

1                               **2012 LAND O'LAKES RESOLUTIONS, proposed**

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3   **1.     New Farm Bill**

4             The members of Land O'Lakes support policies that promote domestic food security in  
5 the United States. Such policies should support family farms as the predominant structure for  
6 food production in the United States. To achieve those objectives, we support timely deliberation  
7 and development of a new farm bill before the current Food, Conservation, and Security Act of  
8 2008 expires.

9             The scope of the bill should include commodity programs, trade, rural development,  
10 conservation, research, farm credit, food and nutrition, and energy. ~~In recent years, the farm bill~~  
11 ~~has been broadened to include a broad range of feeding and nutrition programs. While we~~  
12 ~~support continuation of those programs, we encourage Congress to consider feeding and nutrition~~  
13 ~~programs as separate legislation and focus the farm bill on programs that directly relate to~~  
14 ~~supporting farmers and agriculture.~~

15             One of the major purposes of the farm bill should be to establish a reliable safety net to  
16 help family farmers withstand the volatility that's inherent in ag markets. We believe that risk  
17 management programs and enhanced efforts to assure market transparency offer a more reliable  
18 safety net that's also less costly in terms of federal budget commitments. We specifically support  
19 implementation of daily electronic reporting of dairy product prices to be audited as a way to  
20 provide producers with reliable information for risk management to include cold storage  
21 ~~auditing, as a way to inhibit market manipulation that puts producers at a disadvantage.~~

1   **2.    Climate Change Initiatives**

2           The on-going debate about climate change and what steps to take shows that the U.S. has  
3 not reached a consensus on the scope of the problem or what to do about it. As a farmer-owned  
4 cooperative, Land O'Lakes is committed to participating in the debate to represent the interests of  
5 the food and agriculture industry, including the cooperative system and our farmer-members. As  
6 the debate on this issue continues, the members of Land O'Lakes support the following principles  
7 as they apply to agriculture:

- 8       • We oppose any efforts by EPA to regulate emissions of greenhouse gases under the  
9       Clean Air Act.
- 10      • We support legislation and administrative programs that encourage the development of  
11      clean energy to reduce emissions of carbon and to reduce U.S. dependence on imported  
12      petroleum.
- 13      • Implementation of any program to regulate and reduce greenhouse gas emissions in the  
14      United States must be consistent with international agreements that also commit other  
15      nations to join in reducing actual aggregate emissions. Such international agreements  
16      must be binding, mandatory, verifiable, and contain cuts to actual emissions on par with  
17      the United States.
- 18      • We oppose state efforts to regulate greenhouse gas emissions that would result in  
19      burdensome regulations on producers and food processors, add costs and affect their  
20      ability to operate.

1    **3.    Support for Farmer Cooperatives**

2           The 21<sup>st</sup> century food and agriculture system will continue to become more competitive  
3 and more international in scope. As these trends develop, farmers will need new tools and new  
4 structures for retaining a farmer-owned presence. Historically, cooperatives have provided  
5 farmers with the ability to compete more fairly in the marketplace than if farmers were required  
6 to individually market their products. Land O'Lakes members support development of closer  
7 working relationships between government officials and cooperatives in order to generate new  
8 ideas and policy initiatives that will result in stronger, more effective cooperatives in the future.

9           The limited anti-trust exemption available to farmers under the Capper-Volstead Act  
10 remains an important foundation for U.S. farmer cooperatives and their producer-owners.  
11 ~~During 2010, cooperatives felt threatened by a series of workshops conducted jointly by the~~  
12 ~~Department of Justice and USDA and focusing on competition in the food and ag sector. Some~~  
13 ~~of the preliminary rhetoric questioned the role of cooperatives and specifically called out Capper-~~  
14 ~~Volstead for review. Land O'Lakes joined with the National Council of Farmer Cooperatives and~~  
15 ~~other cooperatives from around the nation to raise awareness of the continuing importance of co-~~  
16 ~~ops to 21<sup>st</sup> century farmers and the role of co-ops in preserving a vital, growing, and competitive~~  
17 ~~agricultural industry in the United States. We also participated in all of the workshops to answer~~  
18 ~~the specific challenges that arose.~~

19           We strongly urge Congress to recognize the important public policy rationale for the  
20 Capper-Volstead Act and to reject legislative or administrative efforts to repeal, limit, or  
21 undermine the ability of farmers to work together through their cooperatives. We also urge

1 USDA to exercise leadership as a defender and advocate on behalf of farmer cooperatives within  
2 the Administration.

3 We also support the Congressional Farmer Cooperative Caucus. The caucus provides a  
4 forum for cooperative supporters to discuss issues that affect co-ops and generate new policy  
5 initiatives for making farmer co-ops stronger. We commend the Senators and Representatives  
6 who have joined the caucus, and we urge additional members of Congress to join the caucus and  
7 participate in caucus activities. We further urge members of the Caucus and other members of  
8 Congress to support provisions in the new farm bill that will strengthen the ability of  
9 cooperatives to create value for their farmer-members.

10 We also urge USDA to revamp and reprioritize cooperative programs within the  
11 Department. Cooperative programs within the Rural Business & Cooperative Service have lost  
12 funding and the historic mission has been diluted. We urge USDA to reallocate resources to  
13 focus on research, technical assistance, education, and administration of cooperative grant  
14 programs. We also urge USDA to recognize that the grassroots nature of cooperatives provides  
15 the Department with an effective means to get farmer input on a wide range of USDA programs  
16 and to seek cooperative representation on advisory committees and panels.

