Comments by the National Milk Producers Federation
And the U.S. Dairy Export Council
Regarding investigation No. 332-555
"Economic Impact of Trade Agreements Implemented Under Trade Authorities Procedures, 2016 Report"
November 30, 2015

Our organizations submit these comments in response to the International Trade Commission's investigation No. 332-555, seeking to analyze the economic impact of Trade Agreements implemented under Trade Authority procedures for the purpose of preparing the first of two reports required by section 105(f)(2) of the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (Public Law 114-26). The National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC) appreciate the opportunity to present their views on this important report.

NMPF is the national farm commodity organization that represents dairy farmers and the dairy cooperative marketing associations they own and operate throughout the United States.

NMPF develops and carries out policies that advance the well-being of dairy producers and the cooperatives they own. NMPF's member cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of more than 32,000 dairy producers on national issues. International trade is one of those issues and in recent years it has been one of the most important to our industry. NMPF works closely on international trade issues with the USDEC, whose partnership between producers, proprietary companies, trading companies and others interested in supporting U.S. dairy exports, has contributed greatly to the success of the industry.

The U.S. Dairy Export Council (USDEC) is a non-profit, independent membership organization that represents the global trade interests of U.S. dairy producers, proprietary processors and cooperatives, ingredient suppliers and export traders. Dairy Management Inc. founded USDEC in 1995 and, through the dairy checkoff program, is the organization's primary funder. USDA's Foreign Agricultural Service provides export activity support, and membership dues fund the Council's trade policy and lobbying activities.

Introduction

The dairy industry has come a long way on trade in the past several years. Our nation has gone from exporting dairy products valued at less than $1 billion in 2000 to exporting a record $7.1 billion in 2014, an increase of 625%. That reflects not just a tremendous jump on a value basis but also a dramatic increase in the proportion of U.S. milk production that's finding a home overseas.

U.S. Dairy Export Council
2101 Wilson Blvd., Suite 400
Arlington, VA 22201 • USA
PHONE 703.528.3049 • FAX 703.528.3705 • www.usdec.org

National Milk Producers Federation
2101 Wilson Blvd., Suite 400
Arlington, VA 22201 • USA
PHONE 703.243.6111 • FAX 703.841.9328 • www.nmpf.org

Fifteen years ago we were exporting roughly 5% of our milk production, now we're at three times that level, even as overall U.S. milk production has continued to grow. That means that the equivalent of one day's milk production each week from the entire U.S. dairy industry ultimately ends up overseas, making exports integral to the health of the dairy industry at large.

It is not coincidental that the enormous growth over this period occurred during a time in which the U.S. was implementing a number of market-opening free trade agreements. Since the conclusion and implementation of the Uruguay Round, where countries agreed to significantly lower tariffs and GATT trade rules were extended to areas like agriculture (previously exempted as too difficult to liberalize), the U.S. has embarked in the negotiation and implementation of a series of Free Trade Agreements that have been extremely beneficial for the industry. These agreements lowered and ultimately removed tariffs and in many cases they gave our products a preferential advantage over other supplying countries. They also often helped remove technical and regulatory barriers to our trade. In every case, our dairy exports to countries with which we implemented free trade agreements have shown substantial, sometimes dramatic, increases, as will be presented in Attachment 1.

Access to new markets that lead to increasing dairy exports does not benefit just dairy producers. USDA's Economic Research Service (ERS) estimates that each billion dollars of U.S. dairy exports generates 20,093 jobs at the milk production level and that $2.76 dollars of economic output are generated for each $1.00 of dairy exports. It is remarkable that, while for agriculture as a whole each billion dollars in exports generates 5,780 jobs , in the dairy sector each billion dollars in exports generates over three times as many jobs. Thus, the $7.1 billion that we exported in dairy products in 2014 supported more than 142,000 U.S. jobs at the production level. Additionally, according to the ERS multipliers, those exports generated nearly $19.6 billion in additional economic activity at that level.

