

December 2, 2021

Executive Vice-President Valdis Dombrovskis
European Commission
Rue de la Loi 200
1049 Brussels
Belgium

Hon Damien O'Connor
Minister of Trade and Export Growth
Parliament Buildings
Wellington 6011
New Zealand

The Honorable Katherine Tai
U.S. Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Hon Dan Tehan MP
Minister for Trade, Tourism and Investment
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Dear Executive Vice-President Dombrovskis, Minister O'Connor, Ambassador Tai and Minister Tehan:

On behalf of the dairy industries in the European Union (EU), New Zealand, United States (US) and Australia, we write to express our deep concerns over the Egyptian government's creation of a new impediment to dairy trade. In recent months, without prior notification to the World Trade Organization or other detailed written guidance, Egypt has introduced a mandate that all dairy imports must be accompanied by a halal certificate issued by a single company, ISEG Halal. The limited detail of this new requirement has created significant uncertainty and upheaval, with companies needing to weigh whether to continuing shipping product when there is the risk of rejection upon arrival.

We appreciate the collaboration that has occurred to date among your authorities on this matter and urge further coordinated steps to seek an approach from Egypt that is consistent with its WTO commitments regarding national treatment and the requirement to choose the least trade restrictive approach to achieve a legitimate objective.

Egypt imported over \$700 million USD worth of dairy products last year. Of that total, over 83% was exported by the EU, New Zealand, US and Australia. Our members are eager to be able to continue to meet Egypt's expanding demand for sustainably produced, high quality dairy nutrition. Egypt's new government-created mandate, that a single halal certification company be used by all dairy exporters shipping to the market, has however erected a sizable and unpredictable barrier to trade.

This technical barrier to trade will make dairy imports into Egypt more costly and cumbersome. No other market has imposed a sole source requirement that mandates the use of a single halal certifying company. Numerous other countries across the Middle East and Southeast Asia use dairy halal certification systems that work well and are widely used by our members as a valuable tool in helping meet customers' religious information needs.

Reports indicate that shipments may begin to be rejected by Egypt beginning in mid-December unless they pay the sole certifier a significant, varying, and unpublished fee and that companies are already encountering difficulty in securing new import permits. In addition, there remains significant ambiguity regarding how the new mandate will be enforced (i.e., at the point of import permit application vs. at the point of arrival in port), the high fee schedules (e.g., \$1500 USD per container) that relate to the cost of service provided, and the nature of the certification process itself.

The shared interest of our industries in this matter is both in terms of the impacts that it imposes on trade into the Egyptian market and on the basis of systemic trade rules concerns. It is of fundamental importance that compliance with WTO rules is upheld and that trade is facilitated via a high degree of transparency as to any new requirements. Not doing so will only add to the pressure that global supply chains are already struggling to bear.

We ask that your government officials continue to work together and that you engage with your counterparts in Egypt to seek a deferral of the planned implementation and a WTO-compliant approach to instituting halal certification. In particular, we seek an outcome where Egypt allows for certification by multiple established halal certifying bodies and where there are clear, published guidelines regarding implementation procedures and reasonable dates in order to allow smooth trading conditions to resume. If this dairy trade barrier is not successfully resolved, it will soon magnify into a larger processed foods barrier, as Egypt has proposed to impose the same sole-source halal certification mandate on all imported processed foods containing animal products.

Sincerely,

Dairy Australia

Dairy Companies Association of New Zealand

Eucolait

European Dairy Association

International Dairy Foods Association

National Milk Producers Federation

U.S. Dairy Export Council