



## DPAC'S POSITION STATEMENT ON "FOUNDATION FOR THE FUTURE"

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## DPAC'S POSITION ON REP. COLLIN PETERSON'S "DISCUSSION DRAFT" DAIRY LEGISLATION con- taining NMPF's "Foundation for the Future"

- Foundation for the Future (FFTF) sends a signal to the world that the U.S. will continue to serve as the balancer of the world supply instead of a leader in supplying the world.
- DPAC agrees with elimination of the Dairy Product Price Support Program in its Cornerstones for Change (CFC).
- DPAC opposes the FFTF Dairy Market Stabilization Program (DMSP) because it:
  - Decreases potential for exports and increases potential for imports.
  - Interferes with the U.S. dairy industry's ability to develop and supply global markets through long-term customer relationships.
  - Creates more frequent cycles of volatility because U.S. policy cannot control what is happening with the milk supply in the rest of the world.
  - Jeopardizes producer investments in their own dairy farm businesses, and penalizes producers with a production "tax" when they can least afford it.
  - Centralizes decision-making with a one-size-fits-all program that ignores the fact that today's dairy markets are global, national, and also still regional in nature.
  - Constitutes taxation without representation: American dairy farmers will not be afforded the opportunity to vote on this program that would trade — without their consent — the freedom and right to control their business decisions for the false hope of government security.
  - Adds another layer of government control to a system that already lacks transparency and has poor price discovery, while ignoring key issues that need to be addressed.
  - Bases production controls on a margin formula that is locked in for the next five to seven years.
- DPAC believes global market development and product innovation are critical and that a voluntary market adjustment tool serves producers better than a government-mandated supply control program.
- DPAC seeks policies that empower producers. We are concerned about the Dairy Producer Margin Protection Program because it does not offer the flexibility that individual margin protection tools (like LGM Dairy) offer, and it is too expensive to stand on its own without the supply control piece funneling a portion of the milk production "tax" on producers back to the U.S. Treasury.
- DPAC is concerned about the 62-pages of Federal Order Reform contained in FFTF. It is even more complex than what we have today. DPAC's CFC focuses on developing a simpler and more transparent pricing system and the need for improved timeliness and transparency of product price and volume reporting.