

United States Senate

WASHINGTON, DC 20510

July 18, 2019

The Honorable Sonny Perdue
Secretary
U.S. Department of Agriculture
1400 Independence Avenue, SW
Washington, D.C. 20250

Dear Secretary Perdue:

As you allocate trade aid in response to the enormous challenges our farmers are facing from retaliatory tariffs, I urge you to include funding for market development that targets innovation in dairy products.

Wisconsin—America’s Dairyland—has lost over 1,600 dairy farms in the last two years, and forward-looking strategies to increase the value and utilization of milk cannot come fast enough. We know it’s going to take a range of steps to help dairy farmers get back on their feet—and we’ve made progress together in getting the Dairy Margin Coverage program signed into law and then made available to farmers, as well as refunding premiums that dairy farmers paid into the old dairy Margin Protection Program when it wasn’t working as promised.

These steps alone are not enough. We need to do better for Wisconsin farmers who have been caught in the middle of this trade war, and we must ensure they have the tools to build a brighter future in dairy. In addition to ensuring dairy farmers get their fair share of trade aid payments and purchases you are issuing in the face of the losses suffered from the trade war, I urge you to make a substantial investment in the USDA’s Dairy Business Innovation Initiatives, which were created in the 2018 Farm Bill with the support of a wide range of dairy stakeholders and bipartisan representatives. I was proud to work across the aisle with Senator Susan Collins of Maine to get this market-based strategy for dairy included in the Farm Bill. The Dairy Business Innovation Initiatives support the experts in dairy—our dairy farmers and dairy businesses—to take the steps they know will help turn things around in this challenging agriculture economy.

Under your leadership, USDA has made good progress in moving forward on establishing the regionally based Dairy Business Innovation Initiatives using the \$1.5 million that I fought to make available through the 2019 funding bill. These initiatives will start making an impact for dairy before the snow flies this fall, and with greater funding from trade aid, the impact could be even bigger. This would support jobs updating and building modern dairy plants, help innovative farmers develop new on-farm specialty dairy products, and help find ways to get value out of the byproducts currently unused in dairy production. All of these things will help the dairy industry build a stronger future.

The same tools you have used to make trade aid payments also specifically allow for market development. In fact, the same section of United States Code (15 U.S.C. 714c) specifically allows for this aid to be used to “*increase the domestic consumption of agricultural commodities*

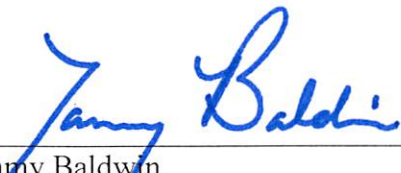
(other than tobacco) by expanding or aiding in the expansion of domestic markets or by developing or aiding in the development of new and additional markets, marketing facilities, and uses for such commodities.” Using this funding tool for dairy innovation is not the same as a one-time payment, or a one-time purchase of commodities. Instead, targeting trade aid to dairy innovation is an investment that could make a real and lasting impact in Wisconsin and across the country.

Many dairy stakeholders have expressed strong support for the Dairy Business Innovation Initiatives, including the National Milk Producers Federation, the International Dairy Foods Association, the Midwest Dairy Coalition, the Wisconsin Farm Bureau, the Wisconsin Farmers Union, the Wisconsin Cheese Makers Association, the Dairy Business Association, and Edge Dairy Farmer Cooperative.

Despite the challenges facing the dairy industry right now, including the loss of many of our family farms and the strong headwinds the industry faces from trade wars and low prices, I know that the men and women who lead dairy farms and dairy organizations are second to none in their expertise, tenacity, and commitment to improving their industry. Quite simply, there could not be a finer group of people to lead dairy through this difficult time. I urge you to prioritize investing in these rural leaders with trade aid funding of at least \$60 million to promote dairy market development.

Thank you in advance for your consideration of this important opportunity to support our dairy farmers as they work to make it through the trade wars and build a better future for their families and our rural communities.

Sincerely,



Tammy Baldwin
United States Senator