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Dairy Applauds Key Achievements Made in China Phase One; Still, Dairy Market Access Contingent on Lifting Retaliatory Tariffs

ARLINGTON, VA –Today's signing of the Phase One trade agreement with China makes important advances on nontariff issues harming U.S. dairy trade. While promises of additional Chinese purchases of U.S. agricultural products in the next two years are encouraging, the benefits for the dairy industry remain unclear. Given that China's retaliatory tariffs remain a significant impediment to U.S. dairy sales in China, the U.S. Dairy Export Council (USDEC) and National Milk Producers Federation (NMPF) stress that work with China is not complete until the retaliatory tariffs against all U.S. dairy exports are fully lifted.

"Today's announcement of a deal that makes progress on regulatory restrictions and other nontariff barriers hindering dairy trade is a positive step forward. These are important deliverables that USDEC has been pressing China for over the course of the last few years," said Tom Vilsack, president and CEO of USDEC. "We need to continue to work with our government, China's government and our customers to finish the job by lifting the remaining Chinese retaliatory tariffs against our exports."

"America's dairy farmers have been disproportionately harmed by China's retaliatory tariffs, and we cannot ask our farmers to continue operating under this financial uncertainty," said Randy Mooney, dairy farmer from Rogersville, MO and Chairman of NMPF, who joined President Trump and administration officials at the White House signing ceremony on Wednesday. "We appreciate the hard work invested by both the U.S. and Chinese governments, but we urge China to swiftly lift all retaliatory tariffs against U.S. dairy products and work with U.S. suppliers to fulfill their purchasing commitment."



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The Phase One deal with China makes progress on nontariff barriers important to U.S. dairy, such as:

- Tackling facility and product registration steps that have stymied firms seeking to export to China for several years;
- Improving the regulatory pathway for exports of infant formula and fluid milk (including extended shelf life milk) to China;
- Creating new transparency and due process obligations regarding geographical indications and common food names; and
- Promises of increased purchases of U.S. agricultural goods, including dairy.

Left to be fully resolved is how China will fulfill its commitment to purchase large quantities of U.S. agriculture products, including dairy.

China remains a valuable export market for U.S. dairy products, despite retaliatory tariffs. Over the 12-month period spanning December 2018 – November 2019, U.S. dairy exports to China totaled \$377 million in sales. However, retaliatory tariffs on U.S. dairy products have steeply disadvantