

“2000 Elections: Impact on Dairy Policy”

February 6, 2001

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VP, Government Relations

2001 POLITICAL OUTLOOK

What else changes besides the White House china?

- **Bush has some familiarity with ag policy due to Texas' size and scope**
- **Met with farm and ag leaders, including NMPPF, shortly before Christmas to obtain input**
- **Emphasis on tax reduction may help family farms and other businesses**

GEORGE W. BUSH



2001 POLITICAL OUTLOOK

Who else matters in the new Administration?

- Veneman will have short learning curve thanks to previous experience
- Thompson expected to have much influence at HHS
- USDA expected to work closely with EPA on animal waste issues
- Zoellick will focus on more trade opportunities for ag



Veneman



Thompson



Whitman



Zoellick



2001 POLITICAL OUTLOOK

Who else matters in the new Administration?

- **State - Colin Powell**
- **Treasury- Paul O'Neill**
- **Defense - Donald Rumsfeld**
- **Justice - John Ashcroft**
- **Interior - Gale Norton**
- **Commerce - Don Evans**
- **Labor - Elaine Chao**
- **Housing and Urban Development - Mel Martinez**
- **Transportation - Norman Mineta**
- **Energy - Spencer Abraham**
- **Education - Rod Paige**
- **Veterans Affairs - Anthony Principi**



2001 POLITICAL OUTLOOK

USDA & Other Appointments

Secretary of Agriculture

Ann Veneman

Deputy Secretary

?

- **Farm & FAS Services** (FSA, Commodity Programs, Price Support)
- **Food, Nutrition & Consumer Services**
- **Food Safety**
- **Marketing & Regulatory** (AMS, APHIS, Grain Inspections, Packers & Stockyards)
- **Natural Resources & Environment**
- **Research, Education & Economics**
- **Rural Development**



2001 POLITICAL OUTLOOK

House, Senate Ag Committees Don't Change

- Texans retain top GOP, Dem slots atop House Ag
- Livestock & Horticulture Subcommittee Chair Pombo, Ranking Peterson
- Lugar remains Senate Chair, but must share power with Harkin

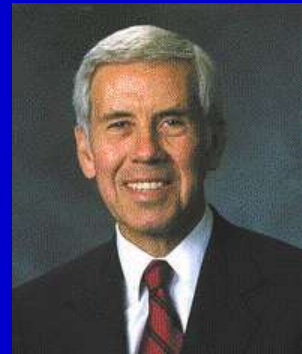
LARRY COMBEST



CHARLIE STENHOLM



DICK LUGAR



TOM HARKIN



2001 POLITICAL OUTLOOK

House Agriculture Committee

27 Republicans, 24 Democrats

New Republican Members

Chip Pickering (MS -03- Returning)

Timothy Johnson (IL - 15th)

Tom Osborne (NE - 03)

Mike Pence (IN - 02)

Dennis Rehberg (MT-AL)

Sam Graves (MO - 06)

Adam Putnam (FL - 12)

Mark Kennedy (MN - 02)



2001 POLITICAL OUTLOOK

House Agriculture Committee

New Democratic Members

- 60% of House Ag Committee not here in '95 Farm Bill
- 5 subcommittees this session
 - Livestock & Horticulture
 - Department Ops., Nutrition, Forestry
 - General Farm Commodities & Risk Mgt.
 - Conserv., Credit, Rural Dev. & Research
 - Specialty Crops & Foreign Ag



2001 POLITICAL OUTLOOK

Senate Agriculture Committee

10 Republicans, 10 Democrats

New Republican Members

Craig Thomas (WY)

Wayne Allard (CO)

Mike Crapo (ID)

Tim Hutchinson (AR)

New Democrat Members

Debbie Stabenow (MI)

Ben Nelson (NE)

Mark Dayton (MN)

Departing

Larry Craig

Chuck Grassley

Rick Santorum

George Voinovich

Departing

Bob Kerrey

Tim Johnson



2001 POLITICAL OUTLOOK

Some Change On Committees Of Importance

- **Rep. Henry Bonilla (TX) assumes chair of House Appropriations subcommittee on Agriculture**
- **Reps. Young (FL), Obey (WI), remain top R and D on House Appropriations panel**
- **Sens. Cochran (MS), Kohl, (WI), remain top R and D on Senate Appropriations subcommittee on Agriculture**
- **Sens. Stevens (AK), Byrd (WV), remain top R and D on full Senate Appropriations Committee**
- **Rep. Sensenbrenner (WI) assumes chairmanship of House Judiciary committee**



