

**From:** Parnell, Christiaan - GOV  
**To:** [Neitzel, William E - GOV](#); [Krebs, Samuel - GOV](#)  
**Subject:** China Tariffs Info Sheet  
**Date:** Friday, April 06, 2018 2:48:42 PM  
**Attachments:** [China Tariffs.docx](#)

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Will & Sam,

Here is an informational sheet in the China tariffs. The only major thing that has happened in the past day is Trump asking USTR to consider tariffs against \$100 million in goods. The most likely products to be targeted, which have yet to be included in the quasi-trade war, are consumer goods such as computer, cell phones, telecoms equipment, clothing, and shoes. We should expect the new list of tariff items to come out sometime next week when the market reopens. I will create a new, updated information sheet then.

Enjoy the weekend,

Christiaan

## **China Tariffs**

### **Overview: Week 4/2**

- On Tuesday, the Trump administration released a publication of a list of 1,300 Chinese exports, worth roughly \$50 billion annually, that it intends to hit with 25% tariffs.
- On Wednesday, Chinese officials in Beijing backfired by issuing a list of tariffs against \$50 billion in U.S. goods, including soybeans, small aircraft, and ginseng, among the few.
- Late Thursday night, President Trump ordered his chief trade negotiator to consider imposing tariffs on an additional \$100 billion of Chinese products.
- While President Trump asked USTR Robert Lighthizer to consider imposing "\$100 billion of additional tariffs" against China, spokesperson for Lighthizer clarified that they would consider tariffs against \$100 billion in goods, not \$100 billion in actual tariffs. (China threatens to hit back as Trump seeks additional tariffs on \$100 billion of Chinese goods, [Washington Post](#) Accessed 4/6/18)

## **Potential Tariff Targets**

### *Consumer Goods*

- "If he's serious, this is going to start hitting consumer goods and more Americans will feel it," said Chad Bown, a trade expert at the Peterson Institute for International Economics. "This could hit the Walmart shopper if it goes through." (China threatens to hit back as Trump seeks additional tariffs on \$100 billion of Chinese goods, [Washington Post](#) Accessed 4/6/18)
- Things not targeted by tariffs, yet: computers, cell phones (iPhones), telecoms equipment shoes, & clothing.
- The U.S. will release a list of tariffs on Chinese goods, similar to the list released on Tuesday. This list has not been published yet, and is currently being worked on.
- "A USTR spokeswoman said that the \$100 billion second-round of potential tariffs had not been determined yet and would be selected by USTR career staff - not political appointees - along with economists and trade experts...The new list will be proposed in the same manner as the first round and will go through a similar public comment period before any of them are activated, the spokeswoman said." (Trade dispute escalates as Trump threatens \$100 billion more in China tariffs, [Reuters](#) Accessed 4/6/18)
- Experts say consumer electronics, industrial machinery, toys, apparel and footwear would be the easy targets among other goods imported from China. (How a U.S.-China trade war would impact American consumers, [Krem](#) Accessed 4/6/18)
- "Sherman Robinson, nonresident senior fellow at the Peterson Institute for International Economics, said a key question is how much of those tariffs fall on intermediate goods - bits and pieces of a final product - that U.S. producers buy from China to assemble and produce final products. Apple products, for instance, use screens produced in China. If the goods and services used in the production process were cut off, U.S. productions would be damaged, Robinson said." (How a U.S.-China trade war would impact American consumers, [Krem](#), Accessed 4/6/18)
- Footwear: Matt Priest, president and CEO of the Footwear Distributors and Retailers of America, a trade group, said about 70 percent of all the shoes sold in the U.S. come from China, which already has an average tax of 11 percent imposed by the U.S., nearly 10 times the average 1.3 percent duties applied to all Chinese imports. (How a U.S.-China trade war would impact American consumers, [Krem](#), Accessed 4/6/18)

## Facts on U.S.-China Trade

### NEW TARIFF IN TOWN

The top import categories account for the bulk of duties collected on goods entering the United States.

Import category	Import value (\$ billions)	Total duties (\$ billions)	Average rate
Articles of apparel and clothing accessories, knitted	46.6	6.7	14.1%
Articles of apparel and clothing accessories, not knitted	38.9	5.0	12.9%
Vehicles (other than railway) and parts and accessories	278.3	3.7	1.3%
Footwear, gaiters and the like and parts of such articles	27.2	2.9	10.6%
Electrical machinery and equipment (sound, TV, etc)	322.8	2.2	0.7%
Nuclear reactors, boilers, machinery and appliances	318.3	1.7	0.5%
Articles of leather, saddlery, handbags, etc	13.7	1.5	11.1%
<b>TOTAL</b>	<b>2,226.6</b>	<b>33.9</b>	<b>1.5%</b>

Notes: Categories are HTS-2 codes. Average rate is calculated duties as a percentage of total customs value for each category in 2015.  
Source: U.S. International Trade Commission database



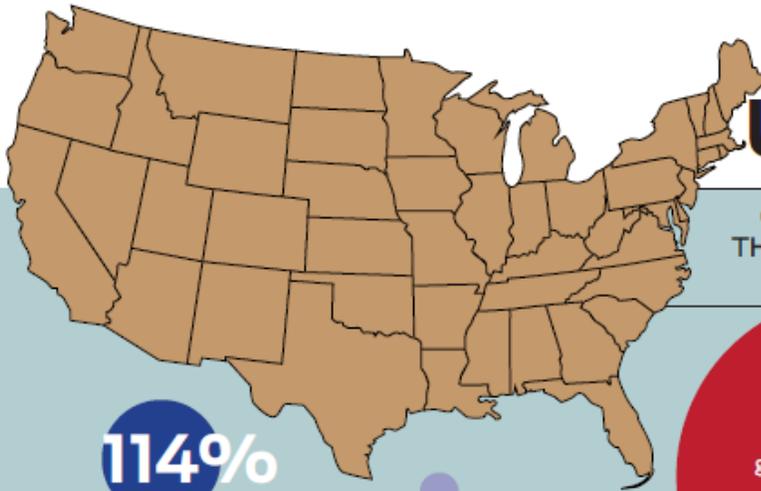
### It takes two to tariff

The largest trade partners by total import value and total duties paid in 2015:

	Trade partner	Import value (\$ billions)	Total duties (\$ billions)	Average rate
#1	China	479.1	14.4	3.0%
#2	Canada	296.0	0.2	0.1%
#3	Mexico	294.6	0.3	0.1%
#4	Japan	130.5	2.3	1.7%
#5	Germany	121.5	1.8	1.5%
#6	Korea	69.5	0.6	0.9%
#1	China	479.1	14.4	3.0%
#2	Vietnam	37.5	2.8	7.5%
#3	Japan	130.5	2.3	1.7%
#4	Germany	121.5	1.8	1.5%
#5	Indonesia	19.6	1.3	6.4%
#6	India	44.9	1.1	2.5%

Notes: Categories are HTS-2 codes. Average rate is calculated duties as a percentage of total customs value for each category in 2015.  
Source: U.S. International Trade Commission database





# US exports

CHINA IS THE UNITED STATES' THIRD-LARGEST EXPORT MARKET FOR GOODS AND SERVICES

**114%**

growth in exports of goods to China

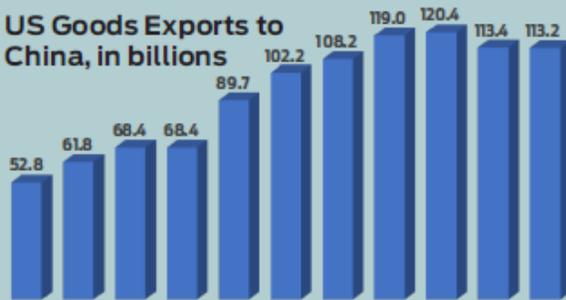
compared to 37% growth in exports of goods to rest of world

**348%**

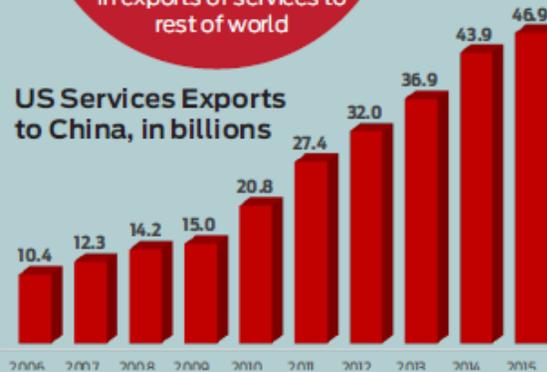
growth in exports of services to China

compared to 76% growth in exports of services to rest of world

US Goods Exports to China, in billions



US Services Exports to China, in billions



**Top Goods exports to China**

- 1. Oilseeds & Grains \$15 billion
- 2. Aerospace Products & Parts \$14 billion
- 3. Motor Vehicles \$8 billion
- 4. Semiconductors & Components \$6 billion
- 5. Navigational & Meas. Instruments \$5 billion

**Top services exports**

- 1. Travel \$26.8 billion
- 2. Royalties & License Fees \$6.0 billion
- 3. Transportation Services \$4.9 billion
- 4. Business, Professional & Technical Services \$3.7 billion
- 5. Financial Services \$3.0 billion

**Top Goods markets**

- 1. Canada \$235 billion
- 2. Mexico \$222 billion
- 3. China \$113 billion
- 4. Japan \$60 billion
- 5. United Kingdom \$49 billion

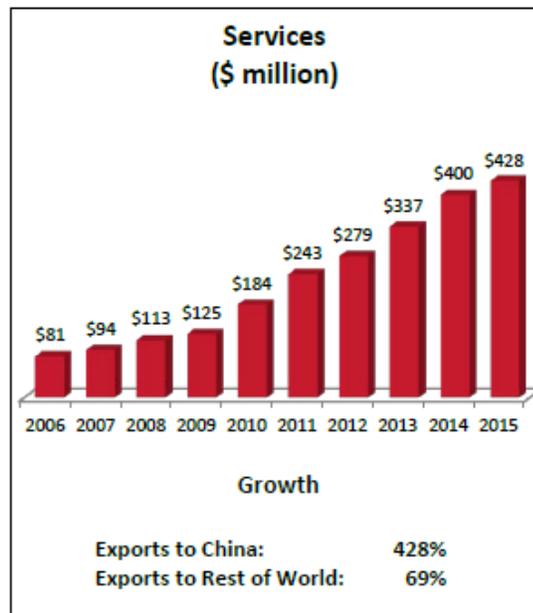
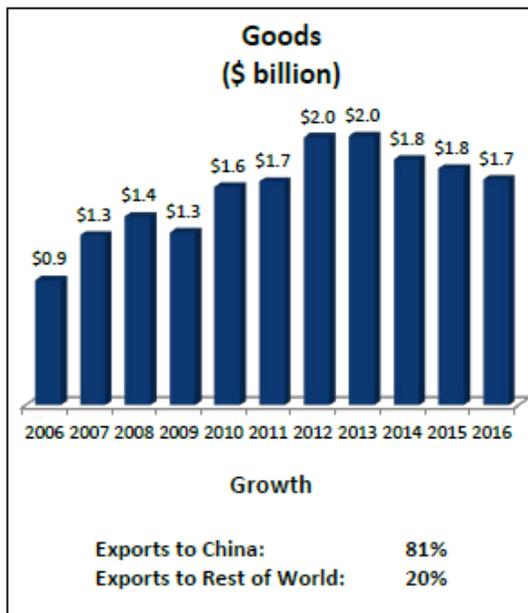
**Top services markets**

- 1. United Kingdom \$66 billion
- 2. Canada \$56 billion
- 3. China \$47 billion
- 4. Japan \$44 billion
- 5. Mexico \$31 billion



**THE US-CHINA BUSINESS COUNCIL**  
美中贸易全国委员会

**Wisconsin's Exports to China**



**WI: Top Goods Export Markets, 2016**

1. Canada	\$6.5 billion
2. Mexico	\$3.0 billion
3. China	\$1.7 billion
4. Japan	\$942 million
5. United Kingdom	\$780 million

**WI: Top Services Export Markets, 2015**

1. Canada	\$526 million
2. United Kingdom	\$462 million
3. China	\$428 million
4. Japan	\$398 million
5. Mexico	\$276 million

**WI: Top Goods Exported to China, 2016**

1. Navigational & Meas. Instruments	\$335 million
2. Oilseeds & Grains	\$250 million
3. Semiconductors & Components	\$71 million
4. Misc. General Purpose Machinery	\$54 million
5. Motor Vehicles	\$50 million

**WI: Top Services Exported to China, 2015**

1. Travel	\$160 million
2. Education	\$116 million
3. Computer Software	\$29 million
4. Royalties from Industrial Processes	\$28 million
5. Trademarks	\$25 million

**Wisconsin's exports to China supported 14,000 American jobs in 2015.**

**List of Agricultural and Related Products:**

<b>Agricultural and Related Product</b>	<b>2017 U.S. Exports to China</b>	<b>China's Proposed Tariffs</b>
Soybeans	\$12,355,952,000	Tariff proposed
Fish Products	\$1,233,494,000	None
Cotton	\$976,417,000	Tariff proposed
Hides & Skins	\$946,225,000	None
Coarse Grains	\$836,636,000	None
Dairy Products	\$570,263,000	None
Pork & Pork Products	\$488,594,000	Tariff proposed
Hay	\$377,210,000	None
Wheat	\$348,727,000	None
Tree Nuts	\$237,697,000	Tariff proposed
Feeds & Fodders	\$235,284,000	None
Fresh Fruit	\$225,810,000	Tariff proposed
Food Preps. & Misc. Beverages	\$193,087,000	None
Meats Not Elsewhere Specified	\$186,364,000	None
Tobacco	\$162,297,000	Tariff proposed

Corn	\$151,883,000	Tariff proposed
Processed Fruit	\$143,570,000	Tariff proposed
Planting Seeds	\$127,904,000	None
Processed Vegetables	\$114,877,000	None
Essential Oils	\$113,833,000	None

*Data shown for agricultural and related products with exports of at least \$100 million.  
SOURCE: U.S. Census Bureau Trade Data, BICO-HS10 product group*

**From:** [Stamm, Christine A - DATCP](#)  
**To:** [Krebs, Samuel - GOV](#)  
**Cc:** [Girard, Alexander C - DATCP](#)  
**Subject:** Tariffs and Trade Information  
**Date:** Wednesday, April 11, 2018 4:52:28 PM  
**Attachments:** [Tariffs and Trade Information Updated 1 \(002\).docx](#)

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Sam,

Alex Girard is having computer problems and therefore I am sending this on his behalf.

Kind regards,  
Christine

Christine Stamm  
Executive Staff Assistant, Office of the Secretary  
Wisconsin Department of Agriculture, Trade and Consumer Protection  
2811 Agriculture Drive  
Madison, WI 53718  
(608)224-5015  
[christine.stamm@wisconsin.gov](mailto:christine.stamm@wisconsin.gov)

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## BRIEFING INFORMATION

DATE: APRIL 11<sup>TH</sup>, 2018

RELATING TO: TARIFF IMPACTS TO WISCONSIN AGRICULTURE

DRAFTED BY: ALEXANDER GIRARD, DATCP, O: (608) [REDACTED] C: (715) [REDACTED]

### **NASDA Update: 4/6/2018**

China responded against U.S. tariffs this week by enacting and then proposing retaliatory tariffs. On April 2, in response to U.S. steel and aluminum tariffs (Section 232) the Chinese **enacted** increased tariffs of 15% against a variety of U.S. specialty crops and value-added products while also increasing tariffs by 25% on U.S. pork and pork products. Then on Wednesday, following USTR's proposed \$50 billion in tariffs on Chinese goods (Section 301), the Chinese **proposed** increasing tariffs by 25% on a wide range of U.S. agricultural products, including soybeans. It's important to note that the "Monday Tariffs" are in effect but the "Wednesday Tariffs" have just been proposed. (NASDA Member Update. April 6th, 2018.)

### **USDA Foreign Agricultural Service Report:**

On April 2, 2018, China's State Council Tariff Committee (SCTC) announced that additional tariffs on 128 U.S.-origin products would be implemented, effective immediately. These tariffs were proposed by China's Ministry of Commerce (MOFCOM) on March 23, 2018 in response to the U.S. 232 Trade Action. These tariffs will impact roughly \$2 billion in U.S. food and agricultural exports. U.S. exporters of fruit (fresh and dried), tree nuts (shelled and in-shell), wine, ginseng, denatured ethanol, and pork and pork products should be aware of these new tariffs effective April 2, 2018.

Earlier on March 26, MOFCOM had initially proposed implementing the additional tariffs in tranches, but on April 2, China implemented additional tariffs on all 128 products. MOFCOM reported that this decision was based on its determination that China was unlikely to reach a consensus with the United States in the WTO and because of numerous comments received from Chinese citizens supporting these retaliatory tariffs. China stated that these additional tariffs target \$3 billion in U.S. goods to balance the losses caused to Chinese steel and aluminum interests. China stated that taking this action was justified under the World Trade Organization (WTO) Agreement on Safeguard Measures. Of the 128 products targeted, 84 were food and agricultural products, including fruit (fresh and dried), tree nuts (shelled and in-shell), wine, ginseng, denatured ethanol, and pork and pork products—totaling approximately \$2 billion in U.S. exports. (Source: USDA FAS)

<https://gain.fas.usda.gov/Recent%20GAIN%20Publications/China%20Imposes%20Additional%20Tariffs%20on%20Selected%20U.S.-Origin%20Products%20Beijing%20China%20-%20Peoples%20Republic%20of%204-2-2018.pdf>

### **Table of New Tariff Rates Imposed by China: USDA Foreign Agricultural Service**

<https://gain.fas.usda.gov/Recent%20GAIN%20Publications/China%20Imposes%20Additional%20Tariffs%20on%20Selected%20U.S.-Origin%20Products%20Beijing%20China%20-%20Peoples%20Republic%20of%204-2-2018.pdf>

### **Agricultural Exports to China:**

- China is Wisconsin's third most valuable export market for our agricultural products. In 2017, Wisconsin exported nearly \$300 million of agricultural products to China, an increase of more than 27% over the year before. (Source: Database accessed on [www.wisertrade.org](http://www.wisertrade.org))
- The top agricultural export product categories to China last year were wood, raw hides and skins, and dairy-related products. (Source: Database accessed on [www.wisertrade.org](http://www.wisertrade.org))



**BRIEFING INFORMATION**

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**DRAFTED BY: ALEXANDER GIRARD, DATCP, O: (608) [REDACTED] C: (715) [REDACTED]**

**Wisconsin Agricultural Export Overview Highlights:**

**Highlights: January 2017 – December 2017**

- Wisconsin exported \$3.5 billion in agricultural products to 147 countries in 2017, an increase of 3.63 percent in value compared to the same period last year.
- Wisconsin currently ranks 12th among U.S. states in agricultural exports.
- Wisconsin ranked first in the export of ginseng roots, prepared/preserved cranberries, sweet corn prepared/preserved, and bovine semen.
- Wisconsin’s top two largest agricultural export markets are Canada (\$3.5 billion) and Mexico (\$412 million).

**Wisconsin Export of GINSENG to China:**

(Data source: World Institute for Strategic Economic Research (WISERTrade))

- China is Wisconsin’s top ginseng export market. Wisconsin exported \$14 million of ginseng to China in 2017. This was 46% of Wisconsin’s total ginseng exports last year. (Source: Database accessed on [www.wisertrade.org](http://www.wisertrade.org))
- Wisconsin ginseng is considered the highest-quality American ginseng in the world. Wisconsin is the number one producer of ginseng in the United States accounting for about 90 to 95 percent of all ginseng produced in the country, and Marathon County is the top ginseng growing county in the state, producing about 95 percent of Wisconsin’s annual crop. (Ginseng Board of WI).
- News release from the Ginseng Board about the potential tariff [is available here](#).
- Chart shows total U.S. ginseng exports and Wisconsin ginseng exports:

Rank	Codes	Description	ANNUAL 2015	ANNUAL 2016	ANNUAL 2017	JAN 2017 YTD	JAN 2018 YTD
		TOTAL ALL STATES	23,033,237	15,586,684	22,626,339	1,218,029	3,799,372
1	WI	Wisconsin	12,158,083	12,130,671	14,123,494	945,543	327,065

**Wisconsin Export of SOYBEANS to China:**

(Data source: World Institute for Strategic Economic Research (WISERTrade))

- In 2017, Wisconsin exported \$7,237,202 of soybeans to China. See chart:

Rank	Codes	Description	Dates in Use	ANNUAL 2015	ANNUAL 2016	ANNUAL 2017	JAN 2017 YTD	JAN 2018 YTD
		TOTAL ALL COMMODITIES	-	19,314,674	16,996,370	26,532,876	1,366,353	847,020
1	1211	Plants Etc For Pharmacy, Perfume, Insecticides Etc	1988-2500	12,158,083	12,171,271	14,123,494	945,543	327,065
2	1201	Soybeans, Whether Or Not Broken	1988-2500	6,113,686	1,052,919	7,237,202	0	519,955
3	1208	Flour & Meal Of Oil Seed & Olea Fruit (No Mustard)	1988-2500	1,031,355	3,729,180	5,172,180	420,810	0
4	1214	Rutabagas, Hay, Clover & Other Forage Products	1988-2500	0	43,000	0	0	0
5	1210	Hop Cones, Fresh Or Dried; Lupulin	1988-2500	11,550	0	0	0	0
6	1204	Flaxseed (Linseed), Whether Or Not Broken	1988-2500	0	0	0	0	0
7	1209	Seeds, Fruit And Spores, For Sow ing	1988-2500	0	0	0	0	0



**BRIEFING INFORMATION**

**DATE: APRIL 11<sup>TH</sup>, 2018**

**RELATING TO: TARIFF IMPACTS TO WISCONSIN AGRICULTURE**

**DRAFTED BY: ALEXANDER GIRARD, DATCP, O: (608) [REDACTED] C: (715) [REDACTED]**

**Soybeans**

- China is Wisconsin’s eighth largest export market for soybeans. Wisconsin exported \$7.2 million of soybeans in 2017. That was about 3% of Wisconsin’s total soybean exports. Wisconsin’s largest export market for soybeans last year was Mexico, \$176 million or about 70% of Wisconsin’s total soybean exports. (Source: Database accessed on [www.wisertrade.org](http://www.wisertrade.org))
- Wisconsin produced 101 million bushels of soybeans in 2017. Soybean planted and harvested acreage set record highs last year. (Source: [USDA NASS](http://USDA NASS))
- Wisconsin producers intend to plant 2.20 million acres of soybeans in Wisconsin in 2018. This is a 50,000 acre increase from 2017. If realized, this would be Wisconsin’s largest planted acreage on record. (Source: [USDA NASS](http://USDA NASS))
- Wisconsin is a major exporter of soybeans. Sixty five percent of Wisconsin soybeans are exported. Two out of every three soybean rows are sent to other countries. (Source: [Wisconsin Soybean Marketing Board](http://Wisconsin Soybean Marketing Board))
- Wisconsin is home to family businesses that are major exporters of Wisconsin soybeans. The DeLong Company, based in Clinton, is one example. For more than 100 years, this family owned and operated business has grown to become a major supplier of Wisconsin family farmer grown soybeans serving U.S. and world-wide markets. (Source: [Wisconsin Soybean Marketing Board](http://Wisconsin Soybean Marketing Board))

**Wisconsin Export of CRANBERRIES to China:**

(Data source: World Institute for Strategic Economic Research (WISERTrade))

**Cranberries**

- In 2017, Wisconsin exported \$11,035,762 of cranberries to China.
- China is Wisconsin’s third largest export market for cranberries.
- Wisconsin exported \$11 million of cranberries in 2017. That was about 9% of Wisconsin’s total cranberry exports. Wisconsin’s largest export market for cranberries was the Netherlands in 2017, exporting about \$27.8 million, which is about 23% of the state’s total cranberry exports. (Source: Database accessed on [www.wisertrade.org](http://www.wisertrade.org))
- In 2016, Wisconsin produced 6.13 million barrels of cranberries.
- Wisconsin ranked first nationally in cranberry production, producing 64% of the nation’s total. Wisconsin’s total production was more than twice that of the next highest producing state, Massachusetts. (Source: [USDA NASS](http://USDA NASS))

Rank	Codes	Description	ANNUAL 2015	ANNUAL 2016	ANNUAL 2017	JAN 2017 YTD	JAN 2018 YTD
		TOTAL ALL PARTNER COUNTRIES	98,539,579	100,739,152	117,618,075	8,185,043	11,149,281
1	NLD	Netherlands	28,436,932	25,846,454	27,840,114	1,165,353	3,939,090
2	MEX	Mexico	15,148,119	16,063,354	15,493,197	1,000,710	209,482
3	CHN	China	2,988,663	5,444,342	11,035,762	247,440	1,346,750



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**DATE: APRIL 11<sup>TH</sup>, 2018**  
**RELATING TO: TARIFF IMPACTS TO WISCONSIN AGRICULTURE**  
**DRAFTED BY: ALEXANDER GIRARD, DATCP, O: (608) [REDACTED] C: (715) [REDACTED]**

**Wisconsin Export of PORK to China:**

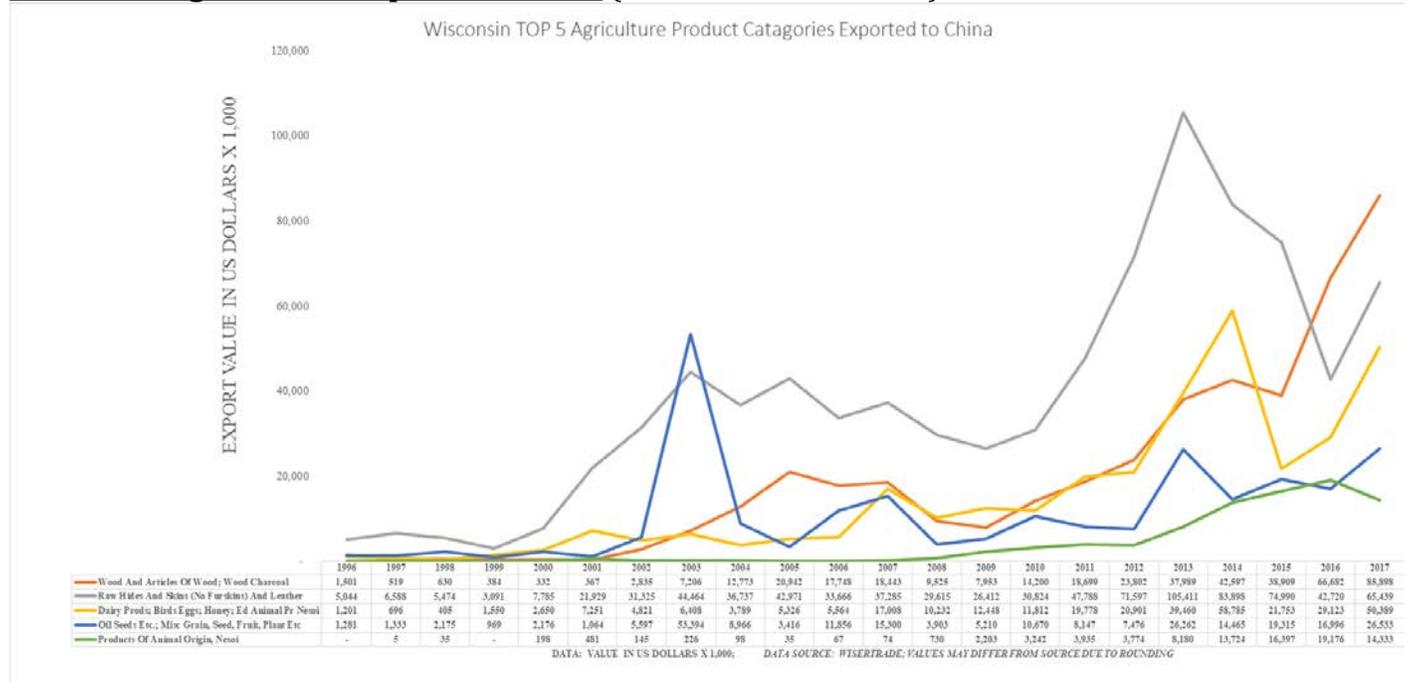
(Data source: World Institute for Strategic Economic Research (WISERTrade))

**Pork**

- Wisconsin is home to 300,000 hogs and pigs on Wisconsin farms. (Source: [USDA NASS](http://USDA NASS))
- In 2017, Wisconsin had no exports of pork to China. North Carolina and Missouri were the top two exporters of pork to China last year.
- Wisconsin’s largest market for pork exports in 2017 was Canada, exporting about \$3.6 million, which is about 53% of the state’s pork exports. (Source: Database accessed on [www.wisertrade.org](http://www.wisertrade.org))

Rank	Codes	Description	ANNUAL 2015	ANNUAL 2016	ANNUAL 2017	FEB 2017 YTD	FEB 2018 YTD
		TOTAL ALL STATES	173,357,634	329,805,203	237,215,402	36,502,983	44,626,392
42	WI	Wisconsin	0	0	0	0	0

**Wisconsin Agricultural Exports to China: (WISERTrade Database)**





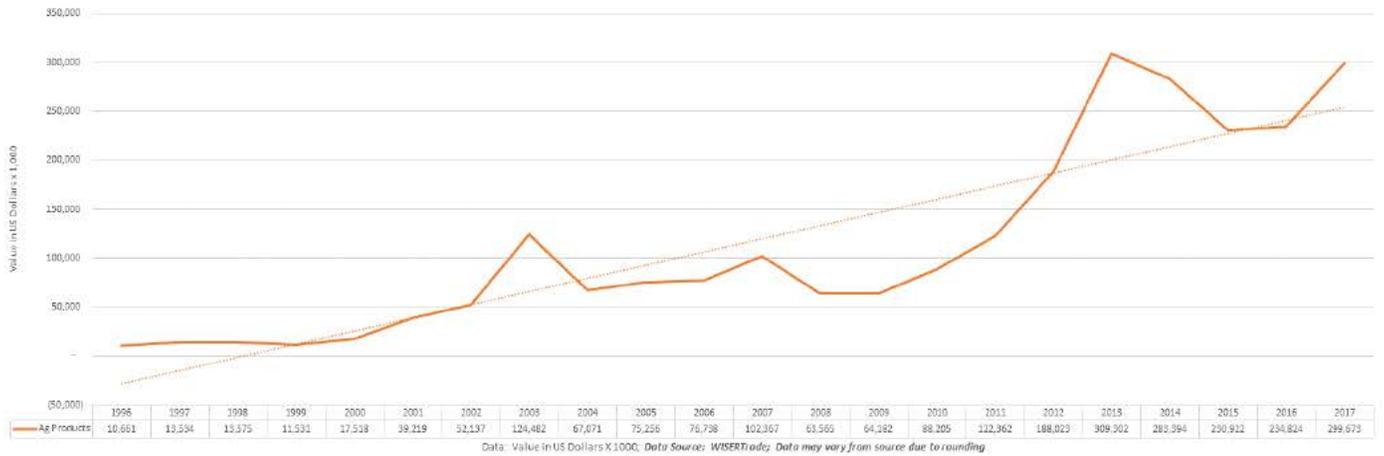
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Total Wisconsin Ag Exports to China



**CHINA: U.S. TRADE SUMMARY**

The U.S. goods trade deficit with China was \$347.0 billion in 2016, a 5.5 percent decrease (\$20.1 billion) over 2015. U.S. goods exports to China were \$115.8 billion, down 0.3 percent (\$297 million) from the previous year. Corresponding U.S. imports from China were \$462.8 billion, down 4.2 percent. China was the United States' 3rd largest goods export market in 2016.

U.S. exports of services to China were an estimated \$48.4 billion in 2015 (latest data available) and U.S. imports were \$15.1 billion. Sales of services in China by majority U.S.-owned affiliates were \$54.9 billion in 2014 (latest data available), while sales of services in the United States by majority China-owned firms were \$4.8 billion.

U.S. foreign direct investment in China (stock) was \$74.6 billion in 2015 (latest data available), a 10.5 percent increase from 2014. U.S. direct investment in China is led by manufacturing, wholesale trade, and depository institutions. (Source: Office of the US Trade Representative - <https://ustr.gov/sites/default/files/files/reports/2017/NTE/2017%20NTE.pdf>)

**From:** Patrick Roetker  
**To:** [Neitzel, William E - GOV](#)  
**Cc:** [Katy Sinnott](#); [Justin Phillips](#)  
**Subject:** Briefing items  
**Date:** Monday, April 16, 2018 4:22:51 PM  
**Attachments:** [Meeting with Tu Guangshao.docx](#)  
[CCPIT Chairman Jiang Zengwei.docx](#)  
[Governor Panel talking points.docx](#)  
[China's Communists Rewrite the Rules for Foreign Businesses - The New York Times.pdf](#)

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Hi Will,

Attached are a few items we owe you.

1. Briefing for meeting with Tu Guangshao
2. Briefing for meeting with Chairman Jiang
3. Talking points for the Governor Panel (this also has a lot of “general” talking points and information)
4. Recent NYT article that may be of interest

Let Katy or me know if you need anything else.

Regards,

Patrick Roetker  
Protocol Officer, Division of International Business Development  
Wisconsin Economic Development Corporation  
201 W Washington Ave | Madison, WI 53703

Tel. +1-608-210-6747

[patrick.roetker@wedc.org](mailto:patrick.roetker@wedc.org)

Website: <http://inwisconsin.com>

Twitter: <http://twitter.com/InWisconsin>

Newsletters: <http://inwisconsin.com/subscribe/>



## Meeting with Tu Guangshao President China Investment Corporation

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### Talking Points

- Welcome CIC to Wisconsin
- Discuss Wisconsin agenda
- Highlight the strength of Wisconsin manufacturing with 9,300 companies employing more than 460,000 people

### Tu Guangshao

#### Vice Chairman & President

Mr. Tu Guangshao is Vice Chairman and President of CIC. Immediately prior to this, he served as Executive Vice Mayor and Vice Mayor of Shanghai. He held several positions in China Securities Regulatory Commission, including Vice Chairman, Secretary-General, General Manager of the Shanghai Stock Exchange, and Director General of the Department of Trading. He also worked as Deputy Director of the National Financial Market's Quotation and Trading Information System Center of People's Bank of China, and Director and Deputy General Manager of the China Securities Trading System Corporation.



Mr. Tu, born in 1959, holds a master's degree in economics from Peking University and is accorded Senior Economist by the Ministry of Human Resources and Social Security.

### Dr. Qi Bin

- Will likely introduce the Governor and Mr. Tu.
- Executive Vice President Qi Bin (pronounced "chee")
  - His title is sometimes listed as "Vice General Manager."
  - Dr. Qi spent time at Goldman Sachs and other investment banks in the period of 1996-2000.
  - He has a PhD in Economics from Tsinghua University and an MBA from the University of Chicago.



### China Investment Corporation (CIC)

- Headquartered in Beijing, CIC was founded in September 2007 as a wholly state-owned company incorporated in accord with China's Company Law, with registered capital of \$200 billion. The company was established as a vehicle to diversify China's foreign exchange holdings and seek maximum returns for its shareholder within acceptable risk tolerance.
- CIC has three subsidiaries, CIC International Co., Ltd. (CIC International), CIC Capital Corporation (CIC Capital) and Central Huijin Investment Ltd. (Central Huijin).
- The overseas investment and management activities of CIC are undertaken by CIC International and CIC Capital. Both CIC International and CIC Capital are market-oriented commercial entities with a specialized mandate and global reach.



## Meeting with Tu Guangshao President China Investment Corporation

- CIC International was established in September 2011, with a mandate to invest and manage overseas assets. It took over the entire portfolio and mandate for overseas investment from CIC then. CIC International conducts public market equity and bond investments, hedge fund, multi-asset and real estate investments, private equity (including private credit) fund investments, co-investments, and minority investments as a financial investor.
- CIC Capital was incorporated in January 2015 with a mandate to specialize in making direct investments to refine CIC's overall portfolio management and enhance investment on long-term assets.
- Central Huijin, makes equity investments in key state-owned financial institutions in China. Without interfering with the day-to-day operations of its investee institutions, Central Huijin exercises its shareholder rights and performs its obligations to the extent of its capital contribution, in order to preserve and enhance the value of state-owned financial assets.

### CIC Milwaukee Agenda for April 20<sup>th</sup>

10:00 – 10:15am	Arrival to The Water Council
10:00-10:25am	Networking and Introductions
10:25-10:30am	Welcome - Lieutenant Governor Rebecca Kleefisch and Dr. Qibin, Executive Vice President of China Investment Corporation
10:30-10:50am	Introduction to Wisconsin – Lieutenant Governor Kleefisch
10:50-11:25am	Wisconsin Industries (7 minutes each) <ul style="list-style-type: none"><li>• Manufacturing – Rockwell Automation Bruce Quinn, Vice President of Public Affairs</li><li>• Energy, Power and Controls – Jeff Anthony, Midwest Energy Research Consortium, Chief Operating Officer</li><li>• Food and Beverage – Brad Rostowfske, FaB Wisconsin, Director of Industry Growth</li><li>• Aviation Aerospace – Lieutenant Governor Kleefisch</li><li>• Water - Dean Amhaus, CEO of The Water Council</li></ul>
11:25-11:35am	Break
11:35-12:00am	Chinese Companies in Wisconsin (7 minutes each) <ul style="list-style-type: none"><li>• Sun Jian Guo (孙建国) President, Wisconsin International Academy</li><li>• Hepalink/Scientific Protein Laboratories (深圳市海普瑞药业集团股份有限公司, Shawn Lu 陆尚, Executive Director/CFO 执行董事/财务总监)</li><li>• Milwaukee Electric Tool (Owned by Techtronic Industries of Hong Kong) – Ty Staviski, Chief Financial Officer</li></ul>
12:00-12:30pm	Travel to lunch



## Meeting with Tu Guangshao President China Investment Corporation

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12:30-1:50pm	Lunch at Foley Lardner – 40th Floor
12:30-12:50pm	Luncheon buffet opens and guests are seated
12:50-1:00pm	Welcome by Lieutenant Governor Kleefisch and CIC (TBD)
1:00-1:30pm	Alan Yeung, Director US Strategic Initiatives – Foxconn Technology Group - introduced by Mark Hogan CEO/Secretary WEDC
1:30-1:50pm	Lunchtime Networking
1:50-2:00pm	Break
2:00-3:30pm	Industry Executive Roundtable at Foley & Lardner Moderated by Lieutenant Governor Rebecca Kleefisch <ul style="list-style-type: none"><li>• Badger Meter – Rich Meeussen, CEO</li><li>• Mercury Marine – Lee Gordon, Director of Global PR &amp; Communications</li><li>• New Manufacturing Alliance – Ann Franz, Director</li><li>• PaveDrain, Doug Buch, Founder/Owner</li><li>• Rockwell Automation – Tom O’Reilly, Vice President of Global Business Development</li></ul>
3:30-4:00pm	Travel from Foley & Lardner to Rockwell Automation
4:00-5:00pm	Tour Rockwell Automation and Closing <ul style="list-style-type: none"><li>• Welcome from Blake Moret, CEO Rockwell Automation</li><li>• Customer Experience Center Tour</li><li>• Connected Enterprise Overview</li><li>• Reception in the Clocktower</li></ul>
5:00-5:20pm	Closing Remarks (The Clocktower) - Lieutenant Governor Kleefisch and CIC (TBC).
5:30pm	Departure to Chicago

## Talking Points

- Discuss the summit and opportunities that have been identified that could impact Wisconsin
- Introduction to Wisconsin and its six driver industries
- Wisconsin companies will attend The China International Import Expo will be held at the National Exhibition and Convention Center in Shanghai, November 5<sup>th</sup> through the 10<sup>th</sup>, 2018. We are offering companies grants to attend.

