



IDFA Policy Priorities for Trump Administration

Background on the International Dairy Foods Association (IDFA)

The International Dairy Foods Association (IDFA), Washington, D.C., represents the nation’s dairy manufacturing and marketing industry, which supports more than 3.2 million jobs that generate \$49 billion in direct wages and \$794 billion in overall economic impact. IDFA’s diverse membership ranges from multinational organizations to single-plant companies, from dairy companies and cooperatives to food retailers and suppliers. Together, they represent most of the milk, cheese, ice cream, yogurt and cultured products, and dairy ingredients produced and marketed in the United States and sold throughout the world. IDFA is proud to advocate on behalf of America’s dairy industry to ensure our members and their employees have the tools and resources they need to provide consumers with healthy, safe, and wholesome U.S. dairy.

IDFA’s Policy Priorities for Trump Administration

IDFA leadership is sharing these policy priorities with President-Elect Trump’s transition team leaders to build new momentum and ensure a positive working relationship between the administration and U.S. dairy. IDFA is pursuing many of these priorities today through ongoing advocacy, regulatory, and public affairs work, and we look forward to a productive working relationship with President-Elect Trump and his team.

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EXPORTS & TRADE

Office of the U.S. Trade Representative (USTR)

Policy Priority: Preserve the intended benefits of the United States-Mexico-Canada Agreement (USMCA).

Summary of Challenge/Opportunity: The U.S. dairy industry has significantly benefitted from USMCA, even while Canada has skirted most of its dairy access commitments. Opportunities to address Canada’s inconsistencies with its commitments while preserving other Agreement benefits exist through two pending mandatory reviews of USMCA relevant to U.S. dairy: 1) review of Canada’s dairy pricing commitments by July 2025, and 2) review of the entire agreement by July 2026.

Proposed Action: The administration should strategically and aggressively engage on both reviews to ensure 1) Canada can no longer subsidize its class 4a milk proteins and makes the full quantities of quota access available to U.S. exporters, and 2) the remaining benefits of USMCA are preserved.

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Office of the U.S. Trade Representative (USTR)

Policy Priority: Support positions pertaining to tariffs and retaliatory tariffs as leverage for new negotiations that are constructive for U.S. dairy.

Summary of Challenge/Opportunity: U.S. dairy processors need new trade negotiations that create opportunities for preferential access to export markets. To the extent that targeted, time-limited tariffs can create leverage for such negotiations, those actions may be beneficial to dairy processors in the long term. However, the imposition of new, all-encompassing, indefinite tariffs would have serious economic implications for dairy at a time when many U.S. dairy companies are already struggling with tight budgets, inflation, and restructuring challenges.

Proposed Action: The administration should develop negotiating objectives with targeted dairy export markets, focusing on Southeast Asia, that can be used as guidance for any negotiations that may be initiated through targeted tariffs.

Office of the U.S. Trade Representative (USTR)

Policy Priority: Limit China's influence in Southeast Asia.

Summary of Challenge/Opportunity: China's outsized influence with its regional trading partners reduces opportunities for U.S. exporters who would like to otherwise grow their relationships in the region, while those same trading partners fear China's economic influence over them without U.S. support. Significant opportunity exists to strengthen trade relationships with those markets to provide them alternative economic support while minimizing China's influence in the region and simultaneously providing improved outlets for U.S. agricultural exports. For example, India represents a tremendous market potential for U.S. dairy exports but is limited due to a combination of non-tariff barriers and exorbitant over-quota tariffs. Likewise, countries including Indonesia, Philippines, Malaysia and Vietnam represent significant long-term potential yet continue to impose technical barriers on the United States.

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Proposed Action: The administration should develop targeted negotiations with markets influenced by China that provide relief for them while lowering tariffs for U.S. agricultural exports to those markets.

TRANSPORTATION & SUPPLY CHAIN

Department of Transportation (DOT), Federal Highway Administration (FHWA)

Policy Priority: Modernize the Federal Gross Vehicle Weight Limit with a commonsense pilot program.

Summary of Challenge/Opportunity: IDFA member companies support the enactment of a pilot program to allow participating states to raise the Federal Gross Vehicle Weight (GVW) limit on federal interstate highways in their jurisdictions from 80,000 pounds on five axles to 91,000 pounds on six axles. Unfortunately, the DOT says it does not have enough data to adequately judge the safety of a new truck configuration that would allow for higher GVWs. Thus, the pilot program is necessary. Current truck weight limits for the federal highway system have not been adjusted since 1982 despite major advancements in vehicle safety and road paving technology. Dairy products tend to be heavier or more dense than other manufactured products which means that trucks used to transport dairy goods usually hit the weight limit well before they are full. Therefore, a modest increase in the allowable truck weight limit would be particularly beneficial to the dairy industry and allow processors to more efficiently move nutritious goods around the country.

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Proposed Action: The administration should support legislation to establish a voluntary pilot program that would allow participating states to raise the truck weight limit on federal interstate highways in their jurisdictions from 80,000 pounds on five axles to 91,000 pounds on six axles.

Department of Transportation, Federal Highway Administration (FHWA)

Policy Priority: Provide greater flexibility and certainty to U.S. dairy supply chains in times of emergency when delivering vital relief and supplies.

Summary of Challenge/Opportunity: In times of emergency or disaster, states have the authority to waive federal truck weight limits on the interstate system. These waivers allow shippers to expeditiously deliver relief supplies to affected communities. Many companies used waivers during the pandemic to secure the supply chain and help American families access food. Waivers are similarly used during natural disasters to provide much-needed relief supplies to impacted communities. Under current law, special permits may be issued if the President has declared the emergency to be a major disaster under the *Stafford Act*. Many emergencies that require shipper flexibility do not meet that standard, including COVID-19, which didn't meet that test, and, as a result, legislation was needed to grant the necessary flexibility.

Proposed Action: The administration should support passage of the bipartisan *Modernizing Operations for Vehicles in Emergencies (MOVE) Act* that would modernize the authority for vehicle weight waivers in cases of natural disasters, disease, and other emergencies that negatively impact commerce and supply chains.

Department of Transportation (DOT), Department of Agriculture (USDA), and Department of Commerce (DOC)

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Policy Priority: Support the creation of a National Freight Data Portal.

Summary of Challenge/Opportunity: The U.S. food and agriculture supply chain remains subject to congestion and inefficiency which makes our exports less competitive in global markets. While infrastructure modernization is critical to improving capacity and throughput, it will take significant time to implement. However, there are digital technology opportunities to improve supply chain logistics that can be implemented in the short term.

Proposed Action: The administration should provide funding to support the design and implementation of a national freight data portal pilot program. The goal would be to incentivize supply chain stakeholders to digitize and share end-to-end cargo status and movement data, using common digital technology standards, across all modes of transportation (maritime, rail, truck and air). Such information could be used to improve data sharing in all parts of the supply chain, including making it easier for ports to improve scheduling of rail, chassis, and trucking appointments.

Federal Maritime Commission (FMC)

Policy Priority: Initiate rulemaking to implement the Ocean Shipping Reform Act (OSRA).

Summary of Challenge/Opportunity: President Biden signed the *Ocean Shipping Reform Act* into law on June 16, 2022. While two of the three rules required in the statute have been finalized, the FMC has yet to issue a notice of proposed rulemaking defining “unfair or unjust” container shipping practices that affect U.S. exports, including dairy products bound for overseas ports. The statute required a final rule be issued by June 16, 2023, but the Commission has yet to initiate the rulemaking process.

Proposed Action: Encourage FMC to issue the statutory required rulemaking to define “unfair or unjust” container shipping practices in 2025.

Department of Labor (DOL)

Policy Priority: Take action to prevent or alleviate possible labor strikes affecting U.S. ports.

Summary of Challenge/Opportunity: Negotiations between U.S. East and Gulf Coast ports continue to negotiate with the International Longshoremen’s Association in advance of a January 15, 2025 deadline to reach a new contract. Reportedly, one of the major sticking points in the negotiations is whether ports will be permitted to increase the use of automation under the new agreement. If the union decides to strike after the deadline passes, U.S. dairy exports and imports utilizing affected ports will be negatively impacted.

Proposed Action: If a strike is underway when the Trump administration takes office, administration officials should encourage both parties to expeditiously agree to a new contract that provides appropriate wages and benefits to dockworkers and includes a

mechanism that will allow both parties to have input regarding the introduction of new modes of automation at covered ports.

Surface Transportation Board (STB)

Policy Priority: Improve freight rail shipping service.

Summary of Challenge/Opportunity: Rail shippers, including U.S. dairy processors, are facing significant service disruptions and higher shipping costs. At an emergency STB hearing last April, dozens of rail shippers and labor groups described in stark terms how the current unacceptable level of rail service is negatively affecting them as well as consumers. Following this hearing, the STB found that the service improvement plans submitted by the Class I freight railroads were “woefully deficient”.

Proposed Action: The administration should support bipartisan legislation that was introduced during the last Congress (S. 2071 – *the Reliable Rail Service Act*) that would clarify the common carrier obligation definition and establish specific criteria for the STB to consider when determining whether a rail carrier has violated its obligations. This legislation is supported by organizations representing U.S. agriculture producers and processors, as well as railroad labor unions.

WORKFORCE & IMMIGRATION

Department of Labor, United States Citizenship and Immigration Services (USCIS)

Policy Priority: Support efforts to expand the H-2A program to include U.S. dairy farming and processing jobs.

Summary of Challenge/Opportunity: IDFA member dairy processing and production companies have struggled to meet critical labor needs in processing plants and on farms. We have long urged Congress to pass agricultural guestworker reform legislation that would provide dairy plants and farms alike with the necessary tools to meet the industry workforce demands. As the U.S. agricultural sector has morphed from seasonal to year-round work, it is vital to modernize the H-2A Temporary Agricultural Worker program to keep up with the workforce requirements of the U.S. dairy industry.

Proposed Action: Prioritize the availability of year-round guest-workers to dairy processing and farming, which preserves robust U.S. dairy production. The administration should support legislation, such as an updated version of the *Farm Workforce Modernization Act* that includes the bipartisan recommendations of the House Agriculture Committee's Agriculture Labor Working Group, that would expand the H-2A program to include year-round work like dairy processing and farming. The Administration should also encourage Congress to pass legislation that would lengthen the H-2A visa term so that employers and workers do not have to go through the application and paperwork process every single year.

