



June 5, 2002

The Honorable Phil Crane
Chairman, Trade Subcommittee
U.S. House of Representatives
1104 Longworth House Office Building
Washington, DC 20515

Re: H.R. 1786

Dear Mr. Chairman:

Slim•Fast Foods opposes H.R. 1786, a bill that would impose costly new restrictions, through tariff-rate quotas, on imported casein and milk protein concentrates (MPCs). Limiting the availability of these ingredients will simply increase the cost of products that rely on their unique properties.

Milk protein concentrates (MPC), casein and caseinates are milk-derived ingredients used in foods. These ingredients provide functionally superior attributes to nonfat dry milk, by offering higher levels of protein, consistency of protein, and removal of other milk components that may not be desired in the particular end product (i.e., lactose and minerals).

Imports of dry MPC have increased in recent years because 1) demand for these functionally enhanced milk ingredients are on the rise and 2) under the current dairy program, there is virtually no production of these ingredients domestically. Domestic supply of MPC is hindered by the current structure of the domestic price support program for nonfat dry milk (NFDM), which makes it more economical for U.S. processors to turn milk into NFDM for sale to USDA than to manufacture dry MPC. Casein and caseinates have been a long-term target for import restrictions.

Slim•Fast purchases 4,650,000 pounds of casein per year for use in nutritional drinks and bars. Slim•Fast relies on imports from New Zealand and France because domestic production is limited and the quality of the ingredients is inferior. Imposition of a tariff rate quote would result in a \$6.5 million increase in raw material costs which would translate into slightly more than a 2 percent increase in consumer prices. Consumers would bear the burden of what in effect would be an additional federal tax on food.

We respectfully ask you to oppose H.R. 1786 as a stand-alone bill and to oppose its inclusion in miscellaneous tariff legislation as has been requested by supporters of the bill.

Thank you for your consideration. Feel free to contact me directly at 561-822-2857.

Sincerely,

Marc Covent
President

cc: Honorable Clay Shaw
Honorable Harold Ford
Honorable Jim Kolbe