At the manufacturing level, where the milk is turned into cheese and other processed dairy products, ERS estimates that each billion dollars of exports generates 3,150 jobs. So, our exports in 2014 supported 22,300 jobs at the manufacturing level. This, in turn, generated additional economic activity of nearly $25 billion.

Exports account for approximately 31.7 billion pounds of U.S. milk, equating to the milk from 1.4 million cows. As global demand for dairy continues to rise, U.S. dairy exporters are meeting the challenge by making the right products with the right packaging and the right specifications for each customer. The U.S. is now the world's leading single-country exporter of skim milk powder, cheese, whey products and lactose, thereby benefiting millions of customers in hundreds of countries around the world.

To best understand the level of importance that exports have today for the U.S. dairy industry and farmers in particular, a key barometer is the percentage of incremental milk solids going to support U.S. dairy exports. From 2003 through 2014, total U.S. milk production increased by nearly 35.7 billion lbs. Over that time, 61 percent of the increase in U.S. milk solids produced was required to supply U.S. dairy product exports.

The estimated impact of the additional exports of U.S. dairy products due to all implemented free trade agreements during the period 2004 - 2014 is a $0.34 per hundredweight higher average milk price and an annual average of $756 in additional dairy farmer income from sales of milk, for a total of $8.32 billion addition income during the period. Below are tables laying those export gains attributable to various U.S. FTAs. The impact of entering into a free trade agreement on U.S. dairy product exports to the partner country was estimated by comparing a trend projection, based on exports prior to entering into the agreement, with actual exports following implementation.

Increase in U.S. Dairy Export Sales of Key Dairy Products Due to Free Trade Agreements
(Millions of lbs, milk equivalent, total milk solids basis)

FTA Partner	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia		8	94	120	162	63	288	315	262	474	546
Bahrain			0	1	48	2	22	30	60	82	95
Chile	36	44	39	85	127	37	116	149	250	169	174
Colombia									22	27	154
Costa Rica						5	8	8	15	10	13
Dominican Republic				20	87	61	69	76	124	92	113
El Salvador											
Guatemala											
Honduras			46	0	51	5	10	28	43	0	21
Jordan	4	0	3	1	9	12	15	7	27	14	8
Mexico	528	789	577	1,248	1,541	1,371	1,860	2,448	2,755	2,696	3,110
Morocco			40	119	301	59	151	151	218	334	275
Nicaragua									11	4	28
Oman											
Panama										50	16
Peru						0	111	43	131	100	94
Singapore	126	131	211	137	187	139	222	306	338	353	408
South Korea									129	345	522
Grand Total	**693**	**971**	**1,011**	**1,731**	**2,514**	**1,754**	**2,873**	**3,562**	**4,385**	**4,751**	**5,578**

U.S. Dairy Export Council
Ingredients | Products | Global Markets

NATIONAL MILK PRODUCERS FEDERATION

Increase in U.S. Dairy Export Sales of Key Dairy Products Due to Free Trade Agreements
(Millions of Dollars)

FTA Partner	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia		$0.5	$6.0	$18.8	$24.2	$5.5	$35.6	$60.1	$69.7	$100.3	$132.2
Bahrain			$0.0	$0.3	$8.9	$0.8	$5.4	$8.2	$17.2	$24.3	$24.8
Chile	$3.4	$3.7	$4.0	$13.5	$21.5	$5.4	$19.3	$31.3	$51.2	$40.6	$44.3
Colombia									$5.0	$7.6	$38.5
Costa Rica						$0.6	$1.4	$1.8	$3.8	$2.7	$4.3
Dominican Republic				$3.0	$15.8	$9.6	$12.9	$17.4	$26.7	$25.9	$31.4
El Salvador											
Guatemala											
Honduras			$6.3	$0.0	$10.8	$0.9	$2.0	$5.9	$9.6	$0.0	$5.8
Jordan	$0.9	$0.0	$0.4	$0.4	$2.5	$1.8	$3.5	$2.5	$6.1	$4.5	$2.9
Mexico	$64.6	$103.6	$75.7	$244.0	$318.8	$200.3	$314.6	$498.9	$562.6	$641.3	$766.5
Morocco			$3.8	$17.4	$47.1	$7.3	$30.3	$36.4	$45.2	$74.2	$61.7
Nicaragua									$2.0	$0.8	$5.2
Oman											
Panama										$15.7	$5.7
Peru						$0.0	$17.3	$8.8	$25.2	$21.9	$22.5
Singapore	$10.4	$13.3	$17.7	$21.4	$26.4	$15.1	$28.4	$56.8	$68.5	$69.1	$79.1
South Korea									$30.5	$85.2	$150.2
Grand Total	**$79**	**$121**	**$114**	**$319**	**$476**	**$247**	**$471**	**$728**	**$923**	**$1,114**	**$1,375**

