

**Comments by the  
National Milk Producers Federation  
to the Office of the United States Trade Representative  
Concerning the Proposed Trans-Pacific Partnership Trade Agreement  
Docket Number: USTR-2009-0041  
January 25, 2010**

The National Milk Producers Federation (NMPF) appreciates this opportunity to provide comments on the proposed Trans-Pacific Partnership (TPP) trade agreement between the United States, New Zealand, Australia, Peru, Chile, Vietnam, Singapore and Brunei. NMPF is the national farm commodity organization that represents dairy farmers and the dairy cooperative marketing associations they own and operate throughout the United States.

The constituency represented by NMPF has a substantial interest in any discussion of modifications to existing U.S. preference programs or consideration of the creation of new preference programs. The U.S. dairy industry is the second largest agricultural commodity subsector, as measured by farm cash receipts, generating approximately \$35 billion in farm receipts from sales of milk in 2008 and accounting for approximately 10% of total farm receipts. There were over 57,000 licensed dairy farms in the U.S. in 2008. On average, each of these had milk sales of \$600,000, supporting some 25 jobs and \$3.75 million in economic activity from their suppliers through their farms to the dairy plants that process their milk. In total, the American dairy industry supports, directly and indirectly, over one million full-time jobs and \$140 billion in economic activity, not to mention retailers, restaurants, and other food manufacturers, who all rely on dairy products to do business.

The United States is also one of the world's largest and most attractive markets for the sale of milk and dairy products. Last year (through October), the U.S. imported approximately 3 percent of its domestic consumption of these products, measured on a milk solids basis, and exported roughly 9 percent. The total value of U.S. dairy imports, which includes some non-dairy constituents, was just under \$2 billion in 2009 through November. Exports last year through November totaled just over \$2 billion. These figures are lower than those in 2008, given the dramatically altered global supply and demand balance situation we faced last year; however it is telling that even in the face of such a difficult competitive situation, the U.S. dairy industry's exports for 2009 still slightly exceeded those than in 2006.

Some have suggested that because the U.S. dairy industry has become a significant exporter, that therefore it is in its own interest to avoid seeking an exclusion in an FTA. We agree that the U.S. has expanded exports and became more competitive in recent years when we faced relatively high global prices and an environment undistorted by the European Union's dairy export subsidies. Last year our industry also did an admirable job under the circumstances of maintaining exports against heavy European export subsidies (with much more limited assistance from the U.S.'s Dairy Export Incentive Program) and considerably lower global prices throughout most of 2009.

However, we simply cannot compete against the uniquely anti-competitive situation in New Zealand whereby one company there controls over 90 percent of the country's milk production and more than 40% of global dairy trade in key product areas. Given that situation, our industry believes there is simply no alternative to address these exceptional circumstances aside from a total exclusion of all

U.S.-New Zealand dairy trade under this TPP.

### **NMPF's Position on FTAs**

NMPF is a firm believer in the importance of balanced trade and in the potential for well-negotiated trade agreements to benefit the U.S. dairy industry as a whole, as well as our trading partners. However, we judge each agreement on its own merits. Each is in essence a potential new business venture for our industry – it would be foolhardy to support or oppose each and every trade deal regardless of its construct. For instance, each industry must examine the particulars of the corresponding sector in the country negotiating the FTA with the U.S. The outcome of this examination cannot simply be a foregone conclusion, arrived at merely for the sake of pursuing the principle of “free trade” or simply in order to oppose all trade without examining important competitive aspects of the foreign industry as well as the overall impact it is anticipated to have on the U.S sector as a whole.

