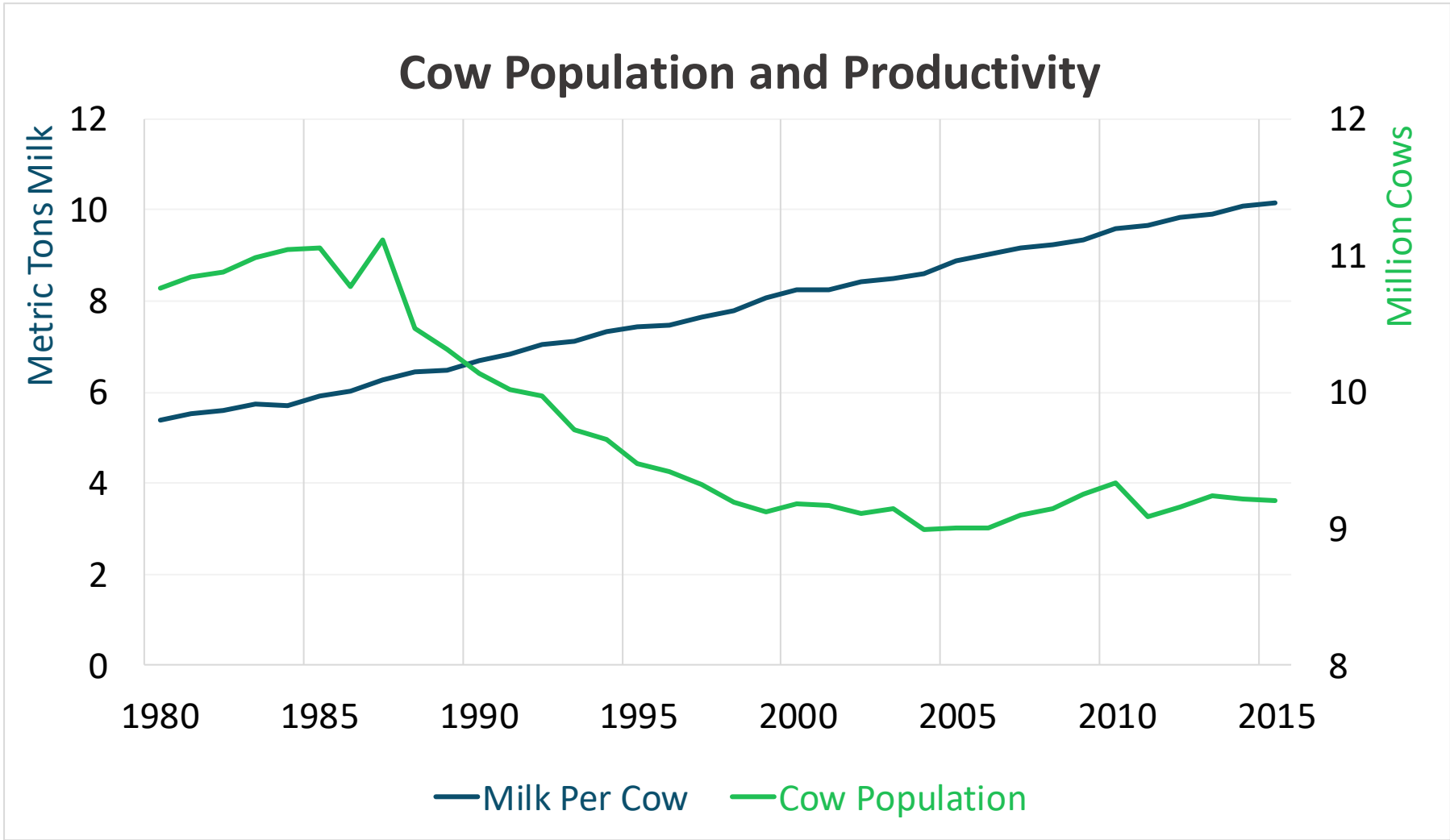


# Milk Supply in the United States

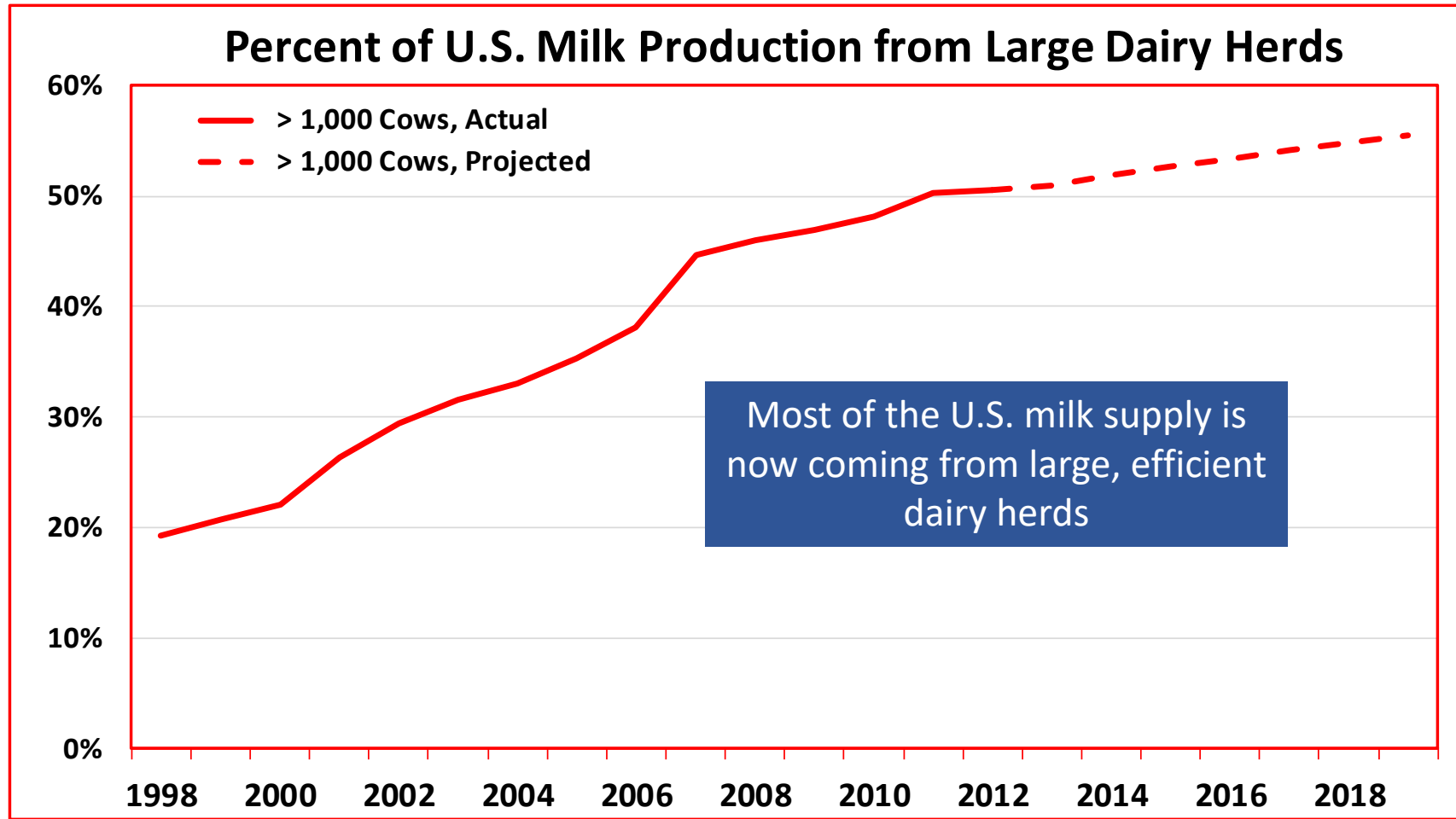