## Chairman Jiang Zengwei

Mr. Jiang Zengwei, who began his career in August 1968, has served as Chairman of the China Council for the Promotion of International Trade (CCPIT) and the China Chamber of International Commerce (CCOIC) since 2014.

Mr. Jiang's résumé:

- 1980-1988: Working in the Ministry of Commerce successively as section member, Deputy Director and Director
- 1988-1993: Working in China Business and Foreign Trade Corporation successively as Deputy Director General and Director General
- 1993-1998: Working in the Ministry of Internal Trade as Director General
- 1998-2000: Working in the State Bureau of Internal Trade
- 2000-2005: Working in the State-owned Large Enterprises Supervision and Administration Commission as Chairman
- 2005-2014: Serving as Vice Minister of the Ministry of Commerce
- Mr. Jiang is a native of Longkou of Shandong Province. He was born in May 1953, and joined the CPC in November 1971. He graduated from the Foreign Language Department of Heilongjiang University (located in Harbin, the capital of Wisconsin's sister state of Heilongjiang Province) and received a Doctor's Degree of Science and Technology from the China University of Mining Technology.



## China Council for the Promotion of International Trade (CCPIT)

Founded in 1952, CCPIT is a national foreign trade and investment promotion agency.

The major responsibilities of CCPIT include:

- implement relevant major national development strategies, and promote foreign trade, bilateral investment and economic & technological cooperation;
- carry forward cooperation with overseas trade promotion counterparts;
- receive overseas high-end trade and economic delegations;
- organize Chinese trade and economy delegations to visit foreign countries;
- manage overseas trade exhibitions organized by Chinese agencies, participate in affairs of the Bureau of International Expositions (BIE) and World Expo on behalf of the Chinese government;



## Meeting with CCPIT Chairman Jiang Zengwei

Chicago  
4/18/2018



- hold, or organize Chinese companies to attend, trade and economic exhibitions, forums, fairs and other international conferences;
- represent domestic industry and commerce in the field of foreign trade, and involve into the formulation of trade and economic policies and rules, foreign trade negotiation and making of international commercial rules;
- carry out legal consulting, commercial conciliation, trade and maritime arbitration;
- sign and issue certificates of origin for export products and other certificates and documents related to foreign trade, provide intellectual property services such as patent application, trade mark registration, litigation and rights safeguarding; organize industries and enterprises to cope with trade disputes;
- provide trade and economic information, training services etc.

CCPIT has a US office in the DC area.

### Other Attendees

Mr. Jianlong Yu, Secretary General of China Chamber of International Commerce

Ms. Qingshuang Li, Director General, Department of International Relations

Mr. Zhenge Zhao, General Representative in the U.S.A.

Mr. Wenhui Nie, Director General, Department of Development Research

Mr. Jianwei Yu, Deputy Director General, Department of International Relations

Ms. Xue Lei, Deputy Director of Department of International Relations

### Wisconsin Companies in China

A.O. SMITH CORPORATION

ACTUANT CORPORATION

ADDISON-CLIFTON, LLC

AMERICAN APPRAISAL ASSOCIATES INC.

ANGI ENERGY SYSTEMS, INC.

ANGUIL ENVIRONMENTAL SYSTEMS, INC.

ANSUL INCORPORATED

BADGER METER INC.

BAIRD & CO. INCORPORATED\_ROBERT W.

BEMIS COMPANY, INC.

BEMIS MANUFACTURING, INC.

BRADY CORPORATION

BRIGGS & STRATTON CORPORATION

BROAN-NUTONE LLC

BRUKER AXS INC.

CALJAN RITE-HITE INC.

ELLSWORTH ADHESIVES SPECIALTY CHEMICAL

DISTRIBUTION, INC.

EVERBRITE, LLC

FISERV, INC.

FOLEY & LARDNER LLP

GREENHECK FAN CORPORATION

HARLEY-DAVIDSON INC.

HELLERMANNNTYTON CORPORATION

HENRY TECHNOLOGIES INC.

HUSCO INTERNATIONAL, INC.

IBCC INDUSTRIES INC.

JOHNSON CONTROLS, INC.

JOY GLOBAL, INC.

KOHLER CO. INC.

KOHLER POWER SYSTEMS INC.

LUCAS-MILHAUPT, INC.

MANPOWERGROUP INC.

MARKET PROBE, INC.

MARQUIPWARDUNITED

MEGTEC SYSTEMS, INC.

MODINE MANUFACTURING COMPANY

OSHKOSH CORPORATION

PAPER CONVERTING MACHINE COMPANY

(PCMC)

PAPER MACHINERY CORPORATION

PERFECSEAL INC.



## Meeting with CCPIT Chairman Jiang Zengwei

Chicago  
4/18/2018



PLEXUS CORP.  
PRECISION CABLE ASSEMBLIES, LLC  
PROMEGA CORPORATION  
QUADTECH, INC.  
QUARLES & BRADY LLP  
RATHGIBSON LLC  
REGAL BELOIT CORPORATION (RBC)  
REXNORD CORPORATION  
RIGHT MANAGEMENT INC.  
ROCKLINE INDUSTRIES, INC.  
ROCKWELL AUTOMATION INC.  
S.C. JOHNSON & SON, INC.

SCHNEIDER NATIONAL, INC.  
SCHREIBER FOODS, INC.  
SENSIENT TECHNOLOGIES CORPORATION  
SNAP-ON INCORPORATED  
SPECTRUM BRANDS HOLDINGS, INC.  
THE MANITOWOC COMPANY, INC.  
THE OILGEAR COMPANY  
TRAFFICCAST INTERNATIONAL, INC.  
TREK BICYCLE CORPORATION  
TWIN DISC INCORPORATED  
WAUKESHA BEARINGS CORPORATION

### Wisconsin Industries

- **Manufacturing**
  - 9,300+ companies, 460,000 jobs, \$56 billion Output
  - Ariens, Briggs & Stratton, Harley Davidson, Mercury Marine, Oshkosh
- **Energy Power & Control**
  - 900+ companies, 100,000+ jobs, \$38 billion Output
  - ABB, Danfoss, Ingeteam, Johnson Controls, Kohler, Rockwell Automation
  - Cluster Organization: Midwest Energy Research Consortium (M-WERC) with an incubator/accelerator program WERC Bench open to international companies.
  - Research Partners - Energy Innovation Center, Wisconsin Energy Institute
- **Food & Beverage**
  - 1,400+ companies, 93,000 jobs, \$67.8 billion Output including agricultural products.
  - Agropur, CHR Hansen, Johnsonville, Kikkoman, Kronos, Organic Valley
  - Cluster Organization: Food & Beverage (FaB) with an Incubator/Accelerator program FaBcap available for Wisconsin companies.
    - FaBcap – derived from FaB and their desire to build **capacity** and **capitalization**.
- **Water Technology**
  - 200+ Companies, 37,000 Jobs, \$5.7 billion Output
  - A.O. Smith, Badger Meter, Centrysis, Rexnord-Zurn Div., Viessmann
  - Cluster Organization: The Water Council, UW Milwaukee School of Freshwater Sciences (the only such school in the country), with an incubator/accelerator program BREW open to international companies.
    - BREW (Business – Research – Entrepreneurship – in Wisconsin)
- **Bioscience**
  - 1,900+ Companies, 44,000 Jobs, \$27 billion Output
  - Accuray, CDI Bioscience (Fujifilm), Exact Sciences, Promega, Stemina
  - Cluster Organization: BioForward, UW Madison, Milwaukee & Medical College of Wisconsin. Multiple incubator/accelerator programs associated with UW Madison and Milwaukee



## Meeting with CCPIT Chairman Jiang Zengwei

Chicago  
4/18/2018



- **Aerospace**
  - 200+ Companies, 24,000 Jobs (R&D, Engineering, Manufacturing and Services) Over 140 suppliers to Boeing
  - Astronautics, Decrane, Gulfstream, Turbine Technologies, Zodiac
  - Cluster Organization: Wisconsin Aerospace Partners – developing a Center of Excellence for integrated systems and cyber security, AeroInnovate – start-up incubator/accelerator available to international companies, and Aerospace business park, affiliated with the Experimental Aircraft Assoc. and Oshkosh Air Show

### Gifts Exchange

The Governor will give Chairman Jiang a Frank Lloyd Wright tie.



## US – China Business Summit 4/18/2018



### WI 2017 Exports to and Imports from China – Total Trade and growth from 2010

- Wisconsin's exports to China in 2017 were \$1.73 billion, 21.55% higher than in 2016 and 29.88% higher than in 2010.
  - China was the state's third largest destination for exports in 2017.
- Wisconsin's imports from China in 2017 were \$7.14 billion, 23.78% higher than in 2016 and 49.53% higher than in 2010. China was the state's largest import source in 2017.
- Imports can be a leading indicator of FDI opportunity, key sectors which are also industry strengths in Wisconsin are:
  - Industrial Machinery - #4 overall in the US according to Select USA
  - Electrical Machinery
  - Scientific and Medical Equipment

### Wisconsin's Number of Foreign Owned Firms

- 93,000 employees of foreign owned firms and 670 global employers (for 2015, the latest data available)
  - This data comes from the US Bureau of Economic Analysis. Though it is broken down by country for the major sources of FDI, no data is provided for Chinese companies.

### Number of FDI Projects and CAPEX Since 2003 According to fDi Markets

- According to fDi Markets, since 2003 (when data is available) there have been 98 projects in the Midwest that included Chinese-owned companies making investments.
  - Wisconsin does not have any projects listed as all known FDI to the state has been acquisitions, which are not captured by fDi Markets.
  - **79** individual Chinese companies, **98** total projects, **\$3.7** billion combined CAPEX, **14,6700** total jobs created
  - Ranges from 46 projects in Michigan to 1 project in Iowa. Kentucky has three projects listed.
  - Midwest states included: Michigan, Minnesota, Iowa, Illinois, Missouri, Ohio, Indiana and Kentucky.
- **Chinese investment in Wisconsin is relatively low compared with other US states, making it an ideal time for Chinese companies to invest in our state, either a greenfield or M&A.**

### OFII numbers on Jobs from FDI and key stats on advantages of FDI companies

- China Ranked 11<sup>th</sup> in FDI to the US in 2016
- Chinese Investment has grown over 530% since 2011 though still lags behind much smaller countries such as Singapore, Ireland and the Netherlands for example.
  - The Midwest in General and Wisconsin has seen a much smaller percentage of that growth
  - An estimated 93,000 jobs are supported by FDI in Wisconsin



## US – China Business Summit 4/18/2018



### Examples the Moderator mentions are not from China, Governor could mention the Chinese investments

- Senzhen Hepalink owns Scientific Protein Laboratories in Waunakee.
  - Scientific Protein Laboratories (SPL) has been a leading global supplier of high quality active pharmaceutical ingredients (APIs) for over three decades.
  - At the time it was acquired in 2013, SPL had just over 200 employees.
  - Additional info below.
- Zoomlion Heavy Industry Science & Technology Co., Ltd. owns Zoomlion Heavy Industry, Inc. – Racine County.
  - Founded in 1992, Zoomlion Heavy Industry Science & Technology Co., Ltd. is mainly engaged in developing and manufacturing major high-tech equipment in the areas of engineering industry, environmental industry, and agricultural industry.
  - The facility in Wisconsin is dedicated to R&D, especially focusing on agricultural tractors.
- Techtronic Industries owns Milwaukee Tool – Brookfield.
  - Milwaukee Tool is an industry-leading manufacturer of heavy-duty power tools, accessories and hand tools for professional users worldwide.
  - Employment numbers for the Wisconsin facility are not readily available, but Techtronic Industries in its 2017 Annual Report did include that over 2,000 Milwaukee Tool employees received on-site training in North America.
- North Cedar Academy – private boarding school in Ladysmith that was purchased by Chinese investors.
- Jiangsu Zhongheng Pet Articles owns Gardner Pet Group in West Bend.
  - Gardner is a pet food maker with 80-90 employees in Wisconsin (as of 2015).

### Other items listed on discussion sheet

- **Pabst Brewing Complex:** This project received EB-5 funding. EB-5 is an immigration program in which foreign investors can receive a green card based on investments they make in the US.
- **DeltaHawk Engines:** This company has not received any foreign investment to WEDC's knowledge.

### Other Background Information

- The “Go Out Policy” or “Going Global Strategy” is the Chinese Government's current strategy of encouraging companies to invest overseas. Among other reasons, the strategy is a way of dealing with the large foreign currency reserves held by China.
- At the same time, restrictions on outbound investment were implemented last year by China, outlining certain banned industries and putting in place a strategy to improve the country's investments.
- President Xi has made anti-corruption a priority for the Chinese government, with over 1.5 million officials being swept up in investigations. There is speculation that this has been impacting the behavior of larger businesses.



## US – China Business Summit 4/18/2018



### Hepalink – Scientific Protein Laboratories

- Shenzhen Hepalink Pharmaceutical Co., Ltd (Hepalink) distributes its product, Heparin Sodium API in the global market to internationally renowned pharmaceutical companies, such as Sanofi-Aventis, Fresenius Kabi, and Novartis.
- Hepalink was established in 1998 and restructured in 2007 to be a limited liability company. Hepalink went public and was listed on the Shenzhen Stock Exchange on May 6, 2010 (stock code "002399"). Hepalink's headquarters are located in the Shenzhen High-Tech Park.
- Hepalink has created a proprietary process for dealing with impurities and composition separation and activity release technologies in the production of Heparin Sodium API. Hepalink has established a comprehensive quality management system in line with China GMP standards and the US and European cGMP standards and regulations. Hepalink is approved by the U.S. FDA and EU regulatory authorities, and is also one of the primary participants in the revision of the USP pharmacopeia standards.
- Hepalink also has successfully undertaken several National Science and Technology Projects, such as the National Bio-tech Industrialization Demonstration Project, the National Torch Project, and the National Key Technology Innovation Project. Through these projects, Hepalink has made a significant contribution to the technological progress of China's Heparin industry, and export capabilities.
- Hepalink, as a leading high-tech enterprise, has received numerous awards, including the National Award for Technology Innovation and Outstanding New Products, the award for the Enterprise with Outstanding Contributions for the Past 30 Years in the Shenzhen Special Economic Zone, the Shenzhen Excellent Private Enterprise award, the Shenzhen Excellent and Strong SME award, and the Shenzhen Leading Private Enterprise award.

### Previous Trade Trips to China

- Governor Walker travelled to China in April 2013, his first international trade mission.
  - Cities visited: Beijing, Tianjin, Harbin, Shanghai
  - 41 total representatives took part in the trip. This included 25 business delegates and 16 delegates representing government, university and business associations. The businesses represent manufacturing, environmental/clean technology, bioscience, retail, and agriculture.
  - 8 agreements were made during the trip, including a \$200 million deal between the Wisconsin Ginseng Board and TRT, a Chinese retailer.
  - Celebrated the 30<sup>th</sup> anniversary of Wisconsin's Sister State Relationship with Heilongjiang.
  - Governor Walker and other US governors met with President Xi. The other governors were in China for a China – US Governor's Forum, which Governor Walker also attended.
  - Wisconsin opened the Wisconsin-China Center - WEDC expanded its global network by having a business consultant located in Shanghai to assist Wisconsin companies to do business in China.
- Lieutenant Governor Kleefisch traveled to China in 2014 with a bipartisan delegation that included lawmakers from Washington state, New York, Colorado, Kansas.
  - The China-United States Exchange Foundation, based in Hong Kong, sponsored the trip.



## US – China Business Summit 4/18/2018



### Water Panel November 2017

- In November 2017 WEDC led a group from Wisconsin to host two “Water Panels” in China – one in Nanjing and one in Beijing. The title of the conference was “U.S. – China One Water, One World Summit.”
- The Beijing event was opened by U.S. Ambassador Terry Branstad.
- The focus was on creating a “One Water” Region or “Sponge City” by focusing on a model that connects and enhances historically independent “water islands” of drinking water, wastewater and storm water to create a more efficient, effective, and comprehensive water system for a region that embraces a natural watershed. While always mindful to the delicate balance of the energy/water nexus; the priority is placed on improving water quality, knowledge-based stewardship, and water sustainability for the cities and businesses of the region.
- Attendees included:
  - Milwaukee Metropolitan Sewage District
  - The Water Council
  - Wisconsin Economic Development Corporation
  - Graef (WI engineering firm)
  - Pave Drain (WI company making permeable paving surfaces)
  - Rockwell
  - Rexnord
  - InSinkErator
  - A.O. Smith (Provided Keynote in both cities)
- Following the Water Panel, a delegation from the Beijing Water Authority (BWA) visited Milwaukee in early December 2017 to tour various water-related sites and to sign an information sharing agreement on water issues, including controlling storm water run-off, with the Milwaukee Metropolitan Sewerage District. Lieutenant Governor Kleefisch and Mayor Barrett witnessed the signing between Beijing Water Authorities and the Metropolitan Milwaukee Sewerage District.
- WEDC staff are currently in China and will have a meeting with BWA in order to further plan for joint activities between Beijing and Milwaukee, including the establishment of “micro-sites” meant to test sponge city technology.

### Lieutenant Governor Meeting with the China Investment Corporation (CIC) in January 2018

#### **Objective:**

- To discuss investments in manufacturing in the Midwest through the CIC and Goldman Sachs investment fund of \$5 billion. The fund was agreed to between President Trump and Chinese President Xi Jinping during the President’s November trip to China.
- To understand what CIC’s particular focus is for their new formed fund.

#### **Attendees:**

#### **China Investment Corporation**

- Executive Vice President Qi Bin (pronounced “chee”) and 2-3 others
  - His title is sometimes listed as “Vice General Manager.”



## US – China Business Summit 4/18/2018



- Dr. Qi spent time at Goldman Sachs and other investment banks in the period of 1996-2000.
- He has a PhD in Economics from Tsinghua University and an MBA from the University of Chicago.
- Dr. Ning Gan, Managing Director, Investment Operations Department
- Qinzhen Tian, Senior Vice President, Research Department
- Erkang Wang, Vice President, Research Department
- Xu Zhang, Vice President, Research Department

### Goldman Sachs

- Michael Koester – Co-Chief Operating Officer of MBD, Global Head – MBD Strategic Capital Group
- Stephanie Hui – Head of Asia Pacific ex-Japan for MBD
- Matt Gibson – Head of Investment Banking Client Coverage in the Americas and Head of IBD's Midwest Region
- Omar Chaudhary – Managing Director, Global Head of Fund Financing – MBD Strategic Capital Group
- Sean Fan – Managing Director – MBD Corporate Equity

### A.O. Smith Corporation

- Ajita G. Rajendra, Chairman and Chief Executive Officer
  - Named CEO in January 2013 and Chairman in April 2014. He has been with the company since 2005.
  - Ajita earned a bachelor of science degree in chemical engineering from the Indian Institute of Technology, Madras, India, and an MBA from Carnegie-Mellon University in Pittsburgh, Pa. He also graduated from the Advanced Management Program (AMP) at the Harvard Business School.
  - Ajita is a director of Donaldson Company, Inc. and The Timken Company. He is also a member of the Business Roundtable, a member of the Board of Trustees of the Manufacturers Alliance for Productivity and Innovation (MAPI), a director of the Air-Conditioning, Heating & Refrigeration Institute (“AHRI”), a member of the Board of Trustees of Alverno College in Milwaukee, and sits on the Board of Directors of the Metropolitan Milwaukee Association of Commerce.

### Wisconsin Delegation

- Lieutenant Governor Rebecca Kleefisch
- Tricia Braun, Deputy Secretary/COO, WEDC
- Tim Sheehy, President, MMAC
- Kurt Bauer, President/CEO, WMC
- Dean Amhaus, President & CEO, Water Council
- Katy Sinnott, Vice President International Business Development, WEDC
- Mark Rhoda-Reis, Senior Director of International Business Development, WEDC
- Khay Khong, Market Development Director – Asia, WEDC



## US – China Business Summit 4/18/2018



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### Belt and Road Initiative

**Per *The Economist*:**

<https://www.economist.com/blogs/economist-explains/2017/05/economist-explains-11>

**General**

“Launched in 2013 as “one belt, one road”, it involves China underwriting billions of dollars of infrastructure investment in countries along the old Silk Road linking it with Europe. The ambition is immense. China is spending roughly \$150bn a year in the 68 countries that have signed up to the scheme.”

**Main Goal:**

“In 2014, Wang Yi, the foreign minister, said the initiative was Mr Xi’s most important foreign policy. Its ultimate aim is to make Eurasia (dominated by China) an economic and trading area to rival the transatlantic one (dominated by America).”

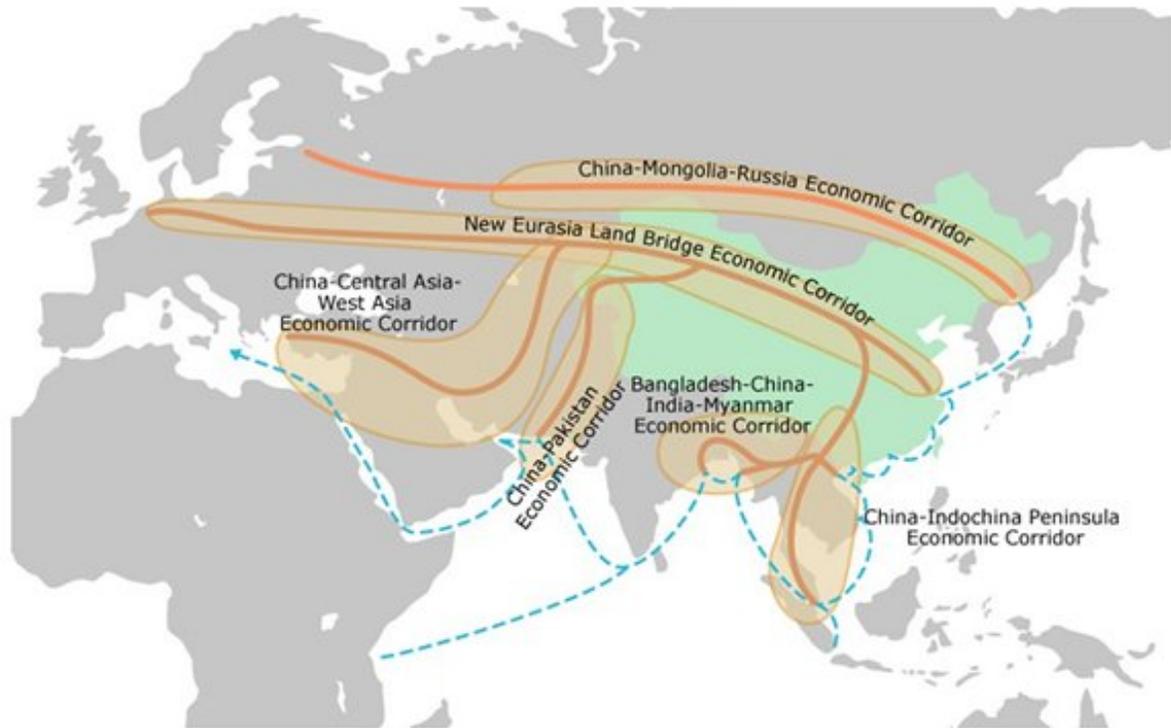
**Other Goals:**

“Behind this broad strategic imperative lie a plethora of secondary motivations—and it is the number and variety of these that prompts scepticism about the coherence and practicality of the project. By investing in infrastructure, Mr Xi hopes to find a more profitable home for China’s vast foreign-exchange reserves, most of which are in low-interest-bearing American government securities. He also hopes to create new markets for Chinese companies, such as high-speed rail firms, and to export some of his country’s vast excess capacity in cement, steel and other metals. By investing in volatile countries in central Asia, he reckons he can create a more stable neighbourhood for China’s own restive western provinces of Xinjiang and Tibet. And by encouraging more Chinese projects around the South China Sea, the initiative could bolster China’s claims in that area (the “road” in “belt and road” refers to sea lanes).”

## Geographic Context:

Map produced by the Hong Kong Trade Development Council:

### The Belt and Road Initiative: Six Economic Corridors Spanning Asia, Europe and Africa



#### **Explainer from HKTDC:**

The Belt and Road Initiative aims to connect Asia, Europe and Africa along five routes.

The Silk Road Economic Belt focusses on:

- (1) linking China to Europe through Central Asia and Russia;
- (2) connecting China with the Middle East through Central Asia; and
- (3) bringing together China and Southeast Asia, South Asia and the Indian Ocean.

The 21st Century Maritime Silk Road, meanwhile, focusses on using Chinese coastal ports to:

- (4) link China with Europe through the South China Sea and Indian Ocean; and
- (5) connect China with the South Pacific Ocean through the South China Sea.

## Trans-Pacific Partnership

- President Trump hinted during a meeting with Senators on Thursday, April 12 that he may be interested in rejoining the TPP after exiting the deal in early 2017. He also tweeted the same day a willingness to re-enter, but only if “the deal were substantially better...”
- Since the US left the TPP last year, the remaining 11 nations continued negotiations. They finalized a revised version of the trade pact in March 2018, renaming it the Comprehensive and Progressive Agreement for Trans-Pacific Partnership or CPTPP.



## US – China Business Summit 4/18/2018



- While the trade agreement encompassed about 40% of world GDP when it included the US, it now only comprises about 13%.

### Tariffs

#### Wisconsin Impact Examples:

Profiled in BBC News article (<http://www.bbc.com/news/business-43731798>)

- **Seneca Foods** (locations throughout southern Wisconsin)
  - Seneca is a canned food manufacturer that produces its own cans from imported metal, including from China. The company is uncertain how to absorb costs and remain competitive.
- **Hsu's Ginseng**
  - "Mr. Hsu says his farm, which employs about 400 people in the US and China, also has enough US clients to handle a temporary tariff. But levied long term, the tax could force him to scale back."
  - "Wisconsin, the source of more than 90% of the United States' cultivated ginseng, can't afford to lose access to the Chinese market - which has been a key buyer of American ginseng since the 1700s and is the destination for more than three quarters of the state's crop."
- **Generac Holdings** (<https://www.wsj.com/articles/u-s-manufacturers-worry-tariffs-could-undermine-recovery-1523279378>)
  - "Generac Holdings Inc., a Wisconsin generator manufacturer, has hired about 200 new employees over the last six months, but Aaron Jagdfeld, the company's CEO, said the company's good fortunes and hiring needs could be undercut by tariffs, which would increase its input costs."
  - "The company is trying to fill 150 jobs. 'We're looking for people—hard-to-find people—but if this tariff rhetoric continues, maybe we won't need the people,' Mr. Jagdfeld said."

# China's Communists Rewrite the Rules for Foreign Businesses

The party is strengthening its influence — often gaining direct decision-making power — over the international firms doing business in China.

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By ALEXANDRA STEVENSON APRIL 13, 2018

HONG KONG — One hammer and sickle at a time, the Communist Party is making its way deeper into everyday Chinese life — and that includes the foreign companies doing business there.

Honda, the Japanese automaker, changed its legal documents to give the party a say in how its Chinese factories are run. A Chinese state oil giant vowed to put the party front and center in its joint ventures with foreign partners.

And Cummins, the engine maker from Indiana, felt the party's reach, too, when it tried to appoint a new manager for one of its China businesses. The party said no.

“In the past the American general manager did not understand why the party was involved in decision making,” said Hu Hongwei, the party's representative to Cummins's China joint venture, according to The People's Daily, the party's official newspaper.

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understand it,” she added.

The Communist Party’s rise in the Chinese offices and factories of foreign companies is yet another challenge for multinationals doing business in the country, which has the world’s second-largest economy, trailing only that of the United States. President Trump’s protectionism has put American companies in particular in the middle of a brewing fight between Beijing and Washington.

Foreign companies face growing pressure to share sensitive technology. The Chinese authorities have stepped up efforts to foster a new generation of homegrown competitors meant to someday replace foreign companies.

Should a trade dispute between China and the United States worsen, Beijing could be moved to intensify the party’s role in foreign business even further, creating yet another headache for businesses operating in China.

The party’s expanding presence in business is part of a broader push by Xi Jinping, China’s president and the party’s top leader, to make it stronger. He has reshaped education to include more Communist Party mythology and increased the party’s role in China’s military. Mr. Xi’s take on Communism — called “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era” — has been unveiled with great fanfare across the country.

In the business realm, dozens of Chinese state-controlled companies have changed their articles of incorporation to give the party a greater role, including the publicly traded units of some of the world’s biggest companies, like Sinopec, ICBC and China Railway Group. The insurance giant China Pacific Insurance, for example, recently amended its articles of association to say that in key corporate decisions, “the board of directors shall first seek for the opinion of the leading party group of the company.”

“We’ve never seen the party so forcefully articulate its own goals,” said Jude Blanchette, a senior adviser and China head at Crumpton Group. “Companies are now trying to coordinate with the party in a way that doesn’t sacrifice their own shareholder interest.”

The Communist Party has long been part of doing business in China. While party committees are a fixture in many foreign-managed workplaces, they were seen by foreign executives for years as more like social clubs. They would meet to read party announcements, recruit new members, make sure dues were collected and generally keep an eye on operations.

But on at least three occasions in recent months, foreign executives have been approached by their Chinese joint venture partners demanding that they involve internal party committees in strategic decisions, say lawyers and business executives.

“Infiltration by party operatives into the executive circle of foreign-invested enterprises is not extensively apparent at this time but things are certainly going in that direction,” said James Zimmerman, a lawyer in Beijing whose clients include American multinational corporations.

He said several of his clients in joint ventures had received explicit requests to give their internal party organizations a greater say in the company’s operations. At some companies, the requested language requires a board of directors to consult with the committee before making business decisions.

Foreign business associations in China have spoken out. In November, the Delegation of German Industry and Commerce said it was concerned about “proactive calls on foreign-invested companies to promote the development of the Communist Party of China within companies.” The European Chamber of Commerce has called such incidents a “great concern” that would represent “a significant change from the legal framework under which joint ventures were negotiated and under which they have been operating successfully for decades.”

The creeping influence of the party in foreign offices and factories is a sensitive subject in a country where the party seems ready to punish anyone who questions its widening influence. Many companies are loath to discuss the issue.

Cummins, for example, declined to comment on the changes to its joint venture’s articles of incorporation that gave the party greater power. Cummins had

not “experienced any challenges or impact due to the structure we have in place and the role of the Chinese Communist Party,” a spokesman said.

Cummins’s Chinese partner, Dongfeng Motor Group, has recently taken steps to intensify the party’s activities at its other joint ventures, according to an article last year from Xinhua, China’s official news agency. They include ventures with Peugeot Citroën, the French automaker; Honda, of Japan; and Dana, the American auto parts maker.

Dongfeng’s other partners, like Peugeot and Dana, did not respond to repeated requests for comment. A Honda spokesman declined to comment about its partnership with Dongfeng.

However, the Honda spokesman confirmed that the party claimed a more assertive role in another joint venture with a different Chinese company, GAC Group.

GAC, an automaker owned by Guangzhou Automobile Group, is pushing its joint ventures to change their articles of association to give the party a greater role, a spokeswoman said. In addition to Honda, it has joint ventures with Toyota and Mitsubishi, both of which declined to comment.

In November, at the most important Communist Party meeting, which takes place every five years, Mr. Xi called on officials to strengthen the party in “government, the military, society and schools, north, south, east and west.” The message was quick to reach party members lower down in the ranks.

Soon after Mr. Xi’s speech, party officials in the central province of Hunan issued a notice to members instructing them to write the party into legal documents for private and state-owned companies alike. The document was accidentally made public when a local state-owned newspaper published it, but it was quickly taken down.

Over the past year, the state-owned oil giant Sinopec has begun to ask its foreign joint venture partners to legally require “party-building work,” according to one executive with direct knowledge of the requests who was not authorized to speak

publicly. Party building is an amorphous term that can mean general recruiting and educating but can also refer to more direct, specific activity. The foreign executive told Sinopec that putting the party in the joint venture's legal documents would pose major problems for the head office overseas.

Sinopec did not respond to several requests for comment.

Dongfeng Motors, Cummins's partner and one of China's biggest carmakers, has long had strong Communist Party ties.

Instructors at Communist Party schools have used Dongfeng's joint venture with Nissan as a model of how the party can be involved with business, according to the book "The Party" by Richard McGregor. When the partnership was negotiated, Dongfeng insisted that the new company give the chief party representative a senior management role, with a salary and compensation for expenses.

Today, Dongfeng's Communist Party committees are working to expand their influence further. In other Dongfeng joint ventures, committees have tried to make the party more relevant for employees by holding social events.

In 2016, a group of employees from Dongfeng-Cummins traveled to the site of the Communist Party's first base, according to Dongfeng's website. On a rainy day, the group dressed in Red Army outfits, huddled together to hold a red flag with the hammer and sickle and smiled for the camera.

*Follow Alexandra Stevenson on Twitter: @jotted.*

Ailin Tang contributed research from Shanghai.

A version of this article appears in print on April 14, 2018, on Page B1 of the New York edition with the headline: Potent Tools of Trade: Hammer and Sickle.

**From:** Krebs, Samuel - GOV  
**To:** [Neitzel, William E - GOV](#)  
**Subject:** Draft of Tariff Letter  
**Date:** Wednesday, April 18, 2018 10:46:50 AM  
**Attachments:** [DRAFT 2018 04 XX Letter to Commerce China Tariffs.docx](#)  
[image001.png](#)  
[image002.png](#)  
[image003.png](#)  
[image004.png](#)  
[image005.png](#)  
[image006.png](#)  
[image007.png](#)

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FYI

**Samuel Krebs**  
Policy Advisor  
Office of Governor Scott Walker  
(608) [REDACTED]  
[Samuel.Krebs@wisconsin.gov](mailto:Samuel.Krebs@wisconsin.gov)





**SCOTT WALKER**  
**OFFICE OF THE GOVERNOR**  
**STATE OF WISCONSIN**

P.O. Box 7863  
MADISON, WI 53707

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April 17, 2018

President Donald J. Trump  
The White House  
1600 Pennsylvania Ave.  
Washington, DC 20500

Dear Mr. President:

Agriculture is a big part of the Wisconsin economy. We are number one in cheese, cranberries, and ginseng. In fact, Wisconsin ranks near the top in almost every agricultural category: milk, corn, soybeans, potatoes and other vegetables, cherries, apples and beef. We are proud of our rich agricultural history and look forward to our growing agricultural future.

Agriculture alone has a more than \$88 billion impact on the Wisconsin economy. Trade is a driving force in our success in agriculture. Specifically, our growing trade with China has given critical new opportunities to farmers in Wisconsin. In 2017, Wisconsin exported nearly \$300 million of agricultural products to China, an increase of more than 27% over the year before.

I want to make it clear that farmers in my state and others involved in agriculture absolutely need strong trade to be successful and - in many cases - to survive. While bad actors need to be held accountable, we must be wary not to cause damage to our farmers through an escalating trade war. Unfortunately, China has specifically targeted major Wisconsin products in their retaliatory tariffs.

China has placed tariffs of 15 and 25 percent on major, Wisconsin products like cranberries, soybeans, and ginseng. This hurts people like farmers in Marathon County who produce approximately 85 percent of all ginseng in the country and send nearly half of their exports to China.

We need to not only keep our current trading partners but actually increase the amount of international agricultural trade we do. In January, at Ag Day in Madison, Wisconsin, I signed an Executive Order to broaden our work to expand markets for Wisconsin agricultural products around the world.

Now is a critical time as prices for agricultural products are down. Farm families across the country are hurting. Growing up in a small town where much of the economy was related to agriculture and having a mother who was raised on a farm, I know that farming is more than just a job; it's a way of life.

In Wisconsin, we can help our farm families by continuing to grow markets for their products. To do so, we need take steps that look out for the American farmer - particularly the many women and men involved in agriculture from my state. Please help us maintain our current trading partners and grow new ones.

Thank you for your attention to this important matter.

Sincerely,

A handwritten signature in black ink, appearing to be 'S. Walker', with a stylized flourish at the end.

Scott Walker  
Governor, State of Wisconsin

**From:** [Markor, Kelly A - DATCP](#)  
**To:** [Albracht, Jerad - DATCP](#); [Andre, Ashley K - DATCP](#); [Brown, Sean M - DATCP](#); [Carlson, Michael M - DATCP](#); [Cochart, Lacey L - DATCP](#); [Cosh, William - DATCP](#); [Dedinsky, Paul - DATCP](#); [Duwe, Leeann M - DATCP](#); [Evenson, Tom - GOV](#); [Gilson, Donna J - DATCP](#); [Girard, Alexander C - DATCP](#); [Grinder, Jennifer - DOA](#); [Harsdorf, Sheila E - DATCP](#); [Hummell, Richard P - DATCP](#); [Ingham, Steve C - DATCP](#); [Jablonski, Jack - GOV](#); [Ripp, Keith - DATCP](#); [Krebs, Samuel - GOV](#); [Larson, Jane H - DATCP](#); [Markor, Kelly A - DATCP](#); [McGraw, Paul J - DATCP](#); [McPherson, Jeremy S - DATCP](#); [Michels, Steven - DOA](#); [Moll, Keeley A - DATCP](#); [Petty, John F - DATCP](#); [Reinen, Michelle J - DATCP](#); [Roskam, Kyle - GOV](#); [Smith, Daniel G - DATCP](#); [Smithback, Kelly A - DATCP](#); [Stamm, Christine A - DATCP](#)  
**Subject:** DATCP Media Contacts - April 19, 2018  
**Date:** Thursday, April 19, 2018 4:27:44 PM  
**Attachments:** [image001.png](#)

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**April 18, 2018**

**Paul Gores of Milwaukee Journal Sentinel**

**Jerad Albracht handled**

Paul asked about gift card usage during the Bon-Ton liquidation sale and about who consumers should contact if they have problems during the sale. Jerad suggested that consumers use gift cards as soon as possible and added that shoppers facing consumer issues (such as possible misrepresentations) could file complaints with DATCP and we would look into the situation.

**April 19, 2018**

**Chuin-Wei Yap. Reporter, Wall Street Journal.**

**Ginseng.**

**Bill Cosh handled.**

Chuin-Wei wanted to know:

- 1/ What effects is this tariff likely to have on Marathon and surrounding areas that have built their community around the ginseng trade and its globalization? Do you see economic conditions there likely deteriorating as a result, and what might be done to ease the impact?
- 2/ How are you guys planning to respond to the Chinese tariffs?

