

Testimony by the National Milk Producers Federation
Before the Trade Subcommittee of the House Ways and Means Committee
On Expanding U.S. Agriculture Trade and Eliminating Barriers to U.S. Exports
June 14, 2016

Chairman Reichert, Ranking Member Rangel, and members of the Committee, thank you for inviting me to testify on Expanding U.S. Agriculture Trade and Eliminating Barriers to U.S. Exports. My name is Randy Mooney. My wife, Jan, and I operate Mooney Dairy in Rogersville, Missouri. I serve as chairman of the National Milk Producers Federation (NMPF) and chairman of Dairy Farmers of America (DFA), the nation's largest dairy cooperative. In addition to my duties as chairman of NMPF and DFA, I serve on the boards of several dairy organizations, including Missouri State Milk Board, Dairy Management Inc., Hiland Dairy and the Innovation Center for U.S. Dairy.

I am presenting testimony today on behalf of the National Milk Producers Federation (NMPF).

NMPF develops and carries out policies that advance the well-being of dairy producers and the cooperatives they own. NMPF's member cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of more than 32,000 dairy producers on national issues. International trade is one of those issues and in recent years it has been one of the most important to our industry. NMPF works closely on international trade issues with the U.S. Dairy Export Council whose partnership between producers, proprietary companies, trading companies and others interested in supporting U.S. dairy exports, has contributed greatly to the success of the industry.

Importance of Trade to U.S. Dairy

The U.S. dairy industry has gone from exporting less than \$1 billion in 2000 to exporting over \$5.2 billion in 2015, an increase of 435 percent. Sales in 2014 were even greater at over \$7 billion but declined during a global dairy recession last year. As a farmer myself, I know first-hand what this means to me and my bottom line. When our exports increase, I, and all my fellow dairy producers, benefit. And when, for whatever reason, our exports are impeded or we give up market shares, the effect is ultimately felt by the farmer in the price we receive.

But it is not just dairy producers who are affected for better or worse when exports rise or fall. USDA's Economic Research Service (ERS) estimates that each billion dollars of U.S. dairy exports generates 20,093 jobs at the milk production level and that \$2.76 dollars of economic output are generated for each \$1.00 of dairy exports. It is remarkable that, while for agriculture as a whole each billion dollars in exports generates 5,780 jobs¹, in the dairy sector each billion dollars in exports generates over three times as many jobs.

Thus, the \$5.2 billion that we exported in dairy products in 2015 supported more than 104,000 U.S. jobs at the production level. And according to the ERS multipliers, those exports generated nearly \$14.4 billion in additional economic activity at that level. At the manufacturing level, where the milk is turned into cheese and other processed dairy products, ERS estimates that each billion dollars of exports generates 3,150 jobs. So, our exports in 2015 supported approximately 16,400 jobs at the manufacturing level.

Last year, exports accounted for approximately 28.9 billion pounds of U.S. milk, equating to the milk from 1.3 million cows. As global demand for dairy continues to rise, U.S. dairy exporters are increasingly meeting the challenge by making the right products with the right packaging and the right specifications for each customer. The U.S. is now the world's leading single-country exporter of skim milk powder,

¹ <http://www.ers.usda.gov/data-products/agricultural-trade-multipliers/effects-of-trade-on-the-us-economy.aspx>