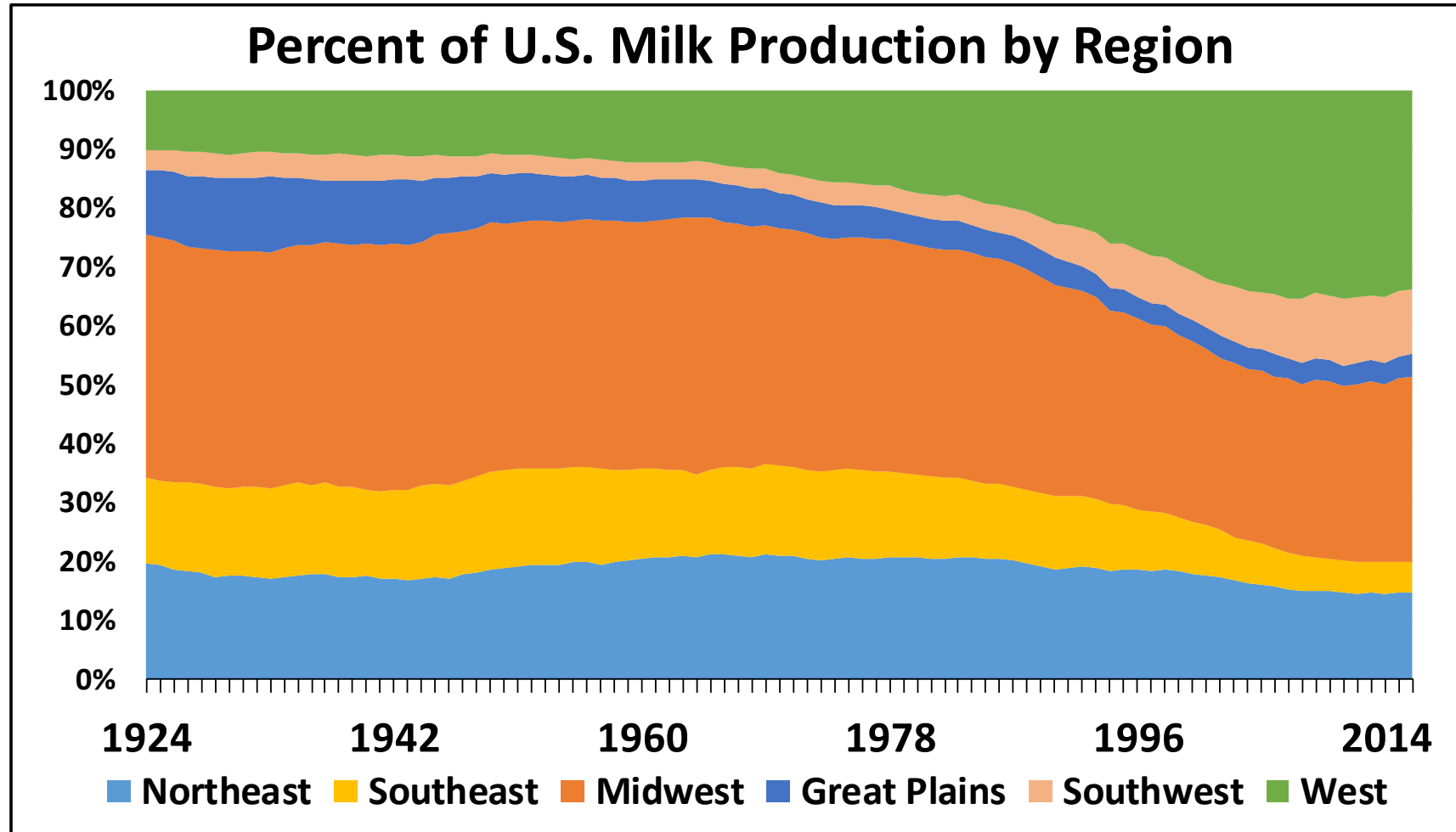
# Milk Per Cow and Size of U.S. Dairy Herd



