



News Release

National Milk Producers Federation • 2101 Wilson Blvd., Arlington, VA 22201 • 703-243-6111 FAX 703-841-9328

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Contact: Christopher Galen
(703) 243-6111 ext. 356
E-Mail: Cgalen@nmpf.org

**NMPF DISAPPOINTED WITH USDA DECISION TO REOPEN CANADIAN
BORDER IN NOVEMBER TO DAIRY ANIMAL EXPORTS**
Canadian Cattle Exports Could Undermine U.S. Milk Prices, Consumer Confidence

ARLINGTON, VA – The National Milk Producers Federation today expressed its “serious reservations” about the impact of a renewal in Canadian dairy animal exports to the United States.

The U.S. Department of Agriculture announced Friday that it will reopen the U.S. border on Nov. 19 to all types of Canadian cattle, including those intended for slaughter, as well as those for breeding purposes, which would include dairy heifers.

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 USDA reopened the border for younger animals destined for slaughter, and for meat from younger animals. The new regulation announced today will allow exports of all forms of Canadian cattle exports born after March 1, 1999, including milk cows to be used for breeding purposes.

“The USDA has dismissed as ‘negligible’ the economic impact of this decision, but dairy farmers are very concerned about what this will do to their milk prices,” said Jerry Kozak, President and CEO of NMPF. “Our analysis shows that a return to export levels of 2003 will reduce milk prices by 18% over the next five years, cutting dairy farmer income by \$5 billion.”

Those figures were shared earlier with both the USDA and the Office of Management and Budget, which has the responsibility to assess the impact of major changes in federal regulations.

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NMPF estimates that additional annual imports of between 47,000 and 60,000 Canadian dairy heifers could increase milk production by 0.5% per year over the next five years, which “is a large enough quantity to generate significant damage in the milk checks of dairy farmers,” Kozak said.

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.

NMPF is also concerned that while Canada is being classified as a “minimal risk” country, it could potentially export more animals infected with BSE with negative ramifications for beef prices as well as milk prices. There have been seven cases of BSE in Canadian cattle born after implementation of a feed ban in 1997 to prevent the spread of mad cow disease, and five of those were born after Mar. 1, 1999 – and thus could have been sent to the U.S. under the terms of the new regulation.

“Our dairy farmers can’t take any comfort from USDA’s probabilities and statistical projections. The reality is that animals infected with BSE in Canada become our problem when they arrive in the U.S.,” Kozak said, pointing out that the first case of BSE in the U.S. in 2003, in an animal located in Washington State, was born in Canada.

“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.

NMPF staff met earlier this month with officials from the OMB, asking for an opportunity to further assist the OMB with a full review of the potential impact of this proposed regulation.

Kozak said that NMPF has “laid a clear and coherent foundation for any future action that may be necessary to protect the integrity of our national dairy herd. We are examining what additional recourse we may have in this matter.”

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. For more on NMPF’s activities, visit our Website at www.nmpf.org.

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