



**Comments by the
National Milk Producers Federation and the U.S. Dairy Export Council
Regarding Generalized System of Preferences (GSP): Initiation of the 2017
Annual GSP Product and Country Practices Review**

**USTR-2017-0014
September 12, 2017**

Our organizations submit these comments in response to the notice of request for public comments concerning the 2017 GSP Product and Country Practices Review (USTR-2017-0014). The National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC) appreciate the opportunity to present their views on this important annual report.

NMPF develops and carries out policies that advance the well-being of dairy producers and the cooperatives they own. The members of NMPF's cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of dairy producers on Capitol Hill and with government agencies. NMPF provides a forum through which dairy farmers and their cooperatives formulate policy on national issues that affect milk production and marketing. NMPF's contribution to this policy is aimed at improving the economic interests of dairy farmers, thus assuring the nation's consumers an adequate supply of pure, wholesome, and nutritious milk and dairy products.

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.

We would like to urge USTR to modify the GSP status of India because of its practice of erecting trade barriers to U.S. exports and of failing to provide "equitable and reasonable access to its market", as is required under the GSP.

Among its broad spectrum of benefits under GSP, India has enjoyed access for some dairy products, a situation that unjustly has provided unilateral tariff-free access to Indian products while at the same time India denies access to U.S. dairy exports. Our organizations would gladly support genuinely reciprocal dairy trade between the U.S. and India. However, India has been quite clearly opposed to even complying with its existing WTO obligations for dairy products.

Since 2003 India has maintained unscientific requirements for dairy imports and refused extensive good-faith efforts, spanning two administrations to date, to restore trade in dairy products between the U.S. and India. This unjustified Indian blockade against U.S. dairy products has been well documented in National Trade Estimate and SPS Report submissions by our industry for many years.

Issue Summary:

India's unscientific dairy certificate requirements are now closing in on their 14th year of blocking the vast majority of U.S. dairy exports from the Indian market due to India's dairy certificate requirements. Over the course of long-running discussions aimed at restoring U.S. access to one of the world's largest and fastest growing dairy markets, the U.S. has provided considerable scientific data documenting the safety of U.S. dairy products, offered multiple compromise solutions to address India's concerns, and supplied information demonstrating that the vast majority of countries around the world accept our dairy products and recognize them as safe. Despite this, India persists in refusing access for U.S. dairy products due to unscientific import requirements.

India, the second most populous country in the world with a population of more than 1 billion, presents a large and unrealized market opportunity for the U.S. dairy industry. USDEC has estimated that resolution of this issue could yield additional exports ranging from \$30 million to \$100 million after the U.S. dairy industry has been able to establish itself in the market, depending on the nature of the resolution and growth in the Indian market over the next few years. Resolution of this longstanding issue is necessary in order to deliver on expanding export possibilities for our industry in that region of the world.

We urge USTR not to extend to India unilateral preferences while India steadfastly continues to block our dairy exports from its market and refuses to consider reasonable proposals for resolution of this issue. While the U.S. should continue to honor its WTO commitments to India, despite India's blatant refusal to do the same with respect to dairy products; the U.S. is under no obligation to reward India's barriers to agricultural trade with unearned unilateral benefits to this market.

We urge USTR to take the necessary steps to remove India from the list of GSP eligible countries in light of India's sustained and intentional failure to provide "equitable and reasonable access to its market".

Point of Contact:

Shawna Morris

Vice President, Trade Policy

National Milk Producers Federation & U.S. Dairy Export Council

2101 Wilson Blvd, Suite 400

Arlington, VA 22201

Phone: 703-243-6111