Department of Labor (DOL) & Department of State

Policy Priority: Support legislation to provide a path to legalization for dairy workforce.

Summary of Challenge/Opportunity: The U.S. dairy industry supports more than 3.2 million total U.S. jobs and generates more than \$49 billion in direct wages. However, dairy farmers and processors have a difficult time finding workers who are willing to

work on the farm or in our plants. Because milk is a perishable product and production never stops, our industry operates 365 days a year to ensure that Americans continue to have access to healthy and nutritious dairy products. Without access to a stable workforce, this already fragile supply chain could break down to the detriment of American consumers.

Proposed Action: The U.S. dairy industry urges the administration to work with Congress to establish a path to legalization for long term workers and their family members who satisfy certain eligibility requirements. The administration should work across the federal government to improve the existing immigration and guest worker system, making it more efficient for those following the rules and shortening wait times.

Department of Homeland Security

Policy Priority: Enable employers to retain guest workers who are contributors to the U.S. workforce and community. Ensure mandatory E-Verify requirements are imposed only in conjunction with meaningful agricultural guestworker reform.

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Summary of Challenge/Opportunity: IDFA's support of any mandatory E-Verify program is contingent on there being strong safe harbor provisions that protect employers who, through no fault of their own, receive incorrect eligibility information from an employee. Additionally, mandatory E-Verify provisions should only go into effect after a workable, robust agricultural guestworker program is established and functioning.

Proposed Action: IDFA members companies stand ready to work with the administration on implementation of mandatory E-Verify after strong employer safe harbor provisions are in place and a new guestworker program is operating to meet U.S. dairy's critical labor needs.

Department of Homeland Security (DHS), U.S. Immigration and Customs Enforcement (USICE)

Policy Priority: Ensure proposed deportation efforts of illegal immigrants do not negatively impact the nation's agricultural economy, competitiveness and food security.

Summary of Challenge/Opportunity: President-Elect Trump has stated that his administration will execute a mass deportation plan focused on immigrants that are in the U.S. illegally beginning with those who have criminal records. While the details of this plan have not yet been formally announced, it could have negative implications for the U.S. dairy industry which relies significantly on an immigrant workforce to keep both farms and processing plants in operation.

Proposed Action: Law abiding immigrants who work in the food and agriculture sector should either be exempted or deprioritized from any deportation operation. However, if workers in our industry are included within the scope of the President-Elect's proposed operation, dairy employers should be provided with clear guidance regarding the relevant rules and regulations governing the effort. In addition, dairy employers that received illegitimate work eligibility information should be protected from liability and fines should undocumented immigrant employees be discovered as part of this effort. We urge the administration to work with Congress to establish a path to legalization for long term workers and their family members who satisfy certain eligibility requirements. The administration should support legislation, such as an updated version of the Farm Workforce Modernization Act that includes the bipartisan recommendations of the House Agriculture Committee's Agriculture Labor Working Group, that would expand the H-2A program to include year-round work like dairy processing and farming and lengthen the H-2A visa term.

NUTRITION & FOOD ASSISTANCE

U.S. Department of Agriculture (USDA), Food and Nutrition Service (FNS)

Policy Priority: Expand dairy's role in federal nutrition programs including WIC, SNAP, and School Meals.

Summary of Challenge/Opportunity: Dairy foods provide 13 essential nutrients and are consistently recommended by the Dietary Guidelines for Americans (DGA) as part of a healthy eating pattern. However, 90% of Americans do not consume enough milk and other nutritious dairy products to achieve DGA-recommended intake or nutrient levels, according to the federal government. Providing more flexibility within the dairy options available to participants to include lactose-free options, full-fat dairy options, and flavored varieties, will provide consumers with healthy, nutritious, and wholesome choices that meet their needs and the needs of their families. Additionally, incentivizing purchases of healthy and nutritious dairy options on a wider scale in the Supplemental Nutrition Assistance Program, or SNAP, will encourage SNAP participants to make healthier choices while supporting American dairy producers and businesses.

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Proposed Action:

For the SNAP Program, USDA should take the following actions:

- Support and promote milk and dairy nutrition incentives—such as those offered through the Healthy Fluid Milk Incentives Program (HFMIP) authorized in the 2018 Farm Bill—to improve SNAP participants' nutrition and access to healthy dairy foods.
- Use all applicable forms of USDA grants to broaden implementation of existing HFMIP to include additional milk varieties such as whole and 2% milk, among others, and to fund additional milk and dairy nutrition incentives in SNAP.
- For HFMIP retail partners, broaden SNAP dairy retail incentive waivers to include additional varieties milk, cheese and yogurt.
- Work with Congress to support a Dairy Nutrition Incentive Program (DNIP) in the next Farm Bill (2025) that incentivizes a wider variety of milk, cheese, yogurt and cultured dairy products options to be eligible for SNAP purchase incentives.
- Do not seek or grant waivers to limit SNAP participants' purchases using SNAP benefits; instead, seek to incentivize healthy purchases including dairy. Dairy and

dairy-containing foods—including processed foods—contribute many essential nutrients including protein, calcium, vitamin D, vitamin A, vitamin B12, riboflavin, niacin, phosphorus, potassium and magnesium.

