

**Submission by the National Milk Producers Federation
And the U.S. Dairy Export Council
In Response to the Request for Comments Concerning Policy Recommendations
For Deepening the U.S. - Africa Trade and Investment Relationship**

**Comments Submitted Regarding: "Post-AGOA Trade and Investment"
Docket Number USTR-2054-0019**

January 19, 2016

The National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC) appreciate the opportunity to present their views on this important review of the U.S. trade relationship with sub-Saharan Africa.

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. USDEC is a non-profit, independent membership organization that represents the export trade interests of U.S. milk producers, proprietary processors, dairy cooperatives, and export traders. The Council's mission is to build global demand for U.S. dairy products and assist the industry in increasing the volume and value of exports.

Our organizations strongly support broadening and deepening our nation's trade relations with the countries of sub-Saharan African. We believe this is in the best long-term economic interest of all parties. The African Growth and Opportunity Act (AGOA) and the Generalized System of Preferences program (GSP) have generated significant growth opportunities for certain exports to the United States by developing countries in the region, but these one-sided programs can only go so far in furthering our overall bilateral trade and investment relationships in Africa.

Given the growth in bilateral trade agreements involving sub-Saharan countries and other countries around the world, including developed parties, we believe it is time to begin consideration of moving from what are essentially one-way preferential arrangements by the U.S. today to agreements that are more reciprocal in nature.

We recognize that for most sub-Saharan countries a free trade agreement (FTA) of the type the U.S. has entered into with 18 developed and developing countries¹ to date may not currently be feasible. With the possible exception of South Africa, such an agreement is beyond the developmental capacity of these countries. But this has not prevented some of them from entering into agreements or broadening existing arrangements with other countries that include trade and investment provisions beneficial to both parties.

The European Union (EU), for example, has negotiated Economic Partnership Agreements (EPAs) with African countries, as well as Caribbean and Pacific countries, as part of its ACP initiative. According to the EU's website, the aim has been both to consolidate free access to the EU market for products from the ACP partners and to strengthen trade and investment relations with the African regions, in particular through comprehensive trade and development partnerships.

¹ Not including five new FTA countries within the recently signed Trans-Pacific Partnership (TPP).

Our industry is particularly sensitive to the need to pursue similar initiatives in Africa and elsewhere because we have witnessed EU efforts, too often successful, to use its trade negotiations to extract commitments from its partners that they will adopt policies that unfairly benefit EU products at U.S. suppliers' expense.

As part of the EPA negotiations between the EU and South Africa, for example, the EU requested that names of certain products be protected on the basis of their geographical indications (GIs) and the South African government subsequently issued a notice to this effect. By restricting the use of what have been considered common names – specifically asiago, fontina, gorgonzola and feta – to products from the EU, our ability to market U.S. products bearing those names in South Africa will become impossible.

Our organizations filed comments with USTR on this matter in 2014 in response to a request for comments on country eligibility for continued AGOA benefits and it is therefore not our intention to reiterate the details of the issue in this submission. We commend USTR for its responsiveness to our concerns and work to address this trade challenge in order to seek to preserve the maximum degree of market access possible for U.S. dairy products to this market. Rather, our objective in these comments is to underscore the benefits U.S. bilateral trade and investment arrangements in the region could render in ensuring that U.S. products are not adversely affected by agreements between African countries and third countries.

It is worth noting that South Africa is, itself, a producer and exporter of dairy products, owing in part to investment by European companies in the South African dairy industry. Exports to other African nations have reached levels that have caused complaints that South Africa has resorted to “dumping” dairy products in neighboring countries. Despite this, South Africa maintains a highly restrictive import regime controlled by small tariff-rate quotas with above quota tariffs ranging from 79-96 percent. In 2014, the last full year of data, the U.S. exported only \$17 million in dairy products to South Africa, due to import restrictions.

Still, it is our top market in the sub-Saharan area. The other nine of the top ten (Nigeria, Ethiopia, Congo (Kinshasa), Niger, Ghana, Uganda, Kenya, Liberia, Tanzania) together with South Africa account for 92 percent of total U.S. dairy exports to the 48-nation region. However, the total, \$49 million, pales in comparison with our \$7.1 billion in exports in 2014 and represents just 0.7 percent of the total. The attached table shows U.S. exports of dairy products to all sub-Saharan countries for the past ten years. These exports are very small and erratic, likely owing to widely used barriers and government manipulation of the markets, as well as foreign exchange limits.