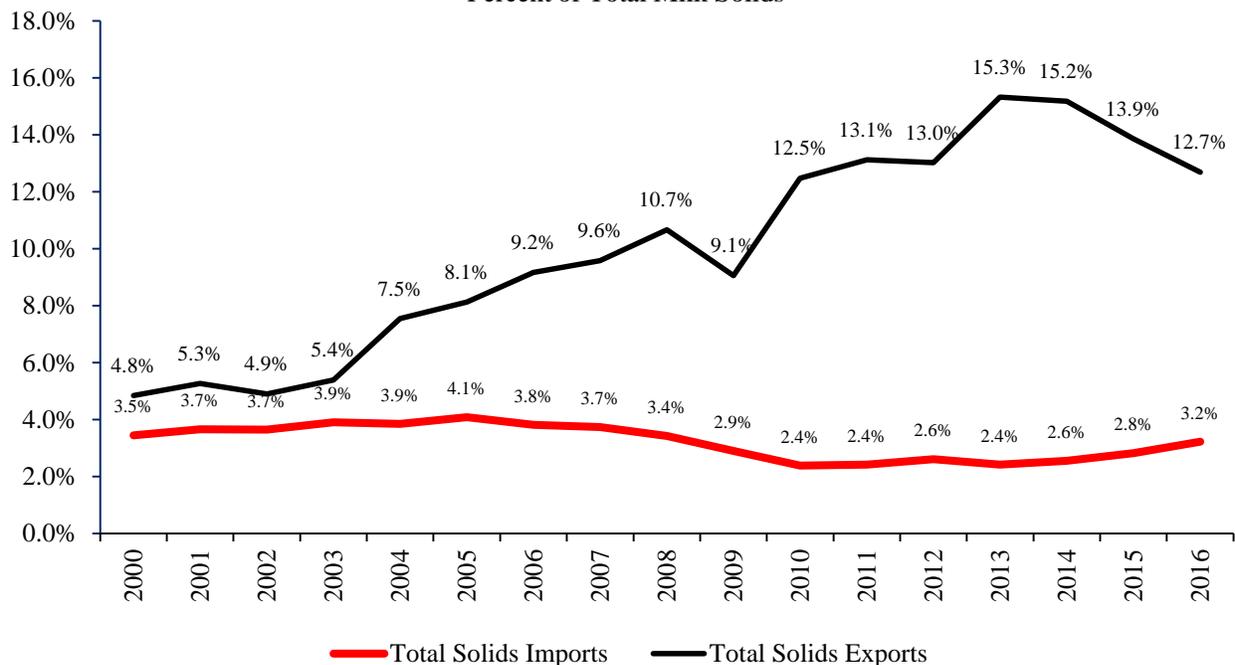
cheese, whey products and lactose, thereby benefiting millions of customers in hundreds of countries around the world.

To best understand the level of importance that exports have today for the U.S. dairy industry and farmers in particular, a key barometer is the percentage of incremental milk solids going to support U.S. dairy exports. Since 2003, total U.S. milk production increased by nearly 38.2 billion lbs. Over that time, 52 percent of the increase in U.S. milk solids produced was needed to supply additional U.S. dairy product exports. That means that more than 19.7 billion lbs. of the additional milk the U.S. has produced since 2003 has been devoted to exports. At the 2015 all-milk price of \$17.10/cwt, this represents nearly \$3.4 billion in additional dairy farm revenue. That amount of milk also represents the amount that more than 4,300 average-sized (i.e. 204 cows per farm) dairy farms would produce.

There is no doubt that exports will continue to play an increasingly important role within the U.S. dairy industry. Indeed, our future is dependent on continued growth in sales to foreign markets. USDA’s long-term baseline projects U.S. milk production to increase to 225.2 million lbs. by 2019, which represents an increase of 12.8 billion lbs. If 52% of new milk continues to supply export markets, an additional 6.7 billion lbs will be used for exports.

During that time period, milk production per cow is expected to increase to 24,200 pounds per cow. That means that, without growth in dairy exports, 276,860 fewer cows would be required to produce milk in the United States and 1,357 fewer average-sized farms would be needed to keep up with the supply and demand for U.S. milk. For U.S. milk producers to continue to see robust milk production growth, exports must increase in not only absolute terms, but also in relative terms because the rate of domestic consumption growth is insufficient to maintain milk production growth, as projected by USDA.

U.S. Dairy Trade Balance, 2000 to April 2016
Percent of Total Milk Solids



Importance of Trade Agreements to Dairy

I have painted a rosy picture so far of the potential that increased dairy trade offers to our country. But when it comes to trade, those who stand still fall behind. Our competitors are negotiating trade agreements all over the globe. Unfair import barriers remain in place and new ones are erected all the time. They range from unjustifiable health and safety measures to certification requirements to the more recent and extremely protectionist efforts by the EU to prevent the use of common cheese names -- by misusing Geographical Indications to give its producers a lock on international markets. If we aren't in the game actively negotiating on these issues, we are ceding ground to our competitors and those looking to make it tougher for us to do business in their markets.

It is not coincidental that the enormous growth in dairy exports I mentioned earlier occurred during a period when the U.S. began negotiating market-opening free trade agreements (FTAs) and the Uruguay Round Agreement reduced export subsidies and created the first Sanitary and Phytosanitary Agreement (SPS Agreement). The FTAs implemented since the early 1990's lowered and ultimately removed tariffs on our exports and in many cases they gave our products a preferential advantage over other supplying countries. They also helped remove technical and regulatory barriers to our trade. Over this period, exports of dairy products to FTA partners grew by 685 percent as compared to 338 percent to non-FTA countries (see also Attachment 1).

As mentioned, our dairy exports last year temporarily dropped from the record \$7.1 billion achieved in 2014, due in large part to a significant drop in global prices for milk powders and cheeses. But it is important to note that, while our exports to non-FTA countries contracted by 32 percent, they fell by only 20 percent to our FTA partner countries.

FTAs have created important new market access opportunities for us and we have worked very hard through our market development efforts to ensure that we are taking full advantage of them. Two to three decades ago our industry feared trade agreements. Now, we embrace the benefits that well negotiated agreements can offer as a vehicle for tearing down foreign barriers to our products and effectively enforcing the terms of U.S. agreements. Well-negotiated trade agreements are essential to ensuring that we do not lose out to competitors who are themselves cutting FTA deals around the world. Poorly negotiated agreements risk forsaking critical opportunities to level the playing field for U.S. exporters.

The fact is that 96 percent of the world's population is overseas and that population is growing faster than ours. The global market is where the output of our increasing dairy productivity must find a home. This means that for our farmers to continue to grow, and our processing companies to continue to expand and create jobs at home, overseas markets are critical.



However, while trade agreements have been and will continue to play a leading role in expanding market opportunities overseas, they represent only part of the job. Just as essential as getting the agreement's terms right to begin with is ensuring that the market access terms of the agreements are not subsequently undermined – or even violated entirely – by governments under pressure from domestic producers to keep imports at bay. This has been a full-time and regrettably, in a minority of FTAs, not always entirely successful undertaking. Fortunately, most of the 20 U.S. FTAs now in place are working well for dairy with little or no compliance problems.

But I will touch briefly on a few of the bigger trade compliance problems we have faced, both with FTA partners and with important WTO trading partners. I highlight these because vigorous trade enforcement is just as essential to a successful trade policy agenda as is the pursuit of new agreements.

I must start with our NAFTA partner to the north. Canada is without question the worst offender when it comes to erecting measures over the years to create new barriers to trade, impacting market access granted under its FTA with the U.S. and the WTO Uruguay Round. Canada appears to actively pursue every available opportunity to constrain dairy imports that begin to gain ground into its market, thereby repeatedly nullifying and impairing the value of dairy market access concessions. This is a clear violation of their prior trade commitments, as well as the spirit of TPP.

There has been case after case of Canada altering its rules to erect barriers to dairy trade. One notable example from a few years ago was Canada's change of its product standards to limit permissible ingredients in cheese, the goal of which was to restrict imports of U.S. milk protein concentrates and other dried protein imports. More recently, Canada has been considering expanding this to include a restriction in cheese and potentially yogurt production on the use of ultra-filtered milk, another product we currently export to Canada duty free for use in cheese production there.

Also within the past few years, Canada enacted a law that moved imports of a pizza preparations containing mozzarella from the appropriate duty-free tariff line to one with a tariff of over 200 percent. The intent and effect of this legislation was to block all imports of these food preparation products from the U.S. Around the same time Canada also caved to EU pressure to impose restrictions on several generic cheese names as part of its FTA negotiations with the EU. This decision which ran directly counter to Canadian IP policies and principles, as well as existing international obligations, imposes new use restrictions on generic terms such as feta, gorgonzola, muenster and other terms for any recent or future entrants to the Canadian cheese market.

The most Canadian recent policy shift, which has already led to a drop in U.S. dairy exports, is a milk pricing policy maneuver. This policy was first implemented in Ontario but is reportedly scheduled to go national later this summer. It is intended to discourage use of imported dairy ingredients and specifically encourage use by Canadian processors of domestic dairy inputs. This "Class VI" pricing program has already led to tens of millions of dollars in U.S. dairy export losses, an impact that comes at a particularly bad time for U.S. dairy farmers given the depressed dairy market situation currently.

Actions of this sort that unjustly attack the investments U.S. companies have made in servicing export markets cannot be tolerated and must be met with clear consequences. In the case of ultra-filtered milk in particular, U.S. companies -- supplied by American dairy farmers -- have made significant investments to seize the opportunities granted by NAFTA and the Uruguay Round. For Canada to now put in place policies designed to directly undermine and impair those investments harms employment in rural U.S. communities, impacts the supplying dairy farms and risks undermining support for the value of trade agreements. NMPF has urged the Administration to clearly and publicly reject Canadian actions at both the provincial and federal levels that erect new barriers to dairy trade.