We referred Mr. Yap to the Ginseng Board of Wisconsin, the Ginseng & Herb Co-op and Marathon Ginseng. As with DATCP's help to the ginseng industry on this matter, DATCP is working with USDA trade office in China to find a solution.

**Kathy Keene of WHBY**

**Michelle Reinen handled/Jerad Albracht submitted**

Michelle joined Kathy for an hour-long call-in show where they discussed a range of consumer protection issues including Medicare cards and the top FTC fraud list for 2017.

**Ashley Sears of Fox 6**

**Jerad Albracht handled**

Ashley asked about gift card and private label credit card usage as relates to the Bon-Ton liquidation sales. Jerad advised consumers to use gift cards as quickly as possible and noted that consumers who face possible misrepresentations or pricing issues during the sale can file complaints with DATCP and we will look into the situation.

**Chris Rickert of Wisconsin State Journal**

**Jerad Albracht handled**

Chris asked about the status of a complaint against Sam's Club: a WSJ reader was looking for a refund of her annual Sam's Club fee following the closure of the Madison store. Jerad noted that the complaint was received last week and was under mediation.

Kelly Markor

Executive Staff Assistant – Office of the Secretary

Wisconsin Department of Agriculture, Trade and Consumer Protection

Phone: (608) 224-5033

Fax: (608) 224-5034

[Kelly.Markor@Wisconsin.gov](mailto:Kelly.Markor@Wisconsin.gov)

**Please complete this [brief survey](#) to help us improve our customer service. Thank you for your feedback!**



**From:** Krebs, Samuel - GOV  
**To:** [Wurster, Kaleigh - GOV](#)  
**Cc:** [Censky, Matthias J - GOV](#)  
**Subject:** Briefings for Farm Visits  
**Date:** Tuesday, April 24, 2018 5:37:48 PM  
**Attachments:** [2018 04 25 Participation in Tour of Birlings Bovines and Sievert Farms.docx](#)  
[2018 04 25 Participation in Tour of Farms-Farm Bill Summary.pdf](#)  
[image001.png](#)  
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[image003.png](#)  
[image004.png](#)  
[image005.png](#)  
[image006.png](#)  
[image007.png](#)

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Please see attached.l

**Samuel Krebs**  
Policy Advisor  
Office of Governor Scott Walker  
(608) [REDACTED]  
[Samuel.Krebs@wisconsin.gov](mailto:Samuel.Krebs@wisconsin.gov)





## **MEETING / EVENT BRIEFING**

**DATE: WEDNESDAY APRIL 25<sup>TH</sup>, 2018**

**EVENT: PARTICIPATION IN TOUR OF BIRLINGS BOVINES AND SIEVERT FARMS**

**DRAFTED BY: SAMUEL KREBS (o) 608- [REDACTED] (c) 850- [REDACTED]**

### **Event Overview**

In April, multiple snowstorms in northern Wisconsin resulted in catastrophic damage to many structures such as freestall barns, sheds, and grain bins. According to Farm Bureau and the USDA Farm Service Agency, approximately 100 farms have reported damage to structures as well as animal losses across the state. Damage and loss reports are still coming in as farmers have been managing the aftermath of the storm.

Building damage has been concentrated in Shawano, Oconto, Brown, Kewaunee, Outagamie, and Waupaca counties. The Governor will be visiting two farms to inspect the winter storm damage. The first farm is Birlings Bovines in Black Creek (Outagamie). The Governor attended Outagamie County Breakfast on the Farm at Birlings Bovines on June 12, 2011. The second farm is Sievert Farms in Sobieski (Oconto).

In Wisconsin, the storm ranks as the all-time second largest snowstorm in Green Bay at 23.5 inches and a record April total of more than 35 inches there, according to the National Weather Service.

(Associated Press and WPR Staff, "Spring Snowstorm Brings Records to Wisconsin," [Wisconsin Public Radio](#), 4/16/18)

Please note, local firefighters that assisted with the damage cleanup and snow removal may also be in attendance at each of the locations.

### **Table of Contents**

Stop 1 Background	Page 2
Stop 2 Background	Page 3
Recovery Options	Page 4
Milk Price Issues	Page 5
Current Status of NAFTA	Page 7
China Tariffs Situation	Page 9
Rural Agenda Accomplishments	Page 11

### **Attachments**

Summary of 2018 Federal Farm Bill-House Version



## **MEETING / EVENT BRIEFING**

**DATE: WEDNESDAY APRIL 25<sup>TH</sup>, 2018**

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**DRAFTED BY: SAMUEL KREBS (o) 608- [REDACTED] (c) 850- [REDACTED]**

### **Stop 1 Background: Birling Bovines**

In December 1971, Mike Birling returned from serving his country in Vietnam, a holder of the Combat Infantry Badge and the Bronze Star. The following spring, he purchased the family farm from his parents Alex and Elsie. The 80-acre farm in Black Creek, WI, had been home to the Birlings and their 32 cows since 1958. In the winter of 1973, where Mike lost his left dominate hand in a corn piker accident. On July 17, 1976, Mike married Jean and together they began building the business into what it is today. In 1978, Mike and Jean expanded the operation, adding stalls and bringing the herd total to 50 cows. Since then, the Birlings have consistently expanded to a nearly 1,200 cow dairy operation farming 2,500 acres of land.

Second and third generations of the Birling family are now running the operation. Mike serves as general manager and still spends many hours in the parlor handling some of the milking shifts. Jean handles all the financial records for the dairy. Their four children and their spouses also have important roles in the business. Daughter Tammy Smith handles the dairy records. Daughter Cindy DuChateau takes care of general farm duties while her husband Brian is involved with tractor driving for the cropping operation as well as serving as handyman. Son Jim is in charge of feeding and field operations. Jim's wife Sara helps as the relief calf feeder. Son Dan had been handling the herdsman duties, but with the latest expansion a full-time employee was hired to take that pressure off Dan as he is needed to help in most all facets of the operation. Mike Birling was named the "Master Agriculturist" for 2008. ([Wisconsin Agriculturalist](#) April 2008)

Birling's Bovines had their barn roof collapse under the weight of the snow. Snow has been cleared with help of a nearby fire departments. (Nolan Blair, Famers Facing Barn Collapes after Snow Storm, [WBAY](#), 4/17/18)

### **Stop 1 Attendees**

**Cindy Birling, Owner, Birlings Bovines**

**[no image available]**

**Mike Birling, Father, Cindy Birlings**

**[no image available]**

**Dan Birling, Brother, Cindy Birlings**

**[no image available]**

**Corry Rossers, Owner, Dairyland Structures**

**[no image available]**

**Sandy Chalmers, Wisconsin State Executive Director, USDA Farm Service Agency**

**Secretary Sheila Harsdorf, Department of Agriculture, Trade, and Consumer Protection**



## **MEETING / EVENT BRIEFING**

**DATE: WEDNESDAY APRIL 25<sup>TH</sup>, 2018**

**EVENT: PARTICIPATION IN TOUR OF BIRLINGS BOVINES AND SIEVERT FARMS**

**DRAFTED BY: SAMUEL KREBS (o) 608- [REDACTED] (c) 850- [REDACTED]**

### **Stop 2 Background: Sievert Farms**

- On April 15, the Sievert Farm had two barn roof collapses. Rod Sievert and his brother, Mike, narrowly escaped serious injury the second time the roof collapsed. As they were snowblowing off the roof to relieve the strain, 25-30 feet of the barn collapsed where they had been standing 20 seconds earlier.
- The Sievert farm has a 250-cow herd. Some of their cows were cut by fallen sheet metal.
- Rod and Mike are hoping insurance will cover at least 60 percent of the costs. They expect to have approximately \$50,000 in out-of-pocket costs or more.

Dennis and Leon Gohr, owners of Gohr Farms, will also be at the Sievert Farms event. They own a 155 cow herd also in Siebiski. About half of their 100-by-200-foot freestall barn collapsed on April 15. They lost six cows in the collapse. It took an entire day to clear the damage, and Gohr estimates that they have lost 1,000 gallons of milk a day. The Gohrs received help later in the week from Sieverts. (Kent Tempus, "April blizzard's impact on area farms to linger: Barns damaged, cows lost," [Green Bay Press Gazette](#), 4/24/18)

### **Stop 2 Attendees**

**Mike Sievert, Owner, Sievert Farms**

**[no image available]**

**Dennis Gohr, Owner, Gohr Farms**

**[no image available]**

**Sandy Chalmers, Wisconsin State Executive Director, USDA Farm Service Agency**

**Secretary Sheila Harsdorf, Department of Agriculture, Trade, and Consumer Protection**



## **MEETING / EVENT BRIEFING**

**DATE: WEDNESDAY APRIL 25<sup>TH</sup>, 2018**

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**DRAFTED BY: SAMUEL KREBS (o) 608- [REDACTED] (c) 850- [REDACTED]**

### **Recovery Options**

- Farmers should contact their insurance provider immediately to file a complete damage report.
- Farmers should also report damage and animal losses to local USDA Farm Service Agency office. DATCP has also been working closely with the USDA to address the snowstorm losses.
- Currently, the USDA is investigating the possibility of a USDA Secretarial designation which triggers the availability of low-interest emergency loans, available to producers who cannot access private financing. A disaster designation also allows USDA to set aside debt installments for direct loan borrowers. The following steps are necessary for a USDA Secretarial designation:
  - FSA county offices assemble required agricultural loss information for the Loss Assessment Report.
  - The County and State Emergency Board will reviews the Loss Assessment Report and make a recommendation to approve, defer, or reject the request by the Secretary of Agriculture.
  - The Governor, Indian Tribal Council leader, or FSA State Executive Director must request in writing to the Secretary of Agriculture within three months of the ending date of the disaster.



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**DRAFTED BY: SAMUEL KREBS (o) 608- [REDACTED] (c) 850- [REDACTED]**

### **Wisconsin Agriculture**

- Wisconsin agriculture is a large economic driver, contributing \$88.3 billion annually to our state's economy.
- Wisconsin is home to 68,700 farms on 14.4 million acres.
- Wisconsin agriculture provides 413,500 jobs annually, or 11.9% of the state's employment.
  - Each job in agriculture supports an additional 1.46 jobs elsewhere in Wisconsin.
- Wisconsin is well-known for its vegetable and fruit production.
  - When it comes to major processing vegetables (beans, peas, cucumbers), Wisconsin is second in the nation for acres harvested of all vegetables and fifth in utilized production.
  - Wisconsin is the top cranberry producing state in the country, producing 64% of the nation's crop.
- Wisconsin is home to more dairy farms than any other state, and the dairy industry itself contributes \$43.4 billion to Wisconsin's economy each year.
  - Feed mills, dairy equipment, manufacturers and technicians, veterinarians, construction companies, genetics companies, milk haulers, dairy plants, and dairy software companies create an economic impact that touches the entire state.
- Wisconsin is #1 in cheese. We have nearly 1,200 licensed cheesemakers producing over 600 types of cheese—nearly double the number of any other state.
- Wisconsin cheese makers make a quarter of the nation's cheese, more than 3 billion pounds.

### ***State of Dairy Industry Background***

- This is a time of structural change in Wisconsin's dairy industry, prompted by global oversupply and resultant downward pressure on milk prices.
- Wisconsin dairy farm numbers fell below 9,000 last month, a benchmark that was pointed to by some as an indication that dairying is in decline. However, Wisconsin is still home to more than 20% of the nation's dairy herds. No other state offers the concentration of dairy resources and support network available in Wisconsin. Wisconsin's dairy infrastructure is highly developed and specialized to support the industry's producers and processors.



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**DRAFTED BY: SAMUEL KREBS (o) 608- [REDACTED] (c) 850- [REDACTED]**

### **Price and Surplus Issues**

- Milk prices for Wisconsin dairy farmers have been at or below breakeven prices for three consecutive years. This is causing financial stress on the farmers in the form of declining equity, increased open accounts, and delayed capital reinvestment in the farming operation. Many dairy producers report they are operating in a survival mode, hoping prices improve.
  - Wisconsin all milk price for February 2018: \$15.60 per hundredweight. This was 70 cents lower than last month's price and \$3.40 lower than last February's price.
  - Number of Wisconsin milk cow herds: 8,649
  - 2017 annual milk production: 30.32 billion pounds

### ***FYI***

- On April 12, the Wisconsin Farmers Union held informational sessions on supply management approaches.
  - Other approaches include a proposal by Senator Gillebrand (NY) for a national price floor similar to corn and soybeans. A petition has recently been circulated (21,672 signatures) asking several Wisconsin elected officials to support a \$20 price floor for milk.



## MEETING / EVENT BRIEFING

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EVENT: PARTICIPATION IN TOUR OF BIRLINGS BOVINES AND SIEVERT FARMS

DRAFTED BY: SAMUEL KREBS (o) 608- [REDACTED] (c) 850- [REDACTED]

### North American Free Trade Agreement Background

- The North American Free Trade Agreement (NAFTA) was agreed to by the U.S., Mexico and Canada in 1992, ratified by the U.S. Congress in 1993
- The goal of NAFTA was to eliminate barriers to trade and investment between the U.S., Canada, and Mexico.
- Tariffs were eliminated progressively and all duties and quantitative restrictions, except for those on a limited number of agricultural products traded with Canada, were eliminated by 2008.

### Wisconsin and NAFTA Statistics

- Canada is Wisconsin's top trading partner, accounting for over \$6.8 billion in exports and \$4.2 billion in imports in 2017.
- Mexico ranks #2 for Wisconsin exports with over \$3.1 billion and #4 for imports at \$2.9 billion. Wisconsin exports to Mexico in 2017 are up 4.78% over the previous year.
- According to a report by the U.S. Chamber of Commerce, approximately 46% of all Wisconsin exports are destined for Canada and Mexico. According to the report, the total value of exports to Canada and Mexico is \$9.6 billion. **(2017 export numbers have brought that value up to \$10 billion in combined exports.)** According to the report, approximately 249,000 Wisconsin jobs would be at risk if the United States withdrew from NAFTA. (John Murphy, "Which States Would Be Hit Hardest by Withdrawing from NAFTA," [U.S. Chamber of Commerce](#), 11/17/2017)
- According to a study prepared for Business Roundtable by Trade Partnership Worldwide, "abandoning this U.S. trade agreement (NAFTA) would eliminate 33,990 Wisconsin jobs within one year, reduce Wisconsin businesses' exports to Mexico and Canada by \$1.9 billion, and lower Wisconsin's economic output by more than \$2.0 billion." (Joseph F. Francois and Laura M. Baughman, "Terminating NAFTA: The National and State-by-State Impacts on Jobs, Exports and Output," [Trade Partnership Worldwide](#) January 2018.)
- The study also states that long term; Wisconsin could lose up to 67,000 jobs.

### Agriculture

- Canada and Mexico are Wisconsin's top two agriculture export markets as Wisconsin's ag exports to the two countries have seen significant growth in the past twenty years. (DATCP)
  - In 1996, Wisconsin exported \$240 million of ag products to Canada. In 2016, Wisconsin exported \$1.4 billion of ag products to Canada. This is nearly five times larger than it was twenty years ago. (DATCP)
  - In 1996, Wisconsin exported \$38 million in ag products to Mexico. In 2016, Wisconsin exported \$360 million in ag products to Mexico. This is more than nine times larger than twenty years ago. (DATCP)
- In 2017, nearly half of Wisconsin's dairy, fruit, and vegetable exports went to Canada and Mexico. (DATCP)
- According to Americans for Farmers & Families, \$1.5 Billion, or 54% of Wisconsin's \$2.7 Billion in Food And Agriculture Exports went to NAFTA partners in 2016. ("Wisconsin," [Americans For Farmers & Families](#), Accessed 1/31/18)



## **MEETING / EVENT BRIEFING**

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**DRAFTED BY: SAMUEL KREBS (o) 608- [REDACTED] (c) 850- [REDACTED]**

***Downward Pressure of NAFTA*** (David Newby, "WI Needs a New NAFTA That Works for Farmers and Workers," [Wisconsin State Journal](#) 1/09/18)

- 79,000 specific WI jobs have been certified as lost to either direct outsourcing or displacement by imports
- According to critics of NAFTA, downward pressure on wages equaled the loss of more than \$3,300 per year for most working Americans according to the Center for Economic and Policy Research even after accounting for the "benefit" of lower-priced imported consumer goods.
- WI state-specific agricultural trade deficit with Canada and Mexico in 2016 was \$12.6 million

### ***President Trump on NAFTA***

- Shortly after being elected, U.S. President Donald Trump announced his intention to begin renegotiating the terms of NAFTA, seeking to resolve issues with trade outlined during his campaign for the presidency. ("What is NAFTA, and how might Trump change it?" *The New York Times*, Apr. 27, 2017)
  - The leaders of Canada and Mexico have indicated their willingness to work with the Trump administration, and although vague on the exact terms that he will be seeking in a renegotiated NAFTA, Trump has threatened to withdraw from it if negotiations fail.

### ***United States Trade Representative on NAFTA***

- U.S. Trade Representative Robert Lighthizer has been conducting renegotiation talks since May 2017; reports have suggested that a preliminary agreement may be announced in early May. (*UTSR Releases NAFTA Negotiating Objectives*, [Office of the United States Trade Representative](#), Accessed 1/31/18)



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**DRAFTED BY: SAMUEL KREBS (o) 608- [REDACTED] (c) 850- [REDACTED]**

### **Wisconsin's Trade Relationship with China Statistics** (2017 WEDC data)

- In 2017, China was Wisconsin's #3 export destination and #1 import source.
  - Wisconsin exports to China grew by 21.55% from 2016 and 29.88% from 2010.
  - Wisconsin imports from China grew by 23.78% from 2016 and 49.53% from 2010.

### **Wisconsin's Agricultural Exports to China** (2017 DATCP data)

In retaliation to President Trump's tariffs on steel and aluminum, China announced tariffs on 128 products and \$50 billion including key Wisconsin products such as ginseng, cranberries, and soybeans. The administration has also proposed tariffs directly targeting China's trade practices. China has responded with tariffs on another 106 products. The proposed China tariffs would result in an 15% tariff increase on ginseng and cranberries and 25% on soybeans.

#### ***Overview***

- Wisconsin exported \$3.5 billion in agricultural products to 147 countries in 2017, an increase of 3.63 percent in value compared to the same period last year.
- Wisconsin currently ranks 12th among U.S. states in agricultural exports.
- Wisconsin ranked first in the export of ginseng roots, prepared/preserved cranberries, sweet corn prepared/preserved, and bovine semen.
- China is Wisconsin's third most valuable export market (top two are Canada and Mexico) for our agricultural products. In 2017, Wisconsin exported nearly \$300 million of agricultural products to China, an increase of more than 27% over the year before.
- The top Wisconsin agricultural export product categories to China last year were wood, raw hides and skins, and dairy-related products.

#### ***Ginseng***

- China is Wisconsin's top ginseng export market. Wisconsin exported \$14 million of ginseng to China in 2017. This was 46% of Wisconsin's total ginseng exports last year. (Source: Database accessed on [www.wisetrade.org](http://www.wisetrade.org))
- Wisconsin ginseng is considered the highest-quality American ginseng in the world. Wisconsin is the number one producer of ginseng in the United States accounting for about 90 to 95 percent of all ginseng produced in the country, and Marathon County is the top ginseng growing county in the state, producing about 95 percent of Wisconsin's annual crop.
- News release from the Ginseng Board about the potential tariff [is available here](#).

#### ***Soybeans***

- In 2017, China was Wisconsin's eighth largest export market for soybeans. Wisconsin exported \$7.2 million of soybeans to China, comprising about 3% of Wisconsin's total soybean exports.
  - Wisconsin's largest export market for soybeans last year was Mexico, which made up \$176 million or about 70% of Wisconsin's total soybean exports.
- Wisconsin is a major exporter of soybeans. Two out of every three Wisconsin soybean rows are exported internationally.
- Wisconsin produced 101 million bushels of soybeans in 2017. Soybean planted and harvested acreage set record highs last year.



**MEETING / EVENT BRIEFING**

**DATE: WEDNESDAY APRIL 25<sup>TH</sup>, 2018**

**EVENT: PARTICIPATION IN TOUR OF BIRLINGS BOVINES AND SIEVERT FARMS**

**DRAFTED BY: SAMUEL KREBS (o) 608- [REDACTED] (c) 850- [REDACTED]**

***Cranberries***

- In 2017, China was Wisconsin's third largest export market for cranberries. Wisconsin exported \$11 million of cranberries to China, comprising about 9% of Wisconsin's total cranberry exports.
  - Wisconsin's largest export market for cranberries in 2017 was the Netherlands with exports totaling \$27.8 million, which is about 23% of the state's total cranberry exports.
- Wisconsin ranks first in the nation for cranberry production, producing 64% of the nation's total. Wisconsin's total production was more than twice that of the next highest producing state, Massachusetts.



## **MEETING / EVENT BRIEFING**

**DATE: WEDNESDAY APRIL 25<sup>TH</sup>, 2018**

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**DRAFTED BY: SAMUEL KREBS (o) 608- [REDACTED] (c) 850- [REDACTED]**

### **Rural Agenda Accomplishments**

#### ***Sparsity Aid***

- Sparsity aid increases will assist rural school districts (approximately 144 districts) to address challenges that are unique to them, such as limited class offerings or teacher recruitment. This bill couples the increase with protections for property taxpayers who have rejected increased spending within three years.
- Act 141 also increases the low revenue ceiling making 107 school districts eligible for the low revenue ceiling adjustment.

#### ***EMT/Firefighter Incentive***

- Rural firefighter and EMT Services report that their volunteer pipeline is running low and their workforce is disproportionately old. As part of the Rural Agenda, Governor Walker announced a public safety CTE incentive grant to help meet a worker shortage in public safety in the areas of EMTs and firefighters.
- Act 336 requires DWD to award CTE incentive grants for public safety occupation training in the areas of firefighters, EMTs, or emergency medical services practitioners.

#### ***Family Farm Fund***

- In the State of the State, the Governor announced the Governor's Dairy Scholarship Program which will provide \$200,000 in scholarships for vocational training in the dairy industry. DATCP and HEAB are finalizing the application and will be ready for announcement next week.

#### ***Increasing funding for the Producer-Led Watershed Protection Grant Program***

- The Producer-Led Watershed Protection Grant program (PLWPG) was developed to support the establishment of producer-led projects and address the unique soil and water quality challenges of their local landscapes and communities by using innovative and collaborative approaches.
- Act 196 increased funding for the watershed grants by \$500,000 each fiscal year of 2018 and 2019.

#### ***Focus on growing domestic and international markets to increase profitability***

- In an Executive Order, the Governor directed DATCP to utilize existing loan program revenues to encourage research and new dairy product development.
- The Governor also directed DATCP to work with agricultural stakeholders and focus on growing domestic and international markets and to support farmers.



# HOUSE AGRICULTURE COMMITTEE

## FARM BILL TOP 10 HIGHLIGHTS

1

### FARM POLICY

The Agriculture & Nutrition Act of 2018 works to address the 5-year, 52-percent decline in the farm economy by providing certainty that an extension of current policy cannot provide. The bill reauthorizes and strengthens the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) options through 2023. Producers are given an opportunity to make a new election between ARC and PLC with several improvements, including allowing a new yield update opportunity for producers who were facing severe drought during the previous yield update, allowing reference prices to adjust to improved market conditions, and prioritizing the use of RMA data for administering ARC to minimize disparities between counties.

### NUTRITION

Over 35 improvements are made to the Supplemental Nutrition Assistance Program (SNAP), the nation's flagship nutrition program. Most notably, existing work requirements are strengthened, streamlined and paired with a variety of options to increase opportunities for SNAP recipients, including participating in a fully-funded, guaranteed Employment & Training (E&T) slot. Individuals may choose not to participate, but they will no longer be eligible for SNAP. The farm bill maintains vital nutrition assistance for those in need while making a historic commitment to helping recipients improve their outlook in life.

2

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### TRADE

Given escalating use of illegal trade actions by foreign countries, the farm bill stands by our nation's farmers and ranchers, providing a strengthened safety net and authorizing and restoring funding for vital tools for trade promotion and market development. The farm bill also maintains long-standing legal authority for the secretary to provide assistance to farmers and ranchers affected by unfair foreign trading practices.

### CONSERVATION

The farm bill prioritizes working-lands conservation by retaining and folding the best features of the Conservation Stewardship Program (CSP) into the nation's flagship incentive-based program for voluntary conservation—the Environmental Quality Incentives Program (EQIP). This supports and enables a significant investment in emerging conservation practices like the use of cover crops.

4

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### CROP INSURANCE

At the request of virtually every farmer, rural banker and rural business in the country, the farm bill protects crop insurance. Some improvements are made but, overall, the farm bill doesn't fix what isn't broken.

### REGULATORY REFORM

One of the most consistent complaints policymakers hear from farmers and ranchers is about burdensome regulations. The farm bill streamlines and reduces regulatory burdens. For example, the bill includes commonsense reforms to the onerous and conflicting Endangered Species Act (ESA) consultation process regarding pesticide registration activities to ensure agricultural producers have access to the safest and most efficient modern crop protection tools. And, the bill cuts red-tape across the conservation programs, eliminating unnecessary and burdensome Data Universal Numbering System (DUNS) and System for Award Management (SAM) registration requirements for producers.

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# FB

# HOUSE AGRICULTURE COMMITTEE

## FARM BILL TOP 10 HIGHLIGHTS

### 7 RURAL DEVELOPMENT

Rural areas of the U.S. should have the same access to broadband and infrastructure that urban areas do. The bill authorizes substantial annual appropriations for rural broadband and requires USDA to establish forward-looking broadband standards. The farm bill also strengthens the suite of rural development initiatives to promote jobs and economic activity in rural America where employment is suffering due to the sharp downturn in the farm economy. Finally, the farm bill provides the secretary the authority to prioritize projects that help communities meet the challenges of the opioid crisis.

### ANIMAL HEALTH

The Agriculture & Nutrition Act of 2018 establishes a new National Animal Disease Preparedness and Response Program, designed to protect the health of the nation's livestock sector. The program is modeled on the highly successful Plant Pest and Disease Management and Disaster Prevention Program that has strengthened USDA's ability to protect U.S. agriculture and natural resources from foreign plant pest threats. The bill also establishes a new U.S.-only vaccine bank with priority for stockpiling Foot-and-Mouth Disease (FMD) vaccine and provides for the enhancement of the National Animal Health Laboratory Network.



### SPECIALTY & ORGANIC CROPS

Specialty crops play an important role in the success of U.S. agriculture and are an essential component of our national food policy. The farm bill restores funding for Technical Assistance for Specialty Crops (TASC) under the new International Market Development Program. It also seeks to expand and improve crop insurance policies for specialty crops. The bill reauthorizes several programs that support marketing and promotion of these crops. It also makes key improvements to the Specialty Crop Research Initiative (SCRI) and the Specialty Crop Block Grant program, while maintaining funding. Finally, the bill increases funding for the Organic Agriculture Research & Extension Initiative (OREI) and provides resources for combatting fraudulent imports of organic products coming into the U.S.

### BEGINNING FARMERS & RANCHERS

The bill maintains several provisions to help beginning farmers and ranchers establish themselves in agriculture. The bill enhances access to crop insurance and establishes a scholarship program at 1890 Land Grant Institutions designed to assist students interested in careers in agriculture. Many of the challenges faced by beginning farmers and ranchers are intrinsically linked to those retiring producers. The 2018 Farm Bill establishes the "Commission on Farm Transitions – Needs for 2050" to examine additional policy changes needed to ensure that the U.S. maintains the safest, most abundant and most affordable food and fiber supply in the world.



This is a bipartisan bill – reflecting both Republican and Democrat priorities.

This bill makes investments in opportunities for SNAP recipients and improves program integrity, while delivering much-needed support and certainty to the countryside.

**From:** Parnell, Christiaan - GOV  
**To:** [Neitzel, William E - GOV](#); [Krebs, Samuel - GOV](#)  
**Subject:** U.S.-China Trade War Timeline  
**Date:** Wednesday, April 25, 2018 10:42:22 AM  
**Attachments:** [US-China Trade War Timeline.docx](#)

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Will & Sam,

Attached is the timeline for the US-China trade war. Most of the information pertaining to the timelines comes from Bloomberg. Another source I looked at was Reuters.

Bloomberg Timeline: <https://www.bloomberg.com/news/articles/2018-04-06/tit-for-tat-timeline-of-the-escalating-u-s-china-trade-dispute>

Reuters Timeline: <https://www.reuters.com/article/us-usa-stocks/dow-opens-slightly-higher-on-industrial-gains-idUSKBN1HW1KW>

Thanks,

Christiaan

## ***U.S.-China Trade War Timeline***

### **Jan. 17**

U.S. imposed countervailing duties on imports of stainless steel flanges from China and India. (Timeline of the Escalating Trade Dispute, [Bloomberg](#), Accessed 4/25/18)

- Countervailing duty: an import tax imposed on certain goods in order to prevent dumping or counter export subsidies. Also known as anti-subsidy duties, which are aimed at neutralizing the negative effect of subsidies.

### **Jan. 22**

U.S. imposed safeguard tariffs on washing machines and solar-cell imports. Much of these don't come from China, but China is responsible for the global supply chain of these products. (Timeline of the Escalating Trade Dispute, [Bloomberg](#) Accessed 4/25/18)

### **Feb. 4**

China started one-year subsidy investigation into grain sorghum imported from U.S. (Timeline of the Escalating Trade Dispute, [Bloomberg](#) Accessed 4/25/18)

### **Feb. 14**

U.S. imposes anti-dumping duties on cast-iron pipe fittings from China. (Timeline of the Escalating Trade Dispute, [Bloomberg](#), Accessed 4/25/18)

- “President Trump made it clear that we will vigorously enforce our trade laws and provide U.S. industry relief from unfair trade practices.”
- Anti-dumping duty: charging extra import duty on particular products from particular exporting country. Dumping occurs when manufacturers export a product to another country at the price below the normal price with the objective of increasing the market share in a foreign market by driving out competition and creating a monopoly. Anti-dumping duties are a method to prevent this.

### **Feb. 27**

U.S. imposes anti-dumping and countervailing duties on aluminum foil from China after concluding that the country's producers are receiving unfair subsidies and dumping the product in the American market. (Timeline of the Escalating Trade Dispute, [Bloomberg](#), Accessed 4/25/18)

### **March 8**

Pres. Trump signed off on import tariffs of 25% on steel and 10% on aluminum, but exempted Canada and Mexico. (Key Events in Rapid escalation of U.S.-China trade dispute, [Reuters](#), Accessed 4/25/18)

- The Department of Commerce cites national security concerns for being the motivation behind tariffs on these materials.. (U.S. Department of Commerce Announces Steel and Aluminum Tariffs, [DOC](#), Accessed 4/25/18)
- U.S. imported \$1 billion in Chinese steel in 2017, or 3.35% of U.S. important market. (U.S. Imports of Steel Mill Products, [DOC](#), Accessed 4/25/18)
- U.S. imported \$3.5 billion worth of aluminum from China in 2017, or 15.1% of all U.S. aluminum imports. (US Aluminum Imports by Supplying Country, [WTEEx](#), Accessed 4/25/18)

### **March 20**

U.S. imposes anti-dumping duties on stainless steel flanges from China and India. (Timeline of the Escalating Trade Dispute, [Bloomberg](#) Accessed 4/25/18)

### **March 22**

USTR proposed 25% duties on Chinese products under section 301 to compensate for the harm caused to the American economy from China's trade and economic policies. (Timeline of the Escalating Trade Dispute, [Bloomberg](#), Accessed 4/25/18)

### **March 23**

China unveiled tariffs on \$3 billion of U.S. imports in response to the steel and aluminum tariffs. (Timeline of the Escalating Trade Dispute, [Bloomberg](#), Accessed 4/25/18)

### **April 1**

China said it will start levying tariffs on \$3 billion of U.S. imports, increasing tariffs by up to 25% on 128 U.S. products. (Timeline of the Escalating Trade Dispute, [Bloomberg](#), Accessed 4/25/18)

- Products include pork, whiskey, wine, nuts, ginseng, fresh fruit and [many more](#).

### **April 3**

U.S. released a list of targets for proposed tariffs on \$50 billion worth of imports, aiming to recoup losses from China's alleged abuse of intellectual property. It is a sharp response to China's *Made in China 2025* strategy. List is dominated by high-tech industry products. (Timeline of the Escalating Trade Dispute, [Bloomberg](#), Accessed 4/25/18)

- Products targeted include information technology, high-end machinery and robotics, aerospace, marine equipment and ships, advanced rail transport, new-energy vehicles, electric power, agricultural machinery, new materials, and bio-medical products.

### **April 4**

China said it will levy additional 25% tariff on imports of 106 U.S. products in response to American duties on high-tech goods. (Timeline of the Escalating Trade Dispute, [Bloomberg](#), Accessed 4/25/18)

- Products include soybeans, automobiles, chemicals and aircraft.

### **April 5**

Pres. Trump said that, "in light of China's unfair retaliation," he's instructed the USTR to "consider whether \$100 billion of additional tariffs would be appropriate" and to identify which products to apply this to. (Timeline of the Escalating Trade Dispute, [Bloomberg](#), Accessed 4/25/18)

### **April 6**

China's commerce ministry said the nation "will follow suit to the end and at any cost. It will use "new comprehensive countermeasures to firmly defend the interest of the nation and its people." (Timeline of the Escalating Trade Dispute, [Bloomberg](#), Accessed 4/25/18)

### **April 8**

Pres. Trump predicted that China would take down trade barriers and expressed optimism despite escalating trade tensions. Trump administration stressed that tariffs are not in place yet and could be resolved through talks. (Trump says China will back down on trade barriers "because it is the right thing to do", [Global News](#), Accessed 4/25/18)

### **April 10**

Chinese President Xi Jinping promised to open country's economy further and lower import tariffs on products including cars. (China's Xi Jinping promises to open economy, lower tariffs, [The Economic Times](#), Accessed 4/25/18)

**From:** [Hasenberg, Amy - GOV](#)  
**To:** [Pedersen, Matt - GOV](#)  
**Subject:** WLUK  
**Date:** Thursday, June 07, 2018 12:24:36 PM  
**Attachments:** [5.8.18 Robert Hornacek WLUK.docx](#)  
[image001.png](#)  
[image002.png](#)  
[image003.png](#)  
[image004.png](#)  
[image005.png](#)  
[image006.png](#)  
[image007.png](#)

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**Amy Hasenberg**  
Press Secretary  
Office of Governor Scott Walker  
(608) 266-1212  
[Amy.Hasenberg@wisconsin.gov](mailto:Amy.Hasenberg@wisconsin.gov)





**MEDIA BRIEFING**

**DATE:** Friday, June 8, 2018

**SECURITY:** Scott Gouin, 608- [REDACTED] Ed Schofield, 608- [REDACTED]

**DRAFTED BY:** Amy Hasenberg, 715- [REDACTED]

**EVENT:** TV Interview (Live) WLUK

**HOST:** Robert Hornacek

**TELEVISION STATION:** WLUK (Green Bay)

**DATE:** Friday, June 8, 2018

**TIME:** 6:30 A.M. (arrival)  
6:45 A.M.-6:50 A.M. (Live Interview)

**TOPICS:** Dairy Industry

**LOCATION:** 787 Lombardi Avenue  
Green Bay, WI 54304

**POC:** Danielle Halbach  
920-490-1407 (office)  
920- [REDACTED] (cell)

**ATTACHMENTS:** Press release on emergency loan availability, press release on Dairy Task Force 2.0 and policy notes on dairy.



**MEDIA BRIEFING**

**DATE: Friday, June 8, 2018**

**SECURITY: Scott Gouin, 608- [REDACTED] Ed Schofield, 608- [REDACTED]**

**DRAFTED BY: Amy Hasenberg, 715- [REDACTED]**



**SCOTT WALKER**

OFFICE OF THE GOVERNOR

**DRAFT**

June 8, 2018

Contact: Amy Hasenberg, (608) 266-2839

**Governor Walker Announces Availability of Emergency Loans  
for Farmers due to April Blizzard Damage**

**MADISON** – Governor Scott Walker today announced that farmers in 52 Wisconsin counties may qualify for emergency loans from the U.S. Department of Agriculture (USDA) to help with losses sustained in the mid-April blizzard.

“Wisconsin’s farmers are a key part of our state’s economy, our history, and our future,” said Governor Walker. “We’re happy to announce that new resources may be available for farmers to help them overcome the damages from April’s snow storms. We are always listening to the needs of our farmers and look forward to working with them in the future to support our farming industry.”

The disaster designation by the Farm Service Agency Administrator means that low-interest emergency loans are available to farmers who had severe physical losses from snow and high winds during the April 13-15 storm.

Counties included in the disaster designation are: Barron, Brown, Burnett, Door, Dunn, Fond du Lac, Green Lake, Jackson, Kewaunee, La Crosse, Marinette, Monroe, Oconto, Outagamie, Polk, Portage, Rusk, Sawyer, Shawano, Trempealeau, Washburn, Waupaca and Wood.

In addition, eligible farmers in counties bordering the disaster counties may also receive loans. Those counties are: Adams, Ashland, Bayfield, Buffalo, Calumet, Chippewa, Clark, Columbia, Dodge, Douglas, Eau Claire, Florence, Forest, Juneau, Langlade, Manitowoc, Marathon, Marquette, Menominee, Pepin, Pierce, Price, St. Croix, Sheboygan, Taylor, Vernon, Washington, Waushara and Winnebago.

Farmers have eight months to apply for the loans. Farmers should contact their local USDA Farm Service Agency office for more information on loan eligibility and the application process.

###



**MEDIA BRIEFING**

**DATE:** Friday, June 8, 2018

**SECURITY:** Scott Gouin, 608- [REDACTED] Ed Schofield, 608- [REDACTED]

**DRAFTED BY:** Amy Hasenberg, 715- [REDACTED]



**SCOTT WALKER**

OFFICE OF THE GOVERNOR

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**FOR IMMEDIATE RELEASE**

June 5, 2018

Contact: Amy Hasenberg, (608) 266-2839

**Governor Walker Announces Creation of Wisconsin Dairy Task Force 2.0**

*Directs Department of Agriculture, Trade and Consumer Protection Secretary and University of Wisconsin System President to Appoint Task Force*

**MADISON** – Governor Scott Walker announced today that the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) and the University of Wisconsin System (UW System) will create Wisconsin Dairy Task Force 2.0 that will enable stakeholders to come together to make recommendations on actions needed to maintain a viable and profitable dairy industry in our state. Governor Walker directed DATCP Secretary Sheila Harsdorf and UW System President Ray Cross to appoint the task force.

“We need to work together to develop a strategy to maintain our state’s legacy as the Dairy State,” said Governor Walker. “Dairy farmers are facing challenges due to an extended period of low milk prices and market uncertainty. By creating this task force, industry experts can work together to create real solutions that can help our farmers, processors, and allied organizations, and to ensure that our dairy industry is not only our past, but our future.”

In 1985, the UW System and DATCP Secretary appointed a Wisconsin Dairy Task Force comprised of 31 individuals including dairy farmers, milk processors and allied organizations. The Task Force met numerous times over the course of 14 months, and at its conclusion, unanimously approved an 82-page report that included findings and 75 recommendations for the industry. Many of the recommendations have been implemented over time to retain Wisconsin’s recognition as a dairy leader.

