

The Babcock Institute for International Dairy Research and Development

216 Agriculture Hall, 1450 Linden Drive
Madison, WI 53706-1562, USA
Ph: 608-265-4169 • Fax: 608-262-8852
E-mail: babcock@cals.wisc.edu
<http://babcock.cals.wisc.edu>

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Congresswoman Tammy Baldwin
2446 Rayburn Building
Washington, D. C. 20515

Dear Congresswoman Baldwin:

I want to thank you for improving the competitiveness of Wisconsin and U.S. dairy industries through your support of the Babcock Institute for International Dairy Research and Development. As you know, Babcock works on a suite of issues that are of continuing importance to the Wisconsin and U.S. dairy industries, including international trade policy, the emergence of new markets and new competitors, and strategies to make the best use of leading technologies from around the world. We do this through support of international economic and biological research, creation of multilingual courses and training materials, building of links to trade partners, and holding of conferences that bring international expertise to our dairy industries. In 1999 and 2006, the State of Wisconsin recognized our work with the Governor's Award for Excellence in Promoting Wisconsin Exports. Please allow me to review some of the Institute's new work.

The Babcock institute adapts and revises its objectives and activities as the world dairy situation evolves. Thus over the past several years we have developed strong links with leading dairy professionals in China, where demand for dairy products is growing exponentially. In 2004, we formed the Sino-U.S. Dairy Center in partnership with China Agricultural University in Beijing. This Center holds large dairy seminars for China's leading dairy enterprises and in so doing provides an exhibition showcase and personal contacts for Wisconsin exporters. Not only does this benefit large U.S. firms and organizations, like Shawano, Wisconsin's Cooperative Resources International (one of the world's top artificial insemination companies), and the U.S. Holstein Association, which exhibit at the workshops, but it also opens trade opportunities for smaller Wisconsin firms, such as Humane Manufacturing (cow mattresses) and Patz Sales, Inc. (feed mixers, manure handling equipment).

The Babcock Institute has provided many new contacts and resources for Wisconsin's agricultural export efforts. The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) has participated in five of the Babcock Institute Sino-U.S. Dairy Center Seminars held in China and has been introduced to nearly 900 Chinese dairy industry leaders, farm managers and farmers. Specifically, from 2006-2008, DATCP was able to identify 12 top Chinese importers of feed, seed, equipment and farm supplies from the Babcock Institute seminars. For these three years, DATCP obtained USDA-FAS support to bring teams of four buyers from China to the World Dairy Expo. There the buyers met with companies that export Wisconsin-produced dairy livestock feed products and equipment. Direct export sales resulted from this activity: 2006 - \$1,500,000; 2007 - \$12,000,000; 2008 - \$2,000,000 (preliminary). DATCP has a new USDA-FAS grant for World Dairy Expo 2009, and plans to recruit its buyers group during the sixth Babcock Institute Sino-US Dairy Center Seminar in Hangzhou in May 2009.

According to Dan Vogel, recently retired livestock expert and 30-year veteran of DATCP, "without the valued contacts and well-run international education activities of the Babcock Institute, it is uncertain if the China buyers activity would have achieved such a high degree of sales success, generating sales of \$15.5 million dollars to Wisconsin businesses in just three years. It is important for us to note that contacts from the Babcock Institute's China activities also resulted in new distributors for Wisconsin agricultural products throughout China. Sixteen new distributors were established from 2006-08 as a result of Babcock's connections. Increasingly, dairy farmers and food producers around the world are buying Wisconsin-made equipment and management systems..., which creates jobs throughout Wisconsin."

The Babcock Institute has also played a vital role in the implementation of training and educational programs for the International Agribusiness Center, which hosts around 20 foreign delegations every year. Many of these delegations are responsible for writing food and agricultural product import law and the Babcock Institute, by demonstrating the science behind regulations, allows the delegations to write agricultural import law based on science not politics. In this way, the work of the Institute has helped open new markets around the world, leading to record agricultural exports.

The Babcock Institute has also responded to the rise of India's middle class and its strong demand for dairy products. The Institute initiated linkages with the Rajiv Gandhi Charitable Trust, which is working in the dairy region destined to become critical to New Delhi's growing middle class. The program assists women's self help groups who are responding to the increased demand. It thus helps alleviate poverty in this dairy region and gets the U.S. in on the ground floor as that segment of the Indian dairy industry emerges and begins to demand the kind of inputs the U.S. can provide. Babcock's initial links with the region allowed the UW to submit a proposal to USAID/India's Partnership for Innovation and Knowledge in Agriculture program. The proposal was successful and resulted in a \$950,000 grant to UW in 2008 to partner with the Rajiv Gandhi Charitable Trust for dairy development and with Mahindra and Mahindra for creation of a national network of soil testing laboratories. The two partners have committed over \$3 million to the program. This two-year project will be a springboard for developing further Babcock linkages into this important dairy market.

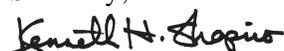
Babcock also strengthens ties to the strong and growing Mexican market and, at the same time, helps Wisconsin farmers maximize the value of their Hispanic dairy workers. The Institute has worked closely with UW-Extension to create practical English/Spanish training materials used by farmers and Extension agents to train Hispanic employees on Wisconsin dairy farms. A key Mexican partner has been the Fundación Produce, a network of government, producers, and extension personnel in Mexico. Through the Institute's relationship with the Fundación and with a grant from USAID, Babcock has been able to provide dairy cow and sheep training in Wisconsin to two groups from Querétaro, Mexico. These relationships make possible a valuable exchange of information and best practices between our producers and are building valuable relationships with Mexico's agricultural leaders.

The Babcock Institute's trade research includes detailed country studies – including a recent paper on Brazil, a major dairy country that has moved from being a significant importer to a net exporter of dairy products. This study takes a closer look at Brazil's dairy industry with an eye to assessing its growth prospects and the implications of developments for the U.S. and global dairy industries. Babcock's researchers will next study Mexico, one of the largest U.S. trading partners and a large importer of U.S. dairy genetics. Products of the Institute's trade and market research are the one-page quarterly International Dairy Notes and longer Discussion Papers, which are sent to the Wisconsin legislative offices in Washington and Madison, and to Wisconsin's dairy industry leaders. This information is intended to help U.S. firms and policymakers develop appropriate strategies and policies to exploit export opportunities and to accommodate to the actions of foreign dairy companies and foreign governments in exporting countries.

Current biological research funded by the Babcock Institute includes a collaborative study by UW-Madison and Belgian dairy scientists testing new methods to measure detailed nutritional and manufacturing properties of milk. It is important to know the specific fatty acids (saturated versus unsaturated and monounsaturated versus polyunsaturated) in milk as they have a major impact on the human health attributes of dairy products. In addition, the new milk testing methods will more accurately determine the concentrations of specific milk proteins and whey proteins in milk, information that is crucial for cheese making.

Please contact me if I can answer any questions or provide further information or assistance.

Sincerely,



Kenneth Shapiro

Babcock Institute Director and Associate Dean, International Programs
College of Agriculture and Life Sciences
University of Wisconsin-Madison