



# National Milk Producers Federation

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

August 5, 2008

Dear Members of Congress:

The National Milk Producers Federation writes to you on behalf of America's dairy producers to make you aware of our industry's strong opposition to a trade agreement with New Zealand. The recent collapse of WTO negotiations gives us great cause for concern that the interest expressed earlier this year by this Administration in a "P4" free trade agreement (FTA) with Singapore, New Zealand, Chile, and Brunei may gain momentum in light of diminished prospects for a new global treaty in the near future. Given that the United States already has FTAs with Singapore and Chile and minimal trade interests in Brunei, this is effectively an FTA with New Zealand. American dairy producers vehemently oppose this agreement. Those who support the U.S. dairy industry simply cannot also support giving New Zealand increased access to our market while the current level of distortions in global dairy trade exist.

The P4 FTA would unilaterally grant more access to our market to the world's largest dairy exporter while other countries' attractive dairy markets remain closed off, thereby swamping our market with new imports. New Zealand would be able to export to the U.S. more dairy products including cheese, milk proteins, butterfat and dairy food preparations. This would result not only in a loss of income and jobs in the agriculture sector but also would severely impact other businesses in our already stressed rural communities.

Arguments have been made that by joining the P4 agreement, other Asian countries will want to join as well and it will expand U.S. FTAs in the region and ensure that the U.S. is not excluded from regional integration. It is not clear why any country, especially one with sensitive sectors, would want to join this FTA. We believe that if an Asian country wants to enter into a FTA with the United States they will prefer to negotiate directly with us to be able to address any sensitive sectors.

New Zealand may argue that it deserves a free trade agreement with the United States because its dairy sector is a free market industry. This is not true. One company (Fonterra – the former New Zealand Dairy Board) has a firm grip on export markets (the home for 95% of New Zealand's milk production). In fact, New Zealand's dairy industry is a virtual monopoly, with 90 percent of the milk is controlled by one cooperative.

An FTA with New Zealand would force several thousand American dairy farms, mostly small and medium family farms, out of business, causing the industry to undergo major consolidation. Following the massive drop in farm numbers, hundreds of manufacturers will also go out of business raising unemployment in rural America. There will be no newly generated exports of U.S. dairy products to New Zealand under such an agreement – merely

Jerry Kozak, President/Chief Executive Officer

Charles Beckendorf, Chairman

[www.nmpf.org](http://www.nmpf.org)

Agri-Mark, Inc.  
Arkansas Dairy Cooperative Association  
Associated Milk Producers, Inc.  
Continental Dairy Products, Inc.  
Cooperative Milk Producers Assn.  
Dairy Farmers of America, Inc.  
Dairymen's Marketing Cooperative, Inc.  
Dairylea Cooperative Inc.  
Ellsworth Cooperative Creamery  
Farmers Cooperative Creamery  
First District Association  
Foremost Farms USA  
Humboldt Creamery  
Just Jersey Cooperative, Inc.  
Land O'Lakes, Inc.  
Lone Star Milk Producers, Inc.  
Manitowoc Milk Producers Coop.  
MD & VA Milk Producers Cooperative Association, Inc.  
Michigan Milk Producers Assn.  
Mid-West Dairymen's Company  
Northwest Dairy Association  
Prairie Farms Dairy, Inc.  
St. Albans Cooperative Creamery, Inc.  
Scioto County Co-op Milk Producers' Assn.  
Select Milk Producers, Inc.  
Southeast Milk, Inc.  
Swiss Valley Farms, Co.  
Tillamook County Creamery Assn.  
United Dairymen of Arizona  
Upstate Niagara Cooperative, Inc.  
Zia Milk Producers

more imports. America's dairy farmers are continually faced with challenges from rising input costs to finding a secure workforce for their farms. Let's not add a New Zealand Free Trade Agreement to that list.

Sincerely,

A handwritten signature in black ink that reads "Jerry Kozak". The signature is written in a cursive, flowing style.

Jerry Kozak  
President and CEO