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18 **4. National Dairy Policy**

19 Land O'Lakes supports the Foundation for the Future as the framework for future dairy  
20 policy. The Dairy Security Act, introduced in 2011, is based on the principles defined in  
21 Foundation for the Future. Land O'Lakes supports passage of the Dairy Security Act either as part  
22 of the farm bill or other legislation in 2012. We believe this program will provide dairy farmers

1 with a more reliable safety net, will encourage innovation and enable the industry to develop new  
2 products to compete in world markets, and will provide tools for stabilizing prices for milk and  
3 dairy products. We will continue to participate in the process of developing and analyzing  
4 program details, including adoption of mandatory daily reporting of dairy product prices.

5 Key features of ~~the plan~~ Foundation for the Future are:

- 6 • Dairy Producer Margin Insurance Program – This insurance-based risk management program  
7 will indemnify producers for losses due to low prices and/or high input costs. The program  
8 should be voluntary and open to all producers, regardless of size. It should be easy to sign up  
9 through a simple application process, or with the assistance of the producer’s cooperative.
- 10 • Federal Milk Marketing Order Reform – Federal orders should be examined thoroughly and  
11 revised as needed to meet the needs of producers in various regions of the country. The  
12 orders should facilitate the role that cooperatives play in balancing supply and demand. There  
13 should be a special emphasis on replacing the make allowance structure and promoting a  
14 more effective price discovery mechanism. The recommendations shall not disadvantage  
15 milk producers as compared to the current federal orders.
- 16 • Eliminate the dairy product price support program and redirect MILC expenditures to fund  
17 the margin insurance program.
- 18 • Market stabilization – Implement a program consistent with the margin insurance program  
19 that sends strong signals to producers to reduce production during times when dairy margins  
20 are severely strained. The market stabilization program is intended to trigger in and trigger  
21 out and not be permanently in effect.

1     **5.     Fluid Milk Standards**

2             Land O'Lakes supports national adoption of California standards for fluid milk. The 2010  
3 study recently-completed study by the Food Agricultural Policy Research Institute (FAPRI)  
4 identifies the benefits to consumers dairy farmers of national adoption of these standards. Land  
5 O'Lakes urges Congress to renew efforts to adjust national fluid milk standards to better align  
6 with the California standards. We specifically support the Federal Fluid Milk Standards Act,  
7 introduced in 2011, and urge passage of that bill in 2012.

8             Land O'Lakes supports all efforts to protect the integrity of the California standards for  
9 fluid milk. The current federal standard of 8.25% for the solids-not-fat content of fluid milk  
10 products is well below the national solids-not-fat content of milk as it originates on the farm. In  
11 order to maintain the integrity and nutritional quality of milk used in fluid milk products, and to  
12 provide increased uniformity of products offered to consumers, it is important that federal solids-  
13 not-fat standards for fluid milk products be increased. We support the adoption of a fortification  
14 allowance within the federal milk marketing orders in order to share the cost of adding solids to  
15 fluid milk products. Finally, we urge increased efforts to monitor compliance with fluid milk  
16 standards, especially milk for the school milk program, and its nutritional value and to enforce  
17 the standards when processors attempt to market products that do not meet the requirements.

18

19     **6.     Imports of Dairy Ingredients & Dairy Products**

20             Land O'Lakes supports legislation that would impose a tariff rate quota on imports of  
21 Milk Protein Concentrate (MPC).

1 Land O'Lakes urges the U.S. government to exercise our WTO right to implement  
2 temporary increases in tariffs when imports of dairy products exceed safeguard levels established  
3 by existing trade agreements. We urge USDA to rigorously monitor dairy product import levels  
4 and to fully use allowable safeguard provisions when imports reach the designated excessive  
5 levels. We urge Congress to provide oversight to enforce the implementation of dairy import  
6 trigger levels.

7

8 **7. International Trade Rules**

9 Land O'Lakes believes it's the obligation of the U.S. government to operate as a partner  
10 to U.S. farmers and agribusiness to develop mutual strategies for new trade agreements that will  
11 assure success of U.S. agriculture in world trade. We support the WTO framework for global  
12 agricultural trade that was agreed upon in 2004. We call on the U.S. negotiators to insist that all  
13 parties to the WTO negotiations work to achieve the framework's goals of eliminating export  
14 subsidies, reducing trade-distorting agricultural support programs, and opening new, profitable  
15 markets for U.S. food and agricultural exports by ensuring that countries with the highest import  
16 protections make the largest strides towards allowing greater access. Acceptance of these  
17 principles reflects that the U.S. already allows substantial access to its markets; and it is time for  
18 our trading partners to make greater commitments to opening markets and reducing tariffs.

19 Land O'Lakes supports the President's stated goal of doubling U.S. exports. We believe  
20 ~~that the first steps toward achieving that goal are ratification of~~ applaud action by Congress in  
21 2011 to ratify pending trade agreements with Colombia, Panama, and South Korea.

- 1 • Until export subsidies are phased-out worldwide, Land O'Lakes supports full funding for the  
2 ~~Export Enhancement Program, the Dairy Export Incentive Program,~~ the Market Promotion  
3 Program, and other export assistance to the level permitted by existing trade agreements and  
4 the World Trade Organization (WTO). We further urge the Administration to use all  
5 allowable domestic and export programs as well as dispute settlement procedures as a way to  
6 apply pressure on nations that are not meeting their obligations under the WTO.
- 7 • We support continued U.S. membership in the World Trade Organization. We also support  
8 reauthorization of Trade Promotion Authority.
- 9 • We urge the Administration to be a vigorous advocate for the interests of U.S. agriculture.  
10 That includes aggressive implementation of trade rules in ways that benefit U.S. producers  
11 and food companies, and aggressive pursuit of remedies against nations that don't comply  
12 with international trade agreements.
- 13 • Land O'Lakes supports actions by the Administration to mitigate the impact of new trade  
14 agreements that negatively affect domestic agricultural producers. We urge USDA to accept –  
15 under the Trade Adjustment Assistance program – proposed marketing years by the U.S.  
16 dairy industry to demonstrate a relationship between declines in prices due to increased  
17 imports.
- 18 • We urge vigorous enforcement of health and sanitary standards. These standards must insure  
19 that imports of livestock and food products into the United States conform to the standards of  
20 domestic products.