“I look forward to partnering with the UW System to create a Wisconsin Dairy Task Force 2.0 and working with farmers, processors, industry organizations and others to address the challenges facing the dairy industry,” said DATCP Secretary Harsdorf. “I thank the Governor for recognizing the importance of



**MEDIA BRIEFING**

**DATE: Friday, June 8, 2018**

**SECURITY: Scott Gouin, 608- [REDACTED] Ed Schofield, 608- [REDACTED]**

**DRAFTED BY: Amy Hasenberg, 715- [REDACTED]**

the dairy industry to our state's economy, and I am pleased to be involved as the industry works together to maintain Wisconsin's status as a leading dairy state."

Wisconsin is home to more dairy farms than any other state, and about 96% of the state's dairy farms are family owned. Wisconsin is also home to a vibrant dairy processing industry, renowned universities and research facilities, extensive network of agribusinesses, and the World Dairy Expo. Wisconsin's dairy industry creates nearly 80,000 jobs and generates \$43.4 billion in economic impact every year, nearly half of agriculture's total economic impact.

"The University plays a critical role in the development and growth of Wisconsin's dairy industry, both as a source of research and as a partner for our farmers," added UW System President Cross. "This task force is an opportunity for the UW System, the state, and the industry to find new ways to advance Wisconsin's leadership role as the Dairy State."

The Task Force will be chaired by Mark Stephenson. Stephenson is the Director of Dairy Policy Analysis at UW-Madison where he is involved in research and outreach in the dairy industry.

"The Wisconsin dairy industry feels as though it is at another turning point, like the one faced in the 1980s—different reasons, but significant challenges and new opportunities," said Mark Stephenson. "We need to be sure that we chart our direction to change what we can and accommodate what we can't. The agronomic resources of the state have always been ideally suited to milk production and that is a foundation from which we can build a vibrant future."

The Task Force will seek to gain consensus on issues facing the dairy industry and release recommendations for the industry going forward. Additional information about the Task Force's membership and upcoming meetings will be released in the near future.

###



## MEDIA BRIEFING

DATE: Friday, June 8, 2018

SECURITY: Scott Gouin, 608- [REDACTED] Ed Schofield, 608- [REDACTED]

DRAFTED BY: Amy Hasenberg, 715- [REDACTED]

### June Dairy Month

National Milk Month was established in 1937, and in 1940, Governor Julius Heil proclaimed June to be Dairy Month for the first time in Wisconsin. America's Dairyland has celebrated June Dairy Month in many community events including farm breakfasts, a Wisconsin tradition for more than 45 years. The first organized dairy breakfast was held in 1970 in Jefferson County. They are typically planned by county dairy promotion committees, agribusiness clubs and/or chambers of commerce.

### Wisconsin's Dairy Industry

#### *Economic impact*

- Dairy is the largest segment of Wisconsin agriculture. Of the \$88.3 billion economic impact of agriculture, **\$43.4 billion** is contributed by the dairy industry.
- The dairy industry employs **78,900** people in the state.
- The Wisconsin mailbox milk price averaged \$17.95 per hundredweight (cwt) in 2017.
  - The mailbox price is defined as the net price received by dairy farmers for milk, including all payments received for milk sold and deducting costs associated with marketing the milk.

#### *Production*

- Wisconsin is home to about **8,600 dairy farms**, more than any other state.
  - Wisconsin is home to more than **20% of the nation's dairy herds**.
- Ninety-six percent of Wisconsin dairy farms are family-owned.
- Wisconsin produces about **14%** of the total U.S. milk production.
- Wisconsin produced **30.3 billion pounds** of milk in 2017, just over one percent more than the previous record of 30.1 billion pounds harvested in 2016.
  - It takes ten pounds of milk to make one pound of cheese, and 22 pounds of milk to make one pound of butter.
- As the country's top cheese producer, Wisconsin made a record **3.37 billion pounds** in 2017, which accounted for 26.6% of the nation's production.
- The average number of milk cows on Wisconsin farms for April 2018 was 1.27 million head.
- Milk per cow rose to an all-time high of 23,725 pounds, up 183 pounds from the year earlier. (Wisconsin Ag Connection, "Wisconsin Officially Set New Milk Production Record in '17," 5/9/18)

#### *Processing*

- Wisconsin has 415 dairy processing plants operating.
- There are 146 cheese plants (including cow, dairy goat and sheep cheeses). Wisconsin has 14 butter factories, 22 ice cream plants, and 18 yogurt plants.
- Wisconsin cheesemakers make 27% of the nation's cheese, ranking Wisconsin as the top cheese producing state. Nearly 1,200 licensed cheesemakers make over 600 varieties, types, and styles of cheese – nearly double the number of any other state.



## MEDIA BRIEFING

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DRAFTED BY: Amy Hasenberg, 715-██████████

- Wisconsin leads the nation in the production of specialty cheeses, such as Feta, Asiago, Gorgonzola, Gouda, Limburger and many others. Wisconsin accounts for **45%** of all specialty cheese made in the U.S.
- If Wisconsin were a country, it would rank **fourth in world cheese production**, behind only the United States, Germany and France.
- At the 2018 World Championship Cheese Contest, Wisconsin earned **47** gold medals and had five finalists for the best cheese. Wisconsin took home **60%** of the awards given at the 2017 U.S. Championship Cheese Contest.
- Cheese consumption is at an all-time high. Americans eat about **35 pounds** of total cheese each year.

### *Exports*

- In 2017, Wisconsin exported \$3.5 billion of agricultural products. This is an increase of 3.6% compared to the same period last year.
- Wisconsin ranks 12<sup>th</sup> in the nation for the value of agricultural exports. The state exports agricultural products to 147 countries.
- The top three agricultural export markets for Wisconsin in 2017 were Canada, Mexico and China.
- Wisconsin exports of dairy products in 2017 were valued at \$297 million, a 20% increase over 2016.
  - The top destinations for these products are Canada, Mexico, China, Japan and Korea.

### Support for Wisconsin's Dairy Industry

#### *Governor's Dairy Scholarships*

Announced in the Governor's 2017 State of the State address, Wisconsin students interested in dairy careers are able to apply for the new Governor's Dairy Scholarships.

- The value of the scholarship is up to \$2,500 per year, to be applied towards tuition.
- The scholarships may be used at Wisconsin Technical Colleges or University of Wisconsin campuses that have dairy programs – Madison, River Falls, and Platteville. UW-Madison's Farm and Industry Short Course qualifies for programs that can be completed in two years or less.
- Wisconsin students who have demonstrated an involvement in the state's dairy industry and who intend to continue in or return to dairying after a period of vocational study are eligible.

### *Market development*

In January, Governor Walker signed Executive Order #275 relating to the Wisconsin Agriculture Market Development Initiative. The order encourages research, product development and expansion of agricultural markets, both domestically and internationally, by increasing coordination with agricultural stakeholders such as the Dairy Farmers of Wisconsin and the Wisconsin Center for Dairy Research.

### *Wisconsin Farm Center*

During this extended period of low milk and commodity prices, DATCP's Farm Center staff are available to provide financial planning, farm successions, conflict mediation, and accessing counseling services. Services are free and confidential. Farmers can reach the Farm Center by calling the toll-free line at 1-800-942-2474.



## **MEDIA BRIEFING**

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**DRAFTED BY:** Amy Hasenberg, 715-██████████

### ***Producer-Led Watershed Protection Grants***

Earlier this year, Governor Walker called on the legislature to increase funding for the Producer-Led Watershed Protection Grants which addresses unique soil and water quality challenges of local landscapes and communities. The bill passed the legislature, and was later signed into law on April 3<sup>rd</sup>, 2018, which allocated an additional \$500,000 of funding each year through 2019, which triples the funds that are available for projects.

### **State of Dairy Industry Background**

This is a time of structural change in Wisconsin's dairy industry, prompted by global oversupply and resultant downward pressure on milk prices.

- Milk prices for Wisconsin dairy farmers have been at or below breakeven prices for three consecutive years. This is causing financial stress on the farmers in the form of declining equity, increased open accounts, and delayed capital reinvestment in the farming operation. Many dairy producers report they are operating in a survival mode, hoping prices improve.
- Wisconsin has been losing dairy farms at an approximate rate of 500 farms per year since 2003.
  - The number of dairies in the state has fallen more than 20 percent in the last five years.
- **Farmers Grow Older as Obstacles for Young Farmers Grow** “The average age of the typical farmer has risen: Farmers over age 65 outnumber farmers under 35 by a margin of six to one, and nearly two-thirds of U.S. farmland is set to transition to new ownership within the next 20 years, according to a survey conducted by the National Young Farmer’s Coalition.” (Autumn Luedke, [Sauk Prairie Eagle](#), 5/9/18)
- **Farm Agencies Call for Congress to Fund Farmer Mental Health Services** “With low commodity prices for the last three years the number of suicide among farmers is on the rise. According to the Centers for Disease Control factors like social isolation, potential for financial losses, barriers to and unwillingness to seek mental health services have made the farming occupation one with the highest rates of suicide.” (Robyn Oguinye, [WFRV](#), 4/11/18)

### **National/International Issues**

#### ***Farm Bill***

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## **MEDIA BRIEFING**

**DATE: Friday, June 8, 2018**

**SECURITY: Scott Gouin, 608- [REDACTED] Ed Schofield, 608- [REDACTED]**

**DRAFTED BY: Amy Hasenberg, 715- [REDACTED]**

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- In 2017, China was Wisconsin's third largest export market for cranberries. Wisconsin exported \$11 million of cranberries to China, comprising about 9% of Wisconsin's total cranberry exports.
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- Wisconsin ranks first in the nation for cranberry production, producing 64% of the nation's total. Wisconsin's total production was more than twice that of the next highest producing state, Massachusetts.

**From:** Krebs, Samuel - GOV  
**To:** [Naleid, Alicia - GOV](#); [Wurster, Kaleigh - GOV](#)  
**Subject:** Weekend Briefings  
**Date:** Friday, June 08, 2018 4:27:00 PM  
**Attachments:** [2018 06 09 Breakfast on the Farm.docx](#)  
[2018 06 10 Breakfast on the Farm.docx](#)  
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[image004.png](#)  
[image005.png](#)  
[image006.png](#)  
[image007.png](#)

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Please see attached.

Broadband briefing coming momentarily.

**Samuel Krebs**  
Policy Advisor  
Office of Governor Scott Walker  
(608) [REDACTED]  
[Samuel.Krebs@wisconsin.gov](mailto:Samuel.Krebs@wisconsin.gov)  




**POLICY BRIEFING**

**DATE: JUNE 9, 2018**

**TOPIC: BREAKFAST ON THE FARM SAUK AND ROCK COUNTY**

**STAFF: SAMUEL KREBS (o) 608- [REDACTED] (c) 850- [REDACTED]**

**Event Overview**

The Governor will be visiting Bender Farm in Reedsburg, Sauk County and Kersten Farm in Janesville, Rock County with their county breakfast on the farm.

At the Sauk County Breakfast, the Governor will have a one-on-one interview with the Reedsburg Times Press.

**Table of Contents**

Local Farm Background	Page 2
Wisconsin Dairy Industry Background	Page 3
Recent Action for Dairy Industry	Page 5
State of Dairy Industry	Page 7
NAFTA Background	Page 8
China Trade Background	Page 10
Additional Reading	Page 11

**Note:** In 2016, there were a total of 24,000 cows in Sauk County which produced 504,000 pounds of milk.

**Note:** In 2016, there were a total of 17,700 cows in Rock County which produced 433,650 pounds of milk.



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### **Sauk County Dairy Breakfast**

#### ***Bender Farm***

This is the 29th Sauk County Breakfast on the Dairy Farm. (Brian and his family were hosts for the 23rd breakfast in 2012)



Brian Bender grew up on his grandparents' dairy and hog farm outside of Rock Springs. Brian helped out his Brian's every weekend to keep the farm going. After three years of farm work, the Benders took over the operation of the farm from Brian's grandparents.

The Benders rented the farm they now call home in March 2003. With only 35 cows and a 55-cow stanchion barn. They purchased the farm in August of 2004

In spring of 2007, the Benders added a free-stall barn and began to remodel their small red barn into a parlor and holding area. The following summer, they added another building for calves and more space to the free stall to accommodate Juno, the robotic feed pusher.

Today, the Benders milk 125 cows and farm 400 acres (200 of corn, 150 of alfalfa and 40 of soybeans). Brian and Dena work on the farm full-time, along with a full-time hired hand. Brian manages the crops, machinery and nutrition needs; Dena takes care of the milking, herd health, calves and bookkeeping needs.

#### ***Sauk County Attendees***

**Brian and Rachel Bender, Owners, Bender Family Farm**

**Sandi Knuth, Public Relations, Sauk County Dairy Breakfast**

**Richard Knuth, Volunteer, Sauk County Dairy Breakfast**

### **Rock County Dairy Breakfast**

Dennis and Barb Kersten are hosting the 42nd annual Rock County Dairy Breakfast



They milk an average of 55 Holstein cows (out of 150) and own 195 acres.

Dennis Kersten's parents bought the original farm of 120 acres in March 1948. The younger couple in 1975 purchased 75 additional acres across the road. Annually they plant about 75 acres of corn, 34 acres of oats and 61 of alfalfa of the total 170 tillable acres on the farm.

The couple has been married for 35 years and has farmed the entire time. Barb has worked off the farm for 18 of those years. She works in food service with the Janesville School District.

#### ***Other Attendees***

**Julie Funk, June Dairy Breakfast Chair**



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### **June Dairy Month**

National Milk Month was established in 1937, and in 1940, Governor Julius Heil proclaimed June to be Dairy Month for the first time in Wisconsin. America's Dairyland has celebrated June Dairy Month in many community events including farm breakfasts, a Wisconsin tradition for more than 45 years. The first organized dairy breakfast was held in 1970 in Jefferson County. They are typically planned by county dairy promotion committees, agribusiness clubs and/or chambers of commerce.

### **Wisconsin's Dairy Industry**

#### ***Economic impact***

- Dairy is the largest segment of Wisconsin agriculture. Of the \$88.3 billion economic impact of agriculture, **\$43.4 billion** is contributed by the dairy industry.
- The dairy industry employs **78,900** people in the state.
- The Wisconsin mailbox milk price averaged \$17.95 per hundredweight (cwt) in 2017.
  - The mailbox price is defined as the net price received by dairy farmers for milk, including all payments received for milk sold and deducting costs associated with marketing the milk.

#### ***Production***

- Wisconsin is home to about **8,600 dairy farms**, more than any other state.
  - Wisconsin is home to more than **20% of the nation's dairy herds**.
- Ninety-six percent of Wisconsin dairy farms are family-owned.
- Wisconsin produces about **14%** of the total U.S. milk production.
- Wisconsin produced **30.3 billion pounds** of milk in 2017, just over one percent more than the previous record of 30.1 billion pounds harvested in 2016.
  - It takes ten pounds of milk to make one pound of cheese, and 22 pounds of milk to make one pound of butter.
- As the country's top cheese producer, Wisconsin made a record **3.37 billion pounds** in 2017, which accounted for 26.6% of the nation's production.
- The average number of milk cows on Wisconsin farms for April 2018 was 1.27 million head.
- Milk per cow rose to an all-time high of 23,725 pounds, up 183 pounds from the year earlier.  
(Wisconsin Ag Connection, "Wisconsin Officially Set New Milk Production Record in '17," 5/9/18)

#### ***Processing***

- Wisconsin has 415 dairy processing plants operating.
- There are 146 cheese plants (including cow, dairy goat and sheep cheeses). Wisconsin has 14 butter factories, 22 ice cream plants, and 18 yogurt plants.
- Wisconsin cheesemakers make 27% of the nation's cheese, ranking Wisconsin as the top cheese producing state. Nearly 1,200 licensed cheesemakers make over 600 varieties, types, and styles of cheese – nearly double the number of any other state.
- Wisconsin leads the nation in the production of specialty cheeses, such as Feta, Asiago, Gorgonzola, Gouda, Limburger and many others. Wisconsin accounts for **45%** of all specialty cheese made in the U.S.



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- If Wisconsin were a country, it would rank **fourth in world cheese production**, behind only the United States, Germany and France.
- At the 2018 World Championship Cheese Contest, Wisconsin earned **47** gold medals and had five finalists for the best cheese. Wisconsin took home **60%** of the awards given at the 2017 U.S. Championship Cheese Contest.
- Cheese consumption is at an all-time high. Americans eat about **35 pounds** of total cheese each year.

### ***Exports***

- In 2017, Wisconsin exported \$3.5 billion of agricultural products. This is an increase of 3.6% compared to the same period last year.
- Wisconsin ranks 12<sup>th</sup> in the nation for the value of agricultural exports. The state exports agricultural products to 147 countries.
- The top three agricultural export markets for Wisconsin in 2017 were Canada, Mexico and China.
- Wisconsin exports of dairy products in 2017 were valued at \$297 million, a 20% increase over 2016.
  - The top destinations for these products are Canada, Mexico, China, Japan and Korea.



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### **Support for Wisconsin's Dairy Industry**

#### ***Dairy Task Force 2.0***

- On June 5, the Governor announced the creation of a task force to maintain a viable and profitable dairy industry. The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) and the University of Wisconsin System (UW System) will create Wisconsin Dairy Task Force 2.0 that will enable stakeholders to come together to make recommendations.
- The overall objective is to facilitate communication across the industry to develop actionable items to address challenges facing dairy farmers, processors and allied organizations in order to maintain Wisconsin's leadership as America's Dairyland
- The Task Force will be chaired by Mark Stephenson. Stephenson is the Director of Dairy Policy Analysis at UW-Madison where he is involved in research and outreach in the dairy industry.
- In 1985, the UW System and DATCP Secretary appointed a Wisconsin Dairy Task Force comprised of 31 individuals including dairy farmers, milk processors and allied organizations. The Task Force met numerous times over the course of 14 months, and at its conclusion, unanimously approved an 82-page report that included findings and 75 recommendations for the industry. Many of the recommendations have been implemented over time to retain Wisconsin's recognition as a dairy leader.

#### ***Governor's Dairy Scholarships***

Announced in the Governor's 2017 State of the State address, Wisconsin students interested in dairy careers are able to apply for the new Governor's Dairy Scholarships.

- The value of the scholarship is up to \$2,500 per year, to be applied towards tuition.
- The scholarships may be used at Wisconsin Technical Colleges or University of Wisconsin campuses that have dairy programs – Madison, River Falls, and Platteville. UW-Madison's Farm and Industry Short Course qualifies for programs that can be completed in two years or less.
- Wisconsin students who have demonstrated an involvement in the state's dairy industry and who intend to continue in or return to dairying after a period of vocational study are eligible.

#### ***Market development***

In January, Governor Walker signed Executive Order #275 relating to the Wisconsin Agriculture Market Development Initiative. The order encourages research, product development and expansion of agricultural markets, both domestically and internationally, by increasing coordination with agricultural stakeholders such as the Dairy Farmers of Wisconsin and the Wisconsin Center for Dairy Research.

#### ***Wisconsin Farm Center***

During this extended period of low milk and commodity prices, DATCP's Farm Center staff are available to provide financial planning, farm successions, conflict mediation, and accessing counseling services. Services are free and confidential. Farmers can reach the Farm Center by calling the toll-free line at 1-800-942-2474.



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***Producer-Led Watershed Protection Grants***

Earlier this year, Governor Walker called on the legislature to increase funding for the Producer-Led Watershed Protection Grants which addresses unique soil and water quality challenges of local landscapes and communities. The bill passed the legislature, and was later signed into law on April 3<sup>rd</sup>, 2018, which allocated an additional \$500,000 of funding each year through 2019, which triples the funds that are available for projects.



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### **State of Dairy Industry Background**

This is a time of structural change in Wisconsin's dairy industry, prompted by global oversupply and resultant downward pressure on milk prices.

- Milk prices for Wisconsin dairy farmers have been at or below breakeven prices for three consecutive years. This is causing financial stress on the farmers in the form of declining equity, increased open accounts, and delayed capital reinvestment in the farming operation. Many dairy producers report they are operating in a survival mode, hoping prices improve.
- Wisconsin has been losing dairy farms at an approximate rate of 500 farms per year since 2003.
  - The number of dairies in the state has fallen more than 20 percent in the last five years.
- **Farmers Grow Older as Obstacles for Young Farmers Grow** "The average age of the typical farmer has risen: Farmers over age 65 outnumber farmers under 35 by a margin of six to one, and nearly two-thirds of U.S. farmland is set to transition to new ownership within the next 20 years, according to a survey conducted by the National Young Farmer's Coalition." (Autumn Luedke, [Sauk Prairie Eagle](#) 5/9/18)
- **Farm Agencies Call for Congress to Fund Farmer Mental Health Services** "With low commodity prices for the last three years the number of suicide among farmers is on the rise. According to the Centers for Disease Control factors like social isolation, potential for financial losses, barriers to and unwillingness to seek mental health services have made the farming occupation one with the highest rates of suicide." (Robyn Oguinye, [WFRV](#) 4/11/18)

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  - Wisconsin's largest export market for cranberries in 2017 was the Netherlands with exports totaling \$27.8 million, which is about 23% of the state's total cranberry exports.
- Wisconsin ranks first in the nation for cranberry production, producing 64% of the nation's total. Wisconsin's total production was more than twice that of the next highest producing state, Massachusetts.



**POLICY BRIEFING**

**DATE: JUNE 9, 2018**

**TOPIC: BREAKFAST ON THE FARM SAUK AND ROCK COUNTY**

**STAFF: SAMUEL KREBS (o) 608- [REDACTED] (c) 850- [REDACTED]**

**Additional Reading**

***Recent News***

The Milk Marketing Board announced that the organization's new name, Dairy Farmers of Wisconsin in April. (Wisconsin Milk Marketing Board renamed Dairy Farmers of Wisconsin, [WKOW](#), 4/25/18)

Because of the late winter storm and heavy rains, spring planting activity has been behind schedule. As of May 22, spring tillage was six days behind last year and three days slower than normal. Corn planting was also a half-week behind average. ("More Than Half the Corn, Third of Soybeans Now Planted," [Wisconsin Ag Connection](#) 5/22/18)

Currently, there are calls from producer groups such as the National Milk Producers Federation, for the Food and Drug Administration (FDA) to enforce a strict definition of milk, excluding plant-based products such as soy and coconut from using the word milk. (Chase Purdy, "There's a war over the definition of 'milk' between dairy farmers and food startups—and Trump may settle it," [Quartz Media](#), 3/3/17)



**POLICY BRIEFING**

**DATE: SUNDAY, JUNE 10, 2018**

**TOPIC: Breakfast on the Farm Outagamie and Manitowoc**

**STAFF: SAMUEL KREBS (o) 608- [REDACTED] (c) 850- [REDACTED]**

**Event Overview**

The Governor will be visiting Van Handel Dairy Farm in Freedom, Outagamie County and United Vision Dairy in Mishicot, Manitowoc County with their county breakfast on the farm.

**Table of Contents**

Local Farm Background	Page 2
Wisconsin Dairy Industry Background	Page 3
Recent Action for Dairy Industry	Page 5
State of Dairy Industry	Page 7
NAFTA Background	Page 8
China Trade Background	Page 10
Additional Reading	Page 11

**Note: In 2016, there were a total of 37,000 cows in Outagamie County which produced 1,017,500 pounds of milk.**

**Note: In 2016, there were a total of 54,000 cows in Manitowoc County which produced 1,495,800 pounds of milk.**



**POLICY BRIEFING**

**DATE: SUNDAY, JUNE 10, 2018**

**TOPIC: Breakfast on the Farm Outagamie and Manitowoc**

**STAFF: SAMUEL KREBS (o) 608- [REDACTED] (c) 850- [REDACTED]**

**Outagamie County Dairy Breakfast**



The Outagamie County Dairy Breakfast will be hosted by the Van Handel Dairy Farm. The farm is run by Craig and Leah Van Handel they have three children Jacob (16), Lucas (13) and Katelyn (11). The Van Handels have owned their farm for 12 years. The farm is a 397 acres half of which are owned. They grow corn, soybeans, alfalfa and, for the first time this season, winter wheat. They also have 100 cows after expanding form 70 cows in 2017.

***Other Attendees***

Kelly Oudenhoven, Secretary, Outagamie County Dairy Promotion

Kelly also serves on the Outagamie County Farm Bureau as the Young Farmer and Agriculturist chair.

**Manitowoc Dairy Breakfast**



The Manitowoc Dairy Breakfast will be hosted by United Vision Dairy in Mishicot, a 900 cow, 2,200-acre operation that employs more than 15 people. United Vision Dairy is run by Jerry and Marilyn Neuser. They have been in business for almost 40 years starting in 1979. Their son Joe Neuser and his wife Michelle also help run the farm. Joe serves as the general manager for United Vision Dairy. Their other son Christopher Neuser also helped run the farm, but he passed away in 2010.

***Other Attendees***

**Becky Salm, President, Manitowoc County Dairy Promotion Committee**



Becky also serves as the Wisconsin Farm Bureau District Coordinator for east-central Wisconsin. She is married to Brian and has three children. They have a dairy and crop farm near Newton in Manitowoc County.

**Dan Meyer, President, Manitowoc County Farm Bureau**



Dan Meyer is the president of the Manitowoc county farm bureau. He also owns a 1,200-acre 150 cow farm, in the town of Schleswig, the farm has belonged to the family since his grandfather bought it in the 1940s. He and his wife Becky took it over from Dan's father.



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### **June Dairy Month**

National Milk Month was established in 1937, and in 1940, Governor Julius Heil proclaimed June to be Dairy Month for the first time in Wisconsin. America's Dairyland has celebrated June Dairy Month in many community events including farm breakfasts, a Wisconsin tradition for more than 45 years. The first organized dairy breakfast was held in 1970 in Jefferson County. They are typically planned by county dairy promotion committees, agribusiness clubs and/or chambers of commerce.

### **Wisconsin's Dairy Industry**

#### ***Economic impact***

- Dairy is the largest segment of Wisconsin agriculture. Of the \$88.3 billion economic impact of agriculture, **\$43.4 billion** is contributed by the dairy industry.
- The dairy industry employs **78,900** people in the state.
- The Wisconsin mailbox milk price averaged \$17.95 per hundredweight (cwt) in 2017.
  - The mailbox price is defined as the net price received by dairy farmers for milk, including all payments received for milk sold and deducting costs associated with marketing the milk.

#### ***Production***

- Wisconsin is home to about **8,600 dairy farms**, more than any other state.
  - Wisconsin is home to more than **20% of the nation's dairy herds**.
- Ninety-six percent of Wisconsin dairy farms are family-owned.
- Wisconsin produces about **14%** of the total U.S. milk production.
- Wisconsin produced **30.3 billion pounds** of milk in 2017, just over one percent more than the previous record of 30.1 billion pounds harvested in 2016.
  - It takes ten pounds of milk to make one pound of cheese, and 22 pounds of milk to make one pound of butter.
- As the country's top cheese producer, Wisconsin made a record **3.37 billion pounds** in 2017, which accounted for 26.6% of the nation's production.
- The average number of milk cows on Wisconsin farms for April 2018 was 1.27 million head.
- Milk per cow rose to an all-time high of 23,725 pounds, up 183 pounds from the year earlier.  
(Wisconsin Ag Connection, "Wisconsin Officially Set New Milk Production Record in '17," 5/9/18)

#### ***Processing***

- Wisconsin has 415 dairy processing plants operating.
- There are 146 cheese plants (including cow, dairy goat and sheep cheeses). Wisconsin has 14 butter factories, 22 ice cream plants, and 18 yogurt plants.
- Wisconsin cheesemakers make 27% of the nation's cheese, ranking Wisconsin as the top cheese producing state. Nearly 1,200 licensed cheesemakers make over 600 varieties, types, and styles of cheese – nearly double the number of any other state.
- Wisconsin leads the nation in the production of specialty cheeses, such as Feta, Asiago, Gorgonzola, Gouda, Limburger and many others. Wisconsin accounts for **45%** of all specialty cheese made in the U.S.



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- If Wisconsin were a country, it would rank **fourth in world cheese production**, behind only the United States, Germany and France.
- At the 2018 World Championship Cheese Contest, Wisconsin earned **47** gold medals and had five finalists for the best cheese. Wisconsin took home **60%** of the awards given at the 2017 U.S. Championship Cheese Contest.
- Cheese consumption is at an all-time high. Americans eat about **35 pounds** of total cheese each year.

### ***Exports***

- In 2017, Wisconsin exported \$3.5 billion of agricultural products. This is an increase of 3.6% compared to the same period last year.
- Wisconsin ranks 12<sup>th</sup> in the nation for the value of agricultural exports. The state exports agricultural products to 147 countries.
- The top three agricultural export markets for Wisconsin in 2017 were Canada, Mexico and China.
- Wisconsin exports of dairy products in 2017 were valued at \$297 million, a 20% increase over 2016.
  - The top destinations for these products are Canada, Mexico, China, Japan and Korea.



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### **Support for Wisconsin's Dairy Industry**

#### ***Dairy Task Force 2.0***

- On June 5, the Governor announced the creation of a task force to maintain a viable and profitable dairy industry. The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) and the University of Wisconsin System (UW System) will create Wisconsin Dairy Task Force 2.0 that will enable stakeholders to come together to make recommendations.
- The overall objective is to facilitate communication across the industry to develop actionable items to address challenges facing dairy farmers, processors and allied organizations in order to maintain Wisconsin's leadership as America's Dairyland
- The Task Force will be chaired by Mark Stephenson. Stephenson is the Director of Dairy Policy Analysis at UW-Madison where he is involved in research and outreach in the dairy industry.
- In 1985, the UW System and DATCP Secretary appointed a Wisconsin Dairy Task Force comprised of 31 individuals including dairy farmers, milk processors and allied organizations. The Task Force met numerous times over the course of 14 months, and at its conclusion, unanimously approved an 82-page report that included findings and 75 recommendations for the industry. Many of the recommendations have been implemented over time to retain Wisconsin's recognition as a dairy leader.

#### ***Governor's Dairy Scholarships***

Announced in the Governor's 2017 State of the State address, Wisconsin students interested in dairy careers are able to apply for the new Governor's Dairy Scholarships.

- The value of the scholarship is up to \$2,500 per year, to be applied towards tuition.
- The scholarships may be used at Wisconsin Technical Colleges or University of Wisconsin campuses that have dairy programs – Madison, River Falls, and Platteville. UW-Madison's Farm and Industry Short Course qualifies for programs that can be completed in two years or less.
- Wisconsin students who have demonstrated an involvement in the state's dairy industry and who intend to continue in or return to dairying after a period of vocational study are eligible.

#### ***Market development***

In January, Governor Walker signed Executive Order #275 relating to the Wisconsin Agriculture Market Development Initiative. The order encourages research, product development and expansion of agricultural markets, both domestically and internationally, by increasing coordination with agricultural stakeholders such as the Dairy Farmers of Wisconsin and the Wisconsin Center for Dairy Research.

#### ***Wisconsin Farm Center***

During this extended period of low milk and commodity prices, DATCP's Farm Center staff are available to provide financial planning, farm successions, conflict mediation, and accessing counseling services. Services are free and confidential. Farmers can reach the Farm Center by calling the toll-free line at 1-800-942-2474.



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***Producer-Led Watershed Protection Grants***

Earlier this year, Governor Walker called on the legislature to increase funding for the Producer-Led Watershed Protection Grants which addresses unique soil and water quality challenges of local landscapes and communities. The bill passed the legislature, and was later signed into law on April 3<sup>rd</sup>, 2018, which allocated an additional \$500,000 of funding each year through 2019, which triples the funds that are available for projects.



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### **State of Dairy Industry Background**

This is a time of structural change in Wisconsin's dairy industry, prompted by global oversupply and resultant downward pressure on milk prices.

- Milk prices for Wisconsin dairy farmers have been at or below breakeven prices for three consecutive years. This is causing financial stress on the farmers in the form of declining equity, increased open accounts, and delayed capital reinvestment in the farming operation. Many dairy producers report they are operating in a survival mode, hoping prices improve.
- Wisconsin has been losing dairy farms at an approximate rate of 500 farms per year since 2003.
  - The number of dairies in the state has fallen more than 20 percent in the last five years.
- **Farmers Grow Older as Obstacles for Young Farmers Grow** "The average age of the typical farmer has risen: Farmers over age 65 outnumber farmers under 35 by a margin of six to one, and nearly two-thirds of U.S. farmland is set to transition to new ownership within the next 20 years, according to a survey conducted by the National Young Farmer's Coalition." (Autumn Luedke, [Sauk Prairie Eagle](#) 5/9/18)
- **Farm Agencies Call for Congress to Fund Farmer Mental Health Services** "With low commodity prices for the last three years the number of suicide among farmers is on the rise. According to the Centers for Disease Control factors like social isolation, potential for financial losses, barriers to and unwillingness to seek mental health services have made the farming occupation one with the highest rates of suicide." (Robyn Oguinye, [WFRV](#) 4/11/18)

### **National/International Issues**

#### ***Farm Bill***

On May 18, the House Farm Bill (HR 2) failed to pass the House. The final vote was 198-213, with 218 needed for passage. The bill may be brought back to the floor after a vote on immigration is held. The Senate version of a Farm Bill is currently being written and is more moderate than the House version. Key provisions of the House Farm Bill include:

- Reauthorizing the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) options through 2023.
- Supplemental Nutrition Assistance Program (SNAP) or food stamps existing work requirements are strengthened requiring able-bodied adults between the ages of 18 and 59 to work or be enrolled in a job-training program for at least 20 hours a week beginning in fiscal year 2021.
- Crop insurance remains significantly the same.

#### ***Milk Price Floor***

- "More than 50 groups across the country- including the Wisconsin Farmers Union, Family Farm Defenders, and the National Family Farm Coalition- asked Congress for emergency relief from the deepening troubles on small dairy farms. Among other things, they want the government to set a minimum price that farmers would get for their milk- at a break-even point of \$20 per hundred pounds, or about 11 gallons, compared with \$13 paid in some months of the downturn." (Rick Barrett, "With Their Way of Life In Jeopardy, Dairy Farmers Research Ways to Stabilize Markets", [Milwaukee Journal Sentinel](#) 4/27/18)



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### **North American Free Trade Agreement Background**

- The North American Free Trade Agreement (NAFTA) was agreed to by the U.S., Mexico and Canada in 1992, ratified by the U.S. Congress in 1993
- The goal of NAFTA was to eliminate barriers to trade and investment between the U.S., Canada, and Mexico.
- Tariffs were eliminated progressively and all duties and quantitative restrictions, except for those on a limited number of agricultural products traded with Canada, were eliminated by 2008.

### ***Wisconsin and NAFTA Statistics***

- Canada is Wisconsin's top trading partner, accounting for over \$6.8 billion in exports and \$4.2 billion in imports in 2017.
- Mexico ranks #2 for Wisconsin exports with over \$3.1 billion and #4 for imports at \$2.9 billion. Wisconsin exports to Mexico in 2017 are up 4.78% over the previous year.
- According to a report by the U.S. Chamber of Commerce, approximately 46% of all Wisconsin exports are destined for Canada and Mexico. According to the report, the total value of exports to Canada and Mexico is \$10 billion. According to the report, approximately 249,000 Wisconsin jobs would be at risk if the United States withdrew from NAFTA. (John Murphy, "Which States Would Be Hit Hardest by Withdrawing from NAFTA," [U.S. Chamber of Commerce](#), 11/17/2017)
- According to a study prepared for Business Roundtable by Trade Partnership Worldwide, "abandoning this U.S. trade agreement (NAFTA) would eliminate 33,990 Wisconsin jobs within one year, reduce Wisconsin businesses' exports to Mexico and Canada by \$1.9 billion, and lower Wisconsin's economic output by more than \$2.0 billion." (Joseph F. Francois and Laura M. Baughman, "Terminating NAFTA: The National and State-by-State Impacts on Jobs, Exports and Output," [Trade Partnership Worldwide](#) January 2018.)
- The study also states that long term; Wisconsin could lose up to 67,000 jobs.

### ***Agriculture***

- Canada and Mexico are Wisconsin's top two agriculture export markets as Wisconsin's ag exports to the two countries have seen significant growth in the past twenty years. (DATCP)
  - In 1996, Wisconsin exported \$240 million of ag products to Canada. In 2016, Wisconsin exported \$1.4 billion of ag products to Canada. This is nearly five times larger than it was twenty years ago. (DATCP)
  - In 1996, Wisconsin exported \$38 million in ag products to Mexico. In 2016, Wisconsin exported \$360 million in ag products to Mexico. This is more than nine times larger than twenty years ago. (DATCP)
- In 2017, nearly half of Wisconsin's dairy, fruit, and vegetable exports went to Canada and Mexico. (DATCP)
- According to Americans for Farmers & Families, \$1.5 billion, or 54% of Wisconsin's \$2.7 billion in food and agriculture exports went to NAFTA partners in 2016. ("Wisconsin," [Americans For Farmers & Families](#), Accessed 1/31/18)



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### ***President Trump on NAFTA***

- Shortly after being elected, U.S. President Donald Trump announced his intention to begin renegotiating the terms of NAFTA, seeking to resolve issues with trade outlined during his campaign for the presidency. The President has threatened to withdraw from NAFTA if negotiations fail. (*"What is NAFTA, and how might Trump change it?" The New York Times, Apr. 27, 2017*)

### ***United States Trade Representative on NAFTA***

- U.S. Trade Representative Robert Lighthizer has been conducting renegotiation talks since May 2017; reports have suggested that preliminary agreements are still weeks away. (*UTSR Releases NAFTA Negotiating Objectives, Office of the United States Trade Representative Accessed 1/31/18*)

### ***Canada Dairy Trade***

- Canada has steep tariffs in place for most dairy products, a policy intended to protect its own dairy industry. The US and other countries have been exporting a processed, high-protein product called ultra-filtered milk to Canada – a product that did not exist when NAFTA began - and was therefore not subject to tariffs.
- In Spring 2016, the Province of Ontario instituted a pricing policy designed to discourage US exports of ultra-filtered milk.
  - The Canadian dairy industry has targeted US exports by proposing new incentives for processors to purchase Canadian milk, while at the same time subsidizing the export of Canadian dairy products in excess of Canada's World Trade Organization (WTO) obligations.
- As a result, Canadians quit buying the imported ultra-filtered milk products from the US. US dairy producers ended up with a surplus of UF milk on their hands, putting financial stress on dairy farmers.
- The week of April 3, 2017, Grassland Dairy in Greenwood, WI announced that the loss of the Canadian market for ultra-filtered milk left the company with a surplus of milk.
  - 58 Wisconsin dairy farmers received notices that Grassland would no longer pick up their milk. (a total of 74 dairy famers were affected including Minnesota dairy farmers).
- Grassland Dairy says it lost approximately \$100 million in sales to Canada.
- Canadian dairy farmers have said they will fight any U.S. effort to negotiate dairy concessions in NAFTA.
- The Governor sent a letter to President Trump in May requesting that Canada's protectionist trade policies be addressed in the NAFTA negotiations.



