What is a Free Trade Agreement?

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- A free trade agreement (FTA) eliminates tariffs on exports and lowers other barriers to trade between trading partners.
- FTAs are signed by two or more countries and usually cover a large variety of products.

What do FTAs do for dairy?

- FTAs are the most effective way to open new markets for the U.S. dairy industry.
- Before the implementation of the North American Free Trade Agreement (NAFTA), the U.S. had a trade deficit. Tariffs on U.S. exports of dairy to Mexico were eliminated under NAFTA, and now Mexico is the largest international market for U.S. dairy products.
- 95% of the world's population is located outside the U.S., yet tariffs and other barriers stand in the way of U.S. dairy processors accessing those markets. The best way to reach all these consumers is new FTAs.

What future FTAs would best help the U.S. dairy industry?

The following countries are ready for FTAs, as they have a growing middle class, increasing dairy consumption, strong trade policies, or a mix of the three.

1. Japan—Japan has a high demand for butter and milk powders, which the U.S. could help fill.
2. Vietnam—The demand for dairy in Vietnam is growing overall, presenting a great opportunity for the U.S.
3. Malaysia—Demand for milk powder and cheese will likely continue to grow in the coming years.
4. Philippines—Demand is high for dairy in the Philippines due to low domestic production.
5. United Kingdom—As the UK leaves the EU, the U.S. has the opportunity to compete for market share.