There is no doubt that exports will continue to play an increasingly important role within the U.S. dairy industry. Our future is dependent on continued growth in dairy exports. As we look forward to how U.S. trade agreements can continue to help support that growth, it is important to note that it is no accident that the trade agreements negotiated and implemented over the last fifteen years have had a good outcome. The positive results of these agreements can find root in a lot of cases in the way these were negotiated. The U.S. has had mechanisms that enhance the negotiation process and have led to the positive outcomes of these agreements. By the established guidelines set by Congress through trade promotion legislation and the constant dialogue between negotiators and the industry, past U.S. trade agreements have successfully created results that have been beneficial on net to the U.S. dairy industry.

Current Trade Agreement Outcomes

Each individual agreement negotiated over the last fifteen years has led to an increase in dairy exports to these markets. Below, we briefly present the outcome of individual agreements and the current status of the trade situation in those specific markets.

Most of the United States' FTA trading partners are net dairy-importing countries, and so U.S. imports from them under their expanded access to U.S. dairy markets have been small. Total imports into the United States of dairy products and dairy components in all products have generally declined during the implementation periods for most of the U.S. FTAs, from a high of the equivalent of 4.9 percent of total U.S. milk solids production in 2005 to 2.9 percent in 2010 and 2011, with a partial rebound to 3.5 percent during the first three quarters of 2015.

- ***Mexico:*** After the implementation of the North American Free Trade Agreement (NAFTA) in 1994, U.S. dairy exports to Mexico (the largest U.S. dairy export destination) have increased by 558%. U.S. dairy and dairy products exports increased from totaling $250 million in 1993, to a total of $1.6 billion in 2014. The most significant growth in dairy product exports to this market was in non-fat dry milk, where U.S. exports increased from totaling $85 million in 1993 to a total of $775 million in 2014 (an increase of 809%). Yet U.S. exports to Mexico are fairly diverse; although non-fat dry milk accounted for a sizable 47% of the total of U.S. dairy exports to Mexico last year, a majority of shipments were of a variety of other dairy products. Regular discussions between trade and regulatory officials have helped ensure a relatively smooth functioning of trade with this important FTA partner and provided a forum for resolving issues when they have at times arisen.

- ***Canada:*** Even after the implementation of NAFTA, dairy market access to Canada continues to be tightly limited. The country is under a supply management program that sets quantitative restrictions in ten categories of dairy products covered in Tariff Rate Quotas (TRQs) to support supply management of industrial milk. For virtually all dairy products, Canada's over-quota tariffs range from approximately 200% to slightly below 300%. In addition, Canada has WTO authorized safeguards on many dairy products in order to additionally ensure controls on these imports. Despite Canada's exorbitant tariff barriers, it is the U.S.'s third largest export market for dairy products. A large portion of those exports, however, are in the form of the few product categories that face low (i.e. less than 10%) WTO tariff rates, those for which the U.S. enjoys a 0% tariff under NAFTA due to their non-traditional nature and imports under Canada's Import for Report Program and Duty Drawback program whereby product enters duty-free for ingredient usage but must be ultimately re-exported from Canada. These instances, limited though they are in the Canadian dairy schedule, account for a large percentage of the U.S.' exports to Canada on a value basis. For instance, U.S. exports of "Other Dairy Products" (category that is composed mostly of tariff free products) have grown from totaling $23 million in 1993 to total $323 million in 2014, an increase of 1,278%. This category currently represents 55% of U.S. dairy exports to Canada. The growth of all U.S. dairy exports to Canada has been of 925% from 1993 to 2014, when it reached $592 million. The U.S.-Canada agreement's effective exclusion of the vast majority of dairy tariff lines from trade liberalization has served as a stark reminder of a lost opportunity to expand access for U.S. dairy exports.