These are just examples of the whack-a-mole problems we continually face in Canada.

By contrast, our other NAFTA partner, Mexico, has generally been a much better partner. And where problems have arisen, both governments have in general been willing to work together to find ways to resolve them. As a result of this partnership, trade in dairy products to Mexico is now operating fairly smoothly. We consider Mexico not only to be our best foreign market but also a very good trading partner.

Even in the best relationship, however, issues arise from time to time. One such challenge has recently presented itself in Mexico where intellectual property authorities have issued surprising rulings that call into question the continued ability of U.S., as well as Mexican, companies to sell various kinds of cheese in our largest export market. These determinations by Mexican IP authorities are directly contrary to the market situation in Mexico where the impacted cheese types are widely sold and appear to violate even domestic IP policies, let alone Mexico's international commitments. It is our hope that the U.S. will be able to build upon the positive trade relationship we have developed with Mexico over the years to successfully resolve these very misguided rulings.

I should also mention that one of our newer FTAs, with South Korea, experienced some early bumps in the road for dairy, but more like Mexico, Korean officials so far seem ready to work with our government to resolve them. Trade in dairy products is more than double the average of the three full years prior to the FTA, despite being down from 2014.

Although U.S. expectations of good-will are rightfully highest with our FTA partners, trade compliance is not only an FTA issue. It is equally important that we ensure compliance with WTO obligations, particularly by major trading nations whose actions could influence the decisions other countries make in turn. In this respect, overly burdensome and unscientific dairy import requirements by India and Russia remain a serious concern. For over 12 years India has blocked U.S. dairy products due to inappropriate certification requirements. In Russia's case, even aside from the current blanket ban on U.S. dairy imports due to geopolitical factors, Russia has maintained de facto plant registration requirements that run directly counter to their WTO accession agreement commitments. These are examples of the types of unfounded barriers to U.S. agricultural exports that merit continued attention by the U.S. government to ensure that U.S. exporters are able to make full use of previously negotiated market access opportunities under the WTO Uruguay Round agreement.

Regardless of the country, however, we realize that governments that are under political pressure from their own producers may look for any means possible to restrict imports, regardless of what a trade agreement might say. And where trading partners have demonstrated a willingness to persistently circumvent their trade commitments in certain sector – as is the case with Canada and dairy for instance – additional specifically-focused measures are needed to curtail the problem.

With respect to FTA partners, we believe that the best window of opportunity for influencing how countries will implement their FTA obligations is during the period prior to Congressional approval of an agreement and prior to U.S. certification of the country's readiness to implement that agreement. Action during this window both ensures that Congress has a clear understanding of how the agreement is intended to work in practice and maximizes U.S. leverage on specific issues that need to be addressed.

This becomes especially important now that the TPP has concluded and consideration in Congress will at some point begin. It is also important given that our attention is now turning to the TTIP negotiations with the European Union.

The Trans-Pacific Partnership Agreement and Dairy

The U.S. dairy industry supports TPP and calls on Congress to pass its implementing legislation this year. Although we were disappointed with certain aspects of the market access outcome in TPP, overall we expect that the agreement, if properly implemented and enforced, has the potential to move the needle forward for U.S. dairy exports.

This is with an important proviso, however. The U.S. government must remain committed to addressing important concerns on implementation and enforcement issues to ensure that the dairy provisions play out in practice as written on paper. Also important will be ensuring that the value of the TPP package holds up as promised in the deal's groundbreaking sanitary and phytosanitary (SPS) and geographical indication (GI) commitments. Attention to these critical issues will assure that the market access concessions that were won, as well as access avenues already open to U.S. exporters, are not undermined by future actions of key TPP partners.

Our carefully considered judgment, therefore, is that if the administration follows through on these priorities, the dairy industry will be better positioned for the future with the agreement in place than without it. Here are our reasons for reaching this conclusion.

On market access the status quo would leave in place high tariffs that limit U.S. dairy access to Canada and Japan. Under TPP, the United States would gain incremental access to both nations, while New Zealand would gain incremental access to the United States, as well as a small amount to Mexico, our largest export market. A comprehensive analysis of the agreement by USDEC and NMPF determined that the net effect of all market access concessions would be neutral to slightly positive for U.S. dairy.