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### **Wisconsin's Agricultural Exports to China** (2017 DATCP data-Wisertrade Database)

In retaliation to President Trump's tariffs on steel and aluminum, China announced tariffs on 128 products and \$50 billion including key Wisconsin products such as ginseng, cranberries, and soybeans. The proposed China tariffs resulted in a 15% tariff increase on ginseng and cranberries and 25% on soybeans. As a result of a separate investigation into China's violations of intellectual-property rights, the White House announced a 25 percent tariff on \$50 billion of Chinese high-tech goods. The final list of goods will be available by June 15.

#### ***Overview***

- China is Wisconsin's third most valuable export market for our agricultural products. In 2017, Wisconsin exported nearly **\$300 million** of agricultural products to China, an increase of more than 27% over the year before.
- The top Wisconsin agricultural export product categories to China last year were wood, raw hides and skins, and dairy-related products.

#### ***Ginseng***

- China is Wisconsin's top ginseng export market. Wisconsin exported \$14 million of ginseng to China in 2017. This was 46% of Wisconsin's total ginseng exports last year.
- Wisconsin ginseng is considered the highest-quality American ginseng in the world. Wisconsin is the number one producer of ginseng in the United States accounting for about **90-95% of all ginseng produced in the country**, and Marathon County is the top ginseng growing county in the state, producing about 95% of Wisconsin's annual crop.

#### ***Soybeans***

- In 2017, China was Wisconsin's eighth largest export market for soybeans. Wisconsin exported \$7.2 million of soybeans to China, comprising about 3% of Wisconsin's total soybean exports.
  - Wisconsin's largest export market for soybeans last year was Mexico, which made up \$176 million or about 70% of Wisconsin's total soybean exports.
- Wisconsin is a major exporter of soybeans. Two out of every three Wisconsin soybean rows are exported internationally.
- Wisconsin produced 101 million bushels of soybeans in 2017. The amount of planted and harvested soybean acreage set record highs last year.

#### ***Cranberries***

- In 2017, China was Wisconsin's third largest export market for cranberries. Wisconsin exported \$11 million of cranberries to China, comprising about 9% of Wisconsin's total cranberry exports.
  - Wisconsin's largest export market for cranberries in 2017 was the Netherlands with exports totaling \$27.8 million, which is about 23% of the state's total cranberry exports.
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### **Additional Reading**

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**From:** [Cramer, Megan J - GOV](#)  
**To:** [Wurster, Kaleigh - GOV](#)  
**Subject:** updated: Brown/Waupaca County  
**Date:** Friday, June 15, 2018 2:24:55 PM  
**Attachments:** [2018 06 17 Breakfast on the Farm.docx](#)  
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[image007.png](#)

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**Megan Cramer**  
Senior Policy Advisor  
Office of Governor Scott Walker  
(608) [REDACTED]  
[Megan.Cramer@wisconsin.gov](mailto:Megan.Cramer@wisconsin.gov)





**POLICY BRIEFING**

**DATE: SUNDAY JUNE 17, 2018**

**TOPIC: BREAKFAST ON THE FARM BROWN AND WAUPACA COUNTY**

**STAFF: Will Neitzel (o) 608- [REDACTED] (c) 608- [REDACTED]**

**Event Overview**

The Governor will visit New Horizons Dairy in De Pere, Brown County and Waupaca County Fairgrounds in Weyauwega for the Brown and Waupaca County Dairy Breakfasts.

Governor Walker will be giving remarks at the Brown County Dairy Breakfast.

**Note: In 2016, there were a total of 45,500 cows in Brown County which produced 1,260,350 pounds of milk.**

**Note: In 2016, there were a total of 22,500 cows in Waupaca County which produced 531,000 pounds of milk.**

**Table of Contents**

New Horizons Dairy	Page 2
June Dairy Month	Page 3
Wisconsin Dairy Industry	Page 3-4
Support for Wisconsin's Dairy Industry	Page 5-6
Current State of Dairy Industry	Page 7
National/International Issues	Page 7
North American Free Trade Agreement Background	Page 8-9
Wisconsin's Agricultural Exports to China	Page 10
Additional Reading	Page 11
Attendees	Page 12



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**New Horizons Dairy – Brown County Breakfast on the Farm**

- New Horizons Dairy previously hosted the 2009 Brown County Breakfast on the Farm.
- New Horizons Dairy has been a family operation since 1899 and is currently operated by the fourth and fifth generations of the Van De Hey family.
- The Van De Heys are excited to showcase their farm, how they care for their land and animals, and their sustainable practices.
- All proceeds from the 2018 Brown County Breakfast on the Farm will be used to provide free agriculture education programs to students attending Brown County schools and to county residents throughout the year.



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## **POLICY BRIEFING**

**DATE: SUNDAY JUNE 17, 2018**

**TOPIC: BREAKFAST ON THE FARM BROWN AND WAUPACA COUNTY**

**STAFF: Will Neitzel (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **Support for Wisconsin's Dairy Industry**

#### ***Dairy Task Force 2.0***

- On June 5, the Governor announced the creation of a task force to maintain a viable and profitable dairy industry. The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) and the University of Wisconsin System (UW System) will create Wisconsin Dairy Task Force 2.0 that will enable stakeholders to come together to make recommendations.
- The overall objective is to facilitate communication across the industry to develop actionable items to address challenges facing dairy farmers, processors and allied organizations in order to maintain Wisconsin's leadership as America's Dairyland
- The Task Force will be chaired by Mark Stephenson. Stephenson is the Director of Dairy Policy Analysis at UW-Madison where he is involved in research and outreach in the dairy industry.
- In 1985, the UW System and DATCP Secretary appointed a Wisconsin Dairy Task Force comprised of 31 individuals including dairy farmers, milk processors and allied organizations. The Task Force met numerous times over the course of 14 months, and at its conclusion, unanimously approved an 82-page report that included findings and 75 recommendations for the industry. Many of the recommendations have been implemented over time to retain Wisconsin's recognition as a dairy leader.

#### ***Governor's Dairy Scholarships***

Announced in the Governor's 2017 State of the State address, Wisconsin students interested in dairy careers are able to apply for the new Governor's Dairy Scholarships.

- The value of the scholarship is up to \$2,500 per year, to be applied towards tuition.
- The scholarships may be used at Wisconsin Technical Colleges or University of Wisconsin campuses that have dairy programs – Madison, River Falls, and Platteville. UW-Madison's Farm and Industry Short Course qualifies for programs that can be completed in two years or less.
- Wisconsin students who have demonstrated an involvement in the state's dairy industry and who intend to continue in or return to dairying after a period of vocational study are eligible.

#### ***Market development***

In January, Governor Walker signed Executive Order #275 relating to the Wisconsin Agriculture Market Development Initiative. The order encourages research, product development and expansion of agricultural markets, both domestically and internationally, by increasing coordination with agricultural stakeholders such as the Dairy Farmers of Wisconsin and the Wisconsin Center for Dairy Research.

#### ***Wisconsin Farm Center***

During this extended period of low milk and commodity prices, DATCP's Farm Center staff are available to provide financial planning, farm successions, conflict mediation, and accessing counseling services. Services are free and confidential. Farmers can reach the Farm Center by calling the toll-free line at 1-800-942-2474.



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**Current State of Dairy Industry**



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- Milk prices for Wisconsin dairy farmers have been at or below breakeven prices for three consecutive years. This is causing financial stress on the farmers in the form of declining equity, increased open accounts, and delayed capital reinvestment in the farming operation. Many dairy producers report they are operating in a survival mode, hoping prices improve.
- Wisconsin has been losing dairy farms at an approximate rate of 500 farms per year since 2003.
  - The number of dairies in the state has fallen more than 20 percent in the last five years.
- **Farmers Grow Older as Obstacles for Young Farmers Grow** "The average age of the typical farmer has risen: Farmers over age 65 outnumber farmers under 35 by a margin of six to one, and nearly two-thirds of U.S. farmland is set to transition to new ownership within the next 20 years, according to a survey conducted by the National Young Farmer's Coalition." (Autumn Luedke, [Sauk Prairie Eagle](#) 5/9/18)
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### **National/International Issues**

#### ***Farm Bill***

On May 18, the House Farm Bill (HR 2) failed to pass the House. The final vote was 198-213, with 218 needed for passage. The bill may be brought back to the floor after a vote on immigration is held. The Senate version of a Farm Bill is currently being written and is more moderate than the House version. Key provisions of the House Farm Bill include:

- Reauthorizing the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) options through 2023.
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- "More than 50 groups across the country- including the Wisconsin Farmers Union, Family Farm Defenders, and the National Family Farm Coalition- asked Congress for emergency relief from the deepening troubles on small dairy farms. Among other things, they want the government to set a minimum price that farmers would get for their milk- at a break-even point of \$20 per hundred pounds, or about 11 gallons, compared with \$13 paid in some months of the downturn." (Rick Barrett, "With Their Way of Life In Jeopardy, Dairy Farmers Research Ways to Stabilize Markets", [Milwaukee Journal Sentinel](#) 4/27/18)



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### **North American Free Trade Agreement Background**

- The North American Free Trade Agreement (NAFTA) was agreed to by the U.S., Mexico and Canada in 1992, ratified by the U.S. Congress in 1993
- The goal of NAFTA was to eliminate barriers to trade and investment between the U.S., Canada, and Mexico.
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### ***Wisconsin and NAFTA Statistics***

- Canada is Wisconsin's top trading partner, accounting for over \$6.8 billion in exports and \$4.2 billion in imports in 2017.
- Mexico ranks #2 for Wisconsin exports with over \$3.1 billion and #4 for imports at \$2.9 billion. Wisconsin exports to Mexico in 2017 are up 4.78% over the previous year.
- According to a report by the U.S. Chamber of Commerce, approximately 46% of all Wisconsin exports are destined for Canada and Mexico. According to the report, the total value of exports to Canada and Mexico is \$10 billion. According to the report, approximately 249,000 Wisconsin jobs would be at risk if the United States withdrew from NAFTA. (John Murphy, "Which States Would Be Hit Hardest by Withdrawing from NAFTA," [U.S. Chamber of Commerce](#), 11/17/2017)
- According to a study prepared for Business Roundtable by Trade Partnership Worldwide, "abandoning this U.S. trade agreement (NAFTA) would eliminate 33,990 Wisconsin jobs within one year, reduce Wisconsin businesses' exports to Mexico and Canada by \$1.9 billion, and lower Wisconsin's economic output by more than \$2.0 billion." (Joseph F. Francois and Laura M. Baughman, "Terminating NAFTA: The National and State-by-State Impacts on Jobs, Exports and Output," [Trade Partnership Worldwide](#) January 2018.)
- The study also states that long term; Wisconsin could lose up to 67,000 jobs.

### ***Agriculture***

- Canada and Mexico are Wisconsin's top two agriculture export markets as Wisconsin's ag exports to the two countries have seen significant growth in the past twenty years. (DATCP)
  - In 1996, Wisconsin exported \$240 million of ag products to Canada. In 2016, Wisconsin exported \$1.4 billion of ag products to Canada. This is nearly five times larger than it was twenty years ago. (DATCP)
  - In 1996, Wisconsin exported \$38 million in ag products to Mexico. In 2016, Wisconsin exported \$360 million in ag products to Mexico. This is more than nine times larger than twenty years ago. (DATCP)
- In 2017, nearly half of Wisconsin's dairy, fruit, and vegetable exports went to Canada and Mexico. (DATCP)
- According to Americans for Farmers & Families, \$1.5 billion, or 54% of Wisconsin's \$2.7 billion in food and agriculture exports went to NAFTA partners in 2016. ("Wisconsin," [Americans For Farmers & Families](#), Accessed 1/31/18)



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### ***President Trump on NAFTA***

- Shortly after being elected, U.S. President Donald Trump announced his intention to begin renegotiating the terms of NAFTA, seeking to resolve issues with trade outlined during his campaign for the presidency. The President has threatened to withdraw from NAFTA if negotiations fail. (*"What is NAFTA, and how might Trump change it?" The New York Times, Apr. 27, 2017*)

### ***United States Trade Representative on NAFTA***

- U.S. Trade Representative Robert Lighthizer has been conducting renegotiation talks since May 2017; reports have suggested that preliminary agreements are still weeks away. (*UTSR Releases NAFTA Negotiating Objectives, Office of the United States Trade Representative Accessed 1/31/18*)

### ***Canada Dairy Trade***

- Canada has steep tariffs in place for most dairy products, a policy intended to protect its own dairy industry. The US and other countries have been exporting a processed, high-protein product called ultra-filtered milk to Canada – a product that did not exist when NAFTA began - and was therefore not subject to tariffs.
- In Spring 2016, the Province of Ontario instituted a pricing policy designed to discourage US exports of ultra-filtered milk.
  - The Canadian dairy industry has targeted US exports by proposing new incentives for processors to purchase Canadian milk, while at the same time subsidizing the export of Canadian dairy products in excess of Canada's World Trade Organization (WTO) obligations.
- As a result, Canadians quit buying the imported ultra-filtered milk products from the US. US dairy producers ended up with a surplus of UF milk on their hands, putting financial stress on dairy farmers.
- The week of April 3, 2017, Grassland Dairy in Greenwood, WI announced that the loss of the Canadian market for ultra-filtered milk left the company with a surplus of milk.
  - 58 Wisconsin dairy farmers received notices that Grassland would no longer pick up their milk. (a total of 74 dairy farmers were affected including Minnesota dairy farmers).
- Grassland Dairy says it lost approximately \$100 million in sales to Canada.
- Canadian dairy farmers have said they will fight any U.S. effort to negotiate dairy concessions in NAFTA.
- The Governor sent a letter to President Trump in May requesting that Canada's protectionist trade policies be addressed in the NAFTA negotiations.



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### **Wisconsin's Agricultural Exports to China** (2017 DATCP data-Wisertrade Database)

In retaliation to President Trump's tariffs on steel and aluminum, China announced tariffs on 128 products and \$50 billion including key Wisconsin products such as ginseng, cranberries, and soybeans. The proposed China tariffs resulted in a 15% tariff increase on ginseng and cranberries and 25% on soybeans. As a result of a separate investigation into China's violations of intellectual-property rights, the White House announced a 25 percent tariff on \$50 billion of Chinese high-tech goods. The final list of goods will be available by June 15.

#### ***Overview***

- China is Wisconsin's third most valuable export market for our agricultural products. In 2017, Wisconsin exported nearly **\$300 million** of agricultural products to China, an increase of more than 27% over the year before.
- The top Wisconsin agricultural export product categories to China last year were wood, raw hides and skins, and dairy-related products.

#### ***Ginseng***

- China is Wisconsin's top ginseng export market. Wisconsin exported \$14 million of ginseng to China in 2017. This was 46% of Wisconsin's total ginseng exports last year.
- Wisconsin ginseng is considered the highest-quality American ginseng in the world. Wisconsin is the number one producer of ginseng in the United States accounting for about **90-95% of all ginseng produced in the country**, and Marathon County is the top ginseng growing county in the state, producing about 95% of Wisconsin's annual crop.

#### ***Soybeans***

- In 2017, China was Wisconsin's eighth largest export market for soybeans. Wisconsin exported \$7.2 million of soybeans to China, comprising about 3% of Wisconsin's total soybean exports.
  - Wisconsin's largest export market for soybeans last year was Mexico, which made up \$176 million or about 70% of Wisconsin's total soybean exports.
- Wisconsin is a major exporter of soybeans. Two out of every three Wisconsin soybean rows are exported internationally.
- Wisconsin produced 101 million bushels of soybeans in 2017. The amount of planted and harvested soybean acreage set record highs last year.

#### ***Cranberries***

- In 2017, China was Wisconsin's third largest export market for cranberries. Wisconsin exported \$11 million of cranberries to China, comprising about 9% of Wisconsin's total cranberry exports.
  - Wisconsin's largest export market for cranberries in 2017 was the Netherlands with exports totaling \$27.8 million, which is about 23% of the state's total cranberry exports.
- Wisconsin ranks first in the nation for cranberry production, producing 64% of the nation's total. Wisconsin's total production was more than twice that of the next highest producing state, Massachusetts.



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### **Additional Reading**

#### ***Recent News***

The Milk Marketing Board announced that the organization's new name, Dairy Farmers of Wisconsin in April. (Wisconsin Milk Marketing Board renamed Dairy Farmers of Wisconsin, [WKOW](#), 4/25/18)

Because of the late winter storm and heavy rains, spring planting activity has been behind schedule. As of May 22, spring tillage was six days behind last year and three days slower than normal. Corn planting was also a half-week behind average. ("More Than Half the Corn, Third of Soybeans Now Planted," [Wisconsin Ag Connection](#) 5/22/18)

Currently, there are calls from producer groups such as the National Milk Producers Federation, for the Food and Drug Administration (FDA) to enforce a strict definition of milk, excluding plant-based products such as soy and coconut from using the word milk. (Chase Purdy, "There's a war over the definition of 'milk' between dairy farmers and food startups—and Trump may settle it," [Quartz Media](#), 3/3/17)



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**Attendees**

***Stop 1: De Pere***

**Dave Van De Hey, Owner, New Horizons Dairy, No Photo Available**

**Barb Van De Hey, Owner, New Horizons Dairy, No Photo Available**

**Matthew Van De Hey, Son of Dave and Barb, No Photo Available**

**Derek Van De Hey, Son of Dave and Barb, No Photo Available**

**Ray Tauscher, President, Brown County Dairy Promotions, No Photo Available**

**Nicole Nohl, Coordinator, Brown County Dairy Promotions, No Photo Available**

***Stop 2: Weyauwega***

**Sandy Dykes, FFA Coordinator, Weyauwega School District, No Photo Available**

**From:** [Cramer, Megan J - GOV](#)  
**To:** [Neitzel, William E - GOV](#)  
**Subject:** briefings  
**Date:** Friday, June 15, 2018 3:42:53 PM  
**Attachments:** [2018 06 16 Breakfast on the Farm.docx](#)  
[2018 06 17 Breakfast on the Farm.docx](#)  
[2018 06 18 Remarks at SS Badger Improvement Project Kickoff.docx](#)  
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[image005.png](#)  
[image006.png](#)  
[image007.png](#)

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For this weekend and Monday

**Megan Cramer**  
Senior Policy Advisor  
Office of Governor Scott Walker  
(608) [REDACTED]  
[Megan.Cramer@wisconsin.gov](mailto:Megan.Cramer@wisconsin.gov)





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### **Event Overview**

The Governor will visit Creamery Creek Holsteins in Bangor, La Crosse County for the La Crosse County Dairy Breakfast. The Governor will also deliver remarks (approximately 10 minutes) as part of the event's program. After speaking, the Governor will present Certificates of Appreciation to both the Hansen and Peterson families, who operate the farm as a joint partnership. He will be introduced by Jeff Heitkamp, Chairman of the La Crosse County Dairy Breakfast Committee.

**Note: In 2016, there were a total of 8,800 cows in La Crosse County which produced 162,800 pounds of milk.**

### **Table of Contents**

Creamery Creek Holsteins	Page 2
June Dairy Month	Page 3
Wisconsin Dairy Industry	Page 3-4
Support for Wisconsin's Dairy Industry	Page 5-6
Current State of Dairy Industry	Page 7
National/International Issues	Page 7-8
North American Free Trade Agreement Background	Page 8-9
Wisconsin's Agricultural Exports to China	Page 10
Additional Reading	Page 11
Attendees	Page 12



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### **Creamery Creek Holsteins**

- Today the farm is home to 675 milking cows. Creamery Creek milk is shipped to Grassland Dairy in Greenwood, Wisconsin where it is processed into butter
- Creamery Creek Holsteins originated in 2010 when Justin and Louisa Peterson merged their 100-cow herd into the existing 150-cow Hansline herd belonging to the Hansen family.
- The partnership, Creamery Creek Holsteins, is named after the creek running through the farm and a local creamery that operated at the turn of the 20th century.
- Justin and Louisa bought their first five heifers in 2005, the same year they were married. An internship had brought them to Wisconsin from Michigan, where they both grew up and attended Michigan State University.
- The Hansen family met Justin and Louisa Peterson through a classified ad which the couple had posted: "WANTED: Dairy Farm to Rent. 200-300 cow sand bedded freestall barn with parlor." In 2010, Justin and Louisa moved onto the farmstead with their two children, Joseph and Jake; later came Josh and Johanna.
- Creamery Creek continues to be a joint venture between the two families, as the fourth generation of the Hansen family carries on the partnership with the Petersons.





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### **June Dairy Month**

National Milk Month was established in 1937, and in 1940, Governor Julius Heil proclaimed June to be Dairy Month for the first time in Wisconsin. America's Dairyland has celebrated June Dairy Month in many community events including farm breakfasts, a Wisconsin tradition for more than 45 years. The first organized dairy breakfast was held in 1970 in Jefferson County. They are typically planned by county dairy promotion committees, agribusiness clubs and/or chambers of commerce.

### **Wisconsin's Dairy Industry**

#### ***Economic impact***

- Dairy is the largest segment of Wisconsin agriculture. Of the \$88.3 billion economic impact of agriculture, **\$43.4 billion** is contributed by the dairy industry.
- The dairy industry employs **78,900** people in the state.
- The Wisconsin mailbox milk price averaged \$17.95 per hundredweight (cwt) in 2017.
  - The mailbox price is defined as the net price received by dairy farmers for milk, including all payments received for milk sold and deducting costs associated with marketing the milk.

#### ***Production***

- Wisconsin is home to about **8,600 dairy farms**, more than any other state.
  - Wisconsin is home to more than **20% of the nation's dairy herds**.
- Ninety-six percent of Wisconsin dairy farms are family-owned.
- Wisconsin produces about **14%** of the total U.S. milk production.
- Wisconsin produced **30.3 billion pounds** of milk in 2017, just over one percent more than the previous record of 30.1 billion pounds harvested in 2016.
  - It takes ten pounds of milk to make one pound of cheese, and 22 pounds of milk to make one pound of butter.
- As the country's top cheese producer, Wisconsin made a record **3.37 billion pounds** in 2017, which accounted for 26.6% of the nation's production.
- The average number of milk cows on Wisconsin farms for April 2018 was 1.27 million head.
- Milk per cow rose to an all-time high of 23,725 pounds, up 183 pounds from the year earlier.  
(Wisconsin Ag Connection, "Wisconsin Officially Set New Milk Production Record in '17," 5/9/18)

#### ***Processing***

- Wisconsin has 415 dairy processing plants operating.
- There are 146 cheese plants (including cow, dairy goat and sheep cheeses). Wisconsin has 14 butter factories, 22 ice cream plants, and 18 yogurt plants.
- Wisconsin cheesemakers make 27% of the nation's cheese, ranking Wisconsin as the top cheese producing state. Nearly 1,200 licensed cheesemakers make over 600 varieties, types, and styles of cheese – nearly double the number of any other state.
- Wisconsin leads the nation in the production of specialty cheeses, such as Feta, Asiago, Gorgonzola, Gouda, Limburger and many others. Wisconsin accounts for **45%** of all specialty cheese made in the U.S.



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- If Wisconsin were a country, it would rank **fourth in world cheese production**, behind only the United States, Germany and France.
- At the 2018 World Championship Cheese Contest, Wisconsin earned **47** gold medals and had five finalists for the best cheese. Wisconsin took home **60%** of the awards given at the 2017 U.S. Championship Cheese Contest.
- Cheese consumption is at an all-time high. Americans eat about **35 pounds** of total cheese each year.

### ***Exports***

- In 2017, Wisconsin exported \$3.5 billion of agricultural products. This is an increase of 3.6% compared to the same period last year.
- Wisconsin ranks 12<sup>th</sup> in the nation for the value of agricultural exports. The state exports agricultural products to 147 countries.
- The top three agricultural export markets for Wisconsin in 2017 were Canada, Mexico and China.
- Wisconsin exports of dairy products in 2017 were valued at \$297 million, a 20% increase over 2016.
  - The top destinations for these products are Canada, Mexico, China, Japan and Korea.



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- According to a report by the U.S. Chamber of Commerce, approximately 46% of all Wisconsin exports are destined for Canada and Mexico. According to the report, the total value of exports to Canada and Mexico is \$10 billion. According to the report, approximately 249,000 Wisconsin jobs would be at risk if the United States withdrew from NAFTA. (John Murphy, "Which States Would Be Hit Hardest by Withdrawing from NAFTA," [U.S. Chamber of Commerce](#), 11/17/2017)
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- The study also states that long term; Wisconsin could lose up to 67,000 jobs.

### ***Agriculture***

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## **POLICY BRIEFING**

**DATE: SATURDAY JUNE 16, 2018**

**TOPIC: BREAKFAST ON THE FARM LA CROSSE**

**STAFF: Will Neitzel (o) 608- [REDACTED] (c) 608- [REDACTED]**

### ***President Trump on NAFTA***

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- In Spring 2016, the Province of Ontario instituted a pricing policy designed to discourage US exports of ultra-filtered milk.
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In retaliation to President Trump's tariffs on steel and aluminum, China announced tariffs on 128 products and \$50 billion including key Wisconsin products such as ginseng, cranberries, and soybeans. The proposed China tariffs resulted in a 15% tariff increase on ginseng and cranberries and 25% on soybeans. As a result of a separate investigation into China's violations of intellectual-property rights, the White House announced a 25 percent tariff on \$50 billion of Chinese high-tech goods. The final list of goods will be available by June 15.

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- Wisconsin ginseng is considered the highest-quality American ginseng in the world. Wisconsin is the number one producer of ginseng in the United States accounting for about **90-95% of all ginseng produced in the country**, and Marathon County is the top ginseng growing county in the state, producing about 95% of Wisconsin's annual crop.

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### **Additional Reading**

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Because of the late winter storm and heavy rains, spring planting activity has been behind schedule. As of May 22, spring tillage was six days behind last year and three days slower than normal. Corn planting was also a half-week behind average. ("More Than Half the Corn, Third of Soybeans Now Planted," [Wisconsin Ag Connection](#) 5/22/18)

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**Attendees**

**Senator Jennifer Shilling, 32<sup>nd</sup> Senate District**



**Representative Steve Doyle, 94<sup>th</sup> Assembly District**



**Justin Peterson, Co-Owner, Creamery Creek Holsteins**



**Louisa Peterson, Co-Owner, Creamery Creek Holsteins**



**John Hansen, Co-Owner, Creamery Creek Holsteins, No Photo Available**

**Donna Hansen, Co-Owner, Creamery Creek Holsteins, No Photo Available**

**Jeff Heitkamp, Chairman, La Crosse County Dairy Breakfast Committee, No Photo Available**

**Melissa Schaub, Organizer, La Crosse County Dairy Breakfast, No Photo Available**



## **POLICY BRIEFING**

**DATE: SUNDAY JUNE 17, 2018**

**TOPIC: BREAKFAST ON THE FARM BROWN AND WAUPACA COUNTY**

**STAFF: Will Neitzel (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **Event Overview**

The Governor will visit New Horizons Dairy in De Pere, Brown County and Waupaca County Fairgrounds in Weyauwega for the Brown and Waupaca County Dairy Breakfasts.

Governor Walker will be giving remarks at the Brown County Dairy Breakfast.

**Note: In 2016, there were a total of 45,500 cows in Brown County which produced 1,260,350 pounds of milk.**

**Note: In 2016, there were a total of 22,500 cows in Waupaca County which produced 531,000 pounds of milk.**

### **Table of Contents**

New Horizons Dairy	Page 2
June Dairy Month	Page 3
Wisconsin Dairy Industry	Page 3-4
Support for Wisconsin's Dairy Industry	Page 5-6
Current State of Dairy Industry	Page 7
National/International Issues	Page 7
North American Free Trade Agreement Background	Page 8-9
Wisconsin's Agricultural Exports to China	Page 10
Additional Reading	Page 11
Attendees	Page 12



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**New Horizons Dairy – Brown County Breakfast on the Farm**

- New Horizons Dairy previously hosted the 2009 Brown County Breakfast on the Farm.
- New Horizons Dairy has been a family operation since 1899 and is currently operated by the fourth and fifth generations of the Van De Hey family.
- The Van De Heys are excited to showcase their farm, how they care for their land and animals, and their sustainable practices.
- All proceeds from the 2018 Brown County Breakfast on the Farm will be used to provide free agriculture education programs to students attending Brown County schools and to county residents throughout the year.



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### **June Dairy Month**

National Milk Month was established in 1937, and in 1940, Governor Julius Heil proclaimed June to be Dairy Month for the first time in Wisconsin. America's Dairyland has celebrated June Dairy Month in many community events including farm breakfasts, a Wisconsin tradition for more than 45 years. The first organized dairy breakfast was held in 1970 in Jefferson County. They are typically planned by county dairy promotion committees, agribusiness clubs and/or chambers of commerce.

### **Wisconsin's Dairy Industry**

#### ***Economic impact***

- Dairy is the largest segment of Wisconsin agriculture. Of the \$88.3 billion economic impact of agriculture, **\$43.4 billion** is contributed by the dairy industry.
- The dairy industry employs **78,900** people in the state.
- The Wisconsin mailbox milk price averaged \$17.95 per hundredweight (cwt) in 2017.
  - The mailbox price is defined as the net price received by dairy farmers for milk, including all payments received for milk sold and deducting costs associated with marketing the milk.

#### ***Production***

- Wisconsin is home to about **8,600 dairy farms**, more than any other state.
  - Wisconsin is home to more than **20% of the nation's dairy herds**.
- Ninety-six percent of Wisconsin dairy farms are family-owned.
- Wisconsin produces about **14%** of the total U.S. milk production.
- Wisconsin produced **30.3 billion pounds** of milk in 2017, just over one percent more than the previous record of 30.1 billion pounds harvested in 2016.
  - It takes ten pounds of milk to make one pound of cheese, and 22 pounds of milk to make one pound of butter.
- As the country's top cheese producer, Wisconsin made a record **3.37 billion pounds** in 2017, which accounted for 26.6% of the nation's production.
- The average number of milk cows on Wisconsin farms for April 2018 was 1.27 million head.
- Milk per cow rose to an all-time high of 23,725 pounds, up 183 pounds from the year earlier.  
(Wisconsin Ag Connection, "Wisconsin Officially Set New Milk Production Record in '17," 5/9/18)

#### ***Processing***

- Wisconsin has 415 dairy processing plants operating.
- There are 146 cheese plants (including cow, dairy goat and sheep cheeses). Wisconsin has 14 butter factories, 22 ice cream plants, and 18 yogurt plants.
- Wisconsin cheesemakers make 27% of the nation's cheese, ranking Wisconsin as the top cheese producing state. Nearly 1,200 licensed cheesemakers make over 600 varieties, types, and styles of cheese – nearly double the number of any other state.
- Wisconsin leads the nation in the production of specialty cheeses, such as Feta, Asiago, Gorgonzola, Gouda, Limburger and many others. Wisconsin accounts for **45%** of all specialty cheese made in the U.S.



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- If Wisconsin were a country, it would rank **fourth in world cheese production**, behind only the United States, Germany and France.
- At the 2018 World Championship Cheese Contest, Wisconsin earned **47** gold medals and had five finalists for the best cheese. Wisconsin took home **60%** of the awards given at the 2017 U.S. Championship Cheese Contest.
- Cheese consumption is at an all-time high. Americans eat about **35 pounds** of total cheese each year.

### ***Exports***

- In 2017, Wisconsin exported \$3.5 billion of agricultural products. This is an increase of 3.6% compared to the same period last year.
- Wisconsin ranks 12<sup>th</sup> in the nation for the value of agricultural exports. The state exports agricultural products to 147 countries.
- The top three agricultural export markets for Wisconsin in 2017 were Canada, Mexico and China.
- Wisconsin exports of dairy products in 2017 were valued at \$297 million, a 20% increase over 2016.
  - The top destinations for these products are Canada, Mexico, China, Japan and Korea.



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### **Support for Wisconsin's Dairy Industry**

#### ***Dairy Task Force 2.0***

- On June 5, the Governor announced the creation of a task force to maintain a viable and profitable dairy industry. The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) and the University of Wisconsin System (UW System) will create Wisconsin Dairy Task Force 2.0 that will enable stakeholders to come together to make recommendations.
- The overall objective is to facilitate communication across the industry to develop actionable items to address challenges facing dairy farmers, processors and allied organizations in order to maintain Wisconsin's leadership as America's Dairyland
- The Task Force will be chaired by Mark Stephenson. Stephenson is the Director of Dairy Policy Analysis at UW-Madison where he is involved in research and outreach in the dairy industry.
- In 1985, the UW System and DATCP Secretary appointed a Wisconsin Dairy Task Force comprised of 31 individuals including dairy farmers, milk processors and allied organizations. The Task Force met numerous times over the course of 14 months, and at its conclusion, unanimously approved an 82-page report that included findings and 75 recommendations for the industry. Many of the recommendations have been implemented over time to retain Wisconsin's recognition as a dairy leader.

#### ***Governor's Dairy Scholarships***

Announced in the Governor's 2017 State of the State address, Wisconsin students interested in dairy careers are able to apply for the new Governor's Dairy Scholarships.

- The value of the scholarship is up to \$2,500 per year, to be applied towards tuition.
- The scholarships may be used at Wisconsin Technical Colleges or University of Wisconsin campuses that have dairy programs – Madison, River Falls, and Platteville. UW-Madison's Farm and Industry Short Course qualifies for programs that can be completed in two years or less.
- Wisconsin students who have demonstrated an involvement in the state's dairy industry and who intend to continue in or return to dairying after a period of vocational study are eligible.

#### ***Market development***

In January, Governor Walker signed Executive Order #275 relating to the Wisconsin Agriculture Market Development Initiative. The order encourages research, product development and expansion of agricultural markets, both domestically and internationally, by increasing coordination with agricultural stakeholders such as the Dairy Farmers of Wisconsin and the Wisconsin Center for Dairy Research.

#### ***Wisconsin Farm Center***

During this extended period of low milk and commodity prices, DATCP's Farm Center staff are available to provide financial planning, farm successions, conflict mediation, and accessing counseling services. Services are free and confidential. Farmers can reach the Farm Center by calling the toll-free line at 1-800-942-2474.



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***Producer-Led Watershed Protection Grants***

Earlier this year, Governor Walker called on the legislature to increase funding for the Producer-Led Watershed Protection Grants which addresses unique soil and water quality challenges of local landscapes and communities. The bill passed the legislature, and was later signed into law on April 3<sup>rd</sup>, 2018, which allocated an additional \$500,000 of funding each year through 2019, which triples the funds that are available for projects.

**Current State of Dairy Industry**



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This is a time of structural change in Wisconsin's dairy industry, prompted by global oversupply and resultant downward pressure on milk prices.

- Milk prices for Wisconsin dairy farmers have been at or below breakeven prices for three consecutive years. This is causing financial stress on the farmers in the form of declining equity, increased open accounts, and delayed capital reinvestment in the farming operation. Many dairy producers report they are operating in a survival mode, hoping prices improve.
- Wisconsin has been losing dairy farms at an approximate rate of 500 farms per year since 2003.
  - The number of dairies in the state has fallen more than 20 percent in the last five years.
- **Farmers Grow Older as Obstacles for Young Farmers Grow** "The average age of the typical farmer has risen: Farmers over age 65 outnumber farmers under 35 by a margin of six to one, and nearly two-thirds of U.S. farmland is set to transition to new ownership within the next 20 years, according to a survey conducted by the National Young Farmer's Coalition." (Autumn Luedke, [Sauk Prairie Eagle](#) 5/9/18)
- **Farm Agencies Call for Congress to Fund Farmer Mental Health Services** "With low commodity prices for the last three years the number of suicide among farmers is on the rise. According to the Centers for Disease Control factors like social isolation, potential for financial losses, barriers to and unwillingness to seek mental health services have made the farming occupation one with the highest rates of suicide." (Robyn Oguinye, [WFRV](#) 4/11/18)

### **National/International Issues**

#### ***Farm Bill***

On May 18, the House Farm Bill (HR 2) failed to pass the House. The final vote was 198-213, with 218 needed for passage. The bill may be brought back to the floor after a vote on immigration is held. The Senate version of a Farm Bill is currently being written and is more moderate than the House version. Key provisions of the House Farm Bill include:

- Reauthorizing the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) options through 2023.
- Supplemental Nutrition Assistance Program (SNAP) or food stamps existing work requirements are strengthened requiring able-bodied adults between the ages of 18 and 59 to work or be enrolled in a job-training program for at least 20 hours a week beginning in fiscal year 2021.
- Crop insurance remains significantly the same.

#### ***Milk Price Floor***

- "More than 50 groups across the country- including the Wisconsin Farmers Union, Family Farm Defenders, and the National Family Farm Coalition- asked Congress for emergency relief from the deepening troubles on small dairy farms. Among other things, they want the government to set a minimum price that farmers would get for their milk- at a break-even point of \$20 per hundred pounds, or about 11 gallons, compared with \$13 paid in some months of the downturn." (Rick Barrett, "With Their Way of Life In Jeopardy, Dairy Farmers Research Ways to Stabilize Markets", [Milwaukee Journal Sentinel](#) 4/27/18)



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### **North American Free Trade Agreement Background**

- The North American Free Trade Agreement (NAFTA) was agreed to by the U.S., Mexico and Canada in 1992, ratified by the U.S. Congress in 1993
- The goal of NAFTA was to eliminate barriers to trade and investment between the U.S., Canada, and Mexico.
- Tariffs were eliminated progressively and all duties and quantitative restrictions, except for those on a limited number of agricultural products traded with Canada, were eliminated by 2008.

### ***Wisconsin and NAFTA Statistics***

- Canada is Wisconsin's top trading partner, accounting for over \$6.8 billion in exports and \$4.2 billion in imports in 2017.
- Mexico ranks #2 for Wisconsin exports with over \$3.1 billion and #4 for imports at \$2.9 billion. Wisconsin exports to Mexico in 2017 are up 4.78% over the previous year.
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**Attendees**

***Stop 1: De Pere***

**Dave Van De Hey, Owner, New Horizons Dairy, No Photo Available**

**Barb Van De Hey, Owner, New Horizons Dairy, No Photo Available**

**Matthew Van De Hey, Son of Dave and Barb, No Photo Available**

**Derek Van De Hey, Son of Dave and Barb, No Photo Available**

**Ray Tauscher, President, Brown County Dairy Promotions, No Photo Available**

**Nicole Nohl, Coordinator, Brown County Dairy Promotions, No Photo Available**

***Stop 2: Weyauwega***

**Sandy Dykes, FFA Coordinator, Weyauwega School District, No Photo Available**



## **POLICY BRIEFING**

**DATE: MONDAY, JUNE 18, 2018**

**TOPIC: REMARKS AT SS BADGER IMPROVEMENT PROJECT KICK-OFF**

**STAFF: Will Neitzel (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **Event Overview**

The Governor will deliver remarks and participate in the S.S. Badger Improvement Project Kick-Off at the Manitowoc Port. He will be introduced by Manitowoc Mayor Justin Nickels.