1 **8. Foreign Assistance Policy**

2 Land O'Lakes believes that international development must be a priority for U.S. foreign  
3 assistance. We are particularly supportive of agricultural and food systems development efforts  
4 that generate economic growth, alleviate poverty, enhance food security and improve health and  
5 nutrition around the world. We support programs that promote agricultural market development  
6 and provide economic growth opportunities for farmers, rural businesses and people who are in  
7 poverty or are marginalized within their society. Cooperatives, associations and other farmer  
8 producer groups have proven to be an especially effective means of achieving economic growth  
9 that is distributed among the member-owners, and therefore stimulates development that is  
10 broad-based and participatory.

11 We encourage USAID, the State Department, the Millennium Challenge Corporation  
12 (MCC), USDA, and multilateral financial institutions to better coordinate foreign assistance to  
13 increase its efficiency and effectiveness. We recommend that all development assistance agencies  
14 channel significant development assistance through cooperatives and cooperative development  
15 organizations.

16

17 **9. Foreign Aid Funding**

18 Land O'Lakes supports funding levels for the international affairs budget at no less than  
19 the amount budgeted for the current fiscal year.

20 We encourage the US Government to significantly increase funding for sustainable  
21 agriculture and food security initiatives. The U.S. "Feed the Future" Initiative should be funded  
22 at no less than \$1.2 billion annually for the next three years. A substantial portion of this funding

1 should be devoted to increased production of livestock and other foods that enhance nutrition,  
2 and can potentially lead to higher farmer incomes through market sales.

3 We strongly support an increased commitment to PL 480 Title II and Food for Progress  
4 programs that help eliminate hunger, prevent famines and reduce food insecurity among the  
5 world's poorest and most vulnerable people in low income food deficit countries. The Title II  
6 program should be funded at no less than \$2 billion per year, and there must be stronger  
7 safeguards to ensure that program administrators maintain the significant funding required for the  
8 long-term development project portfolio, and do not compromise this resource to pay for  
9 emergency responses. A high priority should be placed on programs that deliver value-added  
10 products to vulnerable people, including those who are undernourished and/or living with  
11 HIV/AIDS, so that they can live healthier and more productive lives.

12 We urge passage of the Global Food Security Act to strengthen our national  
13 commitment to fighting hunger and to improve the effectiveness of U.S. development  
14 programs. Specifically, we support provisions that direct the Administration to  
15 develop partnerships with cooperatives and other private voluntary organizations for  
16 implementation of international agriculture development projects.

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## 18 10. **Environmental Regulation of Agriculture**

19 Land O'Lakes is committed through its corporate policies and business practices to  
20 protecting the environment, while maintaining the economic viability of producers, local  
21 cooperatives and Land O'Lakes. We oppose any barriers to farmers' use of approved

1 technologies and support uniform, national, science-based regulations for the review and  
2 approval of new agricultural production technologies.

3 Specifically we support the following policies:

- 4 • Land O'Lakes supports passage of legislation which would clarify Congressional intent  
5 that Superfund rules should not apply to livestock operations. We oppose efforts that  
6 require livestock operations to submit to EPA detailed and comprehensive information  
7 about their operations, public release of that information and rewriting CAFO regulations  
8 that would require stringent federal permits and more superfund reporting requirements  
9 for agriculture.
- 10 • We support the Clean Water Act as it is currently written applicable to “navigable”  
11 waters only.
- 12 • We oppose the EPA ~~draft~~ regulations that require NPDES permits under the Clean Water  
13 Act for pesticides applied near, over, onto or into water, where the permit requires  
14 Integrated Pest Management and other Best Management Practices beyond those called  
15 for in the FIFRA label, ~~and subjecting each application to citizen suit attacks for failure to~~  
16 ~~somehow fully comply with these new, beyond label requirements.~~ We support passage  
17 of HR 872 by the House in 2011 and by the Senate Ag Committee. We urge passage by  
18 the full Senate in 2012 and enactment of that legislation.
- 19 • We oppose efforts in chemical security legislation that would require costly alternatives  
20 to be implemented and that affect the ability of companies to operate. ~~mandate~~  
21 ~~“inherently safer technology” to be used by companies when available and citizen~~  
22 ~~enforcement provisions.~~

- 1 • We oppose the Chesapeake Bay TMDL requirements proposed by EPA that would  
2 require Chesapeake Bay states to aggressively constrained, strict discharge and pollutant  
3 load allocations to farmers and require states to adopt enforceable measurers that call into  
4 question the Clean Water Act’s longstanding approach to dealing with agriculturally  
5 related water quality issues and the associated agricultural storm water exemption.
- 6 • We support legislative changes to the Endangered Species Act that allow for a more  
7 streamlined and efficient review of the potential effects of pesticides on endangered  
8 species. Currently, consultation is required by the National Marine Fisheries Service and  
9 the Fish & Wildlife Service and the Environmental Protection Agency who disagree and  
10 have fundamentally different approaches to this analysis. ~~As a result, lawsuits affecting~~  
11 ~~the industry are a constant uncertainty to the industry.~~
- 12 • We support reasonable initiatives and efforts to mediate spray drift when applying  
13 agricultural chemicals. Small levels of pesticide drift are unavoidable and, when used  
14 according to the product’s label, do not pose an ‘unreasonable adverse effect’ to humans  
15 and the environment. We oppose EPA’s proposal that implements a precautionary  
16 proposal language for labels – “Do not apply this product in a manner than results in  
17 spray drift that could cause an adverse effect to people or any other non-target organism.”
- 18 • We oppose greenhouse gas regulations by EPA that would require large livestock  
19 operations in 2011 with greenhouse gas emissions over a certain threshold to report those  
20 emissions to EPA, and is setting in motion greenhouse gas emissions control regulations  
21 that over the next several years would encompass dairy and other livestock operations and  
22 their methane emissions.