# Milk Supply in the United States

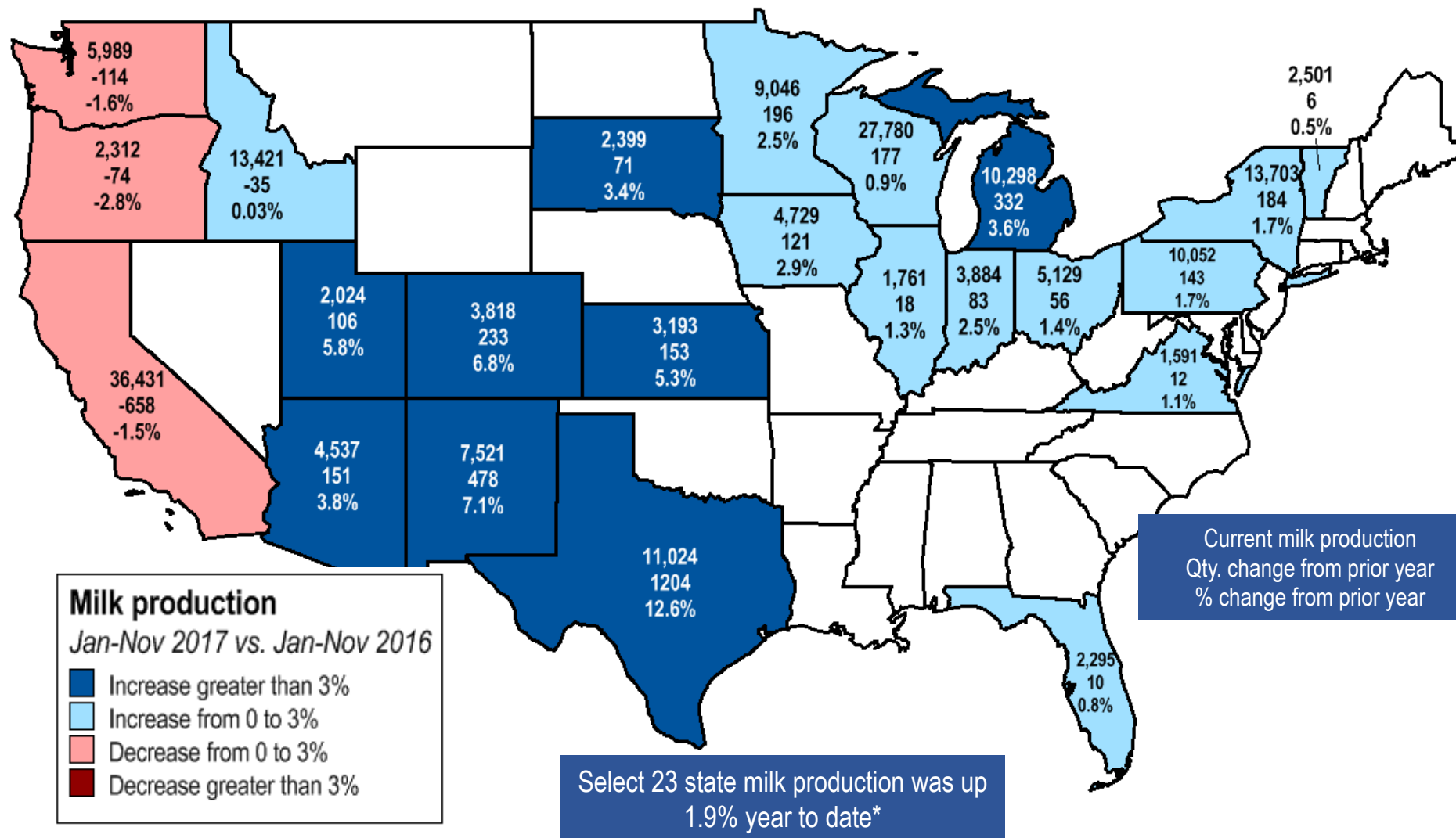


# Regional Shifts in US Milk Supply

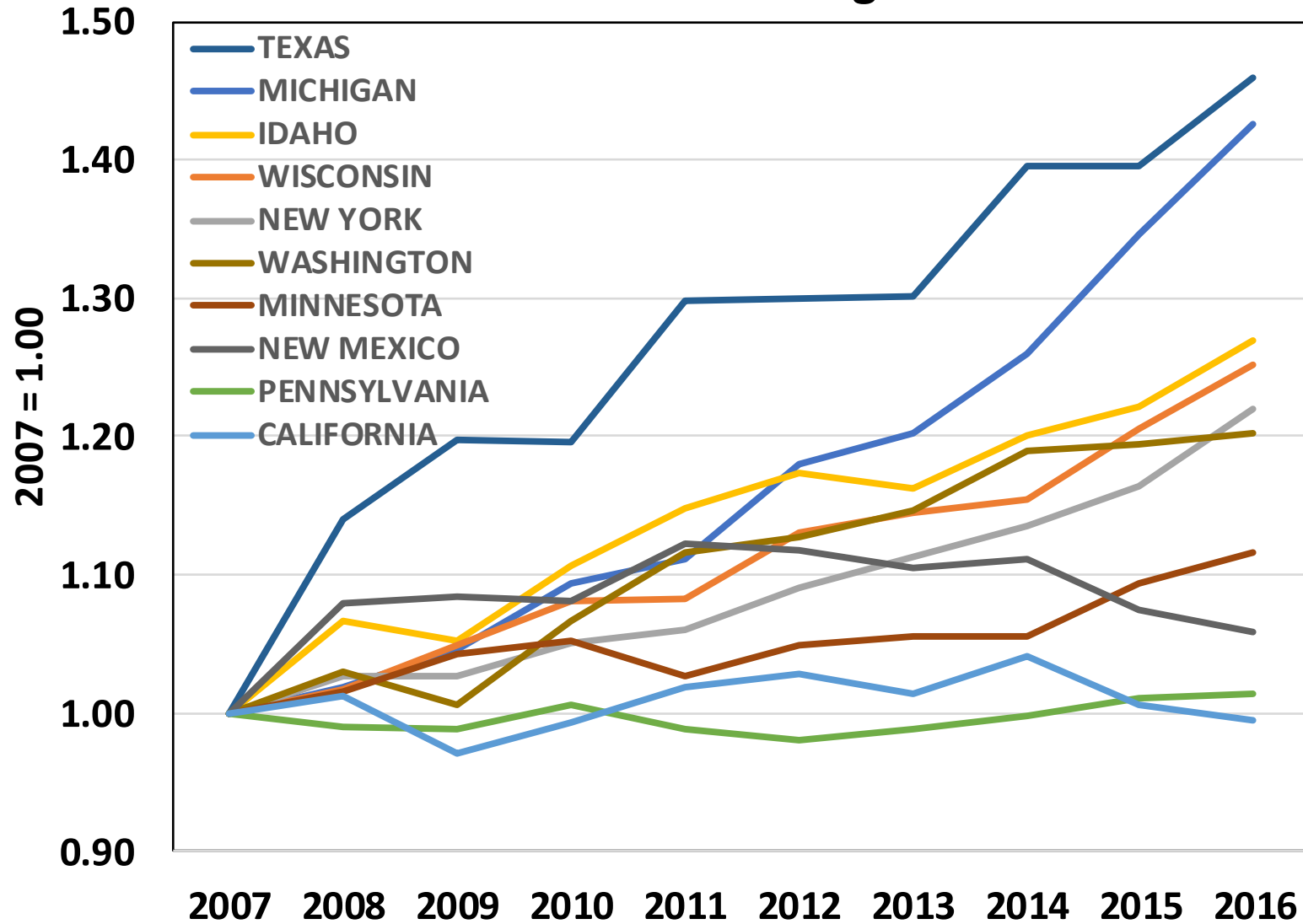


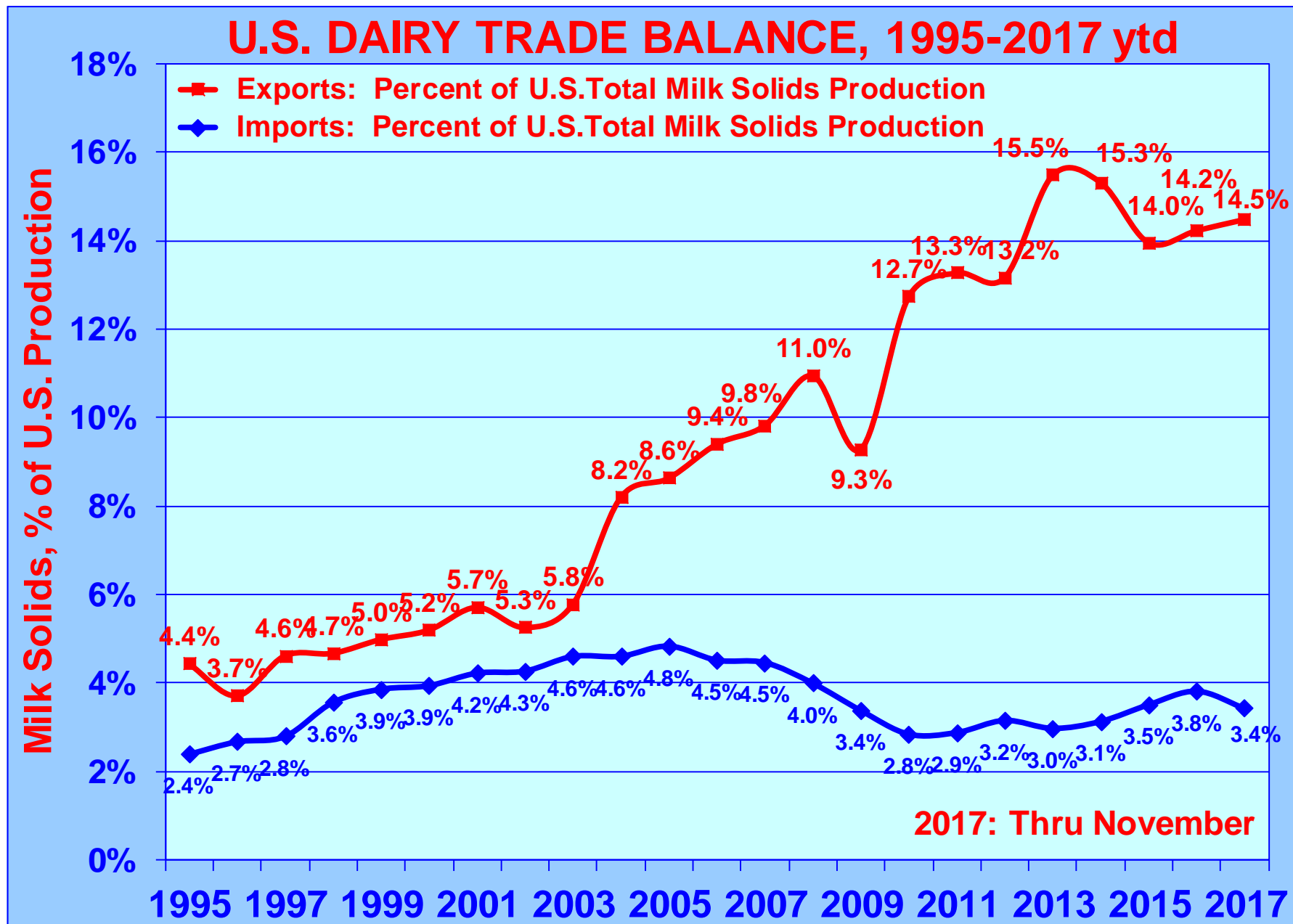
# U.S. Milk Production

Jan-Nov 2017 vs. Jan-Nov 2016



## Milk Production Growth in 10 Largest U.S. States







# Market Volatility



# Mechanisms available to U.S. dairy farmers to reduce price and income volatility:

## **Public**

USDA Margin Protection Program

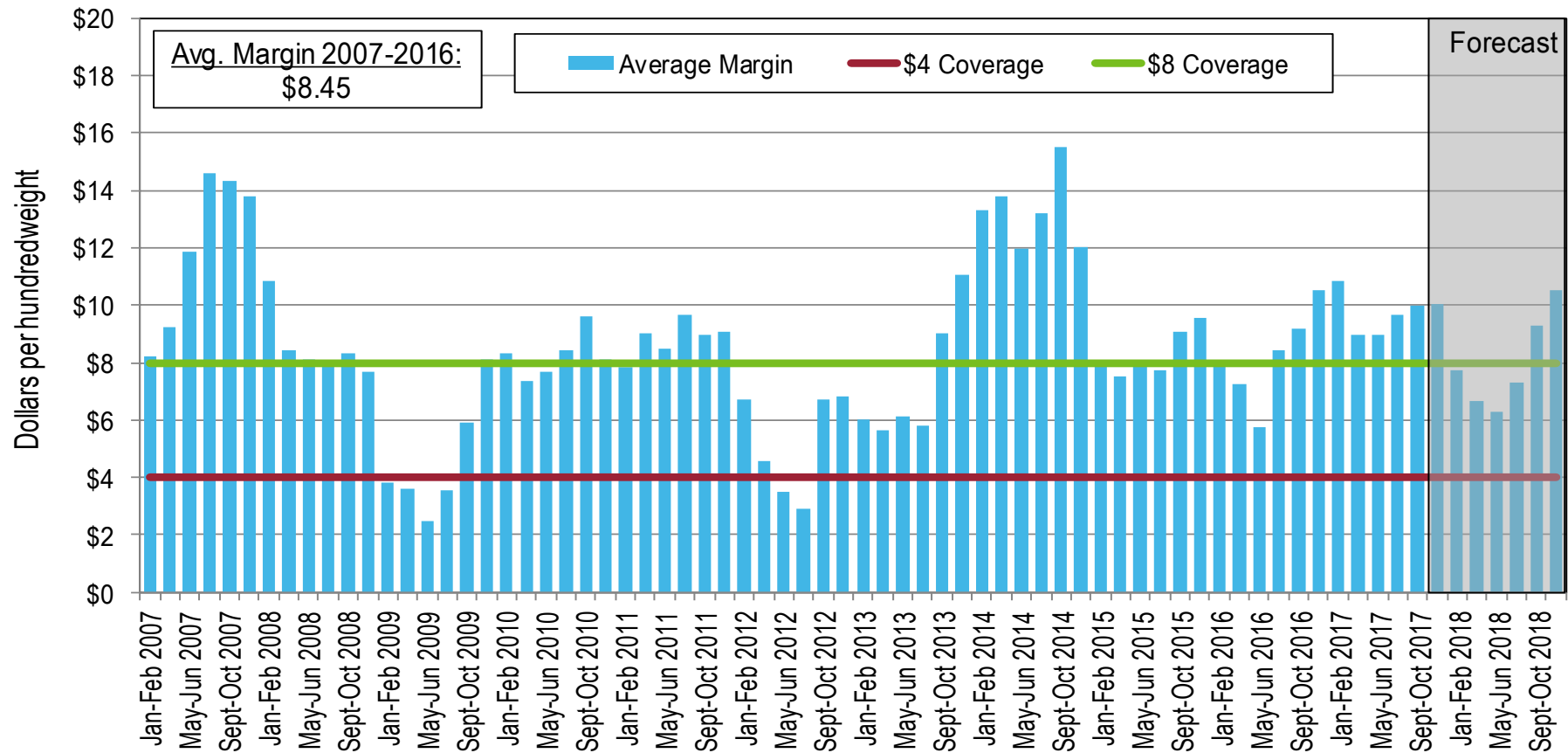
USDA Livestock Gross Margin program

## **Private**

Dairy cooperative risk management protection programs

Individual hedging strategies -- dairy futures, options and swaps -- offered through brokers

# Margin Protection Program





# Social Responsibility

# Meeting Customer Demand

- Our customers & consumers demand “responsibly produced” dairy
- Many customers now have Corporate Social Responsibility goals & objectives
  - Animal Care
  - Environmental Sustainability
  - Antibiotics
  - Worker Safety
  - And more
- How do we meet these demands in a balanced way?

# **The National Dairy FARM**

## **(Farmers Assuring Responsible Management) Program**



# Capturing Dairy's Good Story

- **FARM Program Components:**
  - Educational Materials & Producer Resources
  - On-Farm Evaluation
    - Animal care standards created by 3<sup>rd</sup> party experts, academics, veterinarians & farmers
  - 3<sup>rd</sup>-Party Verification
  - Communication & Customer Outreach



# Communicating Wins: Animal Care

- ✓ FARM Animal Care Program recently ISO-approved
- ✓ Widely endorsed by US customers



Chobani supports the **Farmer's Assuring Responsible Management (FARM)** animal welfare program. All farms supplying milk to Chobani must participate in the program. **FARM** encourages continuous improvement and use of best management practices.