For the Special Supplemental Nutrition Program for Women, Infants and Children (WIC), USDA should take the following actions:

- Pause cuts to milk/dairy in the revised WIC Food Package (89 Fed. Reg. 28488) prior to states' April 2026 full implementation; and issue an amended interim final rule that maintains current milk/dairy maximum monthly allotments.
- Reinststitute whole and 2% (reduced fat) milk as an option for children 2 and older and women.

For the Child Nutrition Programs, namely School Meals, USDA should take the following actions:

- Allow schools/states to offer 2% and whole milk in school meals. This will require the Administration working with Congress to make legislative changes to the DGA-basis for school meals.
- Ensure all schools participating in federal school meal programs are offering lactose-free milk/dairy options to students prior to granting exemptions for substitution beverages.
- Do not impose additional sodium requirements for cheese in school meals.
- Provide additional compliance time for average weekly school meal sodium reductions and added-sugar reductions.
- Strongly consider milk/dairy for “healthy meals incentives”, Farm to School and other school meal grant projects.

U.S. Department of Agriculture (USDA) & Department of Health and Human Services (HHS)

Policy Priority: The process for developing the 2025-2030 Dietary Guidelines for Americans (DGA) must be science-based, transparent to all stakeholders, and remain consistent with the intended scope of the DGAs.

Summary of Challenge/Opportunity: The process for developing the 2025-2030 Dietary Guidelines for Americans (DGA) must be science-based and transparent to all stakeholders. Due to existing statute and administrative policies instituted over decades, DGAs are foundational to all federal nutrition policies, including in recent years to determine the types of foods that are served in the school meal programs as well as which products can use the “healthy” claim. Therefore, DGAs must be based on a thorough review of the body of scientific evidence. Additionally, the Dietary Guidelines Advisory Committee—which determines the scientific basis for how USDA and HHS develop the DGA report—must maintain full transparency with the public and nutrition stakeholders in their work, remain science-based in their findings, and ensure their efforts remain consistent with the statutory intent of the DGAs.

Proposed Action: The administration should ensure the 2025-2030 DGAs continue to recommend three servings of dairy each day while offering flexibility to include dairy products with various fat and flavorings so Americans can select the nutrient dense products in this food category they prefer. Additionally, the administration should ensure a serious review and reconsideration of the growing body of science that finds consumption of full fat dairy foods is not associated with higher risk of negative health outcomes, including obesity, diabetes and heart disease; moreover, this research shows that dairy has protective effects against several chronic diet-related diseases, including type 2 diabetes and cardiovascular disease. The DGAs must more prominently highlight lactose-free milk and dairy products to help communities with higher incidence of lactose intolerance address needed dietary intakes. The DGAs should focus on nutrients (dairy provides many nutrient-dense products) rather than the “process” for developing the food. Finally, the administration should ensure environmental issues are not considered in any future DGA review process or in dietary recommendations given they are outside the scope of the DGAs, as previously stated by Congress.

Department of Health and Human Services (HHS), U.S. Food and Drug Administration (FDA)

Policy Priority: The FDA should put forward a balanced Front of Pack Nutrition Labeling (FOPNL) scheme that encourages consumers to choose dairy as part of healthy dietary patterns.

Summary of Challenge/Opportunity: An FOPNL focused only on nutrients to limit—added sugars, sodium and saturated fat—and does not also identify beneficial nutrients in a food could result in consumers gravitating away from nutrient dense dairy products including full fat milk, cheese, and some yogurts. This would further exacerbate the underconsumption of dairy products recommended by the DGAs. IDFA members support a balance FOPNL scheme that includes both nutrients to encourage and nutrients to limit and are opposed to interpretive FOPNL that serves as a warning. Moreover, FDA does not have the authority to mandate interpretive FOPNL. New nutrition policies overseen by FDA must be founded on strong science and support healthy eating patterns that include the consumption of nutrient-rich dairy products.

Proposed Action: HHS and FDA must reevaluate the usability and public health impact of the federally mandated Nutrition Facts Panel (NFP) that summarizes key nutrition information in packaged foods. FDA is moving toward FOPNL because consumers cannot understand this labeling. We recommend the administration make the NFP usable instead of adding even more information to food packages by mandating FOPNL. If HHS and FDA move forward with FOPNL, the selected scheme must be balanced and include both nutrients to encourage and limit. Other FDA proposals for labeling changes to disclose nutritional content, including “healthy”, must reflect the nutritional profile and consider the nutrients provided by dairy products without undue focus only on saturated fat, sodium, and added sugar.

Department of Health and Human Services (HHS), U.S. Food and Drug Administration (FDA)

Policy Priority: Sodium reduction targets that are science-based, SOI-compliant, and maintain food safety and food quality standards while contributing to reducing chronic disease.