1 ~~— We oppose lowering the 2006 air quality standards for dust, which will put many of the~~  
2 ~~West's agriculture areas out of compliance with the Clean Air Act and little or no real~~  
3 ~~recourse for coming into compliance.~~

4 • We support passage of H.R. 1633 the Farm Dust Regulation Prevention Act which will  
5 prevent any additional dust regulations on production agriculture for one year. The EPA  
6 currently has the ability to tighten regulatory standards for dust under the Clean Air Act.

7 • We support a proposal made by 78 ag organizations, including the National Council of  
8 Farmer Cooperatives, in 2011 to place a two-year moratorium on all new discretionary  
9 regulations that would increase costs for farmers, cooperatives, and food companies. In an  
10 environment when farmers are being asked to share in the burden of deficit reduction by  
11 accepting cuts to ag programs, the federal government should in turn refrain from  
12 imposing new regulations that increase the costs of farming and producing food.

13 • We oppose interpretations of regulations that are inconsistent with Congressional intent.  
14

## 15 **11. Air Quality**

16 Understanding and regulating livestock emissions is a broad national issue. Confined  
17 Animal Feeding Operations have come under increasing scrutiny. We commend the National  
18 Council of Farmer Cooperatives and the National Milk Producers Federation for their work  
19 through a national task force on air quality to develop industry-wide responses to regulatory  
20 challenges aimed at dairy and livestock operations.

21 Land O'Lakes, along with dairy and livestock producers, shares a long-term interest in air  
22 quality and wishes to be proactive and supportive of research efforts. We believe that dairy and

1 livestock producers should actively participate in the regulatory process and that the process  
2 needs to provide an opportunity for producers to have a voice in determining the outcome.

3 If it is scientifically determined that livestock plays a significant role in air pollution,  
4 producers, along with the government and the scientific community need to work together to  
5 develop a plan for reducing proven harmful emissions from livestock operations. Elements of  
6 such a program should be built on the foundation of already successful programs and concepts,  
7 including:

- 8 • Inclusion of an air quality component in the education and/or certification components of  
9 a program similar to the California Dairy Quality Assurance Program, along with  
10 incentives to encourage producer certification as being in compliance with all current  
11 laws and regulations.
- 12 • Federal Environmental Quality Incentives Program funding for Environmental  
13 improvements on agricultural operations.
- 14 • The recognition of ground-level ozone scrubbing and oxygen-producing effects of  
15 agricultural crops.
- 16 • State and Federal funding, tax incentives, loan guarantees and other incentives to  
17 encourage pilot projects for capital intensive mitigation measures.
- 18 • We support federal funding for scientific studies to measure the impact of livestock on air  
19 quality and provide a scientific basis for programs to reduce potential harmful effects.
- 20 • Land O'Lakes will communicate with and educate the appropriate environmental  
21 agencies and groups to build coalitions for mutually beneficial air quality policies that  
22 affect the priorities of Land O'Lakes and its members.

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**12. Energy**

Because of our country’s high dependence on energy, we need to revitalize and conserve the nation’s energy supplies and to develop new, cost-effective energy sources. We urge Congress and the Administration to continue development and implementation of sound national energy policies, including recognition of a role for renewable fuels. ~~ethanol, soy-based fuels, and other bio-mass energy production. We oppose any regulation that diminishes the role of ethanol such as the indirect land use formula that incorrectly estimates the greenhouse gas emissions of ethanol.~~ We support continued development of solar and wind energy production consistent with continued ag use of the land. We urge policy makers to invest in new sources of energy that will reduce greenhouse gas emissions. ~~We also encourage all levels of government to implement the use of blended fuels (bio-diesel and ethanol) in all public vehicles. We support efforts by groups of farmers to form value-added co-ops, and we support continuing the fuel tax exemption for ethanol proportional to the value of crude oil and state incentives for biofuels.~~ We support increased research and rapid implementation of next generation biofuels. We support policies that will price energy produced on-farm at a level that will allow implementation of these alternative energy sources.

Policy makers should provide broad protection for the entire nation during periods of energy shortages. They should especially ensure adequate energy supplies at reasonable costs to farmers, their cooperatively owned refineries, and agricultural processors. As the state and federal governments move forward with rules to permit retail competition for electric energy, we

1 urge them to assure that farmers and rural residents are not placed at a competitive disadvantage  
2 at their farm businesses and rural homes.

3

4 **13. State Livestock Laws**

5 Land O'Lakes supports new and existing programs and access to all business  
6 development programs at the state level to encourage the modernization and re-capitalization of  
7 livestock production.

8 Land O'Lakes supports uniform rules within each state for regulation of livestock  
9 facilities. We object to regulations that are not based on sound, scientifically substantiated facts,  
10 and we firmly oppose moratoriums and regulations that are intended to prevent modernization of  
11 livestock facilities. Regulatory agencies should review and rule on permit applications for new  
12 or expanded livestock operations in a timely manner.

13 Land O'Lakes is committed to working with the respective state ag departments to  
14 develop program concepts and to support implementation of programs that will achieve the goal  
15 of stimulating the growth of livestock and dairy production.