- ***Australia:*** The U.S.-Australia Free Trade Agreement (AUSFTA) entered into force on January 1, 2005. With this agreement over 99% of U.S. exports of consumer and industrial goods

became duty-free. Since the inception of the agreement, U.S. dairy exports have increased 3,012%, from totaling $5.6 million in 2004 to total $173 million in 2014. The dairy product category that has seen the highest level of growth has been "Cheese and Curd" (which in 2014 represented 51% of total U.S. dairy exports to Australia), growing by 13,246% from 2004 to 2014. A key factor in the positive impact this agreement has had on the U.S. dairy industry has been not only how Australian dairy tariffs were handled, but also the care taken with how U.S. dairy tariffs were treated under the agreement. Additionally, it is important to note that a severe draught following the close of AUSFTA impacted trade dynamics between the U.S. and Australia by negatively impacting Australian production at a time when U.S. production was growing.

- ***Bahrain:*** The U.S.-Bahrain Free Trade Agreement entered into force in August 2006. Bilateral trade in consumer and industrial products and most agricultural products became duty free from the inception of the agreement. In the case of the majority of dairy products, these were subject to a 10 year tariff phase out period that will end in 2015. Although this market is a small one for the U.S., U.S. dairy exports have grown by 5,011%, growing from $533,714 in 2005 to $27 million in 2014. The categories that grew the most were "Cheese and Curd" (which represented 47% of U.S. dairy exports in 2014) and "Butter and Milk Fat" (42%), both growing from 2005 to 2014, 9,013% and 13,892% respectively. The growth from such a minimum starting point helps illustrate the importance of cultivating markets over time, coupled with well-negotiated trade agreements.

- ***Chile:*** For the U.S.-Chile Free Trade Agreement, which entered into force on January 1, 2004, most tariffs for agricultural goods were almost completely eliminated, with the last year of the phase out period being 2015. U.S. dairy exports have increased from totaling $2.6 million in 2003 to totaling $60.2 million in 2014, an increase of 2,225% since the agreement's implementation. 51% of the US Dairy exports to Chile were in "Cheese and Curd", which grew by 2,237% from 2003 to 2014. The growth from such a minimum starting point helps illustrate the importance of cultivating markets over time, coupled with well-negotiated trade agreements. The expansion of U.S. dairy exports to Chile is all the more notable given that Chile is a competitive dairy producer in its own right. An important non-tariff element of the U.S.-Chile FTA was the establishment of a regulatory pathway for the U.S. to provide a list of plants intending to ship to Chile. This measure removed a regulatory barrier that had previously made it much more cumbersome in practice for U.S. dairy facilities to get approved by Chilean authorities to ship to Chile. This non-tariff element of the agreement was a critical factor in ensuring that U.S. companies would actually be able to take advantage of the opportunities that the elimination of tariffs introduced.

- ***Colombia:*** Even though the U.S.-Colombia FTA was only implemented a couple of years ago in 2012, the growth of U.S. dairy Exports to this market have been significant. Most dairy products are subject to a growing Tariff Rate Quotas that phase out in 10-15 years depending on the product. However, U.S. dairy exports to this market have grown from $8.5 million in 2011 to a total of $59.7 million in 2014, a growth of 601%. Non-Fat Dry Milk/Skim Milk Powder (35% of U.S. Dairy Exports to Colombia in 2014) has been the dairy product category with the largest

growth in this timeframe, growing from $1.5 million in 2011 to $20.8 in 2014, an increase of 1,308%. The stronger trade relationship established by the U.S.-Colombia has been a very important factor in creating avenues for working to help foster swift attention to emerging trade problems and to facilitate their resolution.