It would have been far better of course had Japan and Canada been more forthcoming on market access in the dairy sector, especially considering that neither was a party to the deal at the onset of the talks. But we do believe that the access we did obtain under the agreement helped to avoid what could have been an unbalanced market access deal to the benefit mainly of New Zealand – a major global competitor.

With respect to sanitary and phytosanitary rules, under the status quo nations could continue to unilaterally and arbitrarily implement new import regulations with little notice. These can have serious consequences for U.S. dairy shipments. If technical consultations on such rules fail, as they often do, the only recourse left to us currently is the costly and time-consuming World Trade Organization dispute settlement process.

The TPP includes provisions that establish greater transparency in the rule-making process, so we will be able to see new and revised regulations before they are implemented, giving the United States more time to comment on and possibly shape those regulations. The TPP's SPS measures also upgrade science and risk analysis, equivalence and import checks, and establish a consultative mechanism intended to provide a means to resolve SPS problems expeditiously. Finally, most of the new SPS commitments are enforceable under TPP's dispute settlement mechanism, creating an important point of leverage to foster compliance with these obligations.

As regards geographic indications (GIs), the status quo would allow the EU to continue to press TPP countries to limit the use of many common food names, including many cheeses, to products from the EU. The EU has been using its own FTAs and other forms of bilateral agreements to strong-arm its trading partners into assuming such commitments at our expense. TPP's GI provisions break new ground by establishing a more equitable international model for GI evaluation and registration.

With respect to furthering U.S. dairy interests in the TPP region, the status quo would allow our main dairy export competitors (Australia, New Zealand and the EU), which already have more trade deals in place with Asia-Pacific nations than does the United States, to negotiate aggressively for more. These

deals put U.S. suppliers at a significant competitive disadvantage. An increasingly competitive global market further magnifies these FTA advantages.

Under TPP, the U.S. would be on an equal or better footing, as countries such as Indonesia, the Philippines, Taiwan and Thailand look to join the FTA. Those four countries would add 450 million people to the consumer pool. All four are FTA partners with New Zealand and three are FTA partners with Australia, a situation that contributes to Australia and New Zealand outselling U.S. dairy suppliers by nearly three-to-one last year (\$1.7 billion vs. \$565 million). TPP should help U.S. suppliers make up some of that ground as it expands to include more parties in the future.

As mentioned earlier, we are convinced that our industry's future is tied to growing global trade. The TPP agreement, if properly implemented and enforced, will create trade opportunities and support much-needed export growth for the U.S. dairy industry. Properly implemented, it will help us compete in a marketplace in which we need to continue to expand as a player, and it warrants support from our industry.

Yet, as I mentioned earlier, Canada is already seeking to move forward with actions that would take away with one hand what they are proposing to give with the other in TPP. In addition, early decisions in Japan and Mexico suggest that they may be disregarding the TPP provisions addressing common food names and Geographical Indicators, actions that would impact not only new market access but also current U.S. exports. The U.S. must clearly insist to these leading TPP trading partners, as well as others across the TPP region, that the TPP provisions and intent cannot be undermined. Without that, TPP's promise could be eroded by these sorts of barriers to trade.

The Transatlantic Trade and Investment Agreement and Dairy

We have generally supported the fundamental concept of a free trade agreement with the European Union. In our view a true and fair FTA with the EU would remove barriers to trade in both directions and establish a more level playing field for trade in dairy products across the Atlantic. Right now that playing field is anything but fair or level.

EU tariffs on whole milk powder, skimmed milk powder, whey products, butter and cheese are prohibitively high². In many cases, even in-quota rates are extremely high³ which leads to very low usage⁴ of the existing tariff rate quotas (TRQs). In contrast, U.S. in-quota dairy tariffs are set at minimal amounts⁵ and the EU has been granted exclusive quotas to the U.S. for which it is not forced to compete against other suppliers, a situation which is not replicated in the EU for U.S. exporters.

Non-tariff measures are also employed by the EU in order to make importing our dairy products complicated and burdensome. The EU requires multiple and complex certificates⁶ that continue to evolve over time and varying testing methods pertaining to dairy products. It employs duplicative inspection requirements, in particular with regards to dairy products for feed use⁷. And it presents challenges in overcoming its TRQ licensing system.

