



News Release

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"Connecting Cows, Cooperatives, Capitol Hill, and Consumers"

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New Report on New Zealand's Dairy Export Monopoly Highlights U.S. Concerns about Expanding U.S.-New Zealand Dairy Trade

ARLINGTON, VA – The National Milk Producers Federation (NMPF) said today that a new report on the anti-competitive practices pervasive in the New Zealand dairy industry highlights why the U.S. dairy farmer sector is so concerned with including U.S.-New Zealand dairy trade in a potential Trans-Pacific Partnership (TPP) free trade agreement (FTA). The issue is one that NMPF has addressed through its comments to the Obama Administration on TPP, including in its 2010 [testimony to the U.S. International Trade Commission](#). NMPF applauded the new report's effort to shed more light on this critical concern.

The report in question was [prepared by the U.S. Dairy Export Council](#) (USDEC) and provided confidentially to the U.S. Trade Representative's Office and the U.S. Department of Agriculture (a summary of the report is [available online](#)). The accompanying letter notes that New Zealand's largest company has been provided special privileges by the government that enable it to maintain a roughly 90% market share of the milk produced in New Zealand. This advantageous position has given this single dairy company direct control of more than one third of world dairy trade, without even accounting for the additional sales controlled through its many production and distributor relationships around the world.

NMPF has been strongly supportive of the overall TPP negotiations, working to pursue favorable opportunities where they exist for U.S. dairy producers. NMPF has identified the possible future inclusion of dairy negotiations with Japan and Canada as being among the most significant new openings TPP could ultimately offer, although it is not yet clear if or when those countries will join TPP and under what terms.

However, NMPF has been equally clear about dairy producers' continued vehement opposition to any expansion of U.S.-New Zealand dairy trade as part of that effort, given New Zealand's dairy market concentration and its dominating firm's tremendous global market power. NMPF has estimated that U.S. dairy farmers could face \$20 billion in losses during the first decade of the FTA if U.S. dairy tariffs are fully eliminated for New Zealand's benefit.

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“New Zealand’s government and dairy industry have been teaming up to spend considerable resources in courting members of the U.S. Congress on the TPP, but our representatives need to keep in mind the harsh realities of the global dairy industry, where trade is dominated by one company,” said Jerry Kozak, President and CEO of NMPF. “And that dominion has been facilitated by New Zealand’s policy of granting a market concentration exemption to a single company, allowing it to sway both internal and external dairy markets.”

Kozak said that in addition to NMPF’s support for TPP talks, the organization has also been supportive of the vast majority of past U.S. trade agreements, which have led to important gains that benefit U.S. dairy producers. NMPF’s position with respect to U.S.-New Zealand dairy trade is in keeping with a commitment to address not only tariff barriers to U.S. dairy sales, but also major non-tariff measures that negatively impact the U.S.’s ability to fairly compete both at home and abroad.

NMPF will continue to work with USDEC in asking Trade Representative Ron Kirk, other trade officials in the Obama Administration, and members of Congress, to insist on the importance of expanding U.S. exports and facilitating trade. It will continue to oppose any expansion of U.S.-New Zealand dairy trade under TPP, given the very troubling dynamics that persist in that country’s dairy industry.

The National Milk Producers Federation, based in Arlington, VA, develops and carries out policies that advance the well-being of dairy producers and the cooperatives they own. The members of NMPF’s 31 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of more than 32,000 dairy producers on Capitol Hill and with government agencies. Visit www.nmpf.org for more information.