16

17 **14. Tax Policy**

18 The members of Land O'Lakes urge Congress to allow equity to remain in agricultural  
19 operations by eliminating the federal inheritance tax in ongoing family-owned enterprises. We  
20 support immediate elimination of the inheritance tax.

21 ~~The new health care law put in place a requirement that businesses submit a Form 1099 to~~  
22 ~~the IRS for non-credit card transactions totaling \$600 or more with any vendor in a given year.~~



1 | ~~This burdensome new requirement will force farmer cooperatives to report payments to their~~  
2 | ~~suppliers. Additionally, farmers will be required to report payments made to their farmer~~  
3 | ~~cooperatives. We support legislative efforts that repeal this proposal.~~

## 5 | **15. Agricultural Biotechnology & Crop Coexistence Strategy**

6 | Land O'Lakes believes science offers great potential for improving agricultural  
7 | production efficiency and a sustainable environment. We are also committed to providing seed  
8 | products for organic, conventional and biotech producers.

- 9 | • We support improved regulatory coordination between federal agencies to promote  
10 | consistency with a unified regulatory policy on biotechnology. We support regulatory  
11 | efforts at USDA that provide a framework for investments, planning, and better certainty  
12 | of biotechnology development and research.
- 13 | • We support the USDA's buffer zone guidelines mandated for the testing and growing of  
14 | biotech crops to avoid cross-pollination. We support establishment of clear protocols and  
15 | procedures for a coordinated coexistence strategy between biotech crops and their non-  
16 | biotech counterparts. We support proper segregation of products that are not approved  
17 | for export or for other specific uses, in order to ensure proper channeling of products that  
18 | are approved for those purposes.
- 19 | • The current "zero-tolerance" import standards for the EU and other importing countries  
20 | for biotechnology products approved in the U.S. but not in certain international markets  
21 | are unrealistic. Therefore, we urge the establishment of tolerances for these U.S.

1 approved genetically enhanced products in these international markets that may be  
2 stringent, but achievable.

- 3 • We support the approval of Roundup Ready Alfalfa to provide our customers and  
4 members access to many seed options.
- 5 • We oppose any state or federal effort to require advisory statements on food product  
6 labels if the product contains biotech traits or includes ingredients that are from products  
7 that contain biotech traits. Once USDA and FDA approve a product for  
8 commercialization, there is no rationale to justify a label advisory.

## 10 **16. Bio-Security & Food Safety**

11 Land O'Lakes is committed to working with federal and state agencies to establish a clear  
12 direction for food plants and farms to assure the safety of our food system. This includes  
13 providing technical information to USDA, the Food and Drug Administration (FDA), the  
14 Department of Homeland Security, and relevant state agencies on what bio-security measures are  
15 most effective. We're committed to working with agri-dealers and local cooperatives to prevent  
16 the possible misuse of agricultural inputs for other than intended uses. We're also committed to  
17 working with agricultural producers to improve on-farm bio-security measures. We support  
18 reasonable, science-based regulations on feed mills to help prevent the introduction of BSE into  
19 U.S. cattle, or introduction of any other feed-borne animal disease or health hazard.

20 As different government agencies develop programs and regulations for food safety and  
21 bio-security, we urge coordination of efforts. We urge special attention be paid to avoid duplicate  
22 levels of regulatory authority and procedures. We support the adoption of Hazard Analysis and

1 Critical Control Points (HACCP) procedures in food production plants as a proven, effective  
2 method of assuring food safety. We urge consideration of using the principles of HACCP as the  
3 foundation for assuring the safety of feed for animals.

4 ~~We support passage of comprehensive food safety legislation. Specifically, S. 510, Land~~  
5 ~~O'Lakes supported passage of the FDA Food Safety Modernization Act in 2010.~~ This legislation  
6 provides FDA with the resources and authorities the agency needs to help strengthen our nation's  
7 food safety system by making prevention the focus of our food safety strategies. The FDA Food  
8 Safety Modernization Act enhances public health and safety by: requiring all food companies to  
9 develop a food safety plan; adopting a risk-based approach to inspection; improving the safety of  
10 imported food and food ingredients. However, we do oppose provisions in the legislation that  
11 give exemptions to small food producers. Producing safe food is imperative whether you are a  
12 large or a small producer and consumers need to have confidence that their food is safe whether  
13 it is bought from a grocery store or a farmer's market.

14 As a representative of many U.S. producers, Land O'Lakes strongly urges our elected  
15 officials to enforce the U.S. health, sanitary and safety standards to assure that imported feed and  
16 food conform to the standards imposed on the production of domestically produced products.

17

## 18 **17. Marketing and Labeling of Milk**

19 Land O'Lakes, Inc. is dedicated to delivering quality, fresh, tasteful, safe, wholesome and  
20 healthful dairy products to our customers. Land O'Lakes believes that our dairy producers have  
21 the right to make their own decision on how to best produce safe, high-quality milk using any  
22 accurate, scientifically-based information regarding approved technology.

1 As a market-oriented cooperative, Land O'Lakes will continue to procure certified organic  
2 milk and milk from cows not injected with recombinant bovine somatotropin (rbST) in order to  
3 meet the raw milk requirements of customers. In so doing, Land O'Lakes will negotiate  
4 premiums on behalf of our members; minimize segregated milk costs during pickup, transport,  
5 and storage; and develop and implement programs to pay producers for such milk.

6 Land O'Lakes is very concerned about marketing claims and labeling that creates a false  
7 or misleading image of the difference between conventional milk, organic milk, and rbST-free  
8 milk. All milk has naturally occurring levels of bovine somatotropin, and there is no difference  
9 between the bST in all milk compared to rbST-free milk.

