



FOR IMMEDIATE RELEASE

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US DAIRY INDUSTRY AND GLOBAL DAIRY ALLIANCE WANT ACTION IN DOHA ROUND

As the deadline for achieving modalities in agriculture looms closer, the US Dairy Industry and the Global Dairy Alliance (GDA) want to see an effective formula for eliminating dairy export subsidies and significant progress in levelling the playing field through reform of market access in the Doha Round. This is set out in a joint letter delivered today from the U.S. industry and the GDA to WTO Director –General, Pascal Lamy and Agricultural Negotiating Group Chairman, Ambassador Crawford Falconer.

The letter stresses the importance of ensuring that a substantial part of the elimination of export subsidies be achieved by 2010, as committed to by WTO members at the December 2005 Hong Kong Ministerial. Furthermore, the reduction process must use the same formula for both volume and value commitments in order to have a timely and effective impact in reducing export subsidies.

But the progress on export subsidies must be linked to a good outcome on market access that provides meaningful access into all markets and brings down higher tariffs by a greater proportion than lower tariffs. Jaime Castaneda, Senior Vice President of the National Milk Producers Federation and the U.S. Dairy Export Council, said “It is imperative that dairy export subsidies are eliminated swiftly without any exceptions for heavy users of these supports. We all agree that market access reform must be part of the Doha Round but it must focus on opening all markets, not just those with relatively low tariffs.”

Oswaldo Cappellini, the Chairman of the GDA said: “There needs to be much more progress on market access including the formulae for reducing tariffs and expansion of tariff quotas. In these ways we can achieve our goal of creating real additional new trade in dairy products.”

Both Mr Castaneda and Mr Cappellini are very concerned at the slow progress in agriculture negotiations in Geneva and the short time available before the April 30 deadline for reaching agreement on the modalities for reforming trade in agriculture.

“We cannot make the reforms alone.” said Mr. Castaneda. “We need leadership in other developing and developed countries to progress both agriculture and non agriculture issues if the negotiations are to be successful.”

“We are delighted to have common ground with our US colleagues on these key broad aspects of export subsidies and market access,” added Mr Cappellini.

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See following page for background notes.

Global Dairy Alliance

The Global Dairy Alliance includes the dairy industries of Argentina, Australia, Brazil, Chile, New Zealand and Uruguay and represents more than a million dairy farmers, 60 billion litres of milk production annually and a majority of world dairy trade.

The dairy sector is one of the most distorted sectors in global agricultural trade. Subsidies, particularly on exports, and excessive limits on market access for dairy products depress farmers' milk prices in other countries, reducing returns for some of the world's poorest dairy farmers

Examples of price distortions and limits on market access include:

- Dairy tariffs are among the highest in the world, with many well over 100%. Japan's butter tariff is over 500%. Dairy tariffs in Canada are between 200% and 300%.
- EU cheese quotas are around 100,000 tonnes, in a market of 7 million tonnes.
- Fortnightly export subsidy decisions by EU officials, directly impact dairy farmers' incomes on a worldwide basis.

The GDA seeks:

- Elimination of all export subsidies on a balanced and timely basis.
- Appropriate disciplines on the use of food aid and non-commercial export competition.
- Substantial, progressive improvements in market access for dairy products leading ultimately to the elimination of all dairy product tariffs and tariff quotas.
- Progressive elimination of all trade-distorting domestic subsidies in developed countries.

National Milk Producers Federation

The **National Milk Producers Federation** (NMPF) 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 31 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of 55,000 dairy producers on Capitol Hill and with government agencies. Website: www.nmpf.org.

U.S. Dairy Export Council

The **U.S. Dairy Export Council** (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. Its mission is to enhance international demand for U.S. dairy products and assist the industry to increase the volume and value of exports. USDEC accomplishes this through market development programs that build overseas demand for U.S. dairy products, resolving market access barriers and advancing the industry's trade policy goals. USDEC activities are supported by staff in Mexico, Japan, South Korea, China Taiwan, Hong Kong, Southeast Asia, South America, Middle East and Europe. Website: www.usdec.org.