2001 POLITICAL OUTLOOK

Parity Exists In Both Houses

- **House Republicans hold slim lead 221-211 (2 independent)**
- **Senate is split 50-50; Cheney may break quite a few ties**
- **Question is, Will moderate center provide driving force, or will both chambers be whipsawed by a liberal vs. conservative struggle?**



Hastert - R



Lott - R



Daschle - D

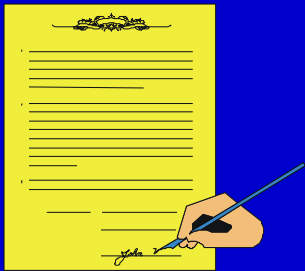


Gephardt - D



FARM BILL OUTLOOK

2002 Farm Bill Will Not Be Re-Written in 2001



- **Rightly or wrongly, depressed prices of past 3 years are often blamed on Freedom To Farm**
- **Next Farm Bill almost guaranteed to take new approach; Question is, How New?**
- **Planting flexibility, coupled with generous emergency payments, assure cheap grain and thus cheap milk**

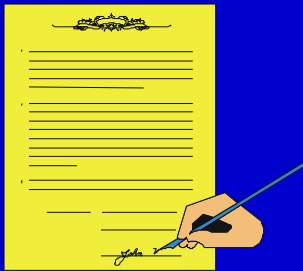


FARM BILL OUTLOOK

Will Not Be Re-Written in 2001, But

- **Budget Authority Problem**

- Current efforts at budget resolution
- At least as much regular & emergency
- Group meetings with ag & budget staff
- Over \$24 billion in bailouts last two years not in budget baseline



- **Commodity Title Hearings Begin February - House**

- Very detailed testimony
- National organizations
- NMPF will testify

- **Senate will take a slower track, but will take a lot of input this year**



FARM BILL OUTLOOK

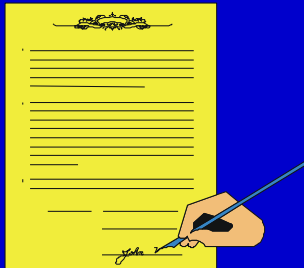
Conditions that Favor Opportunities for Ag in this Congress

- **Agriculture is the one sector of economy in the deepest slump**
- **New administration and the evenly divided Congress (50-50 Senate) will need some early bipartisan victories**
- **Agriculture is least partisan of committees - rarely split along party lines -- more along regional lines**
- **Republicans will not want to go into Fall 2002 Elections without a new Farm Bill - particularly Senate**
- **Many Republican Senators from Farm States up in 02 (20 R, 13D)**



FARM BILL OUTLOOK

But what will happen to dairy policy; we've only had reforms now for 12 months?



- Dairy policy changes in '96 Farm Bill implemented only as of Jan. 2000
- After fierce battle in Congress in '99, few will want to reopen can of worms anytime soon
- Most of dairy producer community supports Federal Orders, although some will fight against them



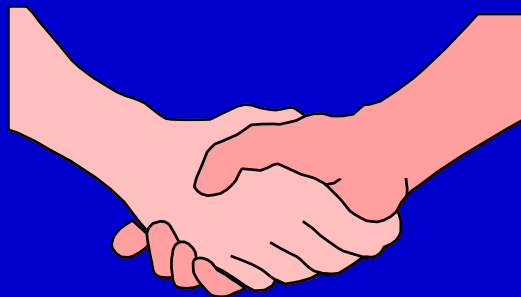
DAIRY PRODUCER CONCLAVE



DAIRY PRODUCER CONCLAVE

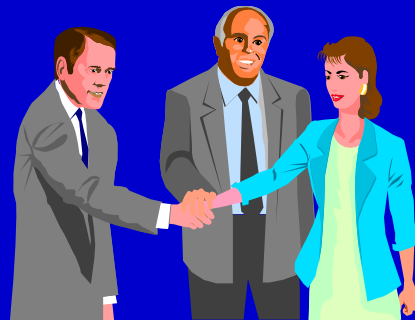
Objectives

- **Attempted to develop consensus positions in policy areas that will be key to successful legislative and regulatory outcomes for dairy producers**
- **Created goodwill and understanding among dairy producers to enhance the image of dairy producers among the public and other key audiences**



DAIRY PRODUCER CONCLAVE

- **Used a steering group of national organizations, building from a series of regional forums, to solicit views from all parts of the country**



- **Produced a consensus document by following a structured format**



DAIRY PRODUCER CONCLAVE

Attendance



of People = 355

of Organizations = 86

of States = 42



DAIRY PRODUCER CONCLAVE

Consensus Policy Recommendations

- **Economic Policy**
- **Trade Policy**
- **Animal Health & Care**
- **Environment**
- **Product Standards**
- **Biotechnology**
- **Food Safety**
- **Communications & Issues Management**
- **Business Issues**

