



National  
Milk Producers  
Federation

# News for Dairy Co-Ops

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Market Prices

## NMPF Achieves Legislative Accomplishments in 2006 Congress

Now that Congress is done for the year, and a new leadership team will return to town in January, NMPF can tally up its achievements in the past 12 months.

The most prominent dairy issue was passage and enactment of the Milk Regulatory Equity Act, which regulates large producer-handler milk bottlers. This had been a legislative priority of NMPF for the last two Congressional sessions. Under MREA, producers larger than 3 million pounds of milk monthly will have to pool their Class I sales. The legislation also regulated milk sales from a Federal Order area into a state order.

NMPF also pursued immigration reform, as part of a large coalition, seeking a balanced, comprehensive approach to the labor shortage problems in agriculture. While a compromise approach was not finalized by Congress, a provision including agricultural guest workers was included in the bill that passed the Senate this past summer. NMPF will continue its efforts in the House and Senate in the upcoming 110th Congress, where hopefully the atmosphere for immigration reform will be improved.

Another area of major activity was the effort by livestock groups to have Congress clarify its intent that animal manure was not meant to be regulated by the CERCLA and EPCRA superfund laws. NMPF and other farm groups garnered widespread support in Congress for bills to clarify those laws, but that effort will have to start again in January.

NMPF also worked to secure passage of favorable trade agreements with positive benefits for dairy, such as the Peru FTA and the Vietnam normal trade relations legislation. The Vietnam PNTR was included in legislation just prior to adjournment in mid-December [see below].

2006 also saw the creation of a first-ever Congressional Dairy Farmer Caucus. This organization was formed by dairy friendly Senators and Representatives to advance the issues of dairy farmers. It has members from all areas of the country.

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## Vietnam Trade Completed in Lamé Duck Session

Just before leaving town for the end of the year, Congress approved a trade package that included Permanent Normal Trade Relations with Vietnam. The bill will now go to the President for his signature. Vietnam will join the World Trade Organization at the end of 2006. Passage of Vietnam PNTR means that the U.S. will be able to take advantage of the improved trading terms that Vietnam negotiated with WTO members as part of the concessions it made to join the organization.

Those new trading terms include lower tariffs on dairy products entering Vietnam, a

dairy-importing country. Tariffs on Vietnamese imports of whey products will be reduced from initial starting points ranging from 20 to 30 percent, down to a new level of 10 percent over a period of five years. Tariffs on cheeses will be reduced from a starting point of 20 percent down to 10 percent immediately. Tariffs on ice cream will be reduced from 50 percent down to 20 percent over a period of five years.

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## **NMPF Leads Effort to Raise Federal Order Milk Prices**

NMPF is leading the effort by farmers and cooperatives to update and simplify the Class I and II price formulas. At a Federal order hearing last week in Pittsburgh, producers and staff from NMPF member cooperatives, as well as NMPF staff, offered testimony, data, and analysis in support of the proposal.

USDA recently announced reductions in the Class III and IV prices to account for manufacturing costs. When it became clear this fall that these adjustments would also reduce Class I and II prices, NMPF made the proposal heard last week. NMPF's proposal would raise the Class I price by 77¢ and Class II by 21¢, by updating the producer and cooperative costs that USDA put into their Class I and II price formulas in 1999. These increases would increase blend prices in all Federal order markets.

The NMPF proposal was opposed by many bottlers and Class II manufacturers, who would have to pay the increased costs that pooled farmers and their cooperatives face to supply them with their milk. There was also opposition by some dairy farmer cooperatives concerned about an uneven regional distribution of benefits, even though all markets would see some positive impacts.

Looking at the accelerated schedule on which USDA has been conducting recent hearings, a decision from this hearing could come as early as March or April. Please contact [Roger Cryan](#) if you have any questions.

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## **EPA Issues Final Rule on Oil Spill Prevention, Control, and Countermeasures**

On December 14, 2006 the Environmental Protection Agency (EPA) announced the final rule for the Oil Spill Prevention, Control and Countermeasure (SPCC) regulations. The SPCC regulations require covered facilities that store 10,000 gallons or more of oil to prevent, prepare for and respond to oil discharges. This final rule will provide alternative compliance options for certain regulated facilities.

This final rule provides streamlined options for specifically qualified facilities and exemptions from the SPCC regulations for certain vehicle fuel tanks and other bulk oil storage containers. EPA is also removing requirements for animal fats and vegetable oils that pertain to onshore and offshore oil production facilities, oil drilling and workover facilities.

The SPCC regulations have been in place since 1974, however many facilities and farm operations have been unaware that these regulations affect them. To remedy this, EPA is extending the compliance dates for preparing or amending, and implementing SPCC Plans for farms until the Agency promulgates a rule specifically addressing how farms should be regulated under the SPCC rule. For purposes of the SPCC rule, EPA defines a farm as "a facility on a tract of land devoted to the production of crops or raising animals, including fish, which produced and sold, or normally would have produced or

sold, \$1,000 or more of agricultural products during a year."

The final rule will soon be published in the Federal Register. NMPF will work with EPA in the development of agriculture specific regulations for SPCC. For more information and a Fact Sheet specific to farm operations, visit the [EPA SPCC website](#).

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## 2007 Dairy Producer Highlights Now Available

The 2007 edition of the Dairy Producer Highlights brings together dairy industry charts and tables, illustrating trends occurring in the industry over numerous decades. The National Milk Producers Federation has been producing this publication for over 50 years, and the latest edition is now available.

The detailed compilation of facts ranges from historic all-milk price, to the per capita consumption of dairy products. The NMPF report also contains a geographic assessment of where each state ranks in the industry on a variety of measures.

The 2007 Dairy Producer Highlights are available to NMPF members for \$5 per copy, or \$4 for orders of more than 10 copies. Non members are charged \$10 per copy, and \$5 for orders over 10 copies. Email the NMPF offices at [highlights@nmpf.org](mailto:highlights@nmpf.org) or visit the NMPF webpage for an order form.

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## New Associate Member - Pfizer Animal Health

NMPF is pleased to welcome our newest associate member, Pfizer Animal Health. Pfizer has discovered and developed some of the leading vaccines and prescription medicines that can make animals live longer and healthier lives.

For farm animals such as cattle and swine, Pfizer Animal Health offers a broad line of products to improve their health and quality of life. Pfizer also provides outstanding technical support and service throughout the United States to help beef, dairy and pork producers - and their veterinarians - to improve the safety, quality and productivity of livestock by taking full advantage of Pfizer Animal Health products.

Pfizer also is a leader in animal health research. In the years ahead, Pfizer Animal Health is confident of delivering innovative new vaccines and medicines that will address significant unmet medical needs of both companion and farm animals.

Pfizer Animal Health's representative will be Benjamin Church, who can be reached at 212-733-6628, or by email [Benjamin.church@pfizer.com](mailto:Benjamin.church@pfizer.com). To learn more about Pfizer Animal Health, please visit their website at [www.pfizerah.com](http://www.pfizerah.com).

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## Associate Member Focus: M.E. Franks



Founded in 1948, M.E. Franks Inc. is a leading global supplier of dairy ingredients. They work closely with their customers to meet their supply chain and quality assurance requirements by sourcing ingredients through their international network of dairy suppliers. They also support their customers and

suppliers by providing them market analysis and direction.

M.E. Franks Inc. was a pioneer in the Dairy Export Incentive Program during the 1980 and 90's. In recent years, their partners have benefited from participation in U.S. Food Aid programs and the development of functional dairy blends.

For more information contact Donald Street at 610-989-9688 or visit their website:  
[www.mefranks.com](http://www.mefranks.com)

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