Summary of Challenge/Opportunity: Sodium has important functionalities in cheese that impact quality, safety and sensory characteristics. Sodium reduction strategies including FDA’s proposed Phase 2 targets may not be feasible or practical. For example, unrealistic sodium reduction targets could result in cheeses that do not meet applicable SOIs and more importantly are unsafe or of low quality. Changes to nutrition

policies overseen by FDA should be based on strong science, support healthy eating patterns that include the consumption of nutrient-rich dairy products per the Dietary Guidelines for Americans, and be practical and feasible to implement. IDFA has commissioned research at the University of Wisconsin on factors impacting pathogen survival and growth in standardized cheeses (pH, aw, NaCl, organic acids, cultures, etc.) to inform FDA's sodium reduction targets. The research will examine sodium reduction potential in standardized cheeses and the use of salt substitutes to inform federal sodium reduction initiatives. FDA reviewed the plan prior to the initiation of the research and provided feedback to ensure the data collected and the format in which it would be presented is fit for purpose. The research is expected to be completed by May or June 2025.

Proposed Action: The administration should not finalize Phase 2 sodium reduction targets for standardized and non-standardized cheese types until the scientific landscaping currently underway at the University of Wisconsin is completed next Spring. The data resulting from this research will be provided to FDA. The agency should use it to inform decision making when finalizing Phase 2 sodium reduction targets.

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U.S. Department of Agriculture (USDA), Foreign Agricultural Service (FAS) & U.S. Agency for International Development (USAID)

Policy Priority: Including U.S. produced and processed dairy products and ingredients in global food assistance and humanitarian relief programs.

Summary of Challenge/Opportunity: Dairy, including milk and whey powders, are some of the most nourishing commodities available. However, just a fraction of the funds available to purchase food aid goes to U.S. dairy products. We must change that, especially when dairy's nutritional profile is unmatched and our nation's capacity to be a reliable supplier is unmatched around the world. Newly developed ready-to-use therapeutic foods (RUTFs) containing high amounts of nourishing dairy ingredients are saving lives. Emergency response teams and local food banks are delivering nutritious shelf-stable milk to sustain and nourish families following natural disasters here in the United States. Infant and toddler formulas made with dairy ingredients are sustaining precious lives for millions of mothers around the world who may not have the option of breastfeeding their children, the first choice in early child nutrition. And a variety of

highly nutritious dairy powders are available for inclusion in ongoing food assistance programs to supplement nutrition. In short, U.S. dairy and dairy ingredients are an essential part of America’s emergency and humanitarian response. That is why the dairy industry is perplexed as to why the U.S. government chooses not to include nutritious dairy products as part of food aid and food assistance programs when clearly these products are plentiful, affordable, and in the field today saving lives.

Proposed Action: The administration must include U.S. produced and processed dairy products in future food aid purchases and programming decisions—namely, Food for Progress, the McGovern Dole Program, and other global food assistance efforts. At present, dairy, including milk and whey powders, are not a priority for the U.S. government’s food assistance and that is not acceptable. Dairy foods are some of the most nourishing commodities available and are easily transported internationally. However, just a fraction of the funds available to purchase food aid goes to U.S. dairy products. The administration must change that, especially when dairy’s nutritional profile and our nation’s capacity to be a reliable supplier are unmatched around the world.

FOOD SAFETY & STANDARDS OF IDENTITY

Department of Health and Human Services (HHS), U.S. Food and Drug Administration (FDA)

Policy Priority: Barriers and challenges to industry's compliance with FDA's Food Traceability Rule need to be addressed.

Summary of Challenge/Opportunity: FDA's Food Traceability final rule requires all nodes of the food supply chain from farm to retail and restaurants to maintain and share key data elements through enhanced recordkeeping to support more rapid traceability of higher risk foods identified on the agency's Food Traceability List (FTL). Lack of standardized naming conventions for food throughout supply chains, streamlined traceability lot codes, an agreed upon data carrier, and interoperable data systems to transfer and receive required data are some of the major challenges that need to be addressed using a whole of food system approach. FDA has denied industry's request for flexibility on data accuracy. Some retailers are signaling they want traceability information from suppliers for all foods, not just foods on the FTL, which would be unmanageable for those suppliers. H.R. 7563, the Food Traceability Enhancement Act, would delay the compliance date for FDA's Food Traceability Rule (presently January 20, 2026) while end to end pilots are conducted to determine if all of the requirements mandated by the rule are necessary to speed food traceability. Industry is performing pilots but FDA has not participated in them, which is necessary to validate FDA's requirements.

Proposed Actions: The administration should use existing authority to extend the compliance date for the final rule and initiate/participate in end-to-end pilots for different food sectors impacted by the rule to determine if the rule as written will speed food traceability or if compliance can be made less burdensome. In addition, FDA should provide additional guidance to assist industry with compliance. Finally, the administration should support passage of the Food Traceability Enhancement Act (H.R. 7563 in 118th Congress).

Department of Health and Human Services (HHS), U.S. Food and Drug Administration (FDA)

Policy Priority: Modernization of FDA’s pre-market safety reviews and post-market assessments are needed for more timely reviews and to facilitate industry innovation and competitiveness.

