



# Michigan Milk Producers

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

Dear Chairman Crane:

We are writing this letter to respond to your request for input regarding corrections to U.S. trade laws. We are writing to support and urge passage of HB 1786 which would impose tariffs on imported Milk Protein Concentrate and casein.

During the negotiations that led up to the General Agreement on Tariffs and Trade (GATT) in 1994, tariff rate quotas were established for basic dairy products, butter, cheese, and nonfat dry milk powder because of the known effect that large amounts of imports would have on the domestic dairy industry. MPC was a little known product at that time. However, since then the ultra filtration technology used to produce MPC has advanced. MPC is produced using this ultra filtration process and New Zealand has developed their industry and exporting large volumes to the United States displacing nonfat dry milk.

In addition, there are companies in Europe using low priced powder from eastern Europe, blending it with casein or whey powder, calling it MPC and exporting to the United States, thus, getting around to quota on nonfat dry milk. MPC imports were 16 million pounds in 1995 and 116 million pounds in 2000.

The importing of MPC and casein have displaced domestic product and is partially responsible for the government having to purchase large quantities of nonfat dry milk under the dairy price support program. These inputs are costing the taxpayer dollars in the support program and have cost dairy producers millions of dollars in reduced domestic milk prices.

We understand that due to preexisting obligations the U.S. cannot unilaterally change its laws regarding tariff application. HR 1786 has been written to assure that corrective measures are compliant with rules of the WTO.

We strongly encourage the committee to correct this situation and pass House Bill 1786.

Sincerely,

Elwood Kirkpatrick  
President