



June 17, 2020

Ambassador Gregg Doud  
Chief Agricultural Negotiator  
United States Trade Representative  
600 17th Street NW  
Washington, DC 20006

Joseph L. Barloon  
General Counsel  
United States Trade Representative  
600 17th Street NW  
Washington, DC 20006

Dear Ambassador Doud and General Counsel Barloon,

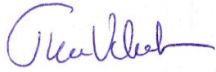
We are writing to bring to your attention how the European Union (EU) Intervention Program for skim milk powder (SMP) has been disposing of excess SMP stocks at distressed price levels onto the global market, driving down prices to the detriment of U.S. dairy producers and processors and harming the United States' long-term competitiveness in historically important export markets. The attached economic study outlines in detail the economic harm imposed on U.S. dairy farmers and exporters by this EU Intervention Program.

As described in the study, the EU massively accelerated its Intervention purchases of SMP in 2016, accumulating an inventory of nearly 400,000 metric tons (MT) by the end of 2017. Over the next 18 months, the EU then sold off this inventory at below market-price rates, flooding the global market.

By holding such large inventories and then moving the product indiscriminately onto the world market, this depressed global SMP prices by \$73 per MT in 2018 and \$228/MT in 2019. These impacts in turn depressed U.S. farm-gate milk prices by \$0.27 per hundredweight (cwt) in 2018 and \$0.73/cwt in 2019, costing U.S. dairy farmers a total of \$2.2 billion over that two-year period and reducing U.S. dairy exports sales by \$168 million. The study models the specific impacts of these actions and highlights the harms these actions caused to U.S. dairy producers.

Although the EU may use domestic subsidies to support their industry, we ask that the United States investigate this EU Intervention Program to ensure that operation of the program does not result in the dumping of product at discounted prices on global markets. With the EU Intervention Program now open to purchases, this issue is particularly pressing. We would greatly appreciate your further investigation into these EU practices and your consideration of all legal options available to address the harm they have caused and to prevent their repetition in the future. We would be happy to assist you in any way in this regard.

Sincerely,



Thomas J. Vilsack  
President and CEO  
U.S. Dairy Export Council



James Mulhern  
President and CEO  
National Milk Producers  
Federation



Michael Dykes  
President and CEO  
International Dairy Foods  
Association

cc: Ambassador Jeffrey Gerrish, U.S. Trade Representative's Office