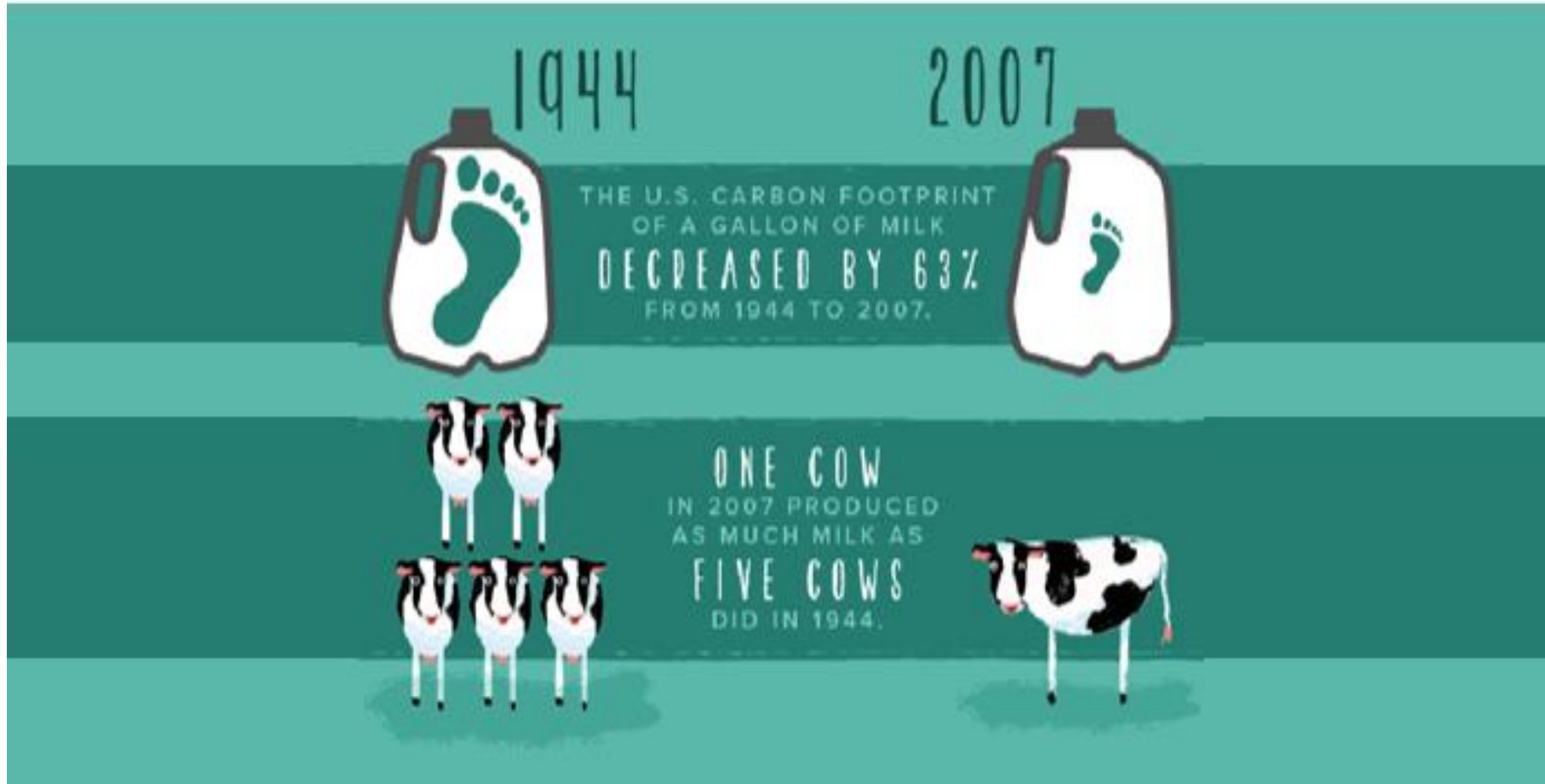
Kroger has requested that the dairy co-ops that supply us are, at a minimum, enrolled in The **National Dairy F.A.R.M. Program: Farmers Assuring Responsible Management™**, which provides consistency and uniformity of best practices in animal care and quality assurance in the dairy industry.



ALDI encourages the dairy farms from which we source our milk and dairy products to participate in the **National Dairy FARM Program: Farmers Assuring Responsible Management**. This program provides best practices on animal care topics in the dairy industry.