- ***CAFTA-DR:*** The Central American Free Trade Agreement (CAFTA-DR) involving the U.S., five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the Dominican Republic has also led to market access growth for the U.S. dairy industry. All six countries are implementing increasing Tariff Rate Quotas for most dairy products over a time frame that varies between 10-20 years (depending on the product or country). However, dairy export to these markets have showed sustained growth. El Salvador, Guatemala, Honduras and Nicaragua implemented the agreement in 2006. U.S. dairy exports in these four markets increased from 2005 to 2014 by 184%, 34%, 232% and 373% respectively. For the Dominican Republic, which implemented the agreement in 2007, the growth of U.S. dairy exports from 2006 to 2014 has been 399%. Costa Rica was the last country to implement the agreement in 2009, and U.S. dairy exports have increased by 294% from 2008 to 2014.

- ***Israel:*** The United States and Israel remain engaged in protracted negotiations designed to deepen the agriculture portion of the U.S.-Israel Free Trade Agreement (Agreement on Trade in Agricultural Products, or ATAP). These negotiations have made very little progress in recent years and most U.S. dairy products under the FTA remain constrained by small tariff rate quotas (TRQs) and high out-of-quota duties. Many of these TRQs are filled or come close to being filled during the quota year. In addition, the allocation quantities are often too small to be commercially meaningful. Since the completion of ATAP in its current form in 2004, the value of U.S. dairy exports to this market have increased from $6.9 million in 2004 to $20.1 million in 2014, an increase of 193%. The opportunities the ATAP created have helped foster this growth while the limitations of the agreement – as evidenced by the high demand for its very limited TRQs – indicate the as-yet-untapped potential that exists should the ATAP be deepened in the future.

- ***Jordan:*** The U.S.-Jordan Free Trade Agreement entered into force in December 2001. The final phase of tariff reductions under the agreement was completed by January 1, 2010. U.S. Dairy exports to this market have increased from totaling $2.2 million in 2000 to total $7.3 million in 2014, an increase of 228%.

- ***South Korea:*** For the U.S.-Korea Free Trade Agreement (KORUS), market access for dairy products took place through a combination of tariff elimination and expansion of TRQs. For dairy products, there was tariff reduction for some products but most products face expanding TRQs with phase out periods of 5-15 years. U.S. dairy exports to South Korea have increased from $223.7 million in 2011 (before the entry into force of the agreement in 2012) to $416 million in 2014, an increase of 86%. Most of the growth has been in exports of “Cheese and Curd”, which represent 75% of U.S. dairy exports to this market and have increased by 116% from 2011 to 2014. The agreement, the first South Korea negotiated with a major dairy supplier, proved to be especially critical in ensuring that the U.S. did not lose ground competitively given that South Korea subsequently proceeded to negotiate FTAs with the EU, Australia and New Zealand, the

U.S. dairy industry's three major global competitors. Had the U.S. not had its own agreement in place, we could have been at risk of seeing a loss in market share rather than the significant export gains that have resulted from the agreement.

- ***Morocco:*** Most dairy products under the U.S.-Morocco Free Trade Agreement (entered into force on January 1, 2006) have a duty elimination phase out period of 15 years. This means that they will be duty free by January 1, 2020. For dairy products, Morocco has been the FTA partner that has presented the highest level of growth on a proportional basis. U.S. dairy exports increased from totaling $64,499 in 2005 to total $97.1 million, an impressive increase of 150,437%. The main products exported to this market from the U.S. are whey (36% of U.S. dairy exports in 2014) and butter and milkfat (34%).