This position has led us to strongly support the vast majority of FTAs pursued by the U.S. over the last several years. Together with others in American agriculture and our dairy industry, we worked closely with our negotiators and subsequently supported Congressional passage of the Chile, Singapore, Peru, CAFTA-DR, Bahrain, Morocco, and Oman FTAs. We also strongly support all three FTAs that are pending Congressional approval (Colombia FTA, Panama FTA and South Korea FTA), particularly the agreement with South Korea. In addition, we have indicated that we believe that an expanded U.S.-Israel FTA, which the U.S. has pursued for the last several years, would be well received by our members as well. Finally, we have encouraged USTR – in both this Administration and the previous one – to pursue trade agreements with that would offer meaningful Asian export opportunities for our industry and American agriculture broadly such as with Japan or the ASEAN block of nations.

We have also seen the lasting importance of previously negotiated trade agreements such as NAFTA. NAFTA has allowed us tremendous – and now fully open – access to the Mexican dairy market, which is now our number 1 export destination. Imports from Mexico to the U.S. of dairy products have also grown and we have worked closely with Mexican partners to grow the total demand for dairy products in Mexico, thereby benefiting both our industries.

### **NMPF Position on TPP FTA Concept**

We have detailed our position on these various FTAs to make clear that NMPF is a strong supporter of balanced trade initiatives and that our position seeking exclusion of U.S.-New Zealand trade in dairy products is not a reflection of our overall trade beliefs and agenda. In fact, we have been fortunate in being able to work closely with the talented staff at USTR and USDA to help craft many good agreements over these past years. Rather, our position here is a unique response to a unique situation.

That is why the Trans-Pacific Partnership FTA presents such an exceptional and difficult challenge to our industry. Exceptional challenges demand uniquely appropriate responses. In fact, even the ardent free-trade champion, former USTR Robert Zoellick indicated when the U.S. imposed safeguards on imported steel products in 2002 that the extremely distorted global playing field for steel products merited the imposition of these protections due to the unique anticompetitive aspects of that industry.

NMPF is not opposed to the overall TPP FTA concept. Where we differ is in our belief about whether this is the best way to bring about expanded trading opportunities with the most significant Asian economies. We do not oppose the attempt to pursue new trade relationships in an area of the world where FTAs involving other countries are rapidly proliferating, potentially at our expense in terms of competitive positions for our exports to those countries.

It is particularly unfortunate, however, that at this stage the vast majority of significant markets involved in the TPP FTA are ones with whom the U.S. already has an FTA. This is the case for Australia, Chile, Singapore and Peru, leaving only New Zealand, Vietnam, and Brunei as the countries with which we would be creating new trade agreements. If anything, this agreement has the potential to undermine the gains made in some areas of U.S. trade agreements. For instance, currently the U.S. has an FTA with Peru, but New Zealand and Australia do not. Certainly efforts on our part to help the major dairy exporting powers of Australia and New Zealand gain access to the Peruvian market only undermines the benefits granted to the U.S. as part of the U.S.-Peru FTA.

What would be significantly more beneficial to the U.S. dairy industry and our prospects for increased exports would be to swiftly address the issues of concern (including one quite important to U.S. cheese exports) in the U.S.-South Korea FTA and move without any further delay to Congressional approval of this very valuable trade agreement. As stated earlier, NMPF fully agrees with USTR's assessment of the critical nature of Asia to America's trade future. But the most significant near-term prospect for increased export opportunities for our dairy industry and American agriculture as a whole is the U.S.-Korea FTA. We urge the Administration to redouble efforts to resolve key issues of remaining concern in this agreement in order to open up new markets for our products in this major Asian economy and to avoid U.S. exporters being left behind in the wake of the EU-Korea FTA and ongoing negotiations with both Australia and New Zealand.

In terms of new trade initiatives, we would much rather see the U.S. put the bulk of its focus into a trading agreement with the ASEAN trade block members, as the EU has sought to do. Additionally, as we have long indicated to USTR and USDA, the U.S. dairy industry is united with the vast majority of American agriculture in desiring the pursuit of a trade agreement with Japan.

