



Legislative Watch

Issues important to today's dairy farmers

NMPF Urges Obama Administration to Focus Immediately on Dairy Crisis

As milk checks plunged to the lowest levels in six years, NMPF stepped up efforts to ask the new Obama Administration to address the growing dairy crisis.

In a letter sent in late January to new Agriculture Secretary Tom Vilsack, NMPF laid out a list of specific policy recommendations that the U.S. Department of Agriculture should immediately implement to improve the price support program, increase the use of dairy products in feeding programs, and reactivate the Dairy Export Incentive Program.

“Given the suddenness and severity of the plunge in farm-level milk prices, a significant number of farmers won’t survive the winter with the prices they’re receiving,” said Jerry Kozak, President and CEO of NMPF. Kozak noted that farm-level milk prices in February will be nearly 50 percent less than at the beginning of 2008, even though farmers’ input costs, including feed and fuel, are still above historic averages.

Contrary to rumors that NMPF has been seeking some sort of government dairy cow buyout in the pending stimulus package, Kozak said that NMPF remains focused on utilizing its six year-old Cooperatives Working Together program as the primary means to manage the dairy supply.

Trans-Pacific Partnership FTA

USTR scheduled a hearing and issued a call for comments on the subject of initiating negotiations for a Trans-Pacific Partnership (TPP) FTA with New Zealand, Australia, Chile, Singapore, Vietnam, and Brunei. Since U.S. Trade Representative-designee Ron Kirk has not yet been approved and taken office, it is unclear yet whether he will choose to continue to pursue the TPP. However, strong pressure exists among those currently at USTR to move forward with the proposed trade deal.

NMPF was an early leader in making clear the dairy industry’s opposition to any deal that involves

New Zealand’s dairy industry. As part of this message, NMPF has insisted that the TPP must fully exclude all U.S.-New Zealand dairy trade.

NMPF plans to participate in this upcoming opportunity to voice dairy producers’ vehement opposition to entering into a one-sided trade deal involving New Zealand, and to raise this issue as early as possible with the new leadership at USTR. Should Ambassador-designee Kirk decide to continue pursuing the TPP, NMPF will resume efforts to marshal strong opposition from dairy producers in all regions.

New FTAs Take Effect

At the start of the year, Costa Rica finally joined the CAFTA-DR trade deal as an active member as the agreement went into effect in 2009. Costa Rica is one of the largest Central American markets, so this addition is a very important boost to the benefits of CAFTA-DR. NMPF and the U.S. Dairy Export Council are working together with USTR and USDA’s Foreign Agriculture Service to try to swiftly resolve some trade challenges that came to light upon the agreement entering into force. Once those hurdles are removed, however, U.S. exporters will be able to take full advantage of the agreement’s beneficial provisions for U.S. dairy exports.

Similarly, the U.S.-Peru FTA recently took effect. This agreement was approved by Congress in late 2007, and it has taken since then to work out the various implementation issues and legislative changes required by Peru to ensure they would be in compliance with the FTA when it took effect. This balanced agreement provides meaningful new net export prospects to the U.S. dairy industry with a significant importer of dairy products.

NMPF worked hand in hand with USDEC to strongly support the passage of both these trade deals, and is pleased to see the agreements take effect to provide U.S. dairy producers with additional outlets for dairy products during these challenging times.