The purpose of the event is to highlight the importance of the S.S. Badger for both tourism and the local economy and celebrate the recent and upcoming permanent improvements to be made to the ship and its docking system. The large-scale improvement and modernization project will begin after this year's sailing season ends in October 2018 and will be completed in time for the 2019 sailing season next May.

**Note: The Improvement Project is being funded by a 2017 Wisconsin Harbor Assistance Program (HAP) grant and a USDOT Fostering Advancements in Shipping and Transportation for the Long-Term Achievement of National Efficiencies (FASTLANE) grant.**

**Note: In April 2018, Governor Walker announced a \$799,802 HAP grant for emergency S.S. Badger repairs after the harbor sustained damage from an April snowstorm. This was the third HAP grant the S.S. Badger has received since 2016.** (More information available in the attached press release and on page 4).

### **Table of Contents**

S.S. Badger Background	Page 2
Harbor Assistance Program	Page 3
S.S. Badger Harbor Assistance Program Grants	Page 4
Tourism Talking Points	Page 5
Attendees	Page 6-8

### **Attachments**

Governor's Office Press Release on S.S. Badger Emergency Grant (May 1, 2018)



## **POLICY BRIEFING**

**DATE: MONDAY, JUNE 18, 2018**

**TOPIC: REMARKS AT SS BADGER IMPROVEMENT PROJECT KICK-OFF**

**STAFF: Will Neitzel (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **S.S. Badger Background**

- The S.S. Badger is a passenger and vehicle ferry in the United States that has been in service on Lake Michigan since 1953.
- Currently, the ship shuttles between Ludington, Michigan, and Manitowoc, Wisconsin, connecting U.S. Highway 10 (US 10) between those two cities. It is the last coal-fired passenger vessel operating on the Great Lakes and was designated a National Historic Landmark on January 20, 2016.
- The Badger runs on Michigan time (Eastern Time Zone, whereas Wisconsin is in the Central Time Zone) and riders pay Michigan taxes on their fares. It runs on a seasonal basis from May to October.
- The Badger was constructed as a rail car ferry in 1952 by the Christy Corporation of Sturgeon Bay, Wisconsin, along with its twin SS Spartan (named after the mascot of Michigan State University) with a reinforced hull for ice-breaking.
- It was originally used to carry railroad cars, passengers and automobiles between the two sides of the lake all year long. However, the railway car ferry service was gradually phased out until it was completely discontinued in 1990 due to lack of business.



## **POLICY BRIEFING**

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**STAFF: Will Neitzel (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **Harbor Assistance Program**

- The Wisconsin's Harbor Assistance Program (HAP) was created in 1979 to help harbor communities maintain and improve waterborne commerce.
- All applications for this program are reviewed by the Harbor Advisory Council, which includes members from the U.S. Army Corps of Engineers, UW Sea Grant, Wisconsin Coastal Management Program, Wisconsin Economic Development Corporation, Wisconsin Department of Natural Resources and the Great Lakes Maritime Research Institute.
- To date, the Wisconsin Department of Transportation has administered almost \$140 million in state grants for 109 port preservation and improvement projects along the Great Lakes and Mississippi River.
- Applications are accepted from public or private harbor facilities for projects that benefit facilities used for cargo transfer, ship building, commercial fishing, vessel cruises or ferry service.
- All projects must have a transportation efficiency benefit-cost ratio greater than one over a 25-year project life and be identified in a current three-year harbor development plan.
- Selection criteria include economic impact, urgency and project type.
- Those interested in the next round of Harbor Assistance Project grants should note that the deadline for the next cycle is August 1, 2018.



## **POLICY BRIEFING**

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**STAFF: Will Neitzel (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **S.S. Badger Harbor Assistance Program Grants**

#### **October 2016:**

- Governor Scott Walker announced a \$2 million emergency grant for repairs needed at the S.S. Badger landing at the Manitowoc dock as a result of damage from last winter.
  - Temporary repairs served for the year's operating season but a long-term repair is needed for safe and reliable ferry docking and berthing.
  - The dock is owned by the city of Manitowoc and the S.S. Badger leases the space.
  - The cost of the full project is expected to be \$3 million.

#### **January 2018 (2017 HAP grants):**

- Governor Scott Walker announced grants totaling \$8,092,555 for five harbor maintenance and improvement projects in Wisconsin.
  - Improvements will promote waterborne freight and assist economic development in the communities where they're located.
- SS Badger (Manitowoc County) - \$1,016,500 to make permanent repairs to the damaged, failed steel pile bulkhead and fender system damaged during the 2015-2016 winter.

#### **April 2018:**

- Governor Scott Walker announced a \$799,802 emergency Harbor Assistance Program (HAP) grant for repairs needed at the S.S. Badger.
  - Thanks to an expedited grant, the SS Badger, the Manitowoc, Wisconsin-Ludington, Michigan ferry, began its season as scheduled on May 11, 2018.
  - High winds and heavy waves from April's Winter Storm Evelyn (April 13-16, 2018), damaged loading equipment, structures and severely eroded the harbor side of the S.S. Badger facility.



## **POLICY BRIEFING**

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**TOPIC: REMARKS AT SS BADGER IMPROVEMENT PROJECT KICK-OFF**

**STAFF: Will Neitzel (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **Tourism Talking Points**

#### ***Overview***

- Tourism is a substantial and growing driver of the Wisconsin economy and represents a significant source of business sales, employment, and taxes in Wisconsin.
- Tourism has a stake in three of the Governor's core objectives: creating jobs, developing our workforce, and investing in infrastructure.
- Tourism is the main employer in many communities and in other areas it provides stability and diversity, complimenting manufacturing, agriculture, and our knowledge-based sectors.
- Tourism is Wisconsin's welcome mat to the state and positively brands Wisconsin, not only for tourism, but for the retention and attraction of new business.

#### ***2017 Tourism Economic Impact*** (Department of Tourism data)

- Tourism had a record **\$20.6 billion impact** in 2017, up from \$20.0 billion on the state economy in 2016.
  - This is **up by \$631 million**, or 3.2%, from \$20.0 billion in 2016.
  - Visitor spending growth was led by spending on recreational activities with strong growth in all food & beverages and lodging sectors. Lower gas prices, growing wages, and strong consumer confidence meant both growth in travel and spending per trip.
- **Tourism activity has grown by \$5.8 billion, a 40% increase since the Governor took office.**
- In 2017, the number of visitors topped 110 million, an increase of 17.5 million visits from seven years ago.
- Other positive industry indicators included increase in per trip spending led by lodging (3.1%), food and beverage (4.3%), and recreation (5.5%).
  - Lodging, makes up over 27 percent of visitor spending (\$3.4b), and is the largest sector of the tourism economy.
  - Food and beverage makes up 26 percent of visitor spending (\$3.3b), the second largest sector of the tourism economy.
- Tourism directly and indirectly supported 195,255 jobs in 2017.
  - The tourism industry added over 23,255 jobs to Wisconsin's total employment since 2011.
- In 2017, visitors generated \$1.5 billion in state and local tax revenue, saving Wisconsin taxpayers \$660 per household.



## **POLICY BRIEFING**

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**TOPIC: REMARKS AT SS BADGER IMPROVEMENT PROJECT KICK-OFF**

**STAFF: Will Neitzel (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **Attendees**

**Dave Ross, Secretary, Department of Transportation**



**Representative Paul Tittl, 25<sup>th</sup> Assembly District**



**Congressman Glenn Grothman (R—WI), 6<sup>th</sup> Congressional District**



Glenn Grothman is the congressman for Wisconsin's 6th Congressional District. Grothman is currently serving his second term in Congress, having been elected in 2014. Grothman serves on the House Budget, Education and the Workforce and Oversight and Government Reform Committees. Grothman earned a Bachelor of Business Administration degree in accounting and Juris Doctorate from the University of Wisconsin - Madison. He graduated from Homestead High School in his home town of Thiensville, Wisconsin. Grothman, 62, lives in the Town of

Glenbeulah in Sheboygan County.

**Justin Nickels, Mayor, City of Manitowoc**



While elected the City of Manitowoc's youngest Mayor at the age of twenty-two, Mayor Nickels is not unlike the community he was elected to lead. Both Mayor Nickels and the City of Manitowoc are vibrant, energetic, forward thinking and have a tremendous amount of community pride that is rooted in the understanding of Manitowoc's deep history and tradition. Like most of Manitowoc's citizens, Mayor Nickels grew up in a working-class family with an affinity for helping those around them. Mayor Nickels saw the venue of government and public discourse - with its capacity for neighbors and strangers to come together for the collective benefit of everyone - as the perfect place to continue acting on this affinity.



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**Bob Manglitz, President, Lake Michigan Carferry**



**Bob Ziegelbauer, County Executive, Manitowoc County**



Robert F. Ziegelbauer is the current County Executive of Manitowoc County. He previously served as an independent member of the Wisconsin State Assembly, representing the 25th Assembly District from his election in 1992 until 2013. He graduated from the University of Notre Dame and received his masters from the Wharton School of the University of Pennsylvania. He served as finance director of the city of Manitowoc, as well as on the Manitowoc County Board of Supervisors and the Manitowoc Common Council. He was elected County Executive of

Manitowoc County in April 2006. He has since been reelected as County Executive in 2010, 2014, and 2018, for a total of four terms.

**Greg Buckley, City Manager, City of Two Rivers**



Greg Buckley has served as Two Rivers City Manager since August of 1995. His career in local government management dates back to 1981, and he has previously served as City Manager of Buchanan, Michigan, Assistant to the Village Manager of Oak Park Illinois, and Assistant City Manager of Grand Haven Michigan. Mr. Buckley's education includes a BA degree in Public Management from the University of Maine and a Master of Public Administration Degree from the Maxwell School of Citizenship and Public Affairs at Syracuse University.

**Nick Reimer, Chief, Manitowoc Police Department**



**Todd Blaser, Chief, Manitowoc Fire Department**





**POLICY BRIEFING**

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**STAFF: Will Neitzel (o) 608- [REDACTED] (c) 608- [REDACTED]**

**Randy Homel, CEO, Foth, No Photo Available**

**Brian Hinrichs, Senior Client Manager, Foth, No Photo Available**

**Paul Chamberlain, Representative, Senator Ron Johnson's Office, No Photo Available**

**From:** [Neitzel, William E - GOV](#)  
**To:** [Naleid, Alicia - GOV](#)  
**Subject:** Update  
**Date:** Wednesday, June 20, 2018 9:27:00 AM  
**Attachments:** [2018 06 21 Meeting with Ambassadors Craft and MacNaughton.docx](#)  
[2018 06 21 Meeting with Ambassador Branstad.docx](#)

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I updated the meeting with the Ambassadors/Canada. Do we also want to send these to the Governor so he can read them?



**MEETING / EVENT BRIEFING**

**DATE: THURSDAY JUNE 21, 2018**

**EVENT: MEETING WITH AMBASSADORS CRAFT AND MACNAUGHTON**

**DRAFTED BY: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

**Event Overview**

The Governor will participate in a meeting with U.S. Ambassador to Canada Kelly Craft and Canada's Ambassador to the U.S. David MacNaughton.

Ambassadors Craft and MacNaughton would like to speak with the Governor about the dairy industry and dairy trade relations between the U.S./Wisconsin and Canada.

**Note: There will be no gift exchange during this meeting.**

**Table of Contents**

U.S. – Canada Trade Update	Page 2
Wisconsin's Trade Relationship with Canada Statistics	Page 3
Canada Dairy Trade Background	Page 4
Wisconsin Dairy Industry	Page 5-6
Current State of Wisconsin's Dairy Industry	Page 7
National / International Dairy Issues	Page 7
North American Free Trade Agreement Background	Page 8-9
Attendees	Page 10



## **MEETING / EVENT BRIEFING**

**DATE: THURSDAY JUNE 21, 2018**

**EVENT: MEETING WITH AMBASSADORS CRAFT AND MACNAUGHTON**

**DRAFTED BY: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **U.S. – Canada Trade Update**

- On May 31, the Trump administration imposed 25% tariffs on steel and 10% tariffs on aluminum imported from the European Union, Canada, and Mexico.
  - Canada is the largest supplier of both steel and aluminum to the United States, and the supply chains for many related products are intertwined between the two nations.
- Canada announced corresponding tariffs on a broad list of American exports, including steel and aluminum, as well as dozens of basic consumer products like ketchup, insecticides and laundry machines.
  - The Canadian tariffs, which go into effect July 1, will cover \$12.8 billion worth of American goods, the value of Canadian steel and aluminum exports to the United States in 2017. (New York Times: [“White House to Impose Metal Tariffs on E.U. Canada and Mexico”](#) 5/31/18)
- President Trump has recently criticized Canadian trade policies in the dairy industry, highlighting the increased costs for American dairy farmers brought on by the Canadian governmental supply management system for dairy, eggs, and other goods.
  - To support their domestic dairy industry, Canada imposes steep tariffs on foreign dairy goods, including a 313.5% tariff on butterfat.
  - Despite the tariffs, Canada is the 2<sup>nd</sup> largest foreign market for U.S. dairy exports, purchasing over \$792 million in U.S. dairy goods in 2017. Canada exported \$149 million of dairy goods to the U.S. in the same year, a trade imbalance of over 5:1 in favor of the United States. (Los Angeles Times: [“Behind Trump’s dairy rant”](#) 6/12/18)



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**DRAFTED BY: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

**Wisconsin’s Trade Relationship with Canada Statistics**

**Overview**

- Canada is the largest trading partner for the US as well as Wisconsin. The US and Canada share one of the closest trade relationships in the world.
- Canada is Wisconsin’s largest export market: almost **one-third** of Wisconsin’s exports go to Canada, for a total of nearly \$6.9 billion.
- Canada is the second largest import source (behind China) for Wisconsin, representing \$4.25 billion in goods.
- Since 2010, WI exports to Canada have increased by nearly 14% and imports from Canada have increased by over 10%.

***Top Export Categories: Wisconsin to Canada***

Commodity	ANNUAL 2010 (millions)	ANNUAL 2016 (millions)	ANNUAL 2017 (millions)	%2016- 2017	%2010- 2017
<b>Total</b>	\$6,053	\$6,607	\$6,892	4.31%	13.85%
<b>Industrial Machinery</b>	\$1,733	\$1,290	\$1,338	3.73%	-22.80%
<b>Electrical Machinery</b>	\$422	\$501	\$549	9.59%	30.27%
<b>Paper / Paperboard &amp; Articles</b>	\$523	\$497	\$520	4.58%	-0.75%
<b>Vehicles and Parts</b>	\$454	\$516	\$491	-4.86%	8.21%
<b>Plastics</b>	\$330	\$403	\$418	3.90%	26.78%
<b>Other</b>	\$2,592	\$3,401	\$3,576	5.16%	37.97%

***Top Import Categories: Canada to Wisconsin***

- Import categories from Canada to Wisconsin are spread across a wide variety of industries, making it difficult to identify standout industries.
  - Plastics is the largest category of imports from Canada, but only accounted for 9.93% of the total.
  - Industrial machinery accounted for 9.42% and wood pulp accounted for 9.23%.
  - Mineral fuel and oil imports from Canada grew by 67.94% and reached \$222 million.



## **MEETING / EVENT BRIEFING**

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**DRAFTED BY: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **Canada Dairy Trade Background**

- Canada has steep tariffs in place for most dairy products, a policy intended to protect its own dairy industry. The US and other countries have been exporting a processed, high-protein product called **ultra-filtered milk** to Canada – a product that did not exist when NAFTA began - and was therefore not subject to tariffs.
- In Spring 2016, the Province of Ontario instituted a pricing policy designed to discourage US exports of ultra-filtered milk.
  - The Canadian dairy industry has targeted US exports by proposing new incentives for processors to purchase Canadian milk, while at the same time subsidizing the export of Canadian dairy products in excess of Canada's World Trade Organization (WTO) obligations.
- As a result, Canadians quit buying the imported ultra-filtered milk products from the US. US dairy producers ended up with a surplus of UF milk on their hands, putting financial stress on dairy farmers.
- The week of April 3, 2017, Grassland Dairy in Greenwood, WI announced that the loss of the Canadian market for ultra-filtered milk left the company with a surplus of milk.
  - 58 Wisconsin dairy farmers received notices that Grassland would no longer pick up their milk. (a total of 74 dairy farmers were affected including Minnesota dairy farmers).
- Grassland Dairy says it lost approximately \$100 million in sales to Canada.
- Canadian dairy farmers have said they will fight any U.S. effort to negotiate dairy concessions in NAFTA.
- The Governor sent a letter to President Trump in May requesting that Canada's protectionist trade policies be addressed in the NAFTA negotiations.



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### **Wisconsin's Dairy Industry**

#### ***Economic impact***

- Dairy is the largest segment of Wisconsin agriculture. Of the \$88.3 billion economic impact of agriculture, **\$43.4 billion** is contributed by the dairy industry.
- The dairy industry employs **78,900** people in the state.
- The Wisconsin mailbox milk price averaged \$17.95 per hundredweight (cwt) in 2017.
  - The mailbox price is defined as the net price received by dairy farmers for milk, including all payments received for milk sold and deducting costs associated with marketing the milk.

#### ***Production***

- Wisconsin is home to about **8,600 dairy farms**, more than any other state.
  - Wisconsin is home to more than **20% of the nation's dairy herds**.
- Ninety-six percent of Wisconsin dairy farms are family-owned.
- Wisconsin produces about **14%** of the total U.S. milk production.
- Wisconsin produced **30.3 billion pounds** of milk in 2017, just over one percent more than the previous record of 30.1 billion pounds harvested in 2016.
  - It takes ten pounds of milk to make one pound of cheese, and 22 pounds of milk to make one pound of butter.
- As the country's top cheese producer, Wisconsin made a record **3.37 billion pounds** in 2017, which accounted for 26.6% of the nation's production.
- The average number of milk cows on Wisconsin farms for April 2018 was 1.27 million head.
- Milk per cow rose to an all-time high of 23,725 pounds, up 183 pounds from the year earlier.  
(Wisconsin Ag Connection, "Wisconsin Officially Set New Milk Production Record in '17," 5/9/18)

#### ***Processing***

- Wisconsin has 415 dairy processing plants operating.
- There are 146 cheese plants (including cow, dairy goat and sheep cheeses). Wisconsin has 14 butter factories, 22 ice cream plants, and 18 yogurt plants.
- Wisconsin cheesemakers make 27% of the nation's cheese, ranking Wisconsin as the top cheese producing state. Nearly 1,200 licensed cheesemakers make over 600 varieties, types, and styles of cheese – nearly double the number of any other state.
- Wisconsin leads the nation in the production of specialty cheeses, such as Feta, Asiago, Gorgonzola, Gouda, Limburger and many others. Wisconsin accounts for **45%** of all specialty cheese made in the U.S.
- If Wisconsin were a country, it would rank **fourth in world cheese production**, behind only the United States, Germany and France.
- At the 2018 World Championship Cheese Contest, Wisconsin earned **47** gold medals and had five finalists for the best cheese. Wisconsin took home **60%** of the awards given at the 2017 U.S. Championship Cheese Contest.
- Cheese consumption is at an all-time high. Americans eat about **35 pounds** of total cheese each year.



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***Exports***

- In 2017, Wisconsin exported \$3.5 billion of agricultural products. This is an increase of 3.6% compared to the same period last year.
- Wisconsin ranks 12<sup>th</sup> in the nation for the value of agricultural exports. The state exports agricultural products to 147 countries.
- The top three agricultural export markets for Wisconsin in 2017 were Canada, Mexico and China.
- Wisconsin exports of dairy products in 2017 were valued at \$297 million, a 20% increase over 2016.
  - The top destinations for these products are Canada, Mexico, China, Japan and Korea.



## **MEETING / EVENT BRIEFING**

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### **Current State of Wisconsin's Dairy Industry**

This is a time of structural change in Wisconsin's dairy industry, prompted by global oversupply and resultant downward pressure on milk prices.

- Milk prices for Wisconsin dairy farmers have been at or below breakeven prices for three consecutive years. This is causing financial stress on the farmers in the form of declining equity, increased open accounts, and delayed capital reinvestment in the farming operation. Many dairy producers report they are operating in a survival mode, hoping prices improve.
- Wisconsin has been losing dairy farms at an approximate rate of 500 farms per year since 2003.
  - The number of dairies in the state has fallen more than 20 percent in the last five years.
- **Farmers Grow Older as Obstacles for Young Farmers Grow** "The average age of the typical farmer has risen: Farmers over age 65 outnumber farmers under 35 by a margin of six to one, and nearly two-thirds of U.S. farmland is set to transition to new ownership within the next 20 years, according to a survey conducted by the National Young Farmer's Coalition." (Autumn Luedke, [Sauk Prairie Eagle](#) 5/9/18)
- **Farm Agencies Call for Congress to Fund Farmer Mental Health Services** "With low commodity prices for the last three years the number of suicide among farmers is on the rise. According to the Centers for Disease Control factors like social isolation, potential for financial losses, barriers to and unwillingness to seek mental health services have made the farming occupation one with the highest rates of suicide." (Robyn Oguinye, [WFRV](#) 4/11/18)

### **National/International Dairy Issues**

#### ***Farm Bill***

On May 18, the House Farm Bill (HR 2) failed to pass the House. The final vote was 198-213, with 218 needed for passage. The bill may be brought back to the floor after a vote on immigration is held. The Senate version of a Farm Bill is currently being written and is more moderate than the House version. Key provisions of the House Farm Bill include:

- Reauthorizing the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) options through 2023.
- Supplemental Nutrition Assistance Program (SNAP) or food stamps existing work requirements are strengthened requiring able-bodied adults between the ages of 18 and 59 to work or be enrolled in a job-training program for at least 20 hours a week beginning in fiscal year 2021.
- Crop insurance remains significantly the same.

#### ***Milk Price Floor***

- "More than 50 groups across the country- including the Wisconsin Farmers Union, Family Farm Defenders, and the National Family Farm Coalition- asked Congress for emergency relief from the deepening troubles on small dairy farms. Among other things, they want the government to set a minimum price that farmers would get for their milk- at a break-even point of \$20 per hundred pounds, or about 11 gallons, compared with \$13 paid in some months of the downturn." (Rick Barrett, "With Their Way of Life In Jeopardy, Dairy Farmers Research Ways to Stabilize Markets", [Milwaukee Journal Sentinel](#) 4/27/18)



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### **North American Free Trade Agreement Background**

- The North American Free Trade Agreement (NAFTA) was agreed to by the U.S., Mexico and Canada in 1992, ratified by the U.S. Congress in 1993
- The goal of NAFTA was to eliminate barriers to trade and investment between the U.S., Canada, and Mexico.
- Tariffs were eliminated progressively and all duties and quantitative restrictions, except for those on a limited number of agricultural products traded with Canada, were eliminated by 2008.

### **Wisconsin and NAFTA Statistics**

- Canada is Wisconsin's top trading partner, accounting for over \$6.8 billion in exports and \$4.2 billion in imports in 2017.
- Mexico ranks #2 for Wisconsin exports with over \$3.1 billion and #4 for imports at \$2.9 billion. Wisconsin exports to Mexico in 2017 are up 4.78% over the previous year.
- According to a report by the U.S. Chamber of Commerce, approximately 46% of all Wisconsin exports are destined for Canada and Mexico. According to the report, the total value of exports to Canada and Mexico is \$10 billion. According to the report, approximately 249,000 Wisconsin jobs would be at risk if the United States withdrew from NAFTA. (John Murphy, "Which States Would Be Hit Hardest by Withdrawing from NAFTA," [U.S. Chamber of Commerce](#), 11/17/2017)
- According to a study prepared for Business Roundtable by Trade Partnership Worldwide, "abandoning this U.S. trade agreement (NAFTA) would eliminate 33,990 Wisconsin jobs within one year, reduce Wisconsin businesses' exports to Mexico and Canada by \$1.9 billion, and lower Wisconsin's economic output by more than \$2.0 billion." (Joseph F. Francois and Laura M. Baughman, "Terminating NAFTA: The National and State-by-State Impacts on Jobs, Exports and Output," [Trade Partnership Worldwide](#) January 2018.)
- The study also states that long term; Wisconsin could lose up to 67,000 jobs.

### **Agriculture**

- Canada and Mexico are Wisconsin's top two agriculture export markets as Wisconsin's ag exports to the two countries have seen significant growth in the past twenty years. (DATCP)
  - In 1996, Wisconsin exported \$240 million of ag products to Canada. In 2016, Wisconsin exported \$1.4 billion of ag products to Canada. This is nearly five times larger than it was twenty years ago. (DATCP)
  - In 1996, Wisconsin exported \$38 million in ag products to Mexico. In 2016, Wisconsin exported \$360 million in ag products to Mexico. This is more than nine times larger than twenty years ago. (DATCP)
- In 2017, nearly half of Wisconsin's dairy, fruit, and vegetable exports went to Canada and Mexico. (DATCP)
- According to Americans for Farmers & Families, \$1.5 billion, or 54% of Wisconsin's \$2.7 billion in food and agriculture exports went to NAFTA partners in 2016. ("Wisconsin," [Americans For Farmers & Families](#), Accessed 1/31/18)



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***President Trump on NAFTA***

- Shortly after being elected, U.S. President Donald Trump announced his intention to begin renegotiating the terms of NAFTA, seeking to resolve issues with trade outlined during his campaign for the presidency. The President has threatened to withdraw from NAFTA if negotiations fail. (*“What is NAFTA, and how might Trump change it?” The New York Times, Apr. 27, 2017*)



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**DRAFTED BY: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **Attendees**

#### **Kelly Craft, U.S. Ambassador to Canada**



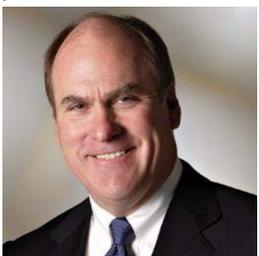
U.S. Ambassador to Canada Kelly Craft serves as the President's personal representative to the government and people of Canada. She leads the U.S. Mission to Canada, which comprises the Embassy in Ottawa and seven Consulates located across Canada. Ambassador Kelly Craft is a leader, entrepreneur, and philanthropist who has made community service and improving education the cornerstone of her career. A third generation Kentuckian, Ambassador Craft demonstrates a deep commitment to her home state by serving in several leadership roles with the Salvation Army of Lexington and the Center for Rural Development, a non-profit dedicated to economic development in rural Kentucky.

#### **David MacNaughton, Ambassador of Canada to the United States**



As a seasoned entrepreneur and political strategist, Mr. MacNaughton brings a unique set of skills and experiences to his new role as Ambassador. In the 1980s, Mr. MacNaughton transformed the public affairs industry by building an organization that comprised government relations, public opinion research and public relations. After selling his business in 1989, Mr. MacNaughton became President of Canada's largest government and public relations firm and subsequently North American President of the world's largest public relations firm. From 1995 until 2003, Mr. MacNaughton was President of Strathshore Financial and was an advisor to one of Canada's leading investment banks. Mr. MacNaughton is married and has four daughters.

#### **Joe Craft, Husband of Ambassador Kelly Craft**



Joseph W. Craft III has been President, Chief Executive Officer and a Director of Alliance Resource Partners, the third largest coal producer in the United States, since August 1999. Mr. Craft holds a Bachelor of Science degree in Accounting and a Juris Doctorate degree from the University of Kentucky. Mr. Craft also is a graduate of the Senior Executive Program of the Alfred P. Sloan School of Management at Massachusetts Institute of Technology.



**MEETING / EVENT BRIEFING**

**DATE: THURSDAY JUNE 21, 2018**

**EVENT: MEETING WITH AMBASSADOR BRANSTAD**

**DRAFTED BY: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

**Event Overview**

The Governor will participate in a meeting with Terry Branstad, the U.S. Ambassador to China.

Ambassador Branstad would like to speak with the Governor about the foreign direct investment / trade relationship between Wisconsin and China, as well as challenges and opportunities Wisconsin companies face in dealing with Chinese trade and whether the Governor is interested in leading a trade delegation to China in the near future. This would be a good opportunity for the Governor to highlight how he would like to see no tariffs on trade and highlight Wisconsin's exports.

**Note: WEDC participates in a trade mission every year to China, this year the trade mission occurred from April 13 through April 24.**

**Note: There will be no gift exchange during this meeting.**

**Table of Contents**

U.S. – China Trade Update	Page 2
Ambassador Branstad's Recent Statements on Trade with China	Page 3
Chinese Foreign Direct Investment in the United States	Page 4
Chinese Foreign Direct Investment in the Midwest	Page 4
Wisconsin's Trade Relationship with China Statistics	Page 5
Wisconsin's Agricultural Exports to China	Page 6
Past China/Wisconsin Trade Actions	Page 7-9
Attendees	Page 10



## **MEETING / EVENT BRIEFING**

**DATE: THURSDAY JUNE 21, 2018**

**EVENT: MEETING WITH AMBASSADOR BRANSTAD**

**DRAFTED BY: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **U.S. – China Trade Update** (New York Times: [“Trump Threatens Tariffs on \\$200 Billion in China Goods Escalating Fight”](#) 6/19/18)

- On June 15<sup>th</sup>, the Trump administration imposed a 25% tariff on \$50 billion of Chinese goods. President Trump explained the tariffs will affect over 1000 Chinese goods “that contain industrially significant technologies,” and the tariffs come in response to “China’s theft of intellectual property and technology and its other unfair trade practices.”
  - Tariffs on \$34 billion of the goods will take effect on July 6. The remaining \$16 billion in tariffs will undergo further review and public hearings.
- In response, China imposed matching tariffs on 659 American goods, including automobiles, beef, poultry, and agriculture totaling \$50 billion. These tariffs will also take effect on July 6.
- The Trump administration further escalated trade actions on June 18, saying the United States was prepared to enact further tariffs on \$200 billion worth of Chinese goods, and potentially more if China continues to retaliate.
  - In all, the administration is enacting or threatening to enact tariffs totaling \$450 billion worth of Chinese goods, which is nearly as large as the total value of U.S. imports from China, \$505.6 billion.
  - This latest move threatens a recent agreement from China to buy \$70 billion of American agricultural and energy products. The deal was conditional on the U.S. declining to impose further tariffs.
- China’s Commerce Ministry responded to President Trump’s comments the same day, issuing a statement vowing to “adopt comprehensive measures combining quantity and quality to make a strong countermeasure” if the U.S. follows through with the new tariffs.
  - China would be unable to fully respond to the proposed latest round of tariffs on \$200 billion of Chinese goods, as the total value of U.S. exports to China only reaches \$130.4 billion.
- Following the threats of tariff escalation on June 18, stock markets declined worldwide over fears of a trade war between the U.S. and China. By noon on June 19, the Dow Jones Industrial Average dropped 322 points (-1.29%), erasing all previous gains from 2018.
  - Industrial/manufacturing companies faced a heavy impact, with Caterpillar and Boeing stocks both dropping by more than 3%.
  - Soybean prices dropped 7% on June 19 alone, reaching a nine-year-low price of \$8.4 per bushel.



**MEETING / EVENT BRIEFING**

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**Ambassador Branstad's Recent Statements on Trade with China**

- As the first-term governor of Iowa in 1983, Ambassador Branstad led a trade mission to China to improve relations and foster business partnerships.
- “What we would point out is we have a very open market in the United States. And that’s not true in China. There are a lot of areas where we’d like to see more reciprocity, and we’d like to see China being just as open as the U.S. But the U.S. also recognizes we need to protect our national security, and we need to protect against losing some of these critical technologies in which we are the world leader.” (Wall Street Journal: [“U.S. Ambassador to China on Open Markets and National Security”](#) 5/20/18)
- On building trade relations with China: “It’s generally a pretty slow process. So it’s really an area of friendship and trust that improves your chances of being successful, because they know that you’re not in it for the short term. You’re in it for the long term. And in this culture, long term friendships and relationships are really important.”
- On trade opportunities in China: “There are obstacles and challenges to be faced, but considering this huge country with all the 1.4 billion people and a growing middle class, there’s real opportunity for us to meet needs. I think we need to try to increase our exports and reduce the trade deficit that way.”
- On challenges with trading in China: “Their system is much different than ours and there’s a lot of non-trade barriers you need to overcome. I think our relationship has great potential, and it’s always going to have its ups and downs, but hopefully we’re in a period now where some of the friction we’ve seen recently has the potential of being resolved.” (NBC: [“China Trade: An outside view of Alaska’s trade efforts in China”](#) 6/7/18)



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### **Chinese Foreign Direct Investment in the United States**

- From 2011-2016, China was the fastest growing source of FDI in the United States, with an increase of 534% (growing from \$9.2B to \$58.2B) over that time period.
- According to SelectUSA, a government program to promote business investment in America, China is currently the 3<sup>rd</sup> fastest growing source of FDI in the United States.
  - 43,800 U.S. workers are employed by U.S. affiliates of majority Chinese-owned firms in 2015.
  - U.S. affiliates of majority Chinese-owned firms have invested \$545 million in research and development spending.
  - Majority Chinese-owned firms operating in the U.S. contributed \$3.5 billion to U.S. exports in 2015.
- The top 6 industry sectors for Chinese FDI projects in America are Software/IT Services, Electronic Components, Communications, Industrial Machinery, Business Services, and Auto Components.

### ***Examples of Chinese FDI in Wisconsin***

- According to a Milwaukee Journal Sentinel story from October 2013 ([Chinese investment a growing trend in Wisconsin nationally](#)), Chinese investors have helped finance the following projects in southeastern Wisconsin:
  - The Water Council – \$ 12 million was invested into the project by private Chinese investment.
  - The new luxury Marriott hotel in downtown Milwaukee on Wisconsin Ave.
  - The redevelopment of the former Pabst Brewing complex, which for years stood out as one of the most conspicuous symbols of Milwaukee's urban decay.
  - The expansion of the Racine manufacturing plant of jet engine start-up DeltaHawk Engines Inc.
  - A 700-student dorm completed in 2010 at UW-Milwaukee, which has applied to use Chinese private investment.



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**DRAFTED BY: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **Wisconsin's Trade Relationship with China Statistics** (2017 WEDC data)

- In 2017, China was Wisconsin's #3 export destination and #1 import source.
  - Wisconsin exports to China grew by 21.55% from 2016 and 29.88% from 2010.
  - Wisconsin imports from China grew by 23.78% from 2016 and 49.53% from 2010.
- China has been the source for the largest amount of imports into Wisconsin since 2009.
  - Industrial machinery accounts for 25.07 percent of those imports, an 85.91 percent increase in 2017.
  - Hand tools imported from China increased by 1,151.69 percent to \$730 million.
  - Batteries imported from China increased by 118.01 percent to \$128 million.
- China saw the second-largest dollar value increase in purchases from Wisconsin, up \$306,988,307.
- The increase in Wisconsin exports to China was the second-largest by dollar volume at \$307 million. China also set a record for purchases from Wisconsin.
  - Wisconsin's exports to China grew by 21.55 percent while total U.S. shipments to China grew by 12.77 percent.
  - Major increases in exports from Wisconsin to China were in:
    - aircraft and parts (up 4,702.8 percent);
    - industrial machinery (up 12.9 percent); and
    - raw hides and skins (up 53.2 percent).
- China is the number three export destinations for this category energy, power and control, which includes many different products related to the generation, distribution and monitoring of energy and processes
- Exports to China under the category aviation/aerospace grew by 4,074.98 percent in 2017, replacing the United Kingdom as the top destination for Wisconsin exports in this category.
- Industrial machinery is Wisconsin's largest product category for both exports to and imports from all nations.
  - Imports in the category grew by 27.87 percent. A 1,151.69 percent increase in imports of hand tools from China was a major factor in that growth. The U.S. as a whole only experienced a 14.63 percent increase in hand tool imports from China.
- China, Mexico and Germany are the top three suppliers of electrical machinery. They grew by 30.92 percent, 26.71 percent, and 11.07 percent respectively.
- Within the medical and scientific instruments category, X-ray apparatus, parts and accessories is the top subcategory, and China is the major source. These are used to assemble complete X-ray devices.
- Vietnam is the top source of knit or crocheted apparel, followed by China, while the rankings for these two countries are reversed for non-knit apparel.



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**DRAFTED BY: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **Wisconsin's Agricultural Exports to China** (2017 DATCP data)

#### ***Overview***

- Wisconsin exported \$3.5 billion in agricultural products to 147 countries in 2017, an increase of 3.63 percent in value compared to the same period last year.
- Wisconsin currently ranks 12th among U.S. states in agricultural exports.
- Wisconsin ranked first in the export of ginseng roots, prepared/preserved cranberries, sweet corn prepared/preserved, and bovine semen.
- China is Wisconsin's third most valuable export market (top two are Canada and Mexico) for our agricultural products. In 2017, Wisconsin exported nearly \$300 million of agricultural products to China, an increase of more than 27% over the year before.
- The top Wisconsin agricultural export product categories to China last year were wood, raw hides and skins, and dairy-related products.

#### ***Ginseng***

- China is Wisconsin's top ginseng export market. Wisconsin exported \$14 million of ginseng to China in 2017. This was 46% of Wisconsin's total ginseng exports last year.
- Wisconsin ginseng is considered the highest-quality American ginseng in the world. Wisconsin is the number one producer of ginseng in the United States accounting for about 90 to 95 percent of all ginseng produced in the country, and Marathon County is the top ginseng growing county in the state, producing about 95 percent of Wisconsin's annual crop.

#### ***Soybeans***

- In 2017, China was Wisconsin's eighth largest export market for soybeans. Wisconsin exported \$7.2 million of soybeans to China, comprising about 3% of Wisconsin's total soybean exports.
  - Wisconsin's largest export market for soybeans last year was Mexico, which made up \$176 million or about 70% of Wisconsin's total soybean exports.
- Wisconsin is a major exporter of soybeans. Two out of every three Wisconsin soybean rows are exported internationally.
- Wisconsin produced 101 million bushels of soybeans in 2017. Soybean planted and harvested acreage set record highs last year.

#### ***Cranberries***

- In 2017, China was Wisconsin's third largest export market for cranberries. Wisconsin exported \$11 million of cranberries to China, comprising about 9% of Wisconsin's total cranberry exports.
  - Wisconsin's largest export market for cranberries in 2017 was the Netherlands with exports totaling \$27.8 million, which is about 23% of the state's total cranberry exports.
- Wisconsin ranks first in the nation for cranberry production, producing 64% of the nation's total. Wisconsin's total production was more than twice that of the next highest producing state, Massachusetts.



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### **Past China/Wisconsin Trade Actions**

- The Governor's first trade mission was to China.
- The Lt. Governor also went on a trade mission to China in 2014.