² Many tariff lines for these products exceed a duty of €100 per 100 kg net. For example, unsweetened milk powder of less than 27% fat content has a duty of €130.40 per 100 kg net, and a high fat content would require a duty of € 161.90 per 100 kg net.

³ For example, U.S. butter exports to the E.U. are subject to an in-quota duty of 26.3%. We believe that also an in-quota duty of 21% for various cheeses and 13.2% for SMP is rather high as in principle in-quota duties should be negligible.

⁴ For example, for Skimmed Milk Powder, the U.S. only fills 0.05% of the EU TRQ.

⁵ For example, the in-quota rate for EU butter and sour cream exported to the U.S. is 2.5%.

⁶ There are complex requirements when the use of the Dairy Certificate and/or Composite Product Certificate is required; in addition there are inconsistencies in these requirements.

⁷ Unlike other U.S. dairy export markets, the EU requires dairy shipped for feed use to be inspected by the USDA veterinary service, even if the plant is already inspected and found to be in compliance with food-grade inspection criteria, thus creating a duplicative requirement that does not provide additional safety for dairy trade.

The range of EU market challenges we face and their shifting nature is what has led us to insist that TTIP dairy talks focus not on trying to cherry-pick out one of these isolated issues to “solve”, but rather that the root of the problem be addressed. It is critical that negotiators focus on the underlying problem of overly detailed, burdensome and shifting documentation requirements impacting U.S. dairy exports, not simply isolated symptoms of that problem. We have therefore sought to secure a more fulsome recognition of the safety of the U.S., a simplified dairy certificate and – most critically – assurances that new unjustified requirements will not be piled back on top of our exporters as soon as the ink on the TTIP agreement is dry. Without the latter, the EU track record on agricultural trade provides clear indication that some new certification or documentation requirement will surprisingly arise after the agreement is concluded and thereby reintroduce barriers to U.S. products.

On top of these more traditional types of nontariff barriers, is the ever-widening EU practice of limiting the use of common food names to products produced in regions of the EU. We have never opposed the use of these “geographical indications” in principle, but the EU has taken it to a level that is intended to provide protection from imports in its own market and block out fair competition abroad, rather than protection of legitimate regional names.

Parmigiano Reggiano and numerous other GIs are in fact registered in the U.S. today through the U.S. Trademark system and this does not create problems for either side. We cannot accept, however, that commonly used terms such as “asiago”, “havarti”, “feta”, “parmesan”, “munster” and “gorgonzola”, among many others, can only come from specific regions and producers in Europe. These are generic cheeses that, while their names originated in Europe, have a long history of being produced all over the world. European immigrants brought their products to the U.S. and have produced the same cheese as in various countries in Europe for many years. This can be seen in examples of French feta or German parmesan sold outside of the EU to various foreign markets. In fact, U.S. producers have created markets and promoted globally – to Europe’s benefit – the names of dairy and other products that originated in Europe.

Using the TTIP to erect additional restrictions on the use of generic names would act as replacement protection as EU tariffs are reduced. This would be infinitely worse than the existing system. Whereas tariffs can sometimes be overcome with competitively priced products, a ban on the use of the name of the product is impossible to overcome. It would cost the U.S. millions in lost trade and would render any deal on tariffs on such products meaningless.

The result of these myriad EU barriers is a trade imbalance in the dairy sector that cannot be justified on economic grounds. Last year, the U.S. imported \$1.6 billion in dairy products from the EU but was able to ship only \$97 million to the EU, a total only \$20 million higher than U.S. sales to the Dominican Republic with its 10 million inhabitants. That is a trade deficit of \$1.5 billion. Although Europe has at times suggested that the reason for this trade deficit is Europe’s strength as a quality cheese producer, this disregards the current market reality where a sizable and growing number of U.S. companies are producing award-winning cheeses, including at times beating out European products in EU-based competitions. In fact it was a U.S. company that a few years ago won the last open competition for parmesan cheeses in the EU; the parmesan category in this EU competition was mysteriously eliminated after such a shocking upset.

Aside from the reality of a heightened level of the quality of U.S. cheeses, dairy trade consists of more than only consumer-ready cheeses. It includes dairy ingredients, butterfat products and cheeses for food service usage. The U.S. is now a major net exporter of a wide range of dairy products and could sell much more into the EU market, if not for the barriers I’ve mentioned.