10 All milk is tested for antibiotic residues, and any milk that shows traces of antibiotics is  
11 rejected from the market. Hence, all marketed milk is “antibiotic free.” We urge vigorous  
12 scrutiny by FDA and state agencies on marketing claims for specialty milk and vigorous  
13 enforcement against false and misleading claims.

14

15 **18. Implementation of the Child Nutrition & WIC Reauthorization Act**

16 Land O'Lakes supported many of the provisions of the Healthy, Hunger-Free Kids Act of  
17 2010, ~~and will now turn its attention to the implementation of the Act.~~however we are not  
18 supportive of regulatory proposals from USDA that would put burdensome and unattainable  
19 restrictions on sodium that would result in decreased consumption of milk and cheese.

20 In particular, the Act grants authority to the USDA Secretary to regulate the sale of all  
21 foods and beverages sold within the school so there can be consistency between the Federal  
22 programs and a la carte sales, including sales outside of the cafeteria. Regulatory action will be

1 needed to implement this provision. Land O'Lakes will monitor this action, and provide  
2 comments as may be appropriate.

3 We continue to urge Congress to restore cheese and milk provided by the WIC program  
4 to the levels that existed prior to 2006.

5 Land O'Lakes will also participate in the debate on the next Farm Bill with respect to  
6 provisions that may seek to increase commodity assistance for school breakfast programs, along  
7 with other refinements in the Department's commodity procurement procedures.

8

9 **19. Immigration Reform**

10 Land O'Lakes believes that it's the federal government's job to secure our borders. We  
11 also support federal policies, such as an affordable and efficient guest worker program, that work  
12 to ensure a sufficient supply of labor for the operation of farms and businesses. We support  
13 allowing workers either currently employed or with a recent employment history in the U.S. to  
14 qualify for such a guest worker program. We also believe that it's the responsibility of the federal  
15 government to verify the legal status of workers. We specifically support the provisions of  
16 AgJOBS and urge Congress to pass this legislation. We oppose legislation that would mandate  
17 use of eVerify without also including provisions for a guest worker program.

18

19 **20. Pension Reform**

20 Land O'Lakes supports legislation to provide relief to multiemployer pension plans to  
21 strengthen their funding levels. For certain plans, the relief means allowing a "partition" of the

1 plan so that contributing employers are no longer funding the pension obligations of retirees who  
2 never worked for the employer.

3 ~~Some Land O'Lakes employees who are covered by collective bargaining agreements~~  
4 ~~participate in multiemployer pension funds. A multiemployer plan is a jointly administered plan~~  
5 ~~funded by a number of contributing employers. Contributions are usually negotiated through the~~  
6 ~~collective bargaining process and are fixed for the term of the contract.~~

7 Under the Multiemployer Pension Plan Amendments Act of 1980, when an employer  
8 withdraws from a multiemployer plan, the employer is liable for its share of the plan's unfunded  
9 vested benefits ("withdrawal liability"). If the employer fails to pay its withdrawal liability (e.g.,  
10 bankruptcy), the liability is shifted to the remaining contributing employers. In contrast, if a  
11 company sponsoring a single employer pension plan goes bankrupt, the unfunded benefit  
12 liabilities are transferred to the PBGC.

13

## 14 **21. Financial Regulatory Reform**

15 During 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer  
16 Protection Act. The purpose of the law is to establish safeguards to prevent a future disruption of  
17 financial markets as occurred in 2008-09. As part of the implementation of the new law, the  
18 Commodities Futures Trading Commission must write new rules regulating trading practices by  
19 cooperatives. Land O'Lakes will participate in efforts to assure that the new rules do not unduly  
20 restrict risk management practices by Land O'Lakes and its member cooperatives. We are  
21 especially concerned about the potential impact on price protection programs implemented by

1 Land O'Lakes for our milk producer members and programs to assist member cooperatives on  
2 grain marketing.

3 We specifically favor provisions that would define cooperatives as bona fide end users  
4 and not treat them as swap dealers or major swap participants under the rules established by the  
5 CFTC.

6

1 **2012 LAND O'LAKES POLICY STATEMENTS, proposed**

2

3 **1. Cooperative Policy**

4 Cooperatives provide American farmers with an opportunity to extend their influence  
5 farther along the value chain of the food and agricultural system. Through their ownership of co-  
6 ops, farmers, ranchers, and rural residents have a way to influence the direction of the food and  
7 ag industry and an opportunity to participate in a broader range of the food and ag value chain.  
8 Therefore, Land O'Lakes supports policies and program that tend to make cooperatives stronger  
9 and more relevant to 21<sup>st</sup> Century producers.

10 Land O'Lakes supports the strengthening of cooperatives as a way to improve returns for  
11 farmers, enhance purchases of inputs, and expand markets for farm products. We support a  
12 larger role for the cooperative system in production and marketing as a way to stabilize and  
13 improve the rural economy. Land O'Lakes opposes legislation that would limit the authority of a  
14 cooperative's board of directors, as specified by the cooperative's articles and bylaws, to represent  
15 the cooperative's members and to act on their behalf.

16 We encourage individual cooperatives to adopt policies for building equity as a necessary  
17 base for continuing a strong, viable business operation. We also encourage cooperatives to  
18 provide for orderly redemption of equities and payments to estates.

19 We further encourage cooperatives to support director, employee, and youth training  
20 programs, and general programs relating to cooperative philosophy as a way to foster more  
21 efficient and effective cooperatives. Land O'Lakes recognizes the growing ethnic diversity in  
22 rural communities and the involvement of youth, women and ethnic minorities in agriculture.



1 Therefore, we urge all levels of cooperatives to encourage youth, women and ethnic minorities to  
2 become active within their local cooperatives.