# Communicating Wins: Environmental Sustainability



# Communicating Wins: Antimicrobial Stewardship



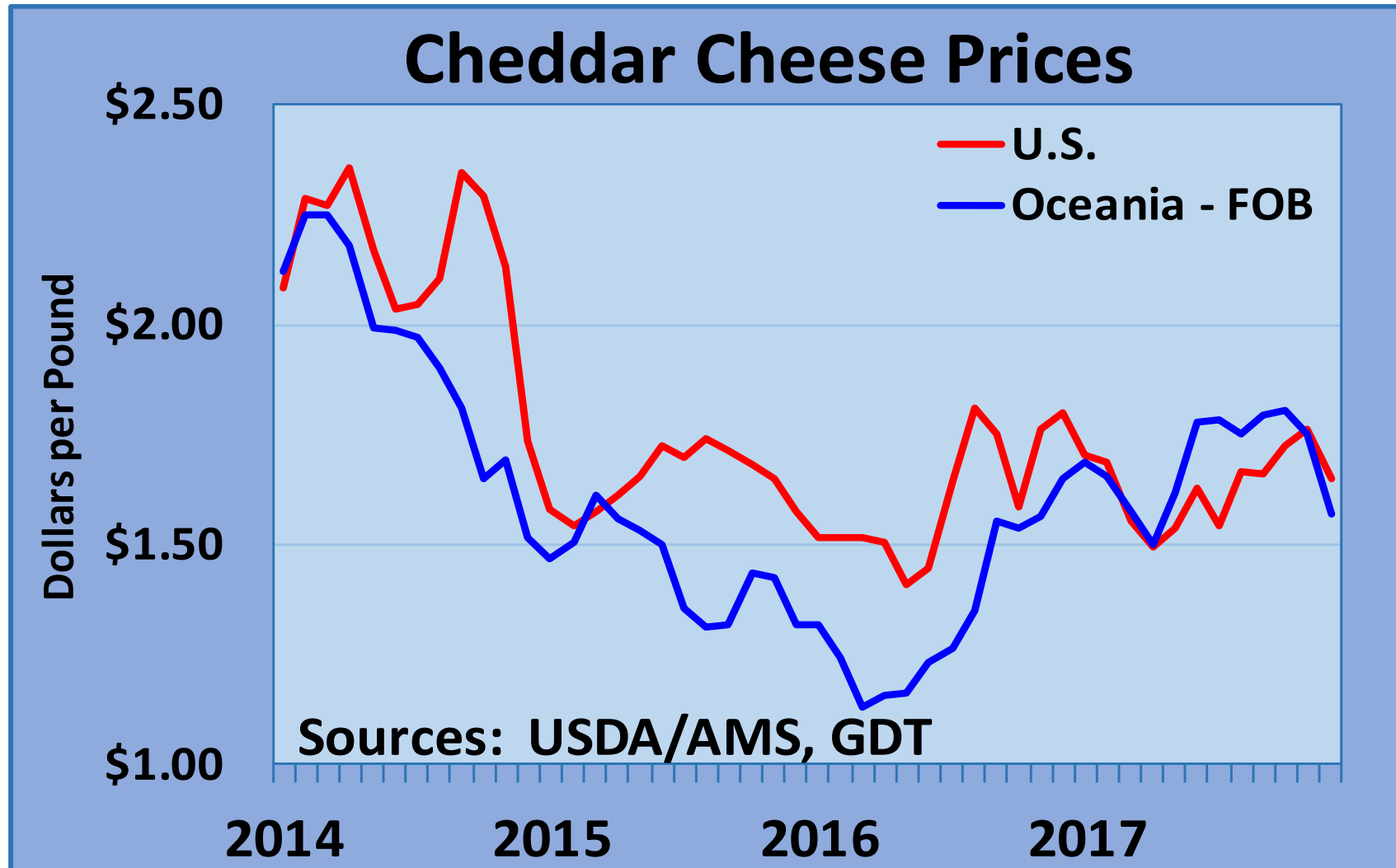


