



# Legislative Watch

Issues important to today's dairy farmers

## House Of Representatives Approves Farm Bill Legislation Containing NMPF Provisions

The House of Representatives gave final approval on July 27 to a new Farm Bill containing all of the major elements that the National Milk Producers Federation had sought when the process of writing a Farm Bill in Congress began earlier this year.

After turning back a challenge led by Rep. Ron Kind to replace mainstream farm programs with a radical alternative, the House approved the Farm Bill written last week by the House Agriculture Committee by a vote of 231 to 191.

The vote "is the culmination of months of hard work by our members, who were steadfast in pressing for a farm bill that is as diverse and vibrant as the dairy industry itself" and one that will help keep our industry vibrant in the future," said Jerry Kozak, President and CEO of NMPF.

He said that NMPF would now shift its efforts to the Senate, which has yet to develop its own Farm Bill. Kozak said that the Senate "should take a good look at the many positive elements in the House bill, with an eye toward making a good bill even better in the Senate."

In terms of dairy policy, the House Farm Bill contains:

- a revised dairy price support program;
- an extension of the Milk Income Loss Contract program;
- language to finally implement the dairy checkoff on imported dairy products;
- a forward contracting program with significant producer protections;
- a requirement that the U.S. Department of Agriculture expedite the Federal Milk Marketing Order hearing process;
- a provision creating a new commission to review milk pricing regulations; a provision stipulating that the USDA fully use the Dairy Export Incentive Program;
- and additional funds for the Environmental Quality Incentives

Program, as well as conservation funding for energy-related practices that directly affect dairy operations.

Finally, the 2007 Farm Bill adds resources for nutrition programs, ensuring that sufficient funding for dairy foods in these programs is maintained.

"Dairy farmers and their cooperatives are thankful for the leadership of Agriculture Committee Chairman Collin Peterson (D-MN)," said Kozak, in praising the work of Rep. Peterson as the bill made its way from the committee to the full House. Kozak also lauded the substantial efforts of the other members of the Agriculture Committee "for their consideration and understanding of the priorities and interests of dairy farmers across the country."

### Immigration Reform Prospects Bleak

The Senate voted twice in June against comprehensive immigration reform, leading supporters of reform to believe that the prospects for a broad-based reform of immigration laws are negligible.

Nevertheless, NMPF is asking its members to thank those 46 Senators who did vote in favor of cloture (and by extension, in favor of the legislation). It is also worth contacting the 53 Senators who voted against the measure, since some of them are from dairy states where the labor shortages are not going to get better.

Despite the setback for a comprehensive reform package, key supporters of the AgJobs legislation have stated that they will consider trying to move that specific piece of legislation in the coming year.

## **NMPF Writes to FDA About Canadian Milk Shipments into U.S.**

NMPF recently wrote to the FDA concerning milk shipments by six Canadian dairy farms into New York state. The Canadian dairy farms in question are operating without the appropriate oversight of Canadian government officials, as they are working outside of the Canadian milk quota system. In May, the Canadian government ceased their support of these dairy farms and since then has not been providing any inspection or support activities.

NMPF questioned the validity of the Federal Import Milk Act Permit which FDA recently renewed for these farms. At the time of renewal, all of the requirements, including inspections by Canadian government officials, were certified by Canadian government officials. Circumstances are now different, however, and the Canadian government officials are not providing any support for the dairy farms operating under the permit. Because of this, NMPF argued that the certifications initially provided are now invalid and the permit needs to be revisited. New York and any other states that may be accepting this milk are only doing what is required of them as a result of the Federal Import Milk Act Permit. Because of this, it is FDA's responsibility to swiftly react to rectify this situation.

NMPF urged FDA to fully re-examine the current FIMA review process to provide for a more meticulous examination of applying companies' abilities to live up to their obligations under the FIMA.

## **U.S. and Cuba Trade Legislation Introduced**

New legislation has been introduced in the Senate and House to improve agricultural trade between the U.S. and Cuba. The "Promoting American Agricultural and Medical Exports to Cuba Act of 2007," introduced by Sens. Baucus and Crapo, and Representatives Rangel and Emerson, would help better facilitate the export of U.S. agricultural goods to Cuba.

Specifically, the legislation would put an end to Treasury Department rules that make trade with Cuba all but impossible for small U.S. exporters, would require the U.S. Department of Agriculture to promote sales to Cuba, and would lift the travel ban that keeps nearly all Americans out of Cuba, including ranchers and farmers trying to facilitate trade deals.

Cuba was a relatively good market for U.S. exports of skim milk powder with sales topping \$30 million in 2005. Once the impact of the Treasury Department's revised payment rules took full effect in the market sales plummeted by over 50 percent the following year.

NMPF/USDEC strongly supports S. 1673 and H.R. 2819, since their provisions would address the additional costs and barriers to export that the U.S. dairy industry now faces.

## **NMPF Urges Congress to Support the Korea FTA**

NMPF has signed on to a letter, along with 34 other agricultural organizations, urging Congress to support the Korea U.S. Free Trade Agreement.

The letter explained how America's farmers, ranchers and agribusiness for decades to come would benefit from the nearly \$2 billion in U.S farm exports becoming duty-free through the agreement.

Korea "is one of the most highly protected agricultural markets in the world, its average agricultural tariff rate is 52 percent - with tariffs on some products ranging well over 100 percent," the

letter said. "We have in our grasp the opportunity to gain the elimination of these restrictions on products from the United States. We cannot afford to fumble it away."

The letter goes on to detail how Korea is a top export market for U.S. food and agricultural products, however that is changing rapidly. In 1996, the U.S. share was nearly 45 percent. In 2006, it is estimated to have declined to less than 20 percent. This FTA offers the potential to reverse that trend and permit us to regain our historical share of this large and growing market.