International Dairy Foods Association
Comments on Enforcement of U.S. WTO Rights
in Large Civil Aircraft Dispute
Docket Number USTR-2019-0003
May 28, 2019

The International Dairy Foods Association (IDFA), Washington, D.C., represents the nation’s dairy manufacturing and marketing industry, which supports more than 3 million jobs that generate $159 billion in wages and produce an overall economic impact of more than $620 billion. IDFA members range from multinational organizations to single-plant companies. Together they represent approximately 90 percent of the milk, cultured products, cheese, ice cream and dairy ingredients produced and marketed in the United States and sold throughout the world. The diverse membership includes numerous food retailers, suppliers, cooperatives and companies that offer a wide variety of nutritional dairy products and dairy-derived ingredients. Visit IDFA at www.idfa.org.

Market-Principled Approach
IDFA supports holding U.S. trading partners accountable consistent with international rules. It is imperative that WTO rules be upheld to the fullest extent. However, agriculture is often collateral damage in trade disputes negatively affecting the entire supply chain from farmer to consumer, evidenced by a shrinking U.S. agricultural trade surplus. The agricultural community needs a predictable, transparent and rules-based system of international trade that provides the agricultural economy with certainty and a clear path to growth. The U.S. dairy industry believes a market-principled approach with the European Union (EU) in the form of a comprehensive trade agreement between the United States and the EU is the best solution for U.S. companies and consumers.

Due to uncertainty in the market caused by current tariff escalation and new trade agreements that do not include the United States, the U.S. dairy industry has seen market share decline year over year in China, Japan and other Pacific Rim countries. The EU and the members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) are all benefiting from low tariffs and preferential quotas creating an unlevel playing field for the U.S. dairy industry.
The U.S. dairy industry relies on trade agreements to open new markets and increase exports, thereby supporting American jobs and wages. After being a net importer of dairy products roughly a decade ago, the United States now benefits from a dairy trade surplus of more than $2 billion and sends American dairy products to more than 140 countries around the world. In fact, approximately one day’s worth of milk production each week is exported.

The EU has the potential to be a large export market for the U.S. dairy industry. In 2018, the EU exported close to $1.7 billion in dairy products to the United States, including $1 billion of cheese, while U.S. dairy companies exported just $145 million in dairy products to the EU. It should be noted that U.S. cheese companies compete against and defeat their European counterparts year after year in global cheese contests, but due to the EU’s unfair access for dairy, U.S. companies shipped only $5 million worth of cheese to the EU, denying Europeans the variety of championship-caliber cheeses the United States has to offer. Further, it costs U.S. cheese companies $1.00 USD per pound to export to Europe while the Europeans pay only 70 cents USD per pound to export cheese to the U.S. A comprehensive trade agreement with the EU would help to correct this significant trade imbalance by removing barriers to imports of U.S. dairy products including high tariffs, small quotas, geographical indications (GIs) and other non-tariff barriers.

Closing Remarks
To summarize, IDFA supports the rights of the United States under WTO dispute settlement to retaliate against illegal subsidies but urges the administration to negotiate a trade agreement with the EU that resolves ongoing trade conflicts and issues between the United States and the EU that allows U.S. agriculture to compete on a level playing field by helping to remove unfair, punitive barriers to trade.

IDFA appreciates the opportunity to provide comments to the Office of the U.S. Trade Representative.

Sincerely,

Beth Hughes
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International Dairy Foods Association