However, if the U.S. does not intend to pursue agreements with these countries as alternative trade avenues, we strongly urge this Administration to actively solicit the involvement of other more meaningful export markets within the TPP. Strong outreach efforts should be conducted now and not delayed until TPP negotiations are concluded or well along in the process. In our view, other nations would be no more willing than the U.S. to sign up to a fait accompli without the opportunity for substantial input throughout its development process.

As USTR prepares for TPP negotiations with this existing mix of countries and the situations we currently face in those TPP partner countries, there are several points of importance outlined below that we believe are critically important to achieving a final agreement that does not result in a strong negative result for American agriculture when weighed on the whole.

### **Importance of U.S.-New Zealand Dairy Trade Exclusion**

As we have stated repeatedly to Congress throughout the past two years, it is vital that all U.S.-New Zealand dairy trade be excluded from the TPP. Our industry faces a very unique anti-competitive

situation in New Zealand. One company controls over 90% of the milk produced in that country, meaning that we are essentially pitted against a monopoly power. Further exacerbating this lopsided competitive position, this firm has had the benefit of being created less than a decade ago from the ashes of New Zealand's old State-Trading Enterprise. This history originally gave this one firm control over virtually all the lucrative WTO import licenses into the world's most attractive dairy markets.

Although legislation was put in place to try to temper somewhat the dramatic competitive advantage enjoyed by this company, it still enjoys the market advantages created by having been granted these exclusive rights by their government over the past few years. Additionally, New Zealand is currently reviewing this legislation, the Dairy Industry Restructuring Act, which helps foster at least some small degree of competition from other dairy companies in New Zealand. A proposal currently exists to tilt the requirements under DIRA further against competition, however, by increasing the payment rates required of independent processors to the dominant industry player. In addition, recent FAS reports estimate that – if certain competitive benchmark provisions are left unaltered – DIRA is likely to expire entirely within roughly the next two years. So even the minimal regulatory measures that New Zealand currently has in place to help stimulate some limited level of competition in that country's dairy sector will likely soon be abolished.

This firm will clearly fight any drop in its control over New Zealand's milk supply every step of the way, however. In fact, two of the minor "competitors" in New Zealand's monopolistic dairy industry (Kaimai Cheese Co Ltd and Grate Kiwi Cheese Co Ltd) had to take the monopoly power firm to court to enforce their rights under the Dairy Industry Restructuring Act. The New Zealand courts ultimately ruled against the large firm, saying it must supply regulated milk to Kaimai Cheese Company and Grate Kiwi Cheese Company.

These anti-competitive advantages play a strong role in the entirely one-sided trading environment in dairy products between the U.S. and New Zealand. Over the past five years of full Department of Commerce trade data (2004 – 2008), New Zealand has exported on average \$646 million worth of dairy products to the U.S. each year, reaching a peak in 2008 as global prices remained high, of \$719 million. The growth experienced by New Zealand over this period from an already impressive starting point of \$492 million in 2004, thereby almost doubling in just five years.

Year to date (YTD) in 2009 through November, the value of New Zealand sales to the U.S. has declined slightly by 9%, during a time when global dairy prices dived to low levels compared to recent years. Volume imports into the U.S. from New Zealand of key commodities that currently face tariff-rate quotas rose significantly in 2009 YTD through November compared to 2008 for the same time period. Butterfat imports from New Zealand spiked almost 60% and cheese imports have increased by almost 20%.

By way of comparison, over the last five years of full data the U.S. has exported an annual average of a virtually negligible \$5 million to New Zealand. It reached a high of \$10 million in YTD 2009 through November as New Zealand imported small amounts of lactose from the U.S. to correct its structural shortfall in this ingredient.

This dramatic trade imbalance would only be further exacerbated by the inclusion of U.S.-New Zealand dairy trade in the TPP FTA.