- ***Oman:*** Upon entry into force of the U.S.-Oman Free Trade Agreement in January 2009, Oman provided immediate duty-free access for US agricultural products on 87% of its agricultural tariff lines, with some cases presenting phase out tariffs until 2019. In the case for dairy products, most were given immediate duty free access. U.S. dairy and dairy products exports to Oman increased from totaling $574,009 in 2008 to total $1.5 million in 2014, an increase of 152%.

- ***Panama:*** Most U.S. dairy products were given access to the Panamanian market using expanding TRQs that grow over a timeline of 15-17 years (depending on the product). Since the entry into force of the agreement in October 2012, U.S. dairy exports to Panama have increased from $33 million in 2011 to $49 million in 2014, an increase of 49%. An important element of the FTA – secured via side letter – was the recognition by Panama that U.S. regulatory system for processed food products, including dairy, was recognized as equivalent to Panama's and a prohibition on plant by plant approvals of access to the Panamanian market. This nontariff commitment was extremely important in ensuring that U.S. products would not face regulatory barriers to accessing the new opportunities established under the FTA.

- ***Peru:*** The U.S.-Peru Trade Promotion Agreement (PTPA) entered into force on February 1, 2009. More than two thirds of US agricultural goods enter Peru duty-free, with all remaining agricultural products phasing out by 2018 or under incrementing TRQs. Most dairy products face TRQs with phase-out timelines of 15-17 years. Since the entry into force of the agreement, U.S. dairy exports to Peru have increased by 243%.

- ***Singapore:*** U.S. dairy products enjoyed duty free access to the Singapore market even before the entry into force of the U.S.-Singapore FTA in 2004. However, trade has continued to expand in this market with U.S. dairy exports increasing from totaling $8.1 million in 2003 to $99.9 in 2014, an increase of 1,132%.

- ***World Trade Organization Accessions and the WTO Uruguay Round:*** A particularly important agreement for dairy trade was the WTO Uruguay Round agreement, which expanded access for U.S. dairy products to a wide variety of markets around the world. The Uruguay Round of multilateral trade negotiations under the General Agreement on Tariffs and Trade (GATT), 1986-1994, established binding limits on the use of agricultural export

subsidies and domestic agricultural support regimes, converted all non-tariff import restrictions on agricultural products to bound tariffs, established science-based disciplines on the use of sanitary and phytosanitary (SPS) measures as trade barriers, and created the World Trade Organization (WTO) as a more effective international institution to resolve trade disputes and conduct negotiations to further liberalize world trade rules.

Shortly after the Uruguay Round Agreement on Agriculture was implemented, Canada attempted to circumvent the Agreement's export subsidy disciplines on dairy products by extending its dual-price, Special Milk Class program to include an export-dependent Special Class 5(e) price regime. The U.S. dairy industry successfully challenged this program in two separate dispute settlement actions in the WTO in the late 1990s and early 2000s, which resulted in a WTO Appellate Body determination that this system constituted an export subsidy whose use was subject to the quantitative and monetary limits of Canada's commitments on export subsidies. The importance of this action stems not only from Canada's subsequent action to discontinue this program, but also because it prevented the European Union from adopting a similar system that it was contemplating at the time. The adoption of export class pricing systems for dairy products would have had a substantial effect of undermining the WTO export assistance disciplines for dairy products because such systems would operate without government funding; they require only government action, which fortunately was sufficient for the WTO to determine that they were indeed export subsidies.

Although the agreement helped improve market access opportunities in a wide range of developing countries, comparatively the WTO disciplines on dairy trade were less complete with respect to tariffs, which remain high for most developed countries, and with respect to the Agreement on Sanitary and Phytosanitary Measures, given the significant level of misuse that continues for such measures. Nonetheless the Uruguay Round was an important advancement in the direction of establishing more open trading opportunities and stronger commitments regarding nontariff measures countries could take to influence that trade.

Conclusion:

As can be seen in the previous section, the negotiated trade agreements have had a positive impact over the last fifteen years. It is abundantly clear how beneficial these agreements have been in the growth of exports and the overwhelming benefits that it brings to the dairy industry.