We do not anticipate that improved trade and investment arrangements with these countries will result in dramatic increases in exports to them. However, we do believe that gains can be achieved from such agreements that will result in benefits to each party. We urge the Administration to give strong consideration to moving to more balanced and reciprocal relationships in trade and investment with sub-Saharan African countries to the greatest extent possible.

We thank you for the opportunity to share these views with you and we stand ready to assist in these important efforts.

U.S. Dairy Exports to Sub-Saharan Africa

2005-2014

Thousand Dollars

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Partner										
Sub-Saharan Africa - Total	16,215	23,325	31,894	48,004	26,826	42,252	48,540	61,814	62,249	48,967
South Africa	3,071	6,598	15,480	23,362	9,907	19,550	23,234	30,076	27,175	16,986
Nigeria	1,031	6,200	8,024	8,212	2,457	2,116	6,651	5,436	10,805	12,776
Ethiopia(*)	5,988	3,590	846	4,467	5,852	6,588	3,880	5,321	6,396	4,948
Congo (Kinshasa)	1,681	1,199	558	281	52	699	492	1,326	2,480	3,148
Niger	51	140	4	647	35	220	187	15	1,908	2,364
Ghana	457	291	1,193	5,099	83	175	342	2,323	1,974	1,138
Uganda	0	30	49	228	378	1,973	1,542	2,402	638	1,115
Kenya	1,489	990	1,244	333	181	54	1,462	2,108	118	1,083
Liberia	614	434	562	949	701	731	778	1,065	704	898
Tanzania	35	95	135	359	21	3	707	1,104	822	615
Cameroon	0	0	22	10	37	297	3	9	24	599
Mozambique	0	0	5	59	116	685	67	123	892	565
Senegal	0	77	38	207	589	3	226	0	141	560
Malawi	144	761	277	726	850	1,585	1,710	1,721	1,972	477
Sierra Leone	59	105	77	144	305	146	148	111	404	351
Seychelles	39	90	111	0	0	4	0	0	4	231
Mali	0	0	959	5	237	352	240	306	0	218
Burkina Faso	0	0	4	10	0	457	416	1,461	749	166
Equatorial Guinea	26	103	9	26	49	111	83	76	133	135
Cote d'Ivoire	10	133	166	108	140	234	0	24	239	109
Madagascar	14	1,410	697	48	378	828	549	799	612	106
Saint Helena	0	0	0	0	3	0	0	0	0	73
Burundi	0	0	0	315	2,688	2,026	4,208	3,418	1,502	72
Mauritania	0	155	0	136	0	0	233	0	0	64

Gambia, The	0	0	11	225	0	0	52	4	44	45
Zambia	0	64	55	117	51	179	4	32	149	38
Namibia	33	45	45	134	79	217	51	15	34	23
Africa, not elsewhere specified(*)	0	0	0	129	0	0	302	122	709	15
Central African Republic	0	27	0	58	0	342	233	12	117	12
Zimbabwe	0	381	360	862	372	66	79	10	281	10
Somalia	51	0	147	22	0	0	0	4	14	8
Angola	287	3	246	90	92	7	169	0	0	6
Swaziland	20	4	12	44	286	458	255	207	349	5
Mauritius	16	0	0	11	0	86	79	45	10	5
Sudan(*)	188	123	11	18	162	930	5	1,982	0	4
Botswana	0	0	0	5	4	115	0	0	106	0
Benin	170	0	25	0	0	541	0	0	0	0
Chad	0	0	69	24	0	251	0	0	0	0
Congo (Brazzaville)	0	0	0	28	328	0	94	105	25	0
Comoros	0	0	0	0	0	18	0	0	13	0
Djibouti	0	0	0	11	0	0	5	0	547	0
Eritrea	398	0	0	0	0	0	0	0	0	0
Gabon	199	110	0	0	0	161	17	0	38	0
Guinea	0	17	3	13	10	13	4	5	4	0
Lesotho	0	0	0	0	12	0	0	0	36	0
Mayotte	0	0	0	0	0	8	0	0	0	0
Rwanda	143	152	452	462	360	0	30	45	58	0
Togo	0	0	0	22	0	0	0	0	23	0
French Ind. Ocean Territory(*)	0	0	0	0	11	27	0	0	0	0