



Agricultural Leaders

O F M I C H I G A N

April 10, 2020

U.S. Department of Agriculture
Sonny Perdue, Secretary of Agriculture
1400 Independence Ave., NW
Washington D.C. 20250

Dear Secretary Perdue,

The Agricultural Leaders of Michigan is a coalition of commodity and agri-business leaders committed to promoting Michigan agriculture, participating in the ongoing dialog about issues affecting our industry and harnessing agriculture's power and potential to further grow our state's economy.

We are writing today to bring to your attention a dire issue facing the U.S. dairy and pork industries. With the continued spread of COVID-19 causing restaurants and school buildings to remain closed, these industries are facing unprecedented challenges, including:

- A drastic drop in commodity prices
- Labor shortages
- Financial stress industrywide as processors, marketers and merchants adapt to plunging institutional and restaurant sales and surging grocery store demands
- Food service businesses and processing plants curtailing or ceasing operations, resulting in cancelled orders
- Current supply far exceeds demand and the gap could further widen due to widespread closures

It is estimated that the gross industry-wide loss for the dairy and pork industries will be upwards of \$9 billion, combined. Dairy and pork farmers, unlike other sectors of the economy, cannot shut down. They are responsible for the management and care of hundreds of thousands of animals.

The pork industry has been challenged by a long-standing labor shortage – on farms and in processing plants – that is now compounded by the COVID-19 crisis. With plant capacity already under pressure, the COVID-19 crisis is starting to immobilize existing harvest capacity, creating a major glut of market-ready hogs.

Many pork producers, the vast majority of which are family-run farming operations, will go out of business, causing economic dislocation throughout rural America. As a critical part of the food supply

chain, it is imperative that farmers are able to produce food for consumers in the face of this public health crisis.

We are also deeply concerned about the livelihood of our dairy farmers. They simply cannot withstand the prices the futures market is showing, following five years of depressed markets. The sudden decline in food service sales is not being offset by the increase in retail sales. Without assistance, there is a significant chance that the remaining dairy farms will not be able to produce enough milk to supply the total demand when it returns to more normal levels when the current crisis has passed.

Due to the lag in milk pricing – the futures prices will hit producers in May. We need to have something in place prior to that.

Producers, processors and consumers need immediate aid. U.S. dairy and pork producers need the USDA's help to implement a comprehensive approach to intervene in the market to ensure that our farmers survive and that American consumers can continue to purchase high quality products at affordable prices.

We ask USDA to support a financial safety net, improve existing nutrition programs to address food insecurity and maximize international food aid.

We stand ready to work with the USDA and Congress as discussions progress on how we can best support and provide aid to our agriculture sector.

Sincerely,

Dave Armstrong, President and CEO
GreenStone Farm Credit Services

Chuck Lippstreu, President
Michigan Agri-Business Association

Mary Kelpinski, Chief Executive Officer
Michigan Pork Producers Association

Ken Nobis, Senior Policy Advisor
Michigan Milk Producers Association

Cc: Sens. Debbie Stabenow and Gary Peters, U.S. Reps. Jack Bergman, Bill Huizenga, Justin Amash, John Moolenaar, Daniel Kildee, Fred Upton, Tim Walberg, Elissa Slotkin, Andy Levin, Paul Mitchell, Haley Stevens, Debbie Dingell, Rashida Tlaib, and Brenda Lawrence