The negative impact of these additional imports on the U.S. dairy industry would be tremendous. Our estimates are that milk prices received by producers would drastically drop and gross revenues received by U.S. dairy farmers would plunge by a cumulative \$20 billion over the first 10 years of the FTA if U.S. dairy restrictions on exports from New Zealand are fully phased out in the TPP FTA.

A large quantity of dairy farmers, totaling several thousands of them, mostly smaller and medium family farms, would be forced out of business by the end of this period, and the industry would undergo very significant consolidation. Following a period of adjustment, the U.S. domestic market would be supplied by considerably fewer, larger farms and by a greatly expanded volume of imports from New Zealand.

This major adjustment will also adversely affect manufacturers, which use raw milk as their main ingredient. The lack of milk supply and the large quantities of already processed products will force hundreds of processors out of business with the consequently loses of jobs primarily in rural areas of the United States. It is noteworthy that many dairy processors – particularly those relying most strongly on fresh U.S. milk for their production of dairy products as opposed to imported ingredients – are also strongly opposing expanding U.S. trade with New Zealand.

End users of dairy products will be the sole beneficiaries by simply importing large quantities of dairy products for further processing. And in fact, within the realm of dairy processors, the inclusion of U.S.-New Zealand dairy trade would have additional important negative repercussions through the defacto encouragement of greater usage of imported dried dairy products instead of the use of fresh, U.S. milk. This would disadvantage those sectors of the American dairy processing industry that have made a commitment to sourcing fresh milk as a key quality ingredient in their dairy products.

Despite these benefits to limited segments of the dairy and food processing sectors, we do not anticipate seeing any lower prices for milk and other ingredients to be passed to the consumer. This expectation is based upon past experience in similar dynamics.

Our calculations recognize that the U.S. is a very attractive market for New Zealand's dairy production, and would be naturally anticipated to be given priority whenever market conditions warranted such a policy. In fact, the U.S. has been the number one country in terms of New Zealand's dairy exports for several years now. Year to date data for 2009 show that, in the wake of China's 4<sup>th</sup> quarter 2008 melamine crisis and the consumer confidence calamity in domestically produced milk that that crisis caused, China appears poised to slightly edge out the U.S. for that unenviable position in 2009. We are very clearly already an extremely important to New Zealand's dairy industry and one given high priority – and that is even without any preferential trade agreement in place.

Additional negative ramifications are also anticipated to develop beyond the U.S. domestic dairy market if U.S.-New Zealand dairy trade is not excluded from the TPP FTA. Despite the country's small size, the dairy exporting powerhouse of New Zealand already controls approximately extremely disproportionate shares of global dairy trade. As its largest company boasts on its website: “[We are] the world's leading exporter of dairy products and responsible for more than a third of international dairy trade.” This extraordinary level of control reaches as high as 40 - 46%, however, for certain heavily traded dairy products such as whole milk powder (40%) and butter/anhydrous milkfat (46%).

These figures do not even take into account the widely expanded scope of control New Zealand's monopolistic dairy firm enjoys through its investments and business partnerships with a number of dairy industries around the world. New Zealand's range of control over dairy markets world-wide could only be expected to grow further beyond its already dramatic levels if it is granted access to one of the world's largest markets for dairy products.

New Zealand's dairy industry is extremely export-driven. Per the most recent FAS GAIN report on New Zealand's dairy industry, its milk production in the most recent marketing year (MY 2008/2009) was a record 16.6 million metric tons, up 9% over the prior marketing year. Although such strong gains in milk production do not occur every year in New Zealand, its industry clearly continues to expand over time and that same FAS report notes the country's potential for continued milk expansion over the next 10 to 15 years.

This considerable amount of production is created in a country of only slightly more than 4 million people. Consequently, New Zealand exports approximately 90% of its dairy products, meaning that the vast majority of its milk production must find a home somewhere on the world market, regardless of the price level it may obtain.