### ***Governor's Trade Mission to China: April 13-21, 2013***

- Cities visited: Beijing, Tianjin, Harbin, Shanghai
  - 41 total representatives took part in the trip. This included 25 business delegates and 16 delegates representing government, university and business associations. The businesses represent manufacturing, environmental/clean technology, bioscience, retail, and agriculture.
  - 8 agreements were made during the trip, including a \$200 million deal between the Wisconsin Ginseng Board and TRT, a Chinese retailer.
- Governor Walker and other US governors met with President Xi. The other governors were in China for a China – US Governor's Forum, which Governor Walker also attended.
- Celebrated the 30<sup>th</sup> anniversary of Wisconsin's Sister State Relationship with Heilongjiang.
- Wisconsin opened the Wisconsin-China Center - WEDC expanded its global network by having a business consultant located in Shanghai to assist Wisconsin companies to do business in China.
- Governor Walker announced the Ginseng Board of Wisconsin signed an agreement with a Chinese medicine company to use the Trademark Seal on their purchases of Wisconsin ginseng from the Ginseng & Herb Coop over the next ten years. The agreement was signed between the Ginseng Board of Wisconsin, the Ginseng & Herb Coop, and the Beijing medicine company, Tong Ren Tang (TRT) Health Pharmaceutical.
- SmartBurn LLC, a power tech company based in Madison, began negotiating a strategic collaboration with Guodian Technology & Environment Group, a large Chinese energy firm to expand its business in Wisconsin. SmartBurn is one of Wisconsin's leading clean energy consulting companies, providing engineering and consulting services.
  - SmartBurn has been actively developing business in China since mid-2011. To date, SmartBurn brought about \$1 million in revenue from China to Madison, mainly through their technical consulting services.
  - One of SmartBurn's key clients in China is Yantai Longyuan Power Technologies Ltd. Co., a GDTE company. Yantai Longyuan Power Technologies also worked with SmartBurn on a major project in the United States last year.
- Governor Walker announced the opening of the [Wisconsin Center China](#) to strengthen Wisconsin's relationship with China and provide Wisconsin businesses the resources and assistance to pursue export opportunities in growing international markets.
- During the opening, three agreements were signed with the Shanghai Dairy Group (SDG) and one was signed with Miller Electric (Appleton).
- The first letter of intent with SDG is for the purchase of animal feed products from Badger State Ethanol (Monroe) through 2015.
  - Shanghai Dairy also agreed to purchase feed and equipment from the State of Wisconsin through 2015. This agreement makes the State the preferred supplier of feed, equipment, and technical support for SDG.



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- Additionally, Shanghai Dairy reached an agreement with the University of Wisconsin-Madison's Babcock Institute to provide advanced training for SDG farm managers over the next three years.
- The final signing at the Wisconsin China Center opening was between Miller Electric and Shanghai Beigong Materials Co., Ltd..
  - This signing announces the purchase of 50 Auto Axxess welding systems by Shanghai Huizhong Automotive Manufacturing Co. Ltd.. The systems were built in Appleton, WI and were developed to enable customers to manufacture products faster with high quality standards.
- Governor Walker attended the Harley Davidson 110<sup>th</sup> anniversary reception in Shanghai, China.
  - There are six Harley Owners Group (H.O.G.) chapters across China.
  - Harley-Davidson China sells a range of Harley-Davidson genuine parts and accessories along with general merchandise, including motor clothes apparel and collectibles, as well as servicing Harley-Davidson motorcycles.

### ***WEDC Continued Efforts***

- In October 2015, WEDC announced they would cohost a China-focused offering of the [ExporTech™ Program](#). The program consisted of three day-long sessions held in Waukesha in November and December 2015 and February 2016.
- The sessions help companies become acquainted with China's geographic and demographic diversity, determine which markets within China are best suited for their products, and develop a strategy for entering those markets.
- The sessions also devote attention to cultural, legal/regulatory and intellectual property concerns, so that companies can be prepared for a hassle-free and productive experience in the market.
- WEDC also hosted a trade mission in January 2016 to Tianjin and Nanjing, China.
- Exports from Wisconsin to China grew from \$608 million in 2004 to \$1.4 billion in 2014, and exports from Wisconsin are helping to fuel the evolution of China's economy: the top export categories from Wisconsin to China are industrial machinery (23 percent), medical and scientific instruments (22 percent) and electrical machinery (13 percent).

### ***Water Panel November 2017***

- In November 2017 WEDC led a group from Wisconsin to host two "Water Panels" in China – one in Nanjing and one in Beijing. The title of the conference was "U.S. – China One Water, One World Summit."
- The Beijing event was opened by U.S. Ambassador Terry Branstad.
- The focus was on creating a "One Water" Region or "Sponge City" by focusing on a model that connects and enhances historically independent "water islands" of drinking water, wastewater and storm water to create a more efficient, effective, and comprehensive water system for a region that embraces a natural watershed. While always mindful to the delicate balance of the energy/water nexus; the priority is placed on improving water quality, knowledge-based stewardship, and water sustainability for the cities and businesses of the region.
- Attendees included:
  - Milwaukee Metropolitan Sewage District
  - The Water Council



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- Wisconsin Economic Development Corporation
- Graef (WI engineering firm)
- Pave Drain (WI company making permeable paving surfaces)
- Rockwell
- Rexnord
- InSinkErator
- A.O. Smith (Provided Keynote in both cities)
- Following the Water Panel, a delegation from the Beijing Water Authority (BWA) visited Milwaukee in early December 2017 to tour various water-related sites and to sign an information sharing agreement on water issues, including controlling storm water run-off, with the Milwaukee Metropolitan Sewerage District. Lieutenant Governor Kleefisch and Mayor Barrett witnessed the signing between Beijing Water Authorities and the Metropolitan Milwaukee Sewerage District.



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**Attendees**

**Terry Branstad, U.S. Ambassador to China**



On December 7, 2016, Governor Branstad announced that he had accepted the nomination from President-elect Donald Trump to serve as Ambassador of the United States to the People's Republic of China. He was confirmed by the Senate on May 22, 2017 and was sworn in on May 24, 2017. Ambassador Terry Branstad was born, raised and educated in Iowa. A native of Leland, Branstad was elected to the Iowa House in 1972, '74 and '76, and elected as Iowa's lieutenant governor in 1978. Branstad was Iowa's longest-serving governor, from 1983 to 1999 and again from 2011 to 2017. As the state's chief executive, he weathered some of Iowa's worst economic turmoil, during the farm crisis of the '80s, while helping lead the state's resurgence to a booming economy in the '90s.

**From:** [LaBarre, Donald - GOV](#)  
**To:** [Naleid, Alicia - GOV](#)  
**Subject:** Weekend Briefings  
**Date:** Thursday, June 21, 2018 4:08:41 PM  
**Attachments:** [2018 06 24 Breakfast on the Farm.docx](#)  
[2018 06 23 Breakfast on the Farm.docx](#)

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Alicia,

Attached are the briefings for the two dairy breakfasts this weekend.

Donnie



**POLICY BREIFING**

**DATE: SUNDAY JUNE 24, 2018**

**TOPIC: BREAKFAST ON THE FARM MARINETTE COUNTY**

**STAFF: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

**Event Overview**

The Governor will visit Carlson Farm in Peshtigo, Marinette County for the Marinette County Breakfast on the Farm.

**Note: In 2016, there were a total of 13,800 cows in Marinette County which produced 339,480 pounds of milk.**

**Table of Contents**

Carlson Farm Background	Page 2
June Dairy Month	Page 3
Wisconsin's Dairy Industry	Page 3-4
Support for Wisconsin's Dairy Industry	Page 5-6
State of Dairy Industry Background	Page 7
National/International Issues	Page 7
North American Free Trade Agreement Background	Page 8-9
Wisconsin's Agricultural Exports to China	Page 10
Additional Reading	Page 11



**POLICY BREIFING**

**DATE: SUNDAY JUNE 24, 2018**

**TOPIC: BREAKFAST ON THE FARM MARINETTE COUNTY**

**STAFF: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

**Carlson Farm Background**

- Kevin and Katie Carlson own and operate the third-generation Carlson Farm. Their son Alan, daughter Kimberly, and Kevin's father Ron also work on the farm along with two part-time employees.
- Kevin Carlson began milking cows on his grandfather's farm in 1981, which had 13 cows. In 1984, he partnered with his father and together they milked 70 cows.
- Kevin and Katie took over the farm in 1994 and since then have added new equipment and facilities, including expanding the parlor to a 24-stall carousel in 2016 and adding an automatic calf feeder in 2017.
- Today, the farm houses 340 cows and 320 young stock.



## **POLICY BRIEFING**

**DATE: SUNDAY JUNE 24, 2018**

**TOPIC: BREAKFAST ON THE FARM MARINETTE COUNTY**

**STAFF: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **June Dairy Month**

National Milk Month was established in 1937, and in 1940, Governor Julius Heil proclaimed June to be Dairy Month for the first time in Wisconsin. America's Dairyland has celebrated June Dairy Month in many community events including farm breakfasts, a Wisconsin tradition for more than 45 years. The first organized dairy breakfast was held in 1970 in Jefferson County. They are typically planned by county dairy promotion committees, agribusiness clubs and/or chambers of commerce.

### **Wisconsin's Dairy Industry**

#### ***Economic impact***

- Dairy is the largest segment of Wisconsin agriculture. Of the \$88.3 billion economic impact of agriculture, **\$43.4 billion** is contributed by the dairy industry.
- The dairy industry employs **78,900** people in the state.
- The Wisconsin mailbox milk price averaged \$17.95 per hundredweight (cwt) in 2017.
  - The mailbox price is defined as the net price received by dairy farmers for milk, including all payments received for milk sold and deducting costs associated with marketing the milk.

#### ***Production***

- Wisconsin is home to about **8,600 dairy farms**, more than any other state.
  - Wisconsin is home to more than **20% of the nation's dairy herds**.
- Ninety-six percent of Wisconsin dairy farms are family-owned.
- Wisconsin produces about **14%** of the total U.S. milk production.
- Wisconsin produced **30.3 billion pounds** of milk in 2017, just over one percent more than the previous record of 30.1 billion pounds harvested in 2016.
  - It takes ten pounds of milk to make one pound of cheese, and 22 pounds of milk to make one pound of butter.
- As the country's top cheese producer, Wisconsin made a record **3.37 billion pounds** in 2017, which accounted for 26.6% of the nation's production.
- The average number of milk cows on Wisconsin farms for April 2018 was 1.27 million head.
- Milk per cow rose to an all-time high of 23,725 pounds, up 183 pounds from the year earlier.  
(Wisconsin Ag Connection, "Wisconsin Officially Set New Milk Production Record in '17," 5/9/18)

#### ***Processing***

- Wisconsin has 415 dairy processing plants operating.
- There are 146 cheese plants (including cow, dairy goat and sheep cheeses). Wisconsin has 14 butter factories, 22 ice cream plants, and 18 yogurt plants.
- Wisconsin cheesemakers make 27% of the nation's cheese, ranking Wisconsin as the top cheese producing state. Nearly 1,200 licensed cheesemakers make over 600 varieties, types, and styles of cheese – nearly double the number of any other state.
- Wisconsin leads the nation in the production of specialty cheeses, such as Feta, Asiago, Gorgonzola, Gouda, Limburger and many others. Wisconsin accounts for **45%** of all specialty cheese made in the U.S.



## **POLICY BREIFING**

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**STAFF: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

- If Wisconsin were a country, it would rank **fourth in world cheese production**, behind only the United States, Germany and France.
- At the 2018 World Championship Cheese Contest, Wisconsin earned **47** gold medals and had five finalists for the best cheese. Wisconsin took home **60%** of the awards given at the 2017 U.S. Championship Cheese Contest.
- Cheese consumption is at an all-time high. Americans eat about **35 pounds** of total cheese each year.

### ***Exports***

- In 2017, Wisconsin exported \$3.5 billion of agricultural products. This is an increase of 3.6% compared to the same period last year.
- Wisconsin ranks 12<sup>th</sup> in the nation for the value of agricultural exports. The state exports agricultural products to 147 countries.
- The top three agricultural export markets for Wisconsin in 2017 were Canada, Mexico and China.
- Wisconsin exports of dairy products in 2017 were valued at \$297 million, a 20% increase over 2016.
  - The top destinations for these products are Canada, Mexico, China, Japan and Korea.



## **POLICY BRIEFING**

**DATE: SUNDAY JUNE 24, 2018**

**TOPIC: BREAKFAST ON THE FARM MARINETTE COUNTY**

**STAFF: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **Support for Wisconsin's Dairy Industry**

#### ***Dairy Task Force 2.0***

- On June 5, the Governor announced the creation of a task force to maintain a viable and profitable dairy industry. The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) and the University of Wisconsin System (UW System) will create Wisconsin Dairy Task Force 2.0 that will enable stakeholders to come together to make recommendations.
- The overall objective is to facilitate communication across the industry to develop actionable items to address challenges facing dairy farmers, processors and allied organizations in order to maintain Wisconsin's leadership as America's Dairyland
- The Task Force will be chaired by Mark Stephenson. Stephenson is the Director of Dairy Policy Analysis at UW-Madison where he is involved in research and outreach in the dairy industry.
- In 1985, the UW System and DATCP Secretary appointed a Wisconsin Dairy Task Force comprised of 31 individuals including dairy farmers, milk processors and allied organizations. The Task Force met numerous times over the course of 14 months, and at its conclusion, unanimously approved an 82-page report that included findings and 75 recommendations for the industry. Many of the recommendations have been implemented over time to retain Wisconsin's recognition as a dairy leader.

#### ***Governor's Dairy Scholarships***

Announced in the Governor's 2017 State of the State address, Wisconsin students interested in dairy careers are able to apply for the new Governor's Dairy Scholarships.

- The value of the scholarship is up to \$2,500 per year, to be applied towards tuition.
- The scholarships may be used at Wisconsin Technical Colleges or University of Wisconsin campuses that have dairy programs – Madison, River Falls, and Platteville. UW-Madison's Farm and Industry Short Course qualifies for programs that can be completed in two years or less.
- Wisconsin students who have demonstrated an involvement in the state's dairy industry and who intend to continue in or return to dairying after a period of vocational study are eligible.

#### ***Market development***

In January, Governor Walker signed Executive Order #275 relating to the Wisconsin Agriculture Market Development Initiative. The order encourages research, product development and expansion of agricultural markets, both domestically and internationally, by increasing coordination with agricultural stakeholders such as the Dairy Farmers of Wisconsin and the Wisconsin Center for Dairy Research.

#### ***Wisconsin Farm Center***

During this extended period of low milk and commodity prices, DATCP's Farm Center staff are available to provide financial planning, farm successions, conflict mediation, and accessing counseling services. Services are free and confidential. Farmers can reach the Farm Center by calling the toll-free line at 1-800-942-2474.



**POLICY BREIFING**

**DATE: SUNDAY JUNE 24, 2018**

**TOPIC: BREAKFAST ON THE FARM MARINETTE COUNTY**

**STAFF: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

***Producer-Led Watershed Protection Grants***

Earlier this year, Governor Walker called on the legislature to increase funding for the Producer-Led Watershed Protection Grants which addresses unique soil and water quality challenges of local landscapes and communities. The bill passed the legislature, and was later signed into law on April 3<sup>rd</sup>, 2018, which allocated an additional \$500,000 of funding each year through 2019, which triples the funds that are available for projects.



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- Wisconsin has been losing dairy farms at an approximate rate of 500 farms per year since 2003.
  - The number of dairies in the state has fallen more than 20 percent in the last five years.
- **Farmers Grow Older as Obstacles for Young Farmers Grow** "The average age of the typical farmer has risen: Farmers over age 65 outnumber farmers under 35 by a margin of six to one, and nearly two-thirds of U.S. farmland is set to transition to new ownership within the next 20 years, according to a survey conducted by the National Young Farmer's Coalition." (Autumn Luedke, [Sauk Prairie Eagle](#) 5/9/18)
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### **Wisconsin's Agricultural Exports to China** (2017 DATCP data-Wisertrade Database)

In retaliation to President Trump's tariffs on steel and aluminum, China announced tariffs on 128 products and \$50 billion including key Wisconsin products such as ginseng, cranberries, and soybeans. The proposed China tariffs resulted in a 15% tariff increase on ginseng and cranberries and 25% on soybeans. As a result of a separate investigation into China's violations of intellectual-property rights, the White House announced a 25 percent tariff on \$50 billion of Chinese high-tech goods. The final list of goods will be available by June 15.

#### ***Overview***

- China is Wisconsin's third most valuable export market for our agricultural products. In 2017, Wisconsin exported nearly **\$300 million** of agricultural products to China, an increase of more than 27% over the year before.
- The top Wisconsin agricultural export product categories to China last year were wood, raw hides and skins, and dairy-related products.

#### ***Ginseng***

- China is Wisconsin's top ginseng export market. Wisconsin exported \$14 million of ginseng to China in 2017. This was 46% of Wisconsin's total ginseng exports last year.
- Wisconsin ginseng is considered the highest-quality American ginseng in the world. Wisconsin is the number one producer of ginseng in the United States accounting for about **90-95% of all ginseng produced in the country**, and Marathon County is the top ginseng growing county in the state, producing about 95% of Wisconsin's annual crop.

#### ***Soybeans***

- In 2017, China was Wisconsin's eighth largest export market for soybeans. Wisconsin exported \$7.2 million of soybeans to China, comprising about 3% of Wisconsin's total soybean exports.
  - Wisconsin's largest export market for soybeans last year was Mexico, which made up \$176 million or about 70% of Wisconsin's total soybean exports.
- Wisconsin is a major exporter of soybeans. Two out of every three Wisconsin soybean rows are exported internationally.
- Wisconsin produced 101 million bushels of soybeans in 2017. The amount of planted and harvested soybean acreage set record highs last year.

#### ***Cranberries***

- In 2017, China was Wisconsin's third largest export market for cranberries. Wisconsin exported \$11 million of cranberries to China, comprising about 9% of Wisconsin's total cranberry exports.
  - Wisconsin's largest export market for cranberries in 2017 was the Netherlands with exports totaling \$27.8 million, which is about 23% of the state's total cranberry exports.
- Wisconsin ranks first in the nation for cranberry production, producing 64% of the nation's total. Wisconsin's total production was more than twice that of the next highest producing state, Massachusetts.



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**Additional Reading**

***Recent News***

The Milk Marketing Board announced that the organization's new name, Dairy Farmers of Wisconsin in April. (Wisconsin Milk Marketing Board renamed Dairy Farmers of Wisconsin, [WKOW](#), 4/25/18)

Because of the late winter storm and heavy rains, spring planting activity has been behind schedule. As of May 22, spring tillage was six days behind last year and three days slower than normal. Corn planting was also a half-week behind average. ("More Than Half the Corn, Third of Soybeans Now Planted," [Wisconsin Ag Connection](#) 5/22/18)

Currently, there are calls from producer groups such as the National Milk Producers Federation, for the Food and Drug Administration (FDA) to enforce a strict definition of milk, excluding plant-based products such as soy and coconut from using the word milk. (Chase Purdy, "There's a war over the definition of 'milk' between dairy farmers and food startups—and Trump may settle it," [Quartz Media](#), 3/3/17)



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**Event Overview**

The Governor will visit Bratz Dairy in Franksville, Racine County for the Racine County Breakfast on the Farm.

**Note: In 2016, there were a total of 3,500 cows in Racine County which produced 88,900 pounds of milk.**

**Table of Contents**

Bratz Dairy Farm Background	Page 2
June Dairy Month	Page 3
Wisconsin's Dairy Industry	Page 3-4
Support for Wisconsin's Dairy Industry	Page 5-6
State of Dairy Industry Background	Page 7
National/International Issues	Page 7
North American Free Trade Agreement Background	Page 8-9
Wisconsin's Agricultural Exports to China	Page 10
Additional Reading	Page 11



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**Bratz Dairy Farm Background**

- Bratz Dairy Farm is a fifth-generation family farm operated by husband and wife Jeremy and Jackie Bratz.
- The farm milks 150 dairy cows and the herd consists of Holstein, Jersey, Brown Swiss, Ayrshire, and Crossbred breeds. They also grow 300 acres of corn and alfalfa.
- Jackie Bratz's brother Jim Waldron also works on the family farm. Jim was paralyzed from the waist down in 2012 from a fall at the farm. Since then, he has modified the farm's equipment to make it more accessible, and he continues his work on the farm while running a business selling seeds and farming equipment/technology to small farms.



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### **June Dairy Month**

National Milk Month was established in 1937, and in 1940, Governor Julius Heil proclaimed June to be Dairy Month for the first time in Wisconsin. America's Dairyland has celebrated June Dairy Month in many community events including farm breakfasts, a Wisconsin tradition for more than 45 years. The first organized dairy breakfast was held in 1970 in Jefferson County. They are typically planned by county dairy promotion committees, agribusiness clubs and/or chambers of commerce.

### **Wisconsin's Dairy Industry**

#### ***Economic impact***

- Dairy is the largest segment of Wisconsin agriculture. Of the \$88.3 billion economic impact of agriculture, **\$43.4 billion** is contributed by the dairy industry.
- The dairy industry employs **78,900** people in the state.
- The Wisconsin mailbox milk price averaged \$17.95 per hundredweight (cwt) in 2017.
  - The mailbox price is defined as the net price received by dairy farmers for milk, including all payments received for milk sold and deducting costs associated with marketing the milk.

#### ***Production***

- Wisconsin is home to about **8,600 dairy farms**, more than any other state.
  - Wisconsin is home to more than **20% of the nation's dairy herds**.
- Ninety-six percent of Wisconsin dairy farms are family-owned.
- Wisconsin produces about **14%** of the total U.S. milk production.
- Wisconsin produced **30.3 billion pounds** of milk in 2017, just over one percent more than the previous record of 30.1 billion pounds harvested in 2016.
  - It takes ten pounds of milk to make one pound of cheese, and 22 pounds of milk to make one pound of butter.
- As the country's top cheese producer, Wisconsin made a record **3.37 billion pounds** in 2017, which accounted for 26.6% of the nation's production.
- The average number of milk cows on Wisconsin farms for April 2018 was 1.27 million head.
- Milk per cow rose to an all-time high of 23,725 pounds, up 183 pounds from the year earlier.  
(Wisconsin Ag Connection, "Wisconsin Officially Set New Milk Production Record in '17," 5/9/18)

#### ***Processing***

- Wisconsin has 415 dairy processing plants operating.
- There are 146 cheese plants (including cow, dairy goat and sheep cheeses). Wisconsin has 14 butter factories, 22 ice cream plants, and 18 yogurt plants.
- Wisconsin cheesemakers make 27% of the nation's cheese, ranking Wisconsin as the top cheese producing state. Nearly 1,200 licensed cheesemakers make over 600 varieties, types, and styles of cheese – nearly double the number of any other state.
- Wisconsin leads the nation in the production of specialty cheeses, such as Feta, Asiago, Gorgonzola, Gouda, Limburger and many others. Wisconsin accounts for **45%** of all specialty cheese made in the U.S.



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- If Wisconsin were a country, it would rank **fourth in world cheese production**, behind only the United States, Germany and France.
- At the 2018 World Championship Cheese Contest, Wisconsin earned **47** gold medals and had five finalists for the best cheese. Wisconsin took home **60%** of the awards given at the 2017 U.S. Championship Cheese Contest.
- Cheese consumption is at an all-time high. Americans eat about **35 pounds** of total cheese each year.

### ***Exports***

- In 2017, Wisconsin exported \$3.5 billion of agricultural products. This is an increase of 3.6% compared to the same period last year.
- Wisconsin ranks 12<sup>th</sup> in the nation for the value of agricultural exports. The state exports agricultural products to 147 countries.
- The top three agricultural export markets for Wisconsin in 2017 were Canada, Mexico and China.
- Wisconsin exports of dairy products in 2017 were valued at \$297 million, a 20% increase over 2016.
  - The top destinations for these products are Canada, Mexico, China, Japan and Korea.



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### **Support for Wisconsin's Dairy Industry**

#### ***Dairy Task Force 2.0***

- On June 5, the Governor announced the creation of a task force to maintain a viable and profitable dairy industry. The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) and the University of Wisconsin System (UW System) will create Wisconsin Dairy Task Force 2.0 that will enable stakeholders to come together to make recommendations.
- The overall objective is to facilitate communication across the industry to develop actionable items to address challenges facing dairy farmers, processors and allied organizations in order to maintain Wisconsin's leadership as America's Dairyland
- The Task Force will be chaired by Mark Stephenson. Stephenson is the Director of Dairy Policy Analysis at UW-Madison where he is involved in research and outreach in the dairy industry.
- In 1985, the UW System and DATCP Secretary appointed a Wisconsin Dairy Task Force comprised of 31 individuals including dairy farmers, milk processors and allied organizations. The Task Force met numerous times over the course of 14 months, and at its conclusion, unanimously approved an 82-page report that included findings and 75 recommendations for the industry. Many of the recommendations have been implemented over time to retain Wisconsin's recognition as a dairy leader.

#### ***Governor's Dairy Scholarships***

Announced in the Governor's 2017 State of the State address, Wisconsin students interested in dairy careers are able to apply for the new Governor's Dairy Scholarships.

- The value of the scholarship is up to \$2,500 per year, to be applied towards tuition.
- The scholarships may be used at Wisconsin Technical Colleges or University of Wisconsin campuses that have dairy programs – Madison, River Falls, and Platteville. UW-Madison's Farm and Industry Short Course qualifies for programs that can be completed in two years or less.
- Wisconsin students who have demonstrated an involvement in the state's dairy industry and who intend to continue in or return to dairying after a period of vocational study are eligible.

#### ***Market development***

In January, Governor Walker signed Executive Order #275 relating to the Wisconsin Agriculture Market Development Initiative. The order encourages research, product development and expansion of agricultural markets, both domestically and internationally, by increasing coordination with agricultural stakeholders such as the Dairy Farmers of Wisconsin and the Wisconsin Center for Dairy Research.

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In retaliation to President Trump's tariffs on steel and aluminum, China announced tariffs on 128 products and \$50 billion including key Wisconsin products such as ginseng, cranberries, and soybeans. The proposed China tariffs resulted in a 15% tariff increase on ginseng and cranberries and 25% on soybeans. As a result of a separate investigation into China's violations of intellectual-property rights, the White House announced a 25 percent tariff on \$50 billion of Chinese high-tech goods. The final list of goods will be available by June 15.

#### ***Overview***

- China is Wisconsin's third most valuable export market for our agricultural products. In 2017, Wisconsin exported nearly **\$300 million** of agricultural products to China, an increase of more than 27% over the year before.
- The top Wisconsin agricultural export product categories to China last year were wood, raw hides and skins, and dairy-related products.

#### ***Ginseng***

- China is Wisconsin's top ginseng export market. Wisconsin exported \$14 million of ginseng to China in 2017. This was 46% of Wisconsin's total ginseng exports last year.
- Wisconsin ginseng is considered the highest-quality American ginseng in the world. Wisconsin is the number one producer of ginseng in the United States accounting for about **90-95% of all ginseng produced in the country**, and Marathon County is the top ginseng growing county in the state, producing about 95% of Wisconsin's annual crop.

#### ***Soybeans***

- In 2017, China was Wisconsin's eighth largest export market for soybeans. Wisconsin exported \$7.2 million of soybeans to China, comprising about 3% of Wisconsin's total soybean exports.
  - Wisconsin's largest export market for soybeans last year was Mexico, which made up \$176 million or about 70% of Wisconsin's total soybean exports.
- Wisconsin is a major exporter of soybeans. Two out of every three Wisconsin soybean rows are exported internationally.
- Wisconsin produced 101 million bushels of soybeans in 2017. The amount of planted and harvested soybean acreage set record highs last year.

#### ***Cranberries***

- In 2017, China was Wisconsin's third largest export market for cranberries. Wisconsin exported \$11 million of cranberries to China, comprising about 9% of Wisconsin's total cranberry exports.
  - Wisconsin's largest export market for cranberries in 2017 was the Netherlands with exports totaling \$27.8 million, which is about 23% of the state's total cranberry exports.
- Wisconsin ranks first in the nation for cranberry production, producing 64% of the nation's total. Wisconsin's total production was more than twice that of the next highest producing state, Massachusetts.



## **POLICY BRIEFING**

**DATE: SATURDAY JUNE 23, 2018**

**TOPIC: BREAKFAST ON THE FARM RACINE COUNTY**

**STAFF: SAMUEL KREBS (o) 608- [REDACTED] (c) 850- [REDACTED]**

### **Additional Reading**

#### ***Recent News***

In April, the Milk Marketing Board announced that the organization's new name is Dairy Farmers of Wisconsin. (Wisconsin Milk Marketing Board renamed Dairy Farmers of Wisconsin, [WKOW](#), 4/25/18)

Because of the late winter storm and heavy rains, spring planting activity has been behind schedule. As of May 22, spring tillage was six days behind last year and three days slower than normal. Corn planting was also a half-week behind average. ("More Than Half the Corn, Third of Soybeans Now Planted," [Wisconsin Ag Connection](#) 5/22/18)

Currently, there are calls from producer groups such as the National Milk Producers Federation, for the Food and Drug Administration (FDA) to enforce a strict definition of milk, excluding plant-based products such as soy and coconut from using the word milk. (Chase Purdy, "There's a war over the definition of 'milk' between dairy farmers and food startups—and Trump may settle it," [Quartz Media](#), 3/3/17)

**From:** [Stajkovic, Aleks - GOV](#)  
**To:** [Neitzel, William E - GOV](#)  
**Subject:** Re: Trade Retaliation Document  
**Date:** Thursday, June 28, 2018 4:08:55 PM  
**Attachments:** [Trade Tracking .docx](#)

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Also saved to your Gov account

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**From:** Neitzel, William E - GOV  
**Sent:** Thursday, June 28, 2018 6:00:10 AM  
**To:** Stajkovic, Aleks - GOV  
**Subject:** FW: Trade Retaliation Document

## Trade Tracking

### Canada

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In response to the US announcement of tariffs on imports of certain steel and aluminum products from Canada at 25% and 10%, Canada intends to impose surtaxes or similar trade-restrictive countermeasures against up to \$16.6 billion on imports of steel, aluminum, and other products from the US. These tariffs will take effect July 1<sup>st</sup> on more than 100 US products.

<https://www.fin.gc.ca/activity/consult/cacsap-cmpcaa-eng.asp>

<https://www.thestar.com/news/canada/2018/05/31/us-will-hit-canada-with-steel-and-aluminum-tariffs-as-of-midnight-tonight.html>

Canada will add tariffs of 25% to:

- Flat-rolled products of iron or non-alloy steel
- Flat-rolled products of stainless steel
- Tubes, pipes, and hollow profiles of iron
- Railway or tramway track construction material

Canada will add 10% surtax to:

- Yogurt, strawberry jam
- Roasted coffee
- Chocolate, white chocolate, confectionery sugar
- Sleeping bags
- Soya sauce, ketchup, mustard
- Dishwasher detergent
- Insecticides
- Kitchenware
- Plywood
- Lawn mowers
- Inflatable boats, sailboats, and motorboats
- Mattresses

<https://globalnews.ca/news/4244709/us-steel-aluminum-tariffs-retaliation/>

The industries that will be significantly impacted in Wisconsin include cucumber, gherkin, dairy, and lawn mower producers. These products were intentionally added to the list because of their substantial presence in Wisconsin. Canada has consciously chosen to target specific products that are produced in Republican states.

<http://www.cbc.ca/news/politics/steel-tariff-maple-syrup-toilet-paper-1.4686833>

### Mexico

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On June 5, 2018 Mexico hits back at the United States by imposing tariffs on around \$3 billion worth of American pork, steel, cheese, and other goods in response to the Trump administration's steels and

aluminum levies. These tariffs are targeted at dominantly Republican states and will have a harsh consequence on American farmers.

<https://www.nytimes.com/2018/06/05/us/politics/trump-trade-canada-mexico-nafta.html>

Mexico released a unexhaustive list of tariffed products including:

- Flat steel
- Lamps
- Pork legs and shoulders
- Sausages and other prepared food
- Apples
- Grapes
- Blueberries
- Various Cheeses

<https://globalnews.ca/news/4244709/us-steel-aluminum-tariffs-retaliation/>

Detailed list of products:

[https://www.dof.gob.mx/nota\\_detalle.php?codigo=5525036&fecha=05/06/2018](https://www.dof.gob.mx/nota_detalle.php?codigo=5525036&fecha=05/06/2018)

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## Japan

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On May 18, Japan notified the World Trade Organization that it was reserving the right to impose retaliatory tariffs on US exports worth \$400 million against the US in response to tariffs on steel and aluminum. This claim has not been made with the WTO, but Japan is signaling that will impose retaliatory measures if it does not gain tariff exemptions.

<https://www.nytimes.com/2018/05/18/world/asia/japan-trump-tariffs-wto-.html>

It is not clear which goods would be affected, but major US exports to Japan that could be affected include aircraft, electrical machinery, corn, pork, beef, and soy.

<http://www.nydailynews.com/news/world/japan-preparing-400m-retaliation-tariffs-trump-article-1.3994575>

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## China

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Starting July 6<sup>th</sup>, a list of 545 product categories that would cover about \$34 billion in exports from the US that would be subject to an additional 25% tariff. These products include a variety of agricultural products such as soybeans, corn, wheat, beef, pork, and poultry. The second set of tariffs that begin later include coal, crude oil, gasoline, and medical equipment.

<https://www.bloomberg.com/news/articles/2018-06-15/trump-targets-50-billion-in-china-goods-vows-more-if-needed>

After Trump's administration revealed plans to impose 25% tariffs on \$50 billion in Chinese products, China expanded their list of US products that would be subject to tariff to 659 types of goods. Most of the retaliatory products include agriculture, seafood, and energy products.

<https://www.wsj.com/articles/white-house-announces-tariffs-on-50-billion-of-goods-from-china-1529065534>

Products subject to 25% tariffs: pork and aluminum

Products subject to 15% tariffs: Fruits, nuts, wine, herbs, pipes

[www.cbsnews.com/news/chinas-tariff-hikes-here-are-the-u-s-products-getting-hit/](http://www.cbsnews.com/news/chinas-tariff-hikes-here-are-the-u-s-products-getting-hit/)

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## European Union

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The European Union will begin charging a 25% tariff on \$3.2 billion of politically-sensitive US products including bourbon from Kentucky and dairy products from Wisconsin.

Some of these US exports subject to tariffs include:

- Several common food products, including kidney beans, rice, cereal, peanut butter
- Orange juice
- Whiskey
- Cigarettes and tobacco
- Makeup and skincare products
- Clothing such as t-shirts, jeans, cotton items
- Several types of steel
- Cooking appliances and other kitchen products
- Rowing boats, canoes, yachts
- Paper towel, toilet paper, tampons, diapers
- Several types of shoes
- Playing cards
- Motorcycles

<https://globalnews.ca/news/4244709/us-steel-aluminum-tariffs-retaliation/>

Detailed list: [http://trade.ec.europa.eu/doclib/docs/2018/march/tradoc\\_156648.pdf](http://trade.ec.europa.eu/doclib/docs/2018/march/tradoc_156648.pdf)

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## Russia

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Russia has announced retaliatory measures in response to the United State's tariffs on steel and aluminum. Economic Development Minister Maxim Orshkin has refused to name the specific US items, but he states it will be applied to a range of US imports to compensate for the damage incurred by the US tariffs.

<http://www.businessinsider.com/ap-russia-to-slam-retaliatory-tariffs-on-us-imports-2018-6>

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## Affect on Wisconsin

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- The European Union's tariff threat on cranberries will affect the 95 million pounds of cranberries that are shipped to the EU each year. Wisconsin has accounted for 40% to more than 50% of the world's cranberry supply.
- The threat of tariffs on agricultural goods significantly impacts the Wisconsin because Canada and Mexico are Wisconsin's biggest trading partners.
- Although China is the biggest US soybean consumer, they threaten to begin buying from Brazil if the tariffs on Chinese products are not lifted.
- The steel and aluminum tariffs could raise prices on many Wisconsin goods that use metal for product containers, including beer and green beans.

<https://www.jsonline.com/story/money/2018/05/31/wisconsin-bracing-retaliation-trumps-tariffs/659478002/>

#### Ginseng

- In response to the Trump administration's imposed tariffs on steel and aluminum, China impose a tariff that place an extra 15% charge on top of American ginseng exported to China.
- Since Wisconsin grows 95% of America's ginseng, the Chinese tariff will have large consequences to the state's industry.

<https://www.wausaudailyherald.com/story/news/2018/04/02/wisconsin-ginseng-growers-worry-new-chinese-tariffs/477949002/>

#### Cranberry

- Both the European Union and China threaten to impose tariffs on United States cranberries. This will be especially determinantal to Wisconsin who produces more than half of the world's supply of cranberries.

<http://wuum.com/post/cranberry-tariffs-may-pose-risks-wisconsins-largest-fruit-crop#stream/0>

#### Pork

- In response to steel and aluminum tariffs imposed on China, China places a 25 % tax on pork
- This will have negative consequences for Wisconsin farmers as 25% of US pork comes from

<https://www.jsonline.com/story/money/business/2018/06/27/wisconsin-dairy-farmers-cheesemakers-risk-retaliatory-tariffs/738776002/>

#### Soybeans

- This crop faces a 25 % retaliatory tariff from the Chinese
- China buys \$14 million worth of soybeans from American farmers, approximately 1/3 of the entire US crop
- Wisconsin ranks 13<sup>th</sup> nationally in soybean production, thus leaders of the industry claim tariffs could be very devastating

<http://www.1410wizm.com/index.php/home-m/item/33157-wisconsin-soybean-farmers-the-latest-struggling-to-deal-with-escalating-tariff-disput>

## Cheese

- Before tariffs, Wisconsin dairy farming has already been facing serious problems.
- 15% of total milk production comes from Wisconsin, as well as 26% of the nation's cheese
- The approximate \$3 billion (25 %) retaliatory tariffs imposed by Mexico on cheese and other dairy products will have a tremendously negative consequence on Wisconsin farmers and dairy producers
- Mexico is the top buyer of US Cheese and the second biggest export market for Wisconsin dairy products (they buy a quarter of the dairy products exported by the US)
- 90% of Wisconsin cheese is sold outside of the state-the tariffs drastically reduce the market size
- According to Pete Hardin, editor of a dairy industry-based publisher in Wisconsin, the industry as a result of the tariffs is looking at "a washout" of 20% of Wisconsin dairy farm milk income on a monthly basis, or a \$75 million a month drop in Wisconsin dairy farm revenue
- Companies already are feeling the burn of tariffs, such as Sartori Cheese, a cheesemaking company located in Plymouth, Wisconsin, a company with 500 workers in the state
  - Sartori buys milk from 130 dairy farms and exports products to 49 countries
  - Despite accounting for only 10 % of revenue, the company sees exports to foreign markets are fastest growing segment in company with most opportunity
  - Company feels that they are at a competitive disadvantage with other cheesemakers like those in the EU (EU and Mexico recently made a trade deal that slashes dairy tariffs)
- Even before tariffs, Wisconsin dairy farming has been facing serious problems
  - The number of family farms fell from 16,640 to 9,520 from 2007 to 2017
  - Prices for farmers have been inconsistent if not decreasing, fluctuating from \$25 to \$10 per 100 lb.
  - Tariffs could exacerbate these problems by further driving down prices or ramping up the costs for the farmers

<https://www.jsonline.com/story/money/business/2018/06/27/wisconsin-dairy-farmers-cheesemakers-risk-retaliatory-tariffs/738776002/>

## Harley Davidson

- Harley Davidson is moving some of its production overseas in response to the EU's retaliatory tariffs
- The impact of the 31 % tariffs could be \$1 million per year on the company, or roughly \$2,200 per bike, according to the company
- Europe is a critical market-roughly 16% of bikes sold there, nearly 40,000 year
- 43% of the company's bikes are sold internationally, and Harley wants to raise that to 50%
- Also shutting down its Kansas City, MO plant (losing approximately 800 jobs) and opening factory in Thailand

<https://www.jsonline.com/story/money/2018/06/25/response-tariff-harley-davidson-moving-more-production-overseas/729995002/>)

#### Other Manufacturing Companies

- Regal Ware, a company located in West, Bend Wisconsin spent \$150,000 covering the costs of the recently imposed tariffs
- They are at an immediate disadvantage because all aluminum they important comes from Canada
- Brewing companies are also at a disadvantage since aluminum cans are the single largest cost in beer production-Wisconsin is the largest beer consuming state in nation, so the effects of the tariffs will harm beer consumers

<https://www.jsonline.com/story/money/business/2018/06/08/tariffs-take-toll-wisconsin-manufacturers/682029002/>

**From:** [LaBarre, Donald - GOV](#)  
**To:** [Naleid, Alicia - GOV](#)  
**Cc:** [Suhr, Daniel R - GOV](#); [Neitzel, William E - GOV](#)  
**Subject:** RE: 2018 06 30 Chequamegon Dairy Brief  
**Date:** Friday, June 29, 2018 9:50:19 AM  
**Attachments:** [2018 06 30 Chequamegon Dairy Day.docx](#)  
[2018 06 30 Jon & Tracy TePoel Certificate of Appreciation.docx](#)  
[image001.png](#)  
[image002.png](#)  
[image003.png](#)  
[image004.png](#)  
[image005.png](#)  
[image006.png](#)  
[image007.png](#)

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Alicia,

Attached is the updated briefing and accompanying certificate of appreciation.