Summary of Challenge/Opportunity: IDFA continues to advocate for modernization of FDA’s pre-market safety review processes for food chemicals, including food and color additives, food contact substances and GRAS substances to include the use of new risk assessment models and tools such as AI and machine learning. This is needed to facilitate timelier decision making that aligns more closely with the speed of business, provides companies with regulatory certainty, and allows companies to innovate to remain competitive. IDFA has also been calling on FDA to modernize its post-market assessment program to assure the continued safety of food and color additives and food contact materials and to oversee the safety of GRAS substances. FDA’s actions should curtail confusing and overlapping state legislative efforts to ban certain food and color additives that are unmanageable for companies with facilities in multiple states.

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Proposed Action: The administration should implement a proactive post-market assessment and surveillance program for food chemical substances (food and color additive, food contact materials and GRAS substances) with urgency and seek stakeholder engagement. Additionally, FDA should establish an Advisory Committee with the expertise needed to direct and inform this work. The Administration should submit a budget that funds FDA’s Human Foods Program sufficiently to create and implement this robust post-market assessment and surveillance program.

Department of Health and Human Services (HHS), U.S. Food and Drug Administration (FDA)

Policy Priority: A proactive, transparent agenda for unintentionally added environmental contaminants, e.g., heavy metals, PFAS, etc. to provide regulatory certainty to companies.

Summary of Challenge/Opportunity: Dairy processors support a strong science-based and transparent program to identify and understand the risks associated with unintentional environmental contaminants in food and food contact materials. This includes such things as heavy metals (lead, arsenic, cadmium) and PFAS. FDA has been slow to study, respond to, and provide guidance to our industry as it relates to PFAS specifically. FDA is aiming to include contaminants in its enhanced post-market assessment program for chemicals in food, but since unintentional environmental contaminants are not subject to pre-approval safety determination, FDA needs to develop an analogous and more appropriate science-based process to study these contaminants and the risks associated with their unintentional presence in food.

Proposed Action: The administration should develop and implement a robust, science-based program to perform surveillance and study the risks posed by unintentional environmental contaminants in food; implement science-based policies to manage these risks in collaboration with industry; and develop strategies to communicate about the risks.

Department of Health and Human Services (HHS), U.S. Food and Drug Administration (FDA)

Policy Priority: Maintaining the scientific and risk-based prohibition on the sale of unpasteurized raw milk in interstate commerce while concurrently supporting research on alternatives to pasteurization.

Summary of Challenge/Opportunity: Nearly all milk in the United States is pasteurized according to the federal Pasteurized Milk Ordinance and has been for decades. That is because unpasteurized milk contains a variety of pathogens that can result in human illnesses, hospitalizations and even deaths. Pasteurization inactivates or destroys harmful bacterial and viral pathogens in raw milk. Thirty states have enacted legislation that permits the sale of unpasteurized raw milk intrastate (with certain guardrails), and 20 states explicitly prohibit intrastate raw milk sales. Recent studies have shown there is a direct correlation between the adoption of State legislation that permits the sale of unpasteurized raw milk and increases in the number of outbreaks and cases of human illness associated with the consumption of unpasteurized raw milk. While it's true the heating process of pasteurization does denature some protein and

inactivate some enzymes in milk, the enzymes are not important to human health and are inconsequential when compared to the potential pathogens and viruses that raw, unpasteurized milk can contain. The Centers for Disease Control (CDC) is clear: “Pasteurized milk offers the same nutritional benefits without the risks of raw milk consumption.” The FDA, the CDC and organizations such as the American Academy of Pediatrics strongly advise against consuming raw milk because it can contain disease-causing pathogens, including Salmonella, E. coli and Listeria.

Proposed Actions: The administration should publicly recognize the public health value of pasteurization and not withdraw federal regulations that prohibit the sale of unpasteurized raw milk in interstate commerce or use enforcement discretion to permit the interstate commerce of unpasteurized raw milk. Such actions would be counter to the public health mission of HHS and FDA, result in serious human illness and possibly death, and cause significant financial losses for dairy farmers and dairy processors who rely on consumer trust and confidence when marketing their products. At the same time, the administration should fund research on alternatives to pasteurization which are used to mitigate the risk of pathogens in juices, raw meats, spices, etc., including irradiation, high pressure and UV pasteurization.

MODERNIZING FDA'S HUMAN FOODS PROGRAM

Department of Health and Human Services (HHS), U.S. Food and Drug Administration (FDA)

Policy Priority: Modernize FDA Human Foods Program processes to support more timely decision making and prevention-oriented regulatory oversight models.

Summary of Challenge/Opportunity: A recent external review by the Reagan Udall Foundation concluded that FDA's culture, organizational structure, and governance model undermined its effectiveness. IDFA co-leads the FDA Foods Coalition with Consumer Reports which seeks to improve FDA's regulatory oversight role. The Coalition's advocacy is focused on the need to address longstanding performance issues within the FDA Human Foods Program that have led to inaction and lack of timely decision making and seeks an FDA culture focused on prevention. The Coalition believes FDA must shift from a reactionary- to a prevention-oriented regulatory oversight model that aligns with the immense efforts of industry to implement the regulations promulgated by FDA under the Food Safety Modernization Act (FSMA) aimed at preventing problems before they occur and continual improvement.