Particularly at times such as the past year when global demand shrank significantly and dairy supplies were plentiful, the U.S. is an extremely attractive market for New Zealand dairy products. We believe the U.S. would be given priority as a destination for their products, especially during downward cycles of the global dairy market, which is precisely when our producers would already be facing the greatest pressures both domestically and from reduced opportunities to sell our own exports to other markets.

This concern was born out last year in small scale as demonstrated by the surges in cheese and butterfat imports into the U.S. from New Zealand that are referenced above. In addition, the earlier cited FAS GAIN report on the New Zealand dairy industry notes that “[recent increases] in exports to the United States and China offset a significant slump in exports to other top markets for New Zealand dairy products including Venezuela (-30%), Malaysia (-16%), Philippines (-34%), Australia (-23%) and Saudi Arabia (-39%)”. (Figures quoted are for the 2008/2009 marketing year.) New Zealand clearly made full use of the U.S. market to the extent feasible just when global demand dropped most significantly – late 2008 through the first portion of 2009. Such influxes of product at times of greatest stress for American dairy producers are precisely the concern so widely shared by the dairy farming community.

Although we would certainly very much like to see a different situation, it's simply a reality that nothing can be done to make the New Zealand market as large and as appealing to U.S. exporters as the U.S. market is to New Zealand's exporters. The inclusion of U.S.-New Zealand dairy trade within the TPP FTA would only give New Zealand access to the richest and one of the largest dairy markets in the world.

Due to the exceptional anti-competitive structure of the New Zealand dairy industry and the entirely lop-sided nature of the dairy trading relationship between the U.S. and New Zealand, NMPF and dairy producers across the country are united in calling for the exclusion of U.S.-New Zealand dairy trade from the TPP FTA. Some may recall that NMPF urged the maintenance of U.S. over-quota tariffs for imports from Australia when the U.S.-Australia FTA was taken under consideration by the TPSC. We are not seeking a similar form of treatment here within the TPP FTA for U.S.-New Zealand dairy trade because, as noted above, New Zealand's dairy industry presents such a unique

and anti-competitive situation that unprecedented measures are called for to address this situation. Simply put, we can envision no achievable way of creating a balanced situation and level playing field for dairy products in a trade agreement between the U.S. and New Zealand.

### **Maintenance of the Existing U.S. FTAs' Agricultural Market Access Provisions**

A considerable amount of hard work went into the negotiation of the U.S. FTAs with countries that would be a part of the TPP FTA. Our agreements with Chile, Singapore, Australia and Peru were very carefully calibrated to take into account the particular concerns and sensitivities of each of our trading partners in order to maximize U.S. export opportunities while also providing strong benefits to our FTA partners in order for them to win passage of the agreement in their own countries. As the hard-working staff at USTR and FAS are well aware, these types of negotiations are not easily done.

Nor is Congressional passage of U.S. FTAs easily won. NMPF lobbied strongly for the passage of the Chile, Singapore and Peru FTAs – we joined with many other agricultural sectors and business groups to convince Congress of the merits of these agreements, as they were negotiated. Now it is proposed that the agricultural market access provisions of those agreements might be reopened. This would fundamentally alter the very delicate balance of concessions contained within those agreements. In our view, such an outcome is highly likely to yield a negative result for our industry.

Singapore's dairy tariffs are already at zero, giving us nothing to be gained by reopening this agreement. The Chilean FTA is largely phased-in at this stage with many dairy tariffs already at zero and only one year remaining before the rest are ultimately eliminated. The Peru FTA was only very recently negotiated and we firmly believe that our negotiators obtained the best possible outcome on dairy products that was to be had while maintaining an adjustment period to allow for gradual industry adjustments to a situation of ultimately open trade. We are very satisfied with the terms of the Peruvian FTA and believe its first year in effect, 2009, operated smoothly.

