



A group portrait of the Dairy of Distinction farm families present at Ag Progress Days. Photo by Everett Newswanger.

## Dairy Of Distinction Holds Fraternal Meeting

ROCK SPRINGS (Centre Co.)—Several hundred members of Dairy of Distinction farm families from across Pennsylvania gathered in the special events building here Wednesday for the annual fraternal "get-together" of the winners in the farm beautification program. The formal meeting was short with a few comments from PSU's Dean Lamartine Hood; Paul Corbin, president, Pennsylvania Dairy Promotion Program and Dan Baker, director, American Dairy Assn., Dairy Council. Corbin and Baker received plaques and certificates for the financial support their organizations have provided for the program since it began in Pennsylvania three years ago.

As in the past two years, the Pennsylvania group selected a person who made extensive contributions in personal time and effort to the program. This year, Naomi Spahr was named Person of Distinction for her efforts to get the

program started and her work as the first treasurer in Pennsylvania. Last year, Naomi and her husband Robert sold the cows from their farm at Lititz, (Lancaster Co.) so she resigned from her state office.

The participants in the gathering spent time getting to know other farm families and saw the display of color portraits of the winning farms. These photographs are taken by the local district committees and Lancaster Farming provides each winner with a mounted color enlargement.

As part of the fraternal spirit, the group signed a "thinking of you" card in support of a fellow Dairy of Distinction farm family. The Roger Campbell family won the award last year and had within the week been notified that a number of cows in their prize Guernsey herd had been diagnosed with bovine TB.

One of the winners who thanked the people involved with this farm



Dairy of Distinction winners look at color portraits of winning dairy farms.

beautification program said that his sons now run the farm but he

noticed that since they received the award, the boys were encouraged

to keep the place looking a little better.

## Free Trade In Ag Raises Questions For Dairymen

BY KARL BERGER  
Special Correspondent

The Bush administration's continuing commitment to freer world trade in agriculture could have significant consequences for the U.S. dairy industry. The question is whether those changes would help or hinder domestic dairy farmers.

Secretary of Agriculture Clayton Yeutter, continuing policies begun when he was the U.S. Trade Representative in the Reagan administration, has been extolling the benefits that U.S. farmers, including dairymen, would garner in a global marketplace with less trade barriers.

In recent testimony before Congress, Yeutter said current dairy policies have restricted both imports and exports to the detriment of U.S. producers. More market-oriented policies would boost dairy farm income, he said.

Others disagree, however, including the influential National Milk Producers Federation, a lobbying group that represents dairy cooperatives in Washington. The federation would like to see dairy policies excluded from future trade negotiations.

The Bush administration is likely to continue to pursue its free market in agriculture approach—U.S. government officials have

proposed the ultimate elimination of all forms of trade barriers and of price-distorting government subsidies—in the current Uruguay round of the General Agreement on Tariffs and Trade (GATT). During the latest round of these multilateral trade talks, in Geneva this past spring, negotiators agreed to a framework for reducing ag trade barriers in the future and a pledge to not increase such barriers in the meantime.

This so-called "Dunkel agreement" commits the GATT countries to "substantial progressive reductions in agricultural support and protection." More specific proposals are due in December and serious negotiations are expected to lead to some kind of agreement by the end of 1990, according to Peter Vitalliano, a federation economist who has closely observed the GATT process.

Federation concerns are focused on the possibility that the current system of "Section 22" import quotas on foreign dairy products would be weakened or eliminated by the GATT negotiations.

In recent testimony before the International Trade Commission, Jim Barr, the federation's chief executive officer, said that studies of the issue "conclude that, for virtually any scenario under which Section 22 limitations are modi-

fied or removed, the U.S. dairy industry would suffer severe price erosion, driving thousands of U.S. dairy farmers out of business."

Section 22 refers to the Agricultural Adjustment Act of 1933. Under it, most foreign dairy products are denied access to the U.S. market or given only special, limited access through a quota.

For instance, most countries cannot export butter to the United States, and those that can are limited in the amount. New Zealand can export no more than 300,000 pounds annually, for example. There are no barriers for some products, such as certain cheeses and casein, a milk protein.

The quotas have served to limit the disruption of domestic markets at times, as was true of much of the past 20 years, when U.S. prices were well above world marketplace prices. Under this system, total dairy imports have averaged no more than 1 to 2 percent of U.S. production during the 1970s and 1980s, according to Andrew Novakovic, a Cornell University economist.

In the last few years, however, the combination of lower U.S. prices and higher world prices have opened up export opportunities for some products, notably non-fat dry milk, and the value of dairy exports has outstripped the

value of imports. In the fiscal year that ended September 30, 1987, for example, the U.S. Department of Agriculture estimates exports at \$495 million and imports at \$461 million.

Although U.S. butter is occasionally exported, this market is not viewed as promising. Butter sales, such as the recent one of 75,000 metric tons to the Soviet Union, have been made by the Commodity Credit Corporation at subsidized prices. Many observers regard the export market for cheese as only marginally better.

The pro-trade argument is that the gains shown by U.S. exports of non-fat dry milk can be expanded and extended to other products if world trade barriers are reduced and if the federal government continues to reduce its price support levels. In essence, it is the same argument that Reagan and now Bush administration officials have made for other sectors of agriculture, particularly grain.

Skeptics, however, question whether the GATT process really can lead to lowered trade barriers for dairy products.

"The big battle is between the United States, with its export-oriented market, and the European (Economic) Community, with its internally isolated markets," Vital-

liano said.

Since the development of the post-war economic order, the countries of western Europe have maintained variable import levies to protect their heavily subsidized domestic markets for dairy products. Although these countries have made a few concessions recently, they are unlikely to abandon their overall philosophy, according to Vitalliano.

"We just don't think the Europeans are going to make fundamental changes," he said. Federation officials, he added, are worried about "unilateral disarmament," the possibility that the United States will trade away its import quotas without the Europeans doing the same.

Both Yeutter and Bush have said they will not agree to such an outcome, but the suspicion persists among some observers that administration officials regard U.S. dairy quotas as a bargaining chip that can be cashed in to achieve agreements in other areas.

In the meantime, all Section 22 quotas, which cover other items in addition to dairy products, are subject to discussion when GATT's Geneva talks resume.

"All of our quotas are on the negotiating table in Geneva, including dairy," Yeutter said recently.