



# News Release

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FOR IMMEDIATE RELEASE  
Monday, September 22, 2008

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## **NMPF TO FIGHT INCLUSION OF DAIRY PRODUCTS IN PROPOSED FREE TRADE AGREEMENT WITH NEW ZEALAND**

**Dairy Farmers to be Forced to Compete Against Foreign Monopoly Power**

ARLINGTON, VA – The National Milk Producers Federation said today it would seek the full exclusion of New Zealand’s dairy products under the newly-announced Transpacific free trade agreement because of the New Zealand dairy industry’s unique structure and excessive manipulation of dairy markets globally and in the U.S.

The Bush Administration announced today that it wants to create a free trade pact with four nations: Chile, Singapore, Brunei and New Zealand. The U.S. already has trade agreements with the first two of these, while Brunei is essentially a small city-state. The real change as a result of a so-called Trans-Pacific trade agreement between these nations and the U.S. would be to throw open American markets to one large multinational company that works under the auspices of the New Zealand government. New Zealand is the world’s largest dairy exporter, and benefits tremendously from the defacto dairy monopoly in New Zealand whereby one company controls more than 90% of the country’s milk production.

“New Zealand’s government must be salivating at the prospect of getting unfettered access to our consumer markets, even while the U.S. remains constrained by where it can export our dairy products around the world, including to our neighbors, such as Canada,” said Jerry Kozak, President and CEO of NMPF, noting that there would be no new opportunities for U.S. dairy exports under a Trans-Pacific agreement, given existing relations with the other significant economic participants.

“The heightened prospect of greater manipulation by New Zealand of not only global markets, but also our domestic industry and policy, would make an already uneven playing field in the global markets even worse,” Kozak said. “This manipulation of our markets will drive down dairy farmer income in America, force farms out of business, and create a ripple effect swamping dairy plants and other rural businesses – all at a time when our economy is slowing and unemployment is rising.”

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Kozak said that NMPF is a strong supporter of balanced trade and the multilateral trading system.

“Throughout the world, dairy is one of the most protected agricultural sectors and NMPF has been at the forefront leading the charge for reform,” said Kozak. The Trans-Pacific agreement, however, doesn’t offer any reform, but “only the opportunity for a one-way flow of trade directly into our market from an industry that is known for its manipulative dairy trading policies. Let’s be frank here – the Trans-Pacific FTA is really at heart simply an agreement with New Zealand, given the other countries involved,” he said.

“The U.S. government – and for that matter, the New Zealand government – should continue their efforts to level the international trade field through the World Trade Organization,” Kozak said. “By embarking on this new agreement, the U.S. is unilaterally opening up the floodgates to a monopolistic dairy industry almost exclusively focused on growing its exports and power over world dairy markets, while doing nothing to address the tremendous distortions in other markets that so negatively impact global dairy trade and prospects for more balanced trading opportunities for our producers.”

Kozak concluded by saying that “NMPF does not believe that full exclusions of entire sectors are a good solution for the vast majority of free trade agreements.” However, no other country in the world, let alone the U.S., has a dairy industry with the characteristics of that in New Zealand. In New Zealand, one company controls over 90 percent of the milk produced, owns the rights to the vast majority of the market access granted to New Zealand under the Uruguay Round, and handles 95 percent of that country’s exports. The only way to deal with such a unique and monopolistic situation, Kozak said, “is through an equally unique response: full exclusion of all dairy products.”

The National Milk Producers Federation (NMPF), 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 40,000 dairy producers on Capitol Hill and with government agencies. For more on NMPF’s activities, visit our website at [www.nmpf.org](http://www.nmpf.org).

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