# Thank you

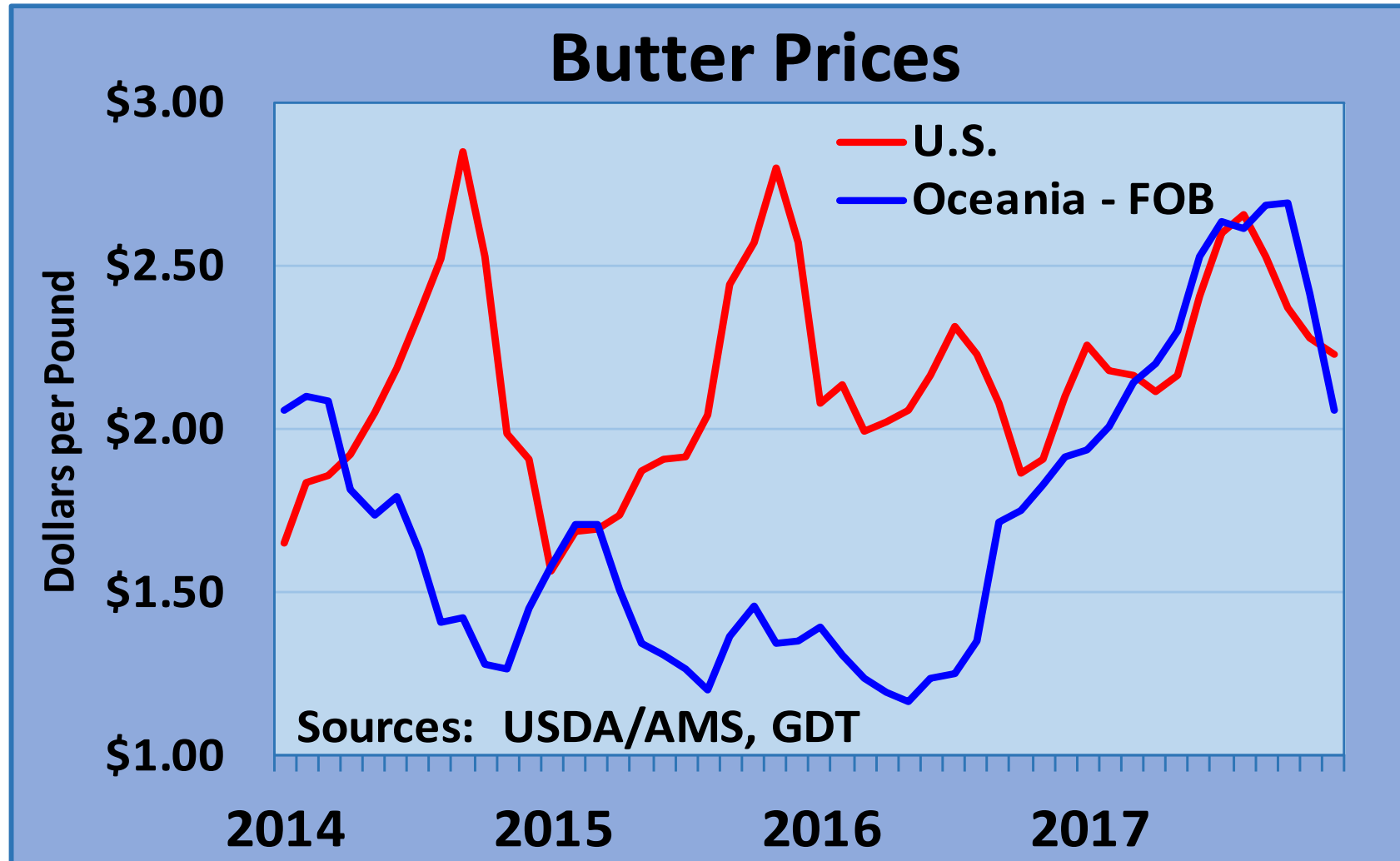
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# US vs. Global Cheese Price



# US vs. Global Butter Price



# US vs. Global SMP Price

