



**Comments by the
National Milk Producers Federation and the U.S. Dairy Export Council,
Request for Comments on the U.S.-EU Trade and Technology Council
(TTC) Global Trade Challenges Working Group
Docket Number USTR-2024-0017**

October 21, 2024

Michael Rogers
Deputy Assistant U.S. Trade Representative
for Europe
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20506

Dear Mr. Rogers:

Our organizations submit the following comments in response to the Request for Comments on the U.S.-EU Trade and Technology Council (TTC) Global Trade Challenges Working Group (USTR- 2024-0017).¹ The National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC) appreciate the opportunity to present their views on this important issue.

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 representing the global trade interests of U.S. dairy farmers, dairy processors and cooperatives, dairy ingredient suppliers and export trading companies. Its mission is to enhance U.S. global competitiveness and assist the U.S. industry to increase its global dairy ingredient sales and exports of U.S. dairy products. USDEC and its 100-plus member companies are supported by staff in the United States and overseas in Mexico, South America, Asia, Middle East and Europe.

Exports have become extremely important to the U.S. dairy industry. In 2023 we exported \$8.1 billion in dairy products worldwide, equivalent to approximately 17% of total U.S. milk production that year. Those sales play an indispensable role in supporting the health of America's dairy farms as well as the manufacturing jobs of dairy processors. Impairing export sales therefore harms not only farmers, but also workers in companies supplying inputs and services,

¹ 89 Fed. Reg. 72,696 (September 5, 2024).

and downstream processing plant jobs, as well as in cities with large port facilities heavily dependent on trade.

Nontariff trade barriers impede those exports and harm the U.S. communities involved in creating those export-bound dairy products. The European Union (EU) is a particularly prolific creator of nontariff trade barriers, making it vital that engagement opportunities with the EU be strategically used to address those challenges.

To date unfortunately the US-EU TTC has not been used to make headway on the multiple nontariff trade barriers that impede access for U.S. agricultural exports into the EU. The EU is the primary beneficiary from that arrangement as it continues to introduce requirements that impose increasingly burdensome regulations on its trading partners. In contrast, access to the U.S. market for EU agricultural products remains much more accessible with a more consistent regulatory environment for imported products.

Farm-Level Process Mandates

The U.S. and EU are valuable partners and allies on a wide variety of fronts, but for too long the EU has largely done what it likes on Transatlantic agricultural trade without regard to input from the United States and other trading partners and the consequences for U.S. exports.

The strategy includes a pattern of the EU dictating increasingly detailed production practices at the farm level. This poses a particularly acute challenge for the U.S. dairy industry, as our sector is generally not vertically integrated. Milk produced on a given farm can be shipped to multiple different facilities throughout the year depending on milk supply and plant needs. As such, farm-level requirements are not viable unless they work for the vast majority of U.S. dairy farms.

Examples of such regulations include the EU's application of the Deforestation Regulation to imports, as well as its requirement in Article 118 of Regulation 2019/6 that countries exporting to the EU restrict the use of certain antimicrobials to human use only. The European Commission has also expressed an intention to create prescriptive new policies on animal welfare and to impose them on trading partners.

A full detailing of EU dairy trade barriers is contained in the 2024 NMPF and USDEC National Trade Estimate Report submission.

The EU mandates are of dubious WTO-consistency and their unpredictability leaves U.S. producers in a constantly reactive mode, with little option but to wait for the latest shift in the EU's regulations and then to attempt to educate the EU in the hope of obtaining changes at the margin that might preserve some market access.

In contrast, the United States is a reliable and robust market for EU agriculture exports. The United States' trade deficit with the European Union in dairy was a shocking \$2.4 billion in 2023, even though the United States is itself a major dairy exporter. Until the TTC begins to tackle this fundamental flaw in our agriculture trade relationship, it will not be making any meaningful progress for farmers and food manufacturers in Transatlantic trade.

To tackle the policies that drive the gaping dairy trade deficit and the growing tendency to impose farm-level demands unrelated to food safety requirements, the U.S. should pursue a more thoughtful and focused form of engagement with the EU on agricultural trade.

To accomplish this, we urge the Administration to engage more strategically with the EU to address U.S. export concerns. The EU has no hesitation in raising its export concerns to extremely high levels and insisting on reforms, as evidenced in their response to the Inflation Reduction Act's EV incentives for instance. The EU has also been quite transparent about leveraging various tools to drive the trade outcomes it desires to see. The U.S. must be similarly assertive in leveraging incentives in US-EU trade and insisting on resolution to drive EU compliance on our export issues, particularly on agricultural topics.

Use of Digital Technology

USTR's request for comments notes that the United States and EU are cooperating to enhance inclusive and sustainable bilateral U.S.-EU trade in goods and services, including through the use of digital technology. In this connection, NMPF and USDEC encourage the U.S. government and European Commission to collaborate on the development of electronic health certificates to be used for products traded between our two countries.

The European Union's TRACES platform is already set up to receive electronic certificates for several categories of products, including products of animal origin. Electronic transfer of information offers significant benefits over the current paper-based system, including secure government-to-government transmission (which reduces the potential for fraud), increased efficiency, and reduction in costs, as this system eliminates the need to provide paper certificates for each consignment. Electronic transmission of information can save valuable time and avoid costly demurrage charges, particularly in instances when replacement certificates are needed to correct administrative errors. Electronic certification has the potential to streamline operations, improve data sharing, and benefit both the government and industry.

Conclusion

On behalf of the National Milk Producers Federation and USDEC's 100-plus member companies, we appreciate the opportunity to provide comments on this important issue, and we remain available to provide any further clarification as needed. Should you have any questions, please feel free to contact Shawna Morris, whose contact information is provided below.

Point of Contact:

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