

January 17, 2004

President George W. Bush  
The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20500

President Bush:

The National Family Farm Coalition (NFFC) is raising concerns of the projected negative impacts of the Australia-U.S. Free Trade Agreement (AUSFTA) for family dairy farmers.

More than 150,000 Americans whose livelihoods depend on a healthy U. S. Dairy sector, including thousands of family dairy farmers, will lose jobs if the U.S. government agrees to AUSFTA, that opens America's markets to Australian imports.

According to an analysis prepared by the National Milk Producers Federation (NMPF), the flood of Australian dairy imports into the U.S. resulting from the AUSFTA would force more than ¼ of the nation's dairy farmers out of business. In addition, the U.S. would lose more than 10 percent of the 1.3 million jobs generated by milk production and processing activities.

The NFFC is concerned with the threat of economic devastation to rural communities across America as a result of Australian dairy imports. This is a real threat to U.S. dairy markets and will wipe out thousands of small and medium sized family farms in the process. When these farmers go out of commission they won't come back. The U.S. would also lose many accompanying occupations along with them--related jobs such as veterinarian care, feed sales, dairy processing, distribution and sales. This comes at a time when the U.S. cannot afford to loose more jobs to foreign interest.

The only beneficiaries of this trade deal is Australia's dairy industry, as well as a handful of multinational processing and retail companies that can buy wholesale products more cheaply. The U.S. consumers will not benefit because lower milk prices will not be passed onto the public. The dairy farmers' processors and rural communities at most risk include California, Florida, Idaho, Michigan, Minnesota, New York, Pennsylvania, Washington and Wisconsin.

This trade agreement will cause the largest dairy marketplace (the U.S.) to be supplied by fewer and larger U.S. farms, coupled with an expanded volume of Australian imports. Australia, the third largest dairy exporter, is fully capable of exporting large quantities of cheese, butter, nonfat dry milk and other dry dairy ingredients such as milk protein concentrate (MPC). The displacement of U.S. milk production will exceed 13 percent of the total national production.

According to NMPF's analysis, the dollar loss to America's dairy farmers will average \$2.6 billion per year, resulting in a total loss exceeding \$25.6 billion at the end of ten years. Milk production is the second largest agriculture commodity in the U.S. with annual farm sales of approximately \$23 billion.

The report by Australia's Department of Foreign Affairs in 2001 indicated that liberalized trade with the U.S. would increase exports by 354 percent as domestic users substitute away from dairy products sourced domestically to the now cheaper Australian products. According to data provided by the Australian Milk Producers Association, however, at the same time milk prices received by Australian dairy farmers fell considerably, from 43 cents per liter in 1995 to 24 cents per liter in 2003.

The NFFC feels that the AUSFTA will negatively impact several other U.S. industries, including beef, lamb, and beer/wine. Furthermore, U.S. food security will also fall into jeopardy because the nation would rely more on other countries for its food supply. It is imperative that we, as a nation, be able to feed ourselves due to rising national security interests.

Thank you,

Katherine Ozer  
Executive Director, National Family Farm Coalition