

June 7th, 2002

Golden Elm Dairy  
1520 Frahm Road  
Frankenmuth, MI 48734  
phone: 989.652.3552

The Honorable Philip Crane, Chairman  
Subcommittee on Trade  
Committee on Ways and Means  
US House of Representatives  
Washington, DC 20515

Dear Chairman Crane:

This letter is in response to your request for comments regarding technical corrections to U.S. trade laws. More specifically, we are writing to urge the passage of H.R. 1786, legislation imposing tariffs on imports of milk protein concentrate (MPC) and casein.

I am writing to make you aware of a problem impacting the dairy industry. Unrestricted imports of milk protein concentrate (MPC) have flooded our domestic market and decreased our prices. At the time of the 1994 General Agreements on Tariffs and Trade (GATT) negotiations, technology to produce MPC was not commercially available. Consequently, no restrictions or quotas were imposed on a product which did not exist. However, since the implementation of the GATT agreement, imports of MPC into the United States have increased more than 600 percent and are posing serious economic strains on our dairy industry.

It is difficult to determine the precise impact on farm milk prices due to imports of MPC. However, it is estimated by the National Milk Producers Federation (NMPF) the importation of MPC has resulted in a reduction of \$0.20 to \$0.30 per hundredweight (cwt.) in the price of milk to dairy farmers. This reduction translates into a loss of approximately \$11 to \$16 million to the dairy producers in Michigan and \$1.1 billion to all U.S. dairyman between 1995 and 2000.

As you can see, this importation of MPC is having a major impact on the United States dairy industry. House Bill #1786 and its sister Senate Bill #847 will address this problem by establishing tariff rate quotas on MPC. Congressman Barcia, Bonior, Ehlers, Smith and Stupak along with Senators Stabenow and Levin have sponsored these bills. Thank you for your time and God Bless America!

Sincerely yours,

Eric J. Frahm  
2000 MMPA OYDC  
2001 NMPF YC Council

Teresa M. Crook  
2000 MMPA OYDC  
2001 NMPF YC Council