However, positive results are not the automatic result of trade agreements. If poorly negotiated, trade agreements can distort trading opportunities by failing to sufficiently remove barriers to U.S. exports, a risk that is heightened in the context of the potential to expand access to the U.S. market in a manner that is disproportionate to that granted to U.S. dairy exporters. Given exports' critical importance to the U.S. dairy industry and the dairy industry's contribution to the U.S. agricultural and manufacturing economy, it is vital that U.S. negotiators prioritize the

removal of tariff and nontariff barriers to U.S. dairy exports and tackle any expansions of U.S. dairy imports in a manner that is proportional to the export gains secured for our industry.

As NMPF and USDEC conclude our analysis of the Trans-Pacific Partnership (TPP) agreement and continue our work on the Trans-Atlantic Trade and Investment Partnership (TTIP) negotiations this perspective will be a key benchmark in our evaluation of the success of the trade package. We hope that the final TTIP agreement results in an outcome that will be positive for America's dairy industry, as the previous successfully-negotiated trade agreements have been. Whether or not this outcome has been successfully achieved for TPP is still under review.

The U.S. dairy industry is thinking globally and is prepared to do what our customers want and need. Our industry recognizes the market opportunities that exist overseas. We are prepared to capitalize on the good name that the U.S. has established as a reliable supplier of safe and nutritious products. Moreover, many throughout the U.S. dairy industry are undertaking significant long-term investment commitments in order to meet foreign demand.

The attached table, reflecting our dairy trade balance with all U.S. FTA partners over the past 2 decades, is strong evidence of the progress and growth that can be achieved with expanding trade agreements. The U.S. dairy industry can be competitive and increase sales in markets around the world - what the industry needs are well-negotiated agreements.

Without continued effort to expand our market access in new places, we run the risk of losing market share as our trading partners forge ahead with their own agreements that address their tariff and nontariff concerns while at the same time putting the U.S. at a disadvantage. Continued cooperation between the industry and trade negotiators, helping to draft and negotiate agreements will lead to better outcomes. The U.S. dairy industry is more than willing to continue this collaboration and work with trade negotiators to achieve these objectives.

We appreciate the opportunity to provide comments on this important issue to the USITC. Thank you.

Sincerely,

Shawna Morris
Vice President, Trade Policy
U.S. Dairy Export Council & National Milk Producers Federation
2101 Wilson Blvd, Suite 400
Arlington, VA 22201

U.S. Dairy Export Council
Ingredients | Products | Global Markets

NATIONAL MILK PRODUCERS FEDERATION

Attachment 1: U.S. Dairy Exports to Free Trade Agreement Partners

		U.S. Dairy Exports		
FTA	**Date Entered into Force**	**Year Before Agreement**	**2014**	**Growth**
		Million Dollars		**Percent**
Mexico -NAFTA	1/1/94	250	1,644	+558
Canada -NAFTA	1/1/94	58	592	+925
Jordan FTA	12/17/01	2	7	+228
Singapore FTA	1/1/04	8	100	+1,132
Chile FTA	1/1/04	3	60	+2,225
Israel (ATAP)	2004	7	20	+193
Australia FTA	1/1/05	6	173	+3,012
El Salvador (CAFTA)	3/1/06	5	14	+184
Honduras (CAFTA)	4/1/06	8	25	+232
Nicaragua (CAFTA)	4/1/06	4	19	+373
Guatemala (CAFTA)	7/1/06	30	40	+34
Morocco FTA	1/1/06	0.1	97	+150,437
Bahrain FTA	8/1/06	0.5	27	+5,011
Dominican Republic	3/1/07	17	86	+399
Costa Rica (CAFTA)	1/1/09	4	17	+294
Oman	1/1/09	0.6	1.5	+152
Peru	2/1/09	20	69	+243
South Korea	3/15/12	223	416	+86
Colombia	5/12/12	9	60	+601
Panama	10/31/12	33	49	+49

Source: USDA GATS, U.S. Census Bureau Trade Data.