Finally, the construction of the Australian FTA was very carefully considered and arrived at in order to be able to secure its approval by the body charged with ultimate responsibility for our trade agreements – Congress. NMPF is extremely opposed to altering its agricultural provisions – or those of any of the other existing U.S. FTAs – in any way as part of this exercise. We strongly urge our negotiators to respect the good work that has already been done on the existing U.S. FTAs by leaving their market access provisions untouched.

### **Maintenance of the Existing Country-Specific Agriculture Rules of Origin**

Since the U.S.-Mexico FTA, the U.S. has used the same rules of origin (ROO) for dairy products in its FTAs. These rules of origin are a critical piece to ensuring that the concessions negotiated through and FTA flow solely to the countries participating in the agreement and not to third-party countries. Essentially, the dairy ROO require dairy products benefiting from the terms of the FTA to be made from milk produced in the FTA partner country. There are a few exceptions to this simplistic description, but they are extremely limited and primarily within the processed products category areas such as products falling into HTS Chapters 18 and 19.

It is vitally important to ensure that these standard dairy ROO are used in the TPP FTA **and** that the precedent of applying these on a country-specific basis be maintained. It would dramatically undermine the effect of the unique concessions granted in each U.S. FTA party to the TPP if dairy

ROO were to be applied as a whole to the entire TPP group of countries rather than to each individual trading partner within the regional pact.

In fact, NMPF would have given very serious consideration to opposing each and every FTA that it has lobbied hard to secure passage of in the past had they not included the strict dairy ROO that are a part of each agreement. They are absolutely essential to ensuring that our industry knows what it is agreeing to and who we will actually be trading with when entering into an FTA. Without stringent country-specific agricultural ROO in the TPP, Australia and New Zealand would be free to use our other trading partners as platforms to funnel dairy products into the U.S., despite any restrictions the agreement may apply (as we are strongly advising in these comments) to exports from those countries directly to the U.S.

### **Prioritization of NTB and SPS Barriers Before Market Access**

Typically in our FTAs, we have initiated negotiations by focusing upon the market access provisions and thereby have launched the agreement with a focus on tariffs and TRQs. Unfortunately, this has not infrequently meant that the extremely important issues of sanitary & phyto-sanitary (SPS) barriers and non-tariff barriers (NTBs) are often left to be resolved in the hurried final rounds of negotiations.

This has often meant created greater problems during the implementation stage of the FTA, thereby delaying the agreement's effective date in order to resolve these issues that are so important to trade flows. Alternatively, and much worse, sometimes the issues are not fully resolved and exporters are left to struggle to attempt to work around the barriers or work with our Administration to continue to attempt to resolve them without the strong incentive of an FTA hanging in the balance of a positive resolution.

We need to revisit this construct and begin to tackle the toughest issues first in our FTA negotiations in order to ensure that they are satisfactorily resolved. This is particularly true in the case of the TPP FTA. We are aware that the existing U.S. FTAs did not fully resolve all agricultural SPS and NTB barriers with our trading partners. It is high time that this situation be remedied by using this opportunity to fully address those unresolved issues that are not technically a part of the FTA but whose resolution is critical to ensuring that U.S. exporters can take fully advantage of whatever is ultimately negotiated.

Additionally, in the case of New Zealand its agricultural tariffs are extremely low already. For instance, their dairy tariffs range from 0 to 6.5% and those are among the highest of the country's agricultural tariffs. Little can be won in terms of unleashing even only marginally greater U.S. agricultural trade flows without addressing the various SPS and NTB issues of concern with New Zealand. Of particular importance to our industry is genuinely addressing the monopolistic control that one firm in New Zealand has over its dairy industry.

This type of initial and strong focus on resolution of SPS and NTB issues would translate USTR's commitment last year to a heightened SPS and NTB enforcement effort into practical application. The TPP naturally does not encompass all countries with which we face serious SPS and NTB challenges; there are long-standing SPS barriers effectively locking us out of the world's largest milk producing market (India) for example. However, it would offer an additional and concrete avenue for advancing progress on the issues that are relevant to accessing agricultural markets in the TPP partner countries.

