



News Release

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**NMPF ASKS OFFICE OF MANAGEMENT AND BUDGET TO FURTHER
ANALYZE DAIRY IMPACTS OF REOPENED CANADIAN BORDER**
Canadian Dairy Cattle Exports Could Seriously Undermine U.S. Milk Prices

ARLINGTON, VA – With the Bush Administration in the final stages of reopening the U.S. border to all types of Canadian cattle – including dairy animals – the National Milk Producers Federation today asked the White House to better analyze the negative economic impacts of a reopened Canadian border.

The U.S. closed its borders to Canadian beef and live cattle four years ago, following the discovery of BSE, or mad cow disease, in May 2003. In 2005, the U.S. Department of Agriculture reopened the border for younger animals destined for slaughter, and for meat from younger animals. The USDA has now forwarded to the White House’s Office of Management and Budget a proposed regulatory change allowing all forms of Canadian cattle exports born after March 1, 1999, including milk cows to be used for breeding purposes. The OMB is responsible for conducting an economic review of all major regulatory changes proposed by the federal government.

NMPF believes that the USDA’s cursory review of the potential economic impacts of the cattle trade “is inadequate, and doesn’t fully account for the economic losses that could occur as a result of a reopened border,” said Jerry Kozak, President and CEO of NMPF, in a letter sent today to the OMB.

NMPF estimates that additional annual imports of approximately 47,000 Canadian dairy heifers could increase milk production by 0.5% per year over the next five years, reducing farm-level milk prices by 18%, and dairy farmer revenue by \$5 billion, on average during that time period.

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In addition to a reduction in milk prices, a surge in Canadian dairy animals will reduce the current value of a farmer's dairy herd, "substantially reducing" his net worth, Kozak said.

Because Canada's government has continued to find cattle that have BSE, the USDA is estimating that up to 700 BSE-infected cattle could be exported to the U.S. during the next twenty years. Such a development could reduce beef prices – and thus the revenue that dairy farmers derive from cattle sold for meat packing – as a result of the resumption in Canadian exports.

"The existence of BSE-infected animals could substantially undercut demand for beef, as it has done in Europe. It could also lead to greater discounts for dairy cows at slaughter," Kozak said.

The letter goes on to state that while NMPF does not object to the proposed regulation's review of Canadian cattle designed directly for slaughter, the regulatory analysis for dairy breeding animals is incomplete "and does not justify that part of the proposed rule."

NMPF is asking for an opportunity to further assist the OMB with a full review of the potential impact of this proposed regulation.

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 nearly 50,000 dairy producers on Capitol Hill and with government agencies.

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