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Proposed Action: The administration should modernize FDA's inspection models to be prevention oriented and not reactionary. FDA needs to adopt a culture of urgency regarding its food recall activities. Importantly, the agency must modernize procedures for overseeing recall communications to consumers, for classifying recalls and for overseeing the effectiveness of both. FDA should seek to harmonize its recall processes with those of USDA Food Safety and Inspection Service (FSIS), which results in real time classification of recalls and more timely communications to consumers. Management must address a longstanding culture of inaction.

ANIMAL DISEASE

U.S. Department of Agriculture (USDA), Animal and Plant Health Inspection Service (APHIS) & Department of Health and Human Services (HHS), U.S. Food and Drug Administration (FDA), Center for Veterinary Medicine (CVM) & Human Foods Program

Policy Priority: Develop effective H5Nx vaccinations to end the highly pathogenic avian influenza (HPAI A H5N1) outbreak in dairy cattle and poultry operations

Summary of Challenge/Opportunity: HPAI outbreaks in dairy cattle and employees working with dairy cattle continue to occur without abatement. There is no reason to believe that should the current HPAI A H5N1 outbreak in lactating dairy cattle be eliminated in the U.S., that there will not be another outbreak given what we have observed with broilers/egg laying operations. A widespread and circulating animal disease with no end in sight could eventually upend the balance of the overall farm economy, putting billions of dollars of bulk commodities, inputs, and consumer products at risk.

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Proposed Action: The administration must work more expeditiously to develop effective H5Nx vaccinations for dairy cows, turkeys and egg-laying hens that can be deployed to ensure this virus does not continue to negatively impact U.S. public and animal health. This includes completing ongoing work led by the USDA Agricultural Research Service (ARS) to evaluate vaccine(s) that are effective in addressing H5Nx in commercial poultry, moving expeditiously to produce a bovine H5Nx vaccine, and conducting concurrent comprehensive risk assessments for each. Further, it is imperative that a science-based surveillance strategy be developed in which infected animals can be distinguished from vaccinated animals. USDA and USTR must remain dedicated to engaging with our international trading partners to ensure our trade policies reflect the new realities of a world that is constantly combating H5Nx.

U.S. Department of Agriculture (USDA), Animal and Plant Health Inspection Service (APHIS) & Department of Health and Human Services (HHS), U.S. Food and Drug Administration (FDA), Center for Veterinary Medicine (CVM) & Human Foods Program

Policy Priority: Highly pathogenic avian influenza (HPAI A H5N1) outbreak in dairy cattle.

Summary of Challenge/Opportunity: The USDA-NCIMS-FDA silo sampling program was approved in summer 2024 and rolled out in the fall. However, the program was interrupted before attracting full participation from the states due to a competing sampling program announced by USDA in late October. Collecting raw milk samples at most silos located at dairy processors can be used as a surrogate to determine the prevalence of H5N1 in the commercial milk supply and, therefore, herds in the U.S. This will help to identify which states currently have infections and which do not. If the results of silo sampling indicate a state has no infections, continued monitoring of raw milk from silos can be used to indicate if the state remains uninfected over time. States determined to be affected through H5N1 positive silo samples should work on farms to eliminate the disease in infected herds and maintain disease-free herds.

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Proposed Action: The administration should provide funding and other support for a collaborative federal-state silo monitoring program intended to establish nationwide prevalence of H5N1 in bulk raw milk in silos at processors, develop improved farm mitigation activities, and better target on farm efforts to eliminate the virus from herds. Issues of competing sampling programs at USDA and FDA must be resolved by the federal bureaucracy to ensure the program achieves optimal results.

CONSERVATION & NATURAL RESOURCES MANAGEMENT

U.S. Department of Agriculture (USDA), Natural Resources Conservation Service (NRCS)

Policy Priority: Technical and financial support for producers to implement conservation and other agricultural best practices.

Summary of Challenge/Opportunity: The U.S. has made significant strides in growing conservation agricultural practices while maintaining a voluntary, incentive-based system to encourage adoption. The *Inflation Reduction Act* facilitated successful expansion of these practices by providing assistance directly to farmers, ranchers, and growers and their rural communities. Ongoing financial support for trusted agricultural extension partners to offer farmer/rancher technical guidance is needed to preserve and expand the momentum in adoption of conservation best practices, such as through programs like Regional Conservation Partnership Program (RCPP).

Proposed Action: The administration should maintain the many benefits of voluntary, incentive-based conservation programs for producers and the broader agriculture and food value chain. Specifically, we encourage the administration to continue to refine its authority through the *SUSTAINS Act*, which promises to bring substantial private sector dollars to the table while saving taxpayer resources and supporting America's rural economies. Additionally, we encourage the administration to continue to fund important programs that are in high demand by farmers, ranchers, growers and their technical service partners including the Regional Conservation Partnership Program, the Environmental Quality Incentives Program (EQIP), Conservation Innovation Grants (CIG), Conservation Stewardship Program (CSP), and complementary loans and grants programs offered through other USDA agencies that help producers reduce on-farm costs such as financing for manure digesters and solar arrays.

U.S. Department of Agriculture (USDA) & Commodity Futures Trading Commission (CFTC)

Policy Priority: Establish strong voluntary environmental markets (e.g., voluntary carbon markets or VCMs) that encourage investment and financial opportunity for U.S. agriculture.

