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Dairy Industry to Congress: Korea Trade Pact Beneficial, But Cheese Access Remains Restricted Due to Korea's Agreement with the European Union

The U.S. dairy industry told the Senate Finance Committee's trade subcommittee today that the 2010 U.S.-Korea Free Trade Agreement has further strengthened U.S. dairy exports to the Korean market, even though it is not yet fully implemented.

At the same time, Shawna Morris, vice president for trade for the National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC), said a new and growing type of trade barrier involving common food names has emerged that is restricting access to the Korean market for key U.S. cheeses.

"(Korea's restrictions on the use of several common cheese names) are the direct result of their separate free trade agreement with the European Union," Morris testified. "In a nutshell, the European Union has been leaning on countries around the world to block imports of products by confiscating common food names and reserving them exclusively for cheese producers in their member countries."

The U.S.-Korea free trade agreement eliminated nearly all Korean tariffs on America's dairy exports. Morris said even though the agreement has only been in place since 2012, and its full impact is still years away, U.S. dairy exports to Korea in 2013 more than doubled the average of the three previous years.

Morris said the Korea FTA's dairy provisions could be a good model for the Pacific trade liberalization agreement now being negotiated with Japan, Canada and eight other

countries. “We hope that Trans-Pacific Partnership will result in an agreement that we can support as robustly as we have supported the Korea-U.S. Free Trade Agreement,” she testified.

Despite the positives under the U.S.-Korea FTA, Morris said, a separate 2011 Korea-European Union free trade agreement is abusing geographical indications regulations to inappropriately restrict U.S. access to the Korean market for gorgonzola, feta, asiago and fontina cheese.

“Since approval of the EU-Korea FTA, the EU has expanded around the world the model it first developed in that agreement,” Morris said. “EU pressure has resulted in similar restrictions in Central America, Peru, Colombia and most recently in South Africa. Canada has also agreed to restrict cheese names. And we understand the EU is pursuing similar objectives in Singapore, Japan, the Philippines, Malaysia and Vietnam, as well as China.”

Moreover, Morris said, it is clear the Europeans want to impose cheese name restrictions on the United States through the planned Trans-Atlantic trade agreement, which is also currently being negotiated. That is “entirely unacceptable,” she said, adding that the U.S. dairy industry, together with other food industries and many members of Congress, want already-imposed GI restrictions rolled back instead.

“Our negotiators should only come to an agreement on Geographical Indications with the EU if it simultaneously rejects restrictions in the U.S. market on common names, addresses the trade barriers erected against U.S. exports to third-country markets, and restores access to the EU for key U.S. exports such as parmesan and feta,” Morris said.

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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 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of nearly 32,000 dairy producers on Capitol Hill and with government agencies. For more on NMPF’s activities, visit www.nmpf.org.

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