## **Points Regarding the Additional Two New Trading Partners:**

### **Vietnam:**

NMPF welcomes the addition of Vietnam to the TPP group of countries. At least in Vietnam would we be able to see the prospect of potential new export opportunities for U.S. dairy exports. The recent WTO accession agreement for Vietnam was advantageous for U.S. dairy exports, but we look forward to working with our negotiators to expand access and eliminate tariffs for the full range of U.S. dairy exports to Vietnam.

Exports of U.S. dairy products to Vietnam totaled \$85 million in 2009, the last full year of data. Although YTD 2009 sales through November are down roughly 40%, reflecting the challenging global dairy dynamics of last year, Vietnam remains an important market for U.S. dairy exports. Products of particular importance in this country include skim milk powder, lactose and the range of various whey products. However, we would also hope to see improved access for U.S. cheese exports, as well as the remainder of U.S. dairy products, in an agreement with Vietnam.

Vietnam's applied tariffs last year (2010 applied rates are under verification currently) for products of greatest export interest to the U.S. are relatively low, generally ranging from 0% - 20%. However, Vietnam does have leeway currently to increase its rates up to higher bound levels in many cases. In the case of other products such as ice cream, rates can range as high as 40%. Clearly, both the rates of most economic importance and the much higher rates on the remainder of Vietnam's dairy products would need to be an issue of focus in a TPP FTA negotiation. However, in terms of significant positive impact, the prospect of greater exports is not anticipated to be extremely large given the advantageous rates currently applied to the products of greatest U.S. export importance and the fact that the TPP would also open access in that country for two of our largest global competitors (Australia and New Zealand).

As with any U.S. FTA, the inclusion of Vietnam-specific dairy rules of origin is essential to the creation of a satisfactory trade agreement.

### **Brunei:**

We have not made much mention of Brunei in our comments above. This is due to the relative size of the Brunei economy and very limited number of consumers. We have no concerns with a trading relationship with Brunei. We look forward to working with our negotiators to craft a market access agreement with Brunei that would cover the full range of U.S. dairy products.

## **In Closing**

We all see various trade agreements through the lens of those that we do our best efforts to represent. For instance, NMPF believes that the FTAs pending Congressional were well negotiated. Some Congressional leaders disagree. Additionally, President Obama and Ambassador Kirk have also indicated that they think certain aspects of those agreements are flawed and must be revisited. It is through this effort to give voice to those we represent and to decide whether an agreement will be

favorable or not for them that we all ultimately decide if an agreement merits our support or demands vociferous opposition to insist on changes as we see them needed.

Just as President Obama expressed during the campaign his unwillingness to support certain trade agreements, we too believe that each trade agreement must be individually evaluated. In a similar vein, just as several Congressional leaders have indicated that we must address some of the concerns certain groups of their constituents hold regarding the labor and environmental provisions in some of our FTAs, we have our own very serious concerns with aspects of this agreement. Many of those in Congress currently weighing in on how we set our trade policy have taken votes against past FTAs. This does not make each of them reflexively anti-trade any more than NMPF's position on the U.S.-New Zealand dairy-related provisions of the TPP FTA means that we are not still the same firm supporters of balanced trade and the importance of pursuing good FTAs.

Certainly, we will continue to work with USTR and USDA as part of the consultation process for this initiative. However, if the issues cited above related to dairy trade are not addressed, we would certainly communicate the calculated negative harm to U.S. dairy producers to Congress and to the President to make them aware of the consequences of dealing with dairy in this way in such an agreement. We would also be remiss not to point out that if fully open dairy trade with New Zealand is a part of the final TPP agreement, it is extremely unlikely that a total net positive benefit for U.S. production agriculture could be arrived at given the existing agreements and the mix of countries currently involved in this endeavor.

Thank you for the opportunity to provide comments on this issue of such considerable importance to U.S. dairy producers.