Summary of Challenge/Opportunity: Agricultural value chains are currently experiencing a period of uncertainty around VCM legitimacy and U.S. government positions on this topic can help reduce uncertainty and stimulate related investment (e.g., emissions mitigation interventions) that will help bring returns to American farmers, ranchers, and growers engaged in VCMs and provide an advantage to American agriculture in a global marketplace looking for reliable and stable VCMs.

Proposed Actions: The administration should support practical guardrails aimed at helping U.S. environmental markets grow in a credible way, namely approved measurement, monitoring, reporting, and verification (MMRV) standards and accounting methodologies for environmental attributes, alongside registries to track transactions. These would facilitate the maturation of legitimate environmental markets, namely VCMs. Additionally, the administration should address technical topics including GHG accounting, reporting and VCM principles via appropriate CFTC sub-committees associated with market risk (e.g., MRAC, the Climate-Related Market Risk subcommittee). USDA should support the GHG-related Advisory Council connected with the *Growing Climate Solutions Act* to ensure agricultural stakeholders have a voice.

U.S. Department of Agriculture (USDA) & U.S. Food and Drug Administration (FDA)

Policy Priority: Manure management and enteric methane related technology research, technical assistance/training, and financial supports that will benefit U.S. agriculture.

Summary of Challenge/Opportunity: It is well understood that there are existing livestock manure management systems—including solid-liquid separation and anaerobic

digestion technologies—that are effective in reducing negative farm-level environmental impacts from manure while helping farmers become more efficient. Livestock producers are also challenged to manage enteric methane emissions (i.e., gas released from ruminant animal digestion). For the latter issue, a variety of innovative technologies are in the R&D pipeline or already entering the marketplace, including feed additives. In all cases, farmers and ranchers face both technical and financial challenges that may slow adoption of these highly impactful tools that would give U.S. agriculture a global market advantage.

Proposed Action: The administration should continue to support farmers through technical assistance and financial programs while considering ways to fund the future with appropriately sized manure management systems for smaller and medium-sized dairies and supports for farmers and ranchers interested in scaling up their utilization of novel enteric methane-reducing technologies. When applicable, USDA should ensure that new technologies related to livestock emissions are included under existing farmer support programs. The administration should also play its part in streamlining regulatory approval routes for emerging technologies such as feed additives that do not fit squarely under FDA oversight of human and animal drugs, so long as those technologies are science-backed and widely understood to be safe and effective for animals and consumers. For example, we encourage the administration and agency leaders to work with Congress to support the *Innovative FEED Act* (H.R. 6687, S.1842).

TAX POLICY

U.S. Department of Treasury

Policy Priority: Extend Section 199A(g) in the 2017 *Tax Cuts and Jobs Act* to maintain the deduction for certain agricultural cooperatives

Summary of Challenge/Opportunity: Current tax provisions enacted by Congress in 2017 that benefit dairy cooperatives are due to expire at the end of 2025. Congress created the Section 199 tax deduction for domestic manufacturing in 2004. Businesses across the economy have used the deduction. Dairy farmer cooperatives have claimed it as well and have passed the deduction back directly to their farmer-owners. Co-ops have been able to calculate the deduction on income from wholly owned subsidiaries that join in their consolidated federal return. Congress repealed Section 199 in the 2017 tax law and, in its place, Congress created Section 199A(g) specifically for agricultural cooperatives and enacted a revised version in 2018. It is essential that Congress extend this provision in 2025, when it is due to expire.

Proposed Action: The administration should work with Congress in 2025 to support an extension of Section 199A(g) from the 2017 *Tax Cuts and Jobs Act* to maintain the deduction for dairy cooperatives. The provision must ensure agricultural cooperatives (including dairy cooperatives) can count income from non-cooperative subsidiaries when calculating the deduction, even those that are included in the cooperative's consolidated tax return.

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U.S. Department of Treasury

Policy Priority: Continue to reduce the tax rate for businesses, provide incentives for R&D, and offer deductions for building and expanding manufacturing that benefit U.S. dairy processing.

Summary of Challenge/Opportunity: The U.S. dairy industry supports 3.2 million jobs in the United States and generates nearly \$800 billion for our economy. The industry may be poised for continued growth if the dairy processing sector can keep costs low

and create enough manufacturing capacity to capture and convert the growing U.S. milk supply into commodity and high-value dairy products. Demand for U.S. dairy is growing domestically and abroad, and U.S. dairy companies have allocated billions of dollars for future growth. U.S. dairy farmers continue to produce more milk with a higher protein and fat content with a consistent supply of milking cows, demonstrating their innovation to meet demand. If the U.S. government can help dairy producers reach new markets to export the growing milk and dairy supply in the U.S., the industry will need even greater manufacturing and supply chain capacity to keep up. Inefficient processing plants will be forced to close and newer, modern facilities will be needed.

Proposed Action: The administration should work with Congress to pass a new tax package in 2025 that reduces the tax rate for businesses from 21%. Additionally, the administration should seek to restore immediate tax expensing for research and development, allowing companies to write off all of their R&D costs the year they were incurred instead of spreading them out over five years. Separately, we encourage the administration to allow companies up to 100% deductions for spending on certain new, expanded, or renovated manufacturing and storage capacity, including property, plants, and equipment.