3 Land O'Lakes believes an effective member communications and education program is  
4 essential to cooperative success in the future. We encourage such programs to be actively  
5 pursued at all levels in the cooperative system. We encourage members to actively participate in  
6 the Land O'Lakes governance system and we encourage Land O'Lakes to provide training and  
7 development for leaders in the cooperative system.

8 We also support educational and research programs focused on cooperatives by  
9 universities, and state and national associations, as a means to improve cooperative effectiveness.

10 We believe cooperatives should continue to be exempt from antitrust laws to the limited  
11 extent provided in the Capper-Volstead Act. We also support the authorization of representative  
12 voting by cooperatives in promotion and market orders.

13

## 14 **2. Sustainability**

15 Land O'Lakes aspires to be a global leader in sustainability practices for food production  
16 systems. We recognize that environmental sustainability is inherent in our values as a cooperative  
17 system and our vision embraces responsible stewardship of the earth. We are committed to  
18 business, industrial and agricultural practices that will help feed more people with fewer  
19 resources and with reduced impact on the environment, for current and future generations.

20 We believe in the application of sound science to address environmental challenges while  
21 increasing agricultural and food system productivity. To this end, Land O'Lakes consistently  
22 supports the right of producers to choose to use safe, scientifically proven technology.

1 As Land O'Lakes strives to integrate sustainability into our corporate and cooperative  
2 practices, we will move forward consistent with several basic principles:

- 3 • We will participate in high-impact industry initiatives and promote broad, industry-  
4 wide programs. We also will seek to understand consumer's evolving attitudes about  
5 sustainability, and we will monitor and communicate key customer expectations. We  
6 will actively participate in public policy discussions about sustainability as a  
7 representative of the interests of farmers, agricultural producers, cooperatives, and the  
8 food industry.
- 9 • We will maintain a comprehensive plan to track our company's environmental  
10 footprint and ensure that we are making continuous improvements in our operations  
11 on a number of environmental factors, including energy and water use, and carbon  
12 emissions.
- 13 • We will capture business opportunities that arise from economically sound  
14 sustainability practices. In addition, we will support our members in helping them to  
15 understand and implement sustainability practices on their farms and in their local  
16 cooperative businesses. Recognizing that sustainable practices are a shared  
17 responsibility, we will encourage our employees and members across the system to  
18 actively engage in achieving our goals.
- 19 • Lastly, we will operate in a transparent manner. We are committed to reporting to our  
20 members and to the public on our priorities, and to providing honest reports on  
21 progress being made.

1 In addition to environmental sustainability, we recognize that corporate social responsibility also  
2 encompasses economic and social considerations. We will implement our sustainability program  
3 in conjunction with initiatives that benefit the quality of life and the well-being of employees,  
4 local communities and global communities impacted by Land O'Lakes operations. We are  
5 committed to sound animal welfare management practices. We also will support initiatives that  
6 foster an environment of financial viability and ethical performance.

7

8 **3. Farm Credit**

9 The agriculture industry is highly dependent on a continuing supply of competitively  
10 priced credit. The Farm Credit System is the cooperatively owned lender dedicated to meeting  
11 the needs of agriculture and rural America in good times and bad. Access to a permanent, safe  
12 and sound source of credit that is owned and controlled by our patrons is the prime motivator  
13 rather than dividends and stock appreciation that motivate potentially disinterested investors.

14

15 **4. Support for Beginning Farmers**

16 Land O'Lakes supports development and implementation of programs that encourage and  
17 support the establishment of producers and ranchers new in agriculture.

18

19 **5. Political Activity**

20 Land O'Lakes is committed to legislative action to support the economic interests of the  
21 farmer-owners of the cooperative system. In pursuing these legislative goals, we urge the  
22 members of Land O'Lakes to actively participate in grassroots programs that support effective,

1 cooperative efforts. We further urge all members and eligible employees to support the Land  
2 O'Lakes, Inc., Political Action Committee as a strategy for participating in the political process  
3 in support of the cooperative's legislative goals.

4 We also support Land O'Lakes leadership in its efforts to actively solicit local  
5 cooperative board members to consider becoming 100% board supportive of our Land O'Lakes  
6 PAC.

7

## 8 **6. Promotion of Agricultural Products**

9 Land O'Lakes continues to support generic promotion and market research programs  
10 conducted by state and national promotion boards and industry groups. These programs are a  
11 valuable support strategy to Land O'Lakes own advertising, market research, and promotion. In  
12 addition, we favor programs to promote increased exports of dairy and other agricultural  
13 products.

14 The members of Land O'Lakes urge all segments of the food industry to work together on  
15 consumer education to properly convey that our U.S. food supply is extremely safe, and to help  
16 consumers understand that modern crop and livestock production practices are safe, humane, and  
17 environmentally sound. We also support the reputation management initiatives that are being  
18 conducted by the milk promotion agencies. We urge producers to actively participate in  
19 reputation management programs and urge other commodity organizations to implement similar  
20 programs.

21

22

1 | **7. Farmer Funded Price-Initiatives**

2 Land O'Lakes supports effective producer funded and administered programs that  
3 enhance farmer's viability. We encourage 100% participation by each commodity affected. We  
4 also believe any such programs need to have a minimum participation threshold of two-thirds of  
5 the total industry production of any commodity program being covered by said programs. This is  
6 to minimize non-participants from benefiting from any such program without contributing to the  
7 financial funding required to cover operating costs associated with any such program.

8  
9 **8. Agricultural Research**

10 Land O'Lakes supports funding for basic and applied agriculture research programs and  
11 teaching programs. We support protecting university research data on farms involved in  
12 cooperative research projects. We support the intellectual property rights of cooperatives that  
13 develop new technologies for use on the farm. We will oppose local and state restrictions on  
14 new technologies that have been approved at the federal level.