Donnie

---

**From:** Naleid, Alicia - GOV  
**Sent:** Friday, June 29, 2018 9:44 AM  
**To:** Neitzel, William E - GOV <[William.Neitzel@wisconsin.gov](mailto:William.Neitzel@wisconsin.gov)>  
**Cc:** Suhr, Daniel R - GOV <[Daniel.Suhr@wisconsin.gov](mailto:Daniel.Suhr@wisconsin.gov)>; LaBarre, Donald - GOV <[Donald.LaBarre@wisconsin.gov](mailto:Donald.LaBarre@wisconsin.gov)>  
**Subject:** RE: 2018 06 30 Chequamegon Dairy Brief

The scenario mentions there's a certificate the Governor is presenting. Do you guys have a copy of that?

---

**From:** Neitzel, William E - GOV  
**Sent:** Thursday, June 28, 2018 5:02 PM  
**To:** Naleid, Alicia - GOV <[Alicia2.Naleid@wisconsin.gov](mailto:Alicia2.Naleid@wisconsin.gov)>  
**Cc:** Suhr, Daniel R - GOV <[Daniel.Suhr@wisconsin.gov](mailto:Daniel.Suhr@wisconsin.gov)>; LaBarre, Donald - GOV <[Donald.LaBarre@wisconsin.gov](mailto:Donald.LaBarre@wisconsin.gov)>  
**Subject:** 2018 06 30 Chequamegon Dairy Brief

**William Neitzel**  
Senior Policy Advisor  
Office of Governor Scott Walker  
(608) 266-1212  
[William.Neitzel@wisconsin.gov](mailto:William.Neitzel@wisconsin.gov)





## **POLICY BRIEFING**

**DATE: SATURDAY JUNE 30, 2018**

**TOPIC: CHEQUAMEGON DAIRY DAY**

**STAFF: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **Event Overview**

The Governor will visit TePoel Organic Dairy Farm in Maple, Douglas County for Chequamegon Dairy Day. TePoel Organic Dairy Farm previously hosted the Chequamegon Dairy Day in 2012.

As part of a brief program, the Governor will also deliver Remarks of approximately 5 minutes on the value of dairy farms and the dairy sector in Wisconsin and present the TePoel family with a Certificate of Appreciation. The TePoels have requested the Governor discuss what dairy farms of all sizes mean to Wisconsin and actions the Governor is taking to address low milk prices and struggling dairy farmers across the state. The Governor can highlight the Dairy Task Force 2.0 and his support through executive order of market development and opening more and new avenues for Wisconsin farmers to sell their product.

**Note: In 2016, there were a total of 300 cows in Douglas County which produced 5,040 pounds of milk.**

**Note: The TePoel Farm is a member of the Organic Valley Cooperative. Organic Valley Cooperative is a cooperative of organic farmers. Organic Valley started in 1988 as the Coulee Region Organic Produce Pool and is based out of La Farge, Wisconsin. Organic Valley is comprised of over 2000 family farms in across the U.S. with the average herd size for an Organic Valley farm is 72 cows. Organic Valley does not use and opposes GMOs, synthetic hormones, antibiotics or pesticides.**

### **Table of Contents**

TePoel Organic Dairy Farm Background	Page 2
June Dairy Month	Page 3
Wisconsin's Dairy Industry	Page 3-4
Support for Wisconsin's Dairy Industry	Page 5-6
State of Dairy Industry Background	Page 7
National/International Issues	Page 7
North American Free Trade Agreement Background	Page 8-9
Wisconsin's Agricultural Exports to China	Page 10

### **Attachments**

Jon & Tracy TePoel Certificate of Appreciation



## **POLICY BRIEFING**

**DATE: SATURDAY JUNE 30, 2018**

**TOPIC: CHEQUAMEGON DAIRY DAY**

**STAFF: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **TePoel Organic Dairy Farm Background**

- Jon and Tracy TePoel own and operate the fourth-generation TePoel Organic Dairy Farm. Their son Colton, 28, also works on the farm.
- Jon TePoel comes from a long line of farmers, with ancestors farming in France and Holland during the 1800s.
- The current family farm was founded in 1919 when his grandfather moved from Nebraska to Wisconsin and purchased 1,100 acres.
- Today, the farm consists of around 900 acres growing alfalfa, barley, and oats. The TePoel's also graze their herd of 90 dairy cows on a rotating 100 acres.
- The TePoels were the first in Douglas County to transition to fully organic milk production in 2005. They switched to organic practices, including grass grazing and not using hormones or antibiotics.
  - Additionally, as of June 2018, the TePoels sell their milk to Organic Valley farm cooperative for \$30 per hundredweight, or around twice the price of conventional milk.



Pictured: Co-Owners Jon and Tracy TePoel

### ***TePoel Organic Dairy Farm Attendees***

**Senator Janet Bewley, 25<sup>th</sup> Senate District**



**Representative Nick Milroy, 73<sup>rd</sup> Assembly District**





## **POLICY BRIEFING**

**DATE: SATURDAY JUNE 30, 2018**

**TOPIC: CHEQUAMEGON DAIRY DAY**

**STAFF: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **June Dairy Month**

National Milk Month was established in 1937, and in 1940, Governor Julius Heil proclaimed June to be Dairy Month for the first time in Wisconsin. America's Dairyland has celebrated June Dairy Month in many community events including farm breakfasts, a Wisconsin tradition for more than 45 years. The first organized dairy breakfast was held in 1970 in Jefferson County. They are typically planned by county dairy promotion committees, agribusiness clubs and/or chambers of commerce.

### **Wisconsin's Dairy Industry**

#### ***Economic impact***

- Dairy is the largest segment of Wisconsin agriculture. Of the \$88.3 billion economic impact of agriculture, **\$43.4 billion** is contributed by the dairy industry.
- The dairy industry employs **78,900** people in the state.
- The Wisconsin mailbox milk price averaged \$17.95 per hundredweight (cwt) in 2017.
  - The mailbox price is defined as the net price received by dairy farmers for milk, including all payments received for milk sold and deducting costs associated with marketing the milk.

#### ***Production***

- Wisconsin is home to about **8,600 dairy farms**, more than any other state.
  - Wisconsin is home to more than **20% of the nation's dairy herds**.
- Ninety-six percent of Wisconsin dairy farms are family-owned.
- Wisconsin produces about **14%** of the total U.S. milk production.
- Wisconsin produced **30.3 billion pounds** of milk in 2017, just over one percent more than the previous record of 30.1 billion pounds harvested in 2016.
  - It takes ten pounds of milk to make one pound of cheese, and 22 pounds of milk to make one pound of butter.
- As the country's top cheese producer, Wisconsin made a record **3.37 billion pounds** in 2017, which accounted for 26.6% of the nation's production.
- The average number of milk cows on Wisconsin farms for April 2018 was 1.27 million head.
- Milk per cow rose to an all-time high of 23,725 pounds, up 183 pounds from the year earlier.  
(Wisconsin Ag Connection, "Wisconsin Officially Set New Milk Production Record in '17," 5/9/18)

#### ***Processing***

- Wisconsin has 415 dairy processing plants operating.
- There are 146 cheese plants (including cow, dairy goat and sheep cheeses). Wisconsin has 14 butter factories, 22 ice cream plants, and 18 yogurt plants.
- Wisconsin cheesemakers make 27% of the nation's cheese, ranking Wisconsin as the top cheese producing state. Nearly 1,200 licensed cheesemakers make over 600 varieties, types, and styles of cheese – nearly double the number of any other state.
- Wisconsin leads the nation in the production of specialty cheeses, such as Feta, Asiago, Gorgonzola, Gouda, Limburger and many others. Wisconsin accounts for **45%** of all specialty cheese made in the U.S.



## **POLICY BRIEFING**

**DATE: SATURDAY JUNE 30, 2018**

**TOPIC: CHEQUAMEGON DAIRY DAY**

**STAFF: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

- If Wisconsin were a country, it would rank **fourth in world cheese production**, behind only the United States, Germany and France.
- At the 2018 World Championship Cheese Contest, Wisconsin earned **47** gold medals and had five finalists for the best cheese. Wisconsin took home **60%** of the awards given at the 2017 U.S. Championship Cheese Contest.
- Cheese consumption is at an all-time high. Americans eat about **35 pounds** of total cheese each year.

### ***Exports***

- In 2017, Wisconsin exported \$3.5 billion of agricultural products. This is an increase of 3.6% compared to the same period last year.
- Wisconsin ranks 12<sup>th</sup> in the nation for the value of agricultural exports. The state exports agricultural products to 147 countries.
- The top three agricultural export markets for Wisconsin in 2017 were Canada, Mexico and China.
- Wisconsin exports of dairy products in 2017 were valued at \$297 million, a 20% increase over 2016.
  - The top destinations for these products are Canada, Mexico, China, Japan and Korea.



## **POLICY BRIEFING**

**DATE: SATURDAY JUNE 30, 2018**

**TOPIC: CHEQUAMEGON DAIRY DAY**

**STAFF: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **Support for Wisconsin's Dairy Industry**

#### ***Dairy Task Force 2.0***

- On June 5, the Governor announced the creation of a task force to maintain a viable and profitable dairy industry. The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) and the University of Wisconsin System (UW System) will create Wisconsin Dairy Task Force 2.0 that will enable stakeholders to come together to make recommendations.
- The overall objective is to facilitate communication across the industry to develop actionable items to address challenges facing dairy farmers, processors and allied organizations in order to maintain Wisconsin's leadership as America's Dairyland
- The Task Force will be chaired by Mark Stephenson. Stephenson is the Director of Dairy Policy Analysis at UW-Madison where he is involved in research and outreach in the dairy industry.
- In 1985, the UW System and DATCP Secretary appointed a Wisconsin Dairy Task Force comprised of 31 individuals including dairy farmers, milk processors and allied organizations. The Task Force met numerous times over the course of 14 months, and at its conclusion, unanimously approved an 82-page report that included findings and 75 recommendations for the industry. Many of the recommendations have been implemented over time to retain Wisconsin's recognition as a dairy leader.

#### ***Governor's Dairy Scholarships***

Announced in the Governor's 2017 State of the State address, Wisconsin students interested in dairy careers are able to apply for the new Governor's Dairy Scholarships.

- The value of the scholarship is up to \$2,500 per year, to be applied towards tuition.
- The scholarships may be used at Wisconsin Technical Colleges or University of Wisconsin campuses that have dairy programs – Madison, River Falls, and Platteville. UW-Madison's Farm and Industry Short Course qualifies for programs that can be completed in two years or less.
- Wisconsin students who have demonstrated an involvement in the state's dairy industry and who intend to continue in or return to dairying after a period of vocational study are eligible.

#### ***Market development***

In January, Governor Walker signed Executive Order #275 relating to the Wisconsin Agriculture Market Development Initiative. The order encourages research, product development and expansion of agricultural markets, both domestically and internationally, by increasing coordination with agricultural stakeholders such as the Dairy Farmers of Wisconsin and the Wisconsin Center for Dairy Research.

#### ***Wisconsin Farm Center***

During this extended period of low milk and commodity prices, DATCP's Farm Center staff are available to provide financial planning, farm successions, conflict mediation, and accessing counseling services. Services are free and confidential. Farmers can reach the Farm Center by calling the toll-free line at 1-800-942-2474.



**POLICY BRIEFING**

**DATE: SATURDAY JUNE 30, 2018**

**TOPIC: CHEQUAMEGON DAIRY DAY**

**STAFF: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

***Producer-Led Watershed Protection Grants***

Earlier this year, Governor Walker called on the legislature to increase funding for the Producer-Led Watershed Protection Grants which addresses unique soil and water quality challenges of local landscapes and communities. The bill passed the legislature, and was later signed into law on April 3<sup>rd</sup>, 2018, which allocated an additional \$500,000 of funding each year through 2019, which triples the funds that are available for projects.



## **POLICY BRIEFING**

**DATE: SATURDAY JUNE 30, 2018**

**TOPIC: CHEQUAMEGON DAIRY DAY**

**STAFF: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **State of Dairy Industry Background**

This is a time of structural change in Wisconsin's dairy industry, prompted by global oversupply and resultant downward pressure on milk prices.

- Milk prices for Wisconsin dairy farmers have been at or below breakeven prices for three consecutive years. This is causing financial stress on the farmers in the form of declining equity, increased open accounts, and delayed capital reinvestment in the farming operation. Many dairy producers report they are operating in a survival mode, hoping prices improve.
- Wisconsin has been losing dairy farms at an approximate rate of 500 farms per year since 2003.
  - The number of dairies in the state has fallen more than 20 percent in the last five years.
- **Farmers Grow Older as Obstacles for Young Farmers Grow** "The average age of the typical farmer has risen: Farmers over age 65 outnumber farmers under 35 by a margin of six to one, and nearly two-thirds of U.S. farmland is set to transition to new ownership within the next 20 years, according to a survey conducted by the National Young Farmer's Coalition." (Autumn Luedke, [Sauk Prairie Eagle](#) 5/9/18)
- **Farm Agencies Call for Congress to Fund Farmer Mental Health Services** "With low commodity prices for the last three years the number of suicide among farmers is on the rise. According to the Centers for Disease Control factors like social isolation, potential for financial losses, barriers to and unwillingness to seek mental health services have made the farming occupation one with the highest rates of suicide." (Robyn Oguinye, [WFRV](#) 4/11/18)

### **National/International Issues**

#### ***Farm Bill***

On May 18, the House Farm Bill (HR 2) failed to pass the House. The final vote was 198-213, with 218 needed for passage. The bill may be brought back to the floor after a vote on immigration is held. The Senate version of a Farm Bill is currently being written and is more moderate than the House version. Key provisions of the House Farm Bill include:

- Reauthorizing the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) options through 2023.
- Supplemental Nutrition Assistance Program (SNAP) or food stamps existing work requirements are strengthened requiring able-bodied adults between the ages of 18 and 59 to work or be enrolled in a job-training program for at least 20 hours a week beginning in fiscal year 2021.
- Crop insurance remains significantly the same.

#### ***Milk Price Floor***

- "More than 50 groups across the country- including the Wisconsin Farmers Union, Family Farm Defenders, and the National Family Farm Coalition- asked Congress for emergency relief from the deepening troubles on small dairy farms. Among other things, they want the government to set a minimum price that farmers would get for their milk- at a break-even point of \$20 per hundred pounds, or about 11 gallons, compared with \$13 paid in some months of the downturn." (Rick Barrett, "With Their Way of Life In Jeopardy, Dairy Farmers Research Ways to Stabilize Markets", [Milwaukee Journal Sentinel](#) 4/27/18)



## **POLICY BRIEFING**

**DATE: SATURDAY JUNE 30, 2018**

**TOPIC: CHEQUAMEGON DAIRY DAY**

**STAFF: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **North American Free Trade Agreement Background**

- The North American Free Trade Agreement (NAFTA) was agreed to by the U.S., Mexico and Canada in 1992, ratified by the U.S. Congress in 1993
- The goal of NAFTA was to eliminate barriers to trade and investment between the U.S., Canada, and Mexico.
- Tariffs were eliminated progressively and all duties and quantitative restrictions, except for those on a limited number of agricultural products traded with Canada, were eliminated by 2008.

### ***Wisconsin and NAFTA Statistics***

- Canada is Wisconsin's top trading partner, accounting for over \$6.8 billion in exports and \$4.2 billion in imports in 2017.
- Mexico ranks #2 for Wisconsin exports with over \$3.1 billion and #4 for imports at \$2.9 billion. Wisconsin exports to Mexico in 2017 are up 4.78% over the previous year.
- According to a report by the U.S. Chamber of Commerce, approximately 46% of all Wisconsin exports are destined for Canada and Mexico. According to the report, the total value of exports to Canada and Mexico is \$10 billion. According to the report, approximately 249,000 Wisconsin jobs would be at risk if the United States withdrew from NAFTA. (John Murphy, "Which States Would Be Hit Hardest by Withdrawing from NAFTA," [U.S. Chamber of Commerce](#), 11/17/2017)
- According to a study prepared for Business Roundtable by Trade Partnership Worldwide, "abandoning this U.S. trade agreement (NAFTA) would eliminate 33,990 Wisconsin jobs within one year, reduce Wisconsin businesses' exports to Mexico and Canada by \$1.9 billion, and lower Wisconsin's economic output by more than \$2.0 billion." (Joseph F. Francois and Laura M. Baughman, "Terminating NAFTA: The National and State-by-State Impacts on Jobs, Exports and Output," [Trade Partnership Worldwide](#) January 2018.)
- The study also states that long term; Wisconsin could lose up to 67,000 jobs.

### ***Agriculture***

- Canada and Mexico are Wisconsin's top two agriculture export markets as Wisconsin's ag exports to the two countries have seen significant growth in the past twenty years. (DATCP)
  - In 1996, Wisconsin exported \$240 million of ag products to Canada. In 2016, Wisconsin exported \$1.4 billion of ag products to Canada. This is nearly five times larger than it was twenty years ago. (DATCP)
  - In 1996, Wisconsin exported \$38 million in ag products to Mexico. In 2016, Wisconsin exported \$360 million in ag products to Mexico. This is more than nine times larger than twenty years ago. (DATCP)
- In 2017, nearly half of Wisconsin's dairy, fruit, and vegetable exports went to Canada and Mexico. (DATCP)
- According to Americans for Farmers & Families, \$1.5 billion, or 54% of Wisconsin's \$2.7 billion in food and agriculture exports went to NAFTA partners in 2016. ("Wisconsin," [Americans For Farmers & Families](#), Accessed 1/31/18)



## **POLICY BRIEFING**

**DATE: SATURDAY JUNE 30, 2018**

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**STAFF: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

### ***President Trump on NAFTA***

- Shortly after being elected, U.S. President Donald Trump announced his intention to begin renegotiating the terms of NAFTA, seeking to resolve issues with trade outlined during his campaign for the presidency. The President has threatened to withdraw from NAFTA if negotiations fail. (*"What is NAFTA, and how might Trump change it?" The New York Times, Apr. 27, 2017*)

### ***United States Trade Representative on NAFTA***

- U.S. Trade Representative Robert Lighthizer has been conducting renegotiation talks since May 2017; reports have suggested that preliminary agreements are still weeks away. (*UTSR Releases NAFTA Negotiating Objectives, Office of the United States Trade Representative Accessed 1/31/18*)

### ***Canada Dairy Trade***

- Canada has steep tariffs in place for most dairy products, a policy intended to protect its own dairy industry. The US and other countries have been exporting a processed, high-protein product called ultra-filtered milk to Canada – a product that did not exist when NAFTA began - and was therefore not subject to tariffs.
- In Spring 2016, the Province of Ontario instituted a pricing policy designed to discourage US exports of ultra-filtered milk.
  - The Canadian dairy industry has targeted US exports by proposing new incentives for processors to purchase Canadian milk, while at the same time subsidizing the export of Canadian dairy products in excess of Canada's World Trade Organization (WTO) obligations.
- As a result, Canadians quit buying the imported ultra-filtered milk products from the US. US dairy producers ended up with a surplus of UF milk on their hands, putting financial stress on dairy farmers.
- The week of April 3, 2017, Grassland Dairy in Greenwood, WI announced that the loss of the Canadian market for ultra-filtered milk left the company with a surplus of milk.
  - 58 Wisconsin dairy farmers received notices that Grassland would no longer pick up their milk. (a total of 74 dairy farmers were affected including Minnesota dairy farmers).
- Grassland Dairy says it lost approximately \$100 million in sales to Canada.
- Canadian dairy farmers have said they will fight any U.S. effort to negotiate dairy concessions in NAFTA.
- The Governor sent a letter to President Trump in May requesting that Canada's protectionist trade policies be addressed in the NAFTA negotiations.



## **POLICY BRIEFING**

**DATE: SATURDAY JUNE 30, 2018**

**TOPIC: CHEQUAMEGON DAIRY DAY**

**STAFF: WILL NEITZEL (o) 608- [REDACTED] (c) 608- [REDACTED]**

### **Wisconsin's Agricultural Exports to China** (2017 DATCP data-Wisertrade Database)

In retaliation to President Trump's tariffs on steel and aluminum, China announced tariffs on 128 products and \$50 billion including key Wisconsin products such as ginseng, cranberries, and soybeans. The proposed China tariffs resulted in a 15% tariff increase on ginseng and cranberries and 25% on soybeans. As a result of a separate investigation into China's violations of intellectual-property rights, the White House announced a 25 percent tariff on \$50 billion of Chinese high-tech goods. The final list of goods will be available by June 15.

#### ***Overview***

- China is Wisconsin's third most valuable export market for our agricultural products. In 2017, Wisconsin exported nearly **\$300 million** of agricultural products to China, an increase of more than 27% over the year before.
- The top Wisconsin agricultural export product categories to China last year were wood, raw hides and skins, and dairy-related products.

#### ***Ginseng***

- China is Wisconsin's top ginseng export market. Wisconsin exported \$14 million of ginseng to China in 2017. This was 46% of Wisconsin's total ginseng exports last year.
- Wisconsin ginseng is considered the highest-quality American ginseng in the world. Wisconsin is the number one producer of ginseng in the United States accounting for about **90-95% of all ginseng produced in the country**, and Marathon County is the top ginseng growing county in the state, producing about 95% of Wisconsin's annual crop.

#### ***Soybeans***

- In 2017, China was Wisconsin's eighth largest export market for soybeans. Wisconsin exported \$7.2 million of soybeans to China, comprising about 3% of Wisconsin's total soybean exports.
  - Wisconsin's largest export market for soybeans last year was Mexico, which made up \$176 million or about 70% of Wisconsin's total soybean exports.
- Wisconsin is a major exporter of soybeans. Two out of every three Wisconsin soybean rows are exported internationally.
- Wisconsin produced 101 million bushels of soybeans in 2017. The amount of planted and harvested soybean acreage set record highs last year.

#### ***Cranberries***

- In 2017, China was Wisconsin's third largest export market for cranberries. Wisconsin exported \$11 million of cranberries to China, comprising about 9% of Wisconsin's total cranberry exports.
  - Wisconsin's largest export market for cranberries in 2017 was the Netherlands with exports totaling \$27.8 million, which is about 23% of the state's total cranberry exports.
- Wisconsin ranks first in the nation for cranberry production, producing 64% of the nation's total. Wisconsin's total production was more than twice that of the next highest producing state, Massachusetts.

## **CERTIFICATE OF APPRECIATION**

*WHEREAS*; dairy breakfasts help to bring the community together and signify the importance of Wisconsin's dairy farmers across the state; and

*WHEREAS*; the dairy industry, with farms like the TePoel Dairy, near Maple, Douglas County, is linked directly and indirectly to many businesses in Wisconsin, providing jobs and additional revenue for the state; and

*WHEREAS*; Wisconsin is home to nearly 8,600 dairy farms – more than any other state in the country; and

*WHEREAS*; the TePoel Dairy operation, a fourth-generation farm, owned by Jon and Tracy TePoel, originated in 1919 with Jon's grandfather and comprises one of the many farm families working together to keep our state *Open for Business* for generations to come;

*NOW, THEREFORE*, I, Scott Walker, Governor of the State of Wisconsin, commend

### **JON & TRACY TePOEL**

for generously hosting the greater Chequamegon-area community at a “dairy lunch” on Saturday, June 30, 2018, in this celebration of Dairy Month.

DONE AT THE CAPITOL IN  
THE CITY OF MADISON THIS  
27<sup>th</sup> DAY OF JUNE 2018.

---

SCOTT WALKER  
GOVERNOR

**From:** Roades, Jennifer - GOV  
**To:** [Colvin, Alan R - GOV](#); [Cramer, Megan J - GOV](#); [Dipko, John A - DOA](#); [Evenson, Tom - GOV](#); [Hochkammer, Debbie - DOA](#); [Hogan, John - DOA](#); [Ignatowski, Katie E - GOV](#); [Jablonski, Jack - GOV](#); [Lech, Alexander - LTGOV](#); [Lundgren, Deej - GOV](#); [Michels, Steven - DOA](#); [Neitzel, William E - GOV](#); [Nowak, Ellen E - DOA](#); [Nupson, Kristen - LTGOV](#); [Schutt, Eric - GOV](#); [Short, Vicky - DOA](#); [Suhr, Daniel R - GOV](#); [Young, Monica - DOA](#)  
**Subject:** Weekly Agency Reports  
**Date:** Friday, July 27, 2018 12:55:11 PM  
**Attachments:** [Agency DNR Weekly Report 07-27-18 \(004\).doc](#)  
[CS Report 7-27-18.docx](#)  
[DATCP Weekly Report - July 27, 2018.doc](#)  
[DC office 7.27.18 Weekly.doc](#)  
[DCF 7.27.18 Media Summary.docx](#)  
[DCF 7.27.18 Refugee Arrivals by Destination and Nationality.xls](#)  
[DCF 7.27.18 Weekly Drug Testing, Screening, and Treatment Report.xlsx](#)  
[DCF 7.27.18 Weekly.docx](#)  
[DFI 7.27.18 Weekly.docx](#)  
[DHS 7.27.18 Weekly.docx](#)  
[DOA Weekly Report 7-27-18.docx](#)  
[DOC 7.27.18 Weekly.docx](#)  
[DOR 7.27.18 Weekly.docx](#)  
[DOT 7.27.18 Weekly.docx](#)  
[DSPS 07.27.18 Weekly.docx](#)  
[DVA 07.27.18 Weekly.pdf](#)  
[DWD 7.27.18 Weekly Report.docx](#)  
[OCI 7.27.18 Weekly.docx](#)  
[PSC 7.27.18.docx](#)  
[Tourism 7.27.18 Weekly.docx](#)  
[WEDC 07.27.2018 Weekly Report.doc](#)  
[WHEDA07.27.18Weekly.docx](#)  
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[image015.png](#)  
[image016.png](#)  
[image017.png](#)  
[image018.png](#)

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Good afternoon,

Please see attached.

Enjoy your weekend!

**Jennifer Roades**  
Executive Assistant to the Governor  
Office of Governor Scott Walker  
(608) 266-1212  
[Jennifer.Roades@wisconsin.gov](mailto:Jennifer.Roades@wisconsin.gov)





**SCOTT WALKER**  
**OFFICE OF THE GOVERNOR**  
**STATE OF WISCONSIN**

P.O. Box 7863  
MADISON, WI 53707

## **AGENCY REPORT**

Agency Name: DATCP	Evaluation for week ending: July 27, 2018
Author of Report: Keeley Moll Title: Deputy Secretary Contact Information: (608) [REDACTED]	Department: Office of the Secretary

### **HIGHLIGHTS FROM THE WEEK**

- On Thursday (July 26), Division of Food and Recreational Safety personnel met with representatives of the micro market industry to discuss unforeseen details related to recently passed legislation creating micro markets as a distinct category of licensed retail food establishment.
- Division of Ag Development staff had a meeting with Japanese Feed Buyers in Madison to discuss opportunities for our Wisconsin Feed and Feed Ingredient suppliers to export their products. The Japanese Broker from e-Animal Feed Company whom already has a good relationship with Wisconsin Companies facilitated the tour with staff participation.
- Division of Development staff assisted a Mexican Buyer for pregnant dairy heifers in Deforest, WI. 54 heifers were loaded and are on their way to Jalisco, Mexico. This is the first of three more loads of cattle traveling to the state of Jalisco, Mexico.
- The following companies registered as new members of the Something Special *from* Wisconsin program – Okray Family Farms, Inc. of Portage; Mardes Specialty Foods LLC of Manitowoc; Health by Plants of Pine River.
- The Division of Animal Health Tuberculosis Program will offer a TB certification and recertification seminar for veterinarians and veterinary students on July 25, 2018. Certification is required to conduct tuberculosis testing on animals in Wisconsin.
- Dr. Yvonne Bellay, Division of Animal Health Epidemiologist and Companion Animal Program Manager, co-authored a retrospective study: “Investigation and characterization of *Brucella canis* infections in pet-quality dogs and associated human exposures during a 2007-2016 outbreak in Michigan” which appeared in the most recent issue of the Journal of the American Veterinary Medical Association.
- The Division of Animal Health Fish Farm Program Director conducted fish veterinary assessments at a large trout farm and a tilapia aquaponics farm in southern Wisconsin July 23rd and 24<sup>th</sup> in an effort to train veterinary students and advance production medicine on fish farms.
- The Brown County District Attorney’s Office just recently prosecuted (former) farm-raised deer keeper Dean Rein for operating without a license, which was a case referred to

their office by the Division of Animal Health Bureau of Field Services.

- Division of Animal Health field veterinarians investigated 171 cases in the second three months of 2018. 74% of those cases were foreign animal disease investigations or confirmatory testing of bovine tuberculosis suspects.
- On Wednesday (July 25), inspectors in the Division of Animal Health held an animal handling training at the Marshfield Agricultural Research Station (MARS). In the morning, participants will discuss animal handling and how to set up a herd test on a farm. In the afternoon, participants will have hands-on experience in cattle sorting, chute work and livestock tagging experience.
- County Fair season is in full swing and the Division of Animal Health has been fielding many questions related to the new swine movement rules. Several issues at the fairs have been resolved satisfactorily thanks to inspectors who are helping to provide guidance to exhibitors and fair personnel in the field and veterinarians and office assistants who are providing phone and email support.
- On Tuesday (July 24), Daniel L. Solie and Lucas J. Solie, d/b/a D&D Construction, in Augusta, will make their initial appearances in Rusk County court for alleged violations of Wisconsin home improvement practices law. DATCP referred the case to the district attorney after investigating two consumer complaints where D&D failed to repair the consumers' driveways. DATCP's investigation also identified eight additional consumers in Rusk County.
- On Tuesday (July 24), the DATCP Board approved a hearing draft proposing changes to ATCP 99 and 100 at its meeting in Sheboygan. This proposed rule establishes a milk contractor deferred payment assessment rate, as directed by 2017 Wisconsin Act 155. The proposed rule also harmonizes existing grain dealer and warehouse keeper rules with new statutory language created by the Act.
- On Tuesday (July 24), the DATCP Board approved the ATCP 93 final draft rule at its meeting in Sheboygan. After incorporated standards are reviewed by the Wisconsin Department of Justice, DATCP will submit the rule on flammable, hazardous, and combustible liquids to the Governor for approval.
- On Thursday (July 26), Weights and Measures staff presented to approximately 25 members who either own or are employed by petroleum marketing facilities at the Wisconsin Petroleum Marketers and Convenience Store Association's (WPMCA) Educational Seminar in Delafield. The presentation will cover the 2018 EPA sump testing deadline, ATCP 93 deadlines, and underground tank system corrosion investigations.
- Plant Industry staff observed diseased plants in a large nursery in SE Wisconsin. Plant samples laboratory tested by DATCP and confirmed by USDA were found to contain the causal agent for the disease boxwood blight. There is no treatment for boxwood blight and it will kill the plants. DATCP is working with the nursery to contain and eradicate the infection at this location. A press release will be issued by DATCP this week.

**AREAS WITHIN THE AGENCY TO WATCH**

**LEGISLATIVE CONTACTS**

**MAJOR AGENCY HEADLINES**

**STAKEHOLDER CONTACTS**

- Land and Water Bureau staff provided technical assistance to Green County regarding the hurdles in implementing the recommendations in the [Green County Livestock Facility Study Group Report & Recommendations](#) issued in May 2018. The recommendations focused on mandatory storage and spreading restrictions based on Karst geology.
- Land and Water Bureau staff provided Kewaunee County guidance on the requirements for adopting ordinance provisions that are more stringent than state performance standards. The county is incorporating the new Silurian bedrock targeted performance standards into a county ordinance.
- Land and Water Bureau staff provided information to counties and other partners at the WI Land + Water conservation meeting in Wisconsin Rapids on Thursday and Friday, July 19-20.
- Livestock Siting staff is working with Manitowoc County to address one of the first dairy expansions unable to generate a passing odor score. The county will be treating leachate storage as an odor generation source.
- On Tuesday (July 24), Land and Water Bureau staff provided training to newly elected county supervisors appointed to land conservation committees at a regional meeting in Lincoln County.
- On Wednesday (July 18) Division of Ag Development staff attended the Wisconsin Apple Growers Association Field day at Oakwood Fruit Farm in Richland Center. An estimated 140 people were in attendance. Among the presentations was an update from UW Madison fruit researchers on how the NEWA weather station project (funded by a 2017 Specialty Crop Block Grant) is successfully impacting new management techniques for apple growers.
- On Thursday (July 19), Alice in Dairyland program staff met with Dairy Farmers of Wisconsin staff to plan collaborative social media and marketing campaign pieces for the 2018 - 2019 program year.
- On Thursday (July 19) Division of Ag Development staff attended the Wisconsin Potato and Vegetable Growers Association field day at Hancock Research Station. Presentations included updates on 8 projects funded through Specialty Crop Block Grants. Estimated 100 people in attendance.

- On Saturday (July 21), Division of Ag Development staff attended a Wisconsin Rural Women's Initiative Board meeting in Elkhorn. Farm stress and programming options were discussed.
- On Monday (July 23) Division of Ag Development staff organized and hosted the summer offering of the Dairy Exchange. Over 55 representatives of the Dairy industry attended to hear updates on markets, dairy farm status, crop reports, National Initiative to improve U.S dairy and special guests-Master Cheese Maker Bruce Workman and his son Ben.
- On Monday (July 23), Division of Ag Development staff met with the Taliesin Board to look into ways that the division can help with the foundation's economic development vision.
- On Tuesday (July 24) Division of Ag Development staff attended the Ginseng Board of Wisconsin monthly meeting.
- On Wednesday (July 25), Division of Ag Development staff attended the Lake State Lumber Association Board Meeting.
- On Thursday (July 26) Division of Ag Development staff attended the Universal Service Fund Council Meeting at the Public Service Commission to review FY 19 budget and expenses to date.
- On Thursday (July 26) Division of Ag Development staff attended the Wisconsin Potato and Vegetable Growers Association field day at the Antigo Research Station. Several presentations were given updating Specialty Crop Block Grant projects. An estimated 60 people were in attendance.
- This week, Division of Ag Development staff continued work with National and State Dairy Stakeholders to prepare for meeting with the Food and Drug Administration to discuss regulatory challenges that U.S. dairy face.
- The Wisconsin Soybean Marketing Board and Cranberry Board of Wisconsin board member elections started July 15 and run to August 10.

#### **LOOKING TO THE WEEK AHEAD**

- On Monday, July 30, Secretary Harsdorf will meet with FDA officials regarding milk filtration.
- On Tuesday, July 31, representatives of the Division of Food and Recreational Safety will meet with representatives of several northern WI counties whose health departments are DATCP agents in overseeing retail food establishment, lodging, and recreational businesses. The topic of discussion will be staffing credential requirements for local health department agent programs.
- On Thursday, August 2, Secretary Harsdorf and Assistant Deputy Secretary Ripp will participate in the Wisconsin State Fair Opening Ceremonies.

#### **OTHER**

- Division of Ag Development staff took Scholars from the University Rafael Landivar College of Agriculture, hosted by the University of Wisconsin-CALS Global International program, to visit an organic vegetable farms, conventional dairy and beef production and cranberries to learn more about WI agriculture.
- Division of Ag Development staff worked with Food Export Midwest to invite 7 Buyers from Australia, New Zealand, Chile, China, Thailand, and Taiwan to the World Dairy Expo.
- Division of Agriculture Development staff introduced Wisconsin ginseng and cranberry companies to e-commerce platform in Indonesia.
- Division of Ag Development staff helped a Wisconsin ginseng grower, grain exporter, and the Ginseng Board for an interview with the China Central TV station on tariff issues.
- Division of Ag Development staff worked with the American Mink Council to understand export challenges and develop future export plans.
- Division of Ag Development staff worked with a corn seed export business to address export and trade hurdles to China.
- Division of Ag Development staff met with Chinese ginseng grower, TRT, to understand its investment in Wisconsin.
- Division of Ag Development staff worked with Wausau Visitors Bureau to develop an Educational Seminar during the Ginseng Festival in September.
- Division of Ag Development staff started to recruit Wisconsin feed exporters to meet with international feed buyers at the World Dairy Expo.
- Division of Ag Development staff helped Wisconsin lumber exporters with logistic and trade leads in Mexico and China.
- Division of Ag Development staff worked with the State Fair staff preparing for Eats and Treats competition and first annual Best of Something Special *from* Wisconsin award.
- On Thursday (July 26), Alice in Dairyland will visit the Monroe County Fair in Tomah.
- On Saturday (July 28) Alice in Dairyland will attend the opening day of the Wisconsin Farm Discovery Center in Sheboygan County.
- On Saturday (July 28) Alice in Dairyland will attend the Dairy Cares of Wisconsin Garden Party in DePere, WI.
- Division of Ag Development staff met with a Chinese investor to get an update on Wisconsin company introductions arranged by staff.
- Division of Ag Development staff provided export information to an export management company specializing in exporting beer and distilled spirits.
- Division of Ag Development staff researched tariff changes for food products being exported

to Canada.

- Division of Ag Development staff made Wisconsin company introductions to a food distributor based in Hong Kong, which can cover several countries in Asia.
- Division of Ag Development staff will conduct fair visits this week at Outagamie, Washington, Langlade, Monroe, Racine, Washburn and Taylor county fairs.
- Division of Ag Development staff continued working with a WI dairy plant as they make plans for growth, expansion, new markets, etc.
- Division of Ag Development staff reached out to the WI dairy goat industry to review status, challenges that might be coming, etc.