

The Honorable Philip Crane  
Chair, Trade Subcommittee  
House of Representatives Committee on Ways and Means  
2234 Rayburn House Office Building  
Washington, DC 20515-0518  
Fax: (202) 225-0819

June 7, 2002

Dear Chairman Crane:

Lactalis USA, Inc. is greatly concerned about attempts in both the House and Senate to pass legislation (H.R.1786/S.847) that would mandate costly new restrictions, through tariff-rate quotas, on imported casein and milk protein concentrates (MPC). These items are not produced in the United States because U.S. dairy price support programs make domestic production uneconomic.

Casein and MPC are used throughout the dairy industry, in a variety of products. Like other cheese making companies, we use these items in several products. Therefore, limiting the availability of these ingredients will hurt the entire dairy and cheese industries, and will affect our Company and its workers directly, by increasing the cost of products. Lactalis USA directly employs hundreds of people in Turlock, California, Belmont, Wisconsin, and New York City. We are an important contributor to the local economy and tax base of these areas and of the United States generally, and for many years we have provided good employment opportunities. We want our business to grow, not shrink, because it is important to our employees and customers. The proposed tariffs would impose senseless costs upon our operation, would place added uncertainty upon our employment base, and would cost the consumers of our State more money.

Casein and milk protein concentrates (MPC) are milk-derived ingredients used in a wide variety of applications, including non-dairy creamers, frozen desserts, cheeses, breakfast foods, soups, baby food, including hypoallergenic infant formulas, bakery products, processed meat, high protein bars and sport beverages and other nutritional foods.

Demand for these high-protein dairy ingredients has been growing over the past decade, yet there is no domestic production of casein or MPC. This is largely due to the economic effects of the U.S. dairy price support program that has guaranteed a market for nonfat dry milk and made it uneconomical to invest in value-added production facilities.

Why risk investing in new technologies if you get a good guaranteed price for a lower technology product?

The bill's proponents claim that imports of casein and MPC take away sales of domestic nonfat dry milk, yet nonfat dry milk is simply not a substitute for casein or MPC. Both casein and MPC provide functionally superior attributes to nonfat dry milk, by offering higher levels of protein, consistency of protein content levels, and removal of other milk components that may not be desired in the particular end product (for example, lactose and minerals). Increased availability of these products from foreign suppliers in recent years is a direct result of the use of more modern filtration technologies being used by dairy suppliers around the world.

**We respectfully ask you to oppose any efforts to pass legislation that would raise import tariffs on casein and milk protein concentrates.** This is an important issue to our company and to the U.S. food industry if we are to remain competitive.

Thank you for your consideration.

Sincerely,

LACTALIS USA, INC.

By:

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Yvon Guerin  
Executive Vice President