

Committee rejects tariffs on milk products

(Washington Times)

By MARC HELLER

WASHINGTON — Efforts to stem the flow of imported milk coming into the United States suffered a setback in the Senate on Thursday, as the Finance Committee rejected a bid to impose tariffs on some products.

On a voice vote, the committee defeated a proposal — based on a bill by Sen. Hillary Rodham Clinton, D-N.Y. — to restrict the amount of milk protein concentrate that can enter the country without punitive tariffs.

Sen. Charles E. Schumer, D-N.Y., missed the meeting, in which the committee voted on tax and revenue provisions of the next five-year farm bill. He was attending a Judiciary Committee hearing on death benefits for firefighters and would have voted to impose the MPC restrictions, a spokesman said.

Mrs. Clinton is not on the committee. Her press office did not immediately respond to a request for comment on Thursday's vote.

Supporters, led by Sen. Olympia Snowe, R-Maine, said the measure would impose restrictions that should have been in place years ago but were left out of trade talks because MPCs were not a major player in dairy trade. That has changed in the past seven years as imports skyrocketed, led by food companies using them as cheap ingredients in cheese and other products.

Dairy farmers complain that MPCs replace milk that could come from U.S. farmers, driving down milk prices paid to them.

"Our dairy farmers have been deluged by imports from other countries," Mrs. Snowe said, citing a 75 percent increase since 2001.

"What's going on here is a giant scam," said Sen. Kent Conrad, D-N.D., who complained that companies import the dried MPC and then reconstitute it as milk in order to avoid tariffs that would have to be paid on imported milk.

"This helps explode the trade deficit," Mr. Conrad said.

Imports have been falling since Mrs. Clinton introduced legislation to limit them, said committee Chairman Sen. Max Baucus, D-Mont., who opposes restrictions. In addition, he said, U.S. exports of dairy products are climbing.

Imports of MPC actually have fluctuated from year to year, rising quickly after 2000, then dropping off in 2005 and climbing again recently. Opponents of Mrs. Snowe's measure, including Mr. Baucus, said that critics were overstating the effects and that any

U.S. effort to limit MPC imports would spark retaliation from trade partners and the World Trade Organization.

Critics said the United States should not pick a fight on MPC when milk prices are at historic highs. The climbing prices are driven by short supplies of feed and increasing world demand for milk, economists say.

"Overall, I think this sends a very negative message," Mr. Baucus said.

But Mrs. Snowe said the measure could withstand a WTO challenge because it gives the president authority only to impose restrictions called tariff rate quotas, which impose tariffs once imports exceed a certain level.