15 The extension service plays an important continuing role in delivering the results of  
16 agriculture research to farmers and agricultural producers. Extension should remain closely  
17 aligned with ag research and funding from the state and federal governments should be  
18 maintained, if not increased.

19  
20 **9. Animal Health**

21 Land O'Lakes supports efforts to develop new diagnostics and a coordinated prevention  
22 program that would support an emergency response plan to prevent any outbreaks of infectious

1 animal diseases. We support establishment of a program for the eradication of infectious  
2 diseases from U.S. livestock herds, including provisions for indemnification of producers who  
3 have livestock that are destroyed under the program. We urge Administration officials to  
4 continue to enforce strict safeguards to prevent the introduction of infectious animal diseases in  
5 the United States, and support international cooperation to prevent the spread of the disease.

6

### 7 **10. Animal Care/Animal Protection**

8 Agricultural groups need to coordinate efforts to inform the general public of the facts of  
9 modern animal agriculture and the importance and contributions of the livestock industry. As  
10 they relate to public policy on animal care and animal protection, we endorse the following:

- 11 • Support industry efforts to develop national sound animal care guidelines and to urge  
12 producers to adopt these guidelines to ensure humane treatment of animals by all segments of  
13 the livestock industry. We specifically support and encourage education of livestock handlers  
14 through the National Dairy Farmers Assuring Responsible Management (FARM) Program,  
15 Beef Quality Assurance Program, Pork Quality Assurance Program Plus, and the United Egg  
16 Producers Certified program.
- 17 • We also support state and federal initiatives that promote and encourage more large animal  
18 veterinarian graduates from vet schools.
- 19 • Oppose legislation at all levels that will adversely affect current sound animal production,  
20 handling, processing systems, and research that will undermine the livestock industry.

1           In addition, Land O'Lakes encourages agricultural groups and producers to educate the  
2 public about modern livestock production and promote the benefits of good livestock  
3 management practices.

## 4 5 **11.    Transportation**

6           The effective marketing of agricultural products requires an efficient, modern  
7 transportation system. Private and government efforts should facilitate the efficient and  
8 economical movement of farm supplies, commodities, and food products on our waterways,  
9 highways, railways, airways, pipelines, and the open seas. We especially support modernization  
10 of the system of locks and dams on the Mississippi River, upgrades of infrastructure on the  
11 Missouri and Columbia-Snake Rivers. Reforms are needed to support fair and reasonable rail  
12 shipping practices and rates. .

13           Land O'Lakes is concerned about differences in weight restrictions on interstate  
14 highways. Those differences create problems for interstate deliveries. Therefore, Land O'Lakes  
15 will support harmonization of weight restrictions between regional jurisdictions in regard to  
16 transportation.

17           We support efforts to keep the hours of service agriculture exemption at 100 air miles.  
18 We also support efforts to increase the number of CDL drivers able to transport hazardous  
19 materials.

1    **12.    Rural Development**

2           Land O'Lakes is committed to supporting programs that promote a strong rural economy.  
3    We favor development of programs that promote economic diversity in rural communities, create  
4    new jobs, preserve and modernize the rural infrastructure (including transportation systems,  
5    power, communications, and waste disposal), and establish human services, (including  
6    education, health care, child care, and social services). We recommend using the cooperative  
7    model as a way to effectively and efficiently implement rural development programs. We urge  
8    community development agencies to recognize that livestock production is an important  
9    component of local economies and to promote expanded livestock production as a sound strategy  
10   for creating jobs and keeping wealth in the community. We favor creative use of all federal and  
11   state business development programs to support producers' investment in agriculture and to  
12    earmark a portion of Small Business Association (SBA) loans for agricultural production  
13    facilities.

14  
15    **13.    Occupational Safety in Agriculture**

16           Land O'Lakes endorses a strong emphasis on educational and occupational safety  
17    programs directed toward making farms safer places to work and live. Education and voluntary  
18    adoption of practices and safeguards designed to prevent farm accidents deserve top priority.  
19    Special attention needs to be paid to safety for children who live on farms and work as part of the  
20    family operation.



1 **14. State & Regional Dairy Programs**

2 Land O'Lakes supports effective operation of the California milk pricing system and state  
3 milk marketing boards, such as the Pennsylvania Milk Marketing Board, the North Dakota Milk  
4 Stabilization Board, and the Virginia Milk Commission.

5

6 **15. Property Rights of Farmers**

7 Land O'Lakes supports protections of the ~~Fifth Amendment~~ property rights of farmers.

8 We oppose any efforts by state and local governments that unduly restrict farm practices or result  
9 in a taking of farm land.

10

11 **16. Standards of Identity for Milk and Dairy Products**

12 Federal standards of identity are established to promote honesty and fair dealing in the  
13 interest of consumers. In addition, dairy products standards contain provisions regarding both  
14 permitted and prohibited ingredients, as well as proper manufacturing procedures to protect  
15 product integrity. Land O'Lakes supports:

- 16 • Protecting the integrity of dairy products through federal standards of identity;
- 17 • Enforcement action which ensures that imported dairy foods meet the same  
18 compositional requirements as domestically-produced standardized dairy foods; and
- 19 • A federal standard of identity for fluid milks that includes nonfat solids/protein  
20 minimums equivalent to not less than the national average of nonfat solids/protein  
21 contained in producer milk.

1   **17.   In Memory**

2           In appreciation for their service to cooperatives and humanity, we pause in silent tribute  
3   to those cooperative leaders, members, employees, and friends who passed away during the year.