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Signing of Russian PNTR legislation sets stage for reopening market to U.S. dairy

U.S. dairy suppliers have been shut out of the Russian market since September 2010. But President Obama's Dec. 14 signing of legislation granting permanent normal trade relations (PNTR) to Russia represents a major step toward reopening business with one of the world's largest dairy buyers.

The president's action followed successful bipartisan votes by the House and Senate in the lame-duck session of Congress that began Nov. 13. The National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC) had actively supported PNTR for Russia and applauded the government's actions to put the bill into law.

"Without PNTR, Russia couldn't be compelled to apply its World Trade Organization (WTO) commitments to the United States," said USDEC President Tom Suber. "PNTR means the United States can now utilize the full WTO toolbox to help resolve issues blocking U.S. dairy trade. It also means Russia has a reason to return to the bargaining table to find a compromise to their export certification and plant inspection demands that triggered the ban in the first place."

"We are consistently shipping more than 13 percent of the milk solids produced annually in the United States to buyers beyond our borders," said Jerry Kozak, President and CEO of NMPF. "Given the strides made by the U.S. dairy sector in meeting the world's dairy needs, there is no reason—outside of nontariff barriers to trade—why we should not be a player in the Russian market."



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USDEC and NMPF have worked extensively with the U.S. government for years to resolve certification issues with Russian authorities and to help provide a firm basis for restoring access for U.S. dairy exporters, but talks broke down in the shadow of the PNTR issue.

“Further actions are needed to reestablish dairy trade, but approval of PNTR is a vital piece of puzzle,” said Suber. “With Russia now bound to WTO rules regarding trade with the United States, we have tools that will bring them back to the negotiating table and eventually reopen a potentially large export market for U.S. dairy products.”

Annual Russian imports of milk powder, cheese, butterfat, whey protein and lactose averaged 434,000 tons, valued at \$1.6 billion, from 2009-2011. Through three quarters of 2012, the nation was on track to hit similar numbers by year-end.

“With PNTR in place with Russia, it is now up to the administration to capitalize on the tools available through the WTO and focus on resolving the ongoing dairy certificate and related technical requirements that currently block U.S. dairy shipments,” said Suber.

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. 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 accomplishes this through programs in market development that build global demand for U.S. dairy products, resolve market access barriers and advance industry trade policy goals. USDEC is supported by staff across the United States and overseas in Mexico, South America, Asia, Middle East and Europe.

The National Milk Producers Federation (NMPF), based in Arlington, Va., develops and carries out policies that advance the well-being of U.S. dairy producers and the cooperatives they collectively own. The members of NMPF's 30 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of nearly 40,000 dairy producers on Capitol Hill and with government agencies. For more on NMPF's activities, visit www.nmpf.org.

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