The TTIP could be an important vehicle for addressing these concerns, but it has become abundantly clear that EU negotiators are focused entirely on expanding their sizable dairy trade surplus with the U.S. and

not at all on recognizing legitimate U.S. market access issues in the EU market. Of course, this is to be expected in any trade negotiation, but the EU has such a long and sordid history in its other free trade agreements of exempting sensitive agricultural sectors and erecting regulatory barriers to prevent meaningful liberalization, and it fully intends to try to do so in TTIP. Key European leaders have said as much publicly. The U.S. government cannot allow this to continue.

The fact is the EU is a different animal from any trading partner with which we have undertaken FTA negotiations and we are highly skeptical of its level of commitment to truly opening its shielded market. Even inclusion of a TPP-like SPS provision could not be presumed to be enough to guarantee that the EU would act in accordance with its terms. The EU has demonstrated time and again that it will avoid or delay bringing regulations into conformity with science-based SPS rules, if Member State politics or consumer activism gets in the way.

The EU is also known to avoid applying non-specific commitments to specific sectors, particularly within the livestock area, so we need sector-specific results. In other words, for dairy we need a fuller recognition of the safety of the U.S. dairy system, as noted above. This would enable a simplified, more stream-lined certificate program and an understanding that this recognition will be all that's required to allow trade, barring some unforeseen legitimate food safety issue. It must be clearly understood that regulations and restrictions cannot be imposed and justified to satisfy "consumer preferences."

We are deeply concerned by the continued focus on concluding TTIP negotiations this year despite a lack of sufficient progress to date in tackling these types of nontariff barriers to U.S. dairy exports. Meanwhile, the EU is actively and vocally arguing that it should be permitted to impose new barriers to competition and unique advantages for its producers via TTIP through special geographical indications provisions.

A "TTIP-Lite" result that does not truly establish simplified and dependable trading conditions for U.S. exports to the EU, including removal of the existing barriers in place, or that instead incorporates policies aimed at artificially increasing the \$1.5 billion Transatlantic dairy trade deficit would be strongly opposed by America's dairy farmers. Solutions to the barriers we face must be established within the agreement itself; decades of discussions with the EU have indicated that continued dialogue, absent the pressure of a broader agreement, will not result in market-opening progress on nontariff barriers.

A bad deal as described above would be far worse than no deal. Negotiators should take the time to get the TTIP right by fully removing the barriers and future threats to U.S. dairy exports.

Conclusion

The U.S. dairy industry is thinking globally and it is prepared to do what our customers want and need. Our industry recognizes the market opportunities that exist overseas. We are prepared to capitalize on the good name that the U.S. has established as a reliable supplier of safe and nutritious products. Moreover, many throughout the U.S. dairy industry are undertaking significant long-term investment commitments in order to meet foreign demand.

We have learned that well-negotiated trade agreements can be highly beneficial to our industry if they are fully implemented, properly enforced and partner countries do not seek back-door means to undercut the trade concessions they granted. These past experiences also explain our qualified support for new trade negotiations and agreements such as the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP), dependent not only on securing favorable terms for our trade interests but also on assurances that those terms will be undermined after the ink is dry on the texts.

I appreciate the opportunity to provide comments on this important issue to this committee. Thank you.

Attachment 1: U.S. Dairy Exports to Free Trade Agreement Partners

		U.S. Dairy Exports		
FTA	Date Entered into Force	Year Before Agreement	2015	Growth
		Million Dollars		Percent
Mexico -NAFTA	1/1/94	252	1,282	+409
Canada -NAFTA	1/1/94	65	554	+752
Jordan FTA	12/17/01	2	5	+150
Singapore FTA	1/1/04	8	67	+738
Chile FTA	1/1/04	3	68	+2,167
Australia FTA	1/1/05	6	137	+2,183
El Salvador (CAFTA)	3/1/06	5	16	+220
Honduras (CAFTA)	4/1/06	8	24	+200
Nicaragua (CAFTA)	4/1/06	4	21	+425
Guatemala (CAFTA)	7/1/06	30	33	+10
Morocco FTA	1/1/06	0.1	5	+4,900
Bahrain FTA	8/1/06	0.6	7	+1,067
Dominican Republic	3/1/07	17	77	+353
Costa Rica (CAFTA)	1/1/09	3	15	+400
Oman	1/1/09	0.6	2	+233
Peru	2/1/09	20	73	+265
South Korea	3/15/12	220	306	+39
Colombia	5/12/12	8	55	+588
Panama	10/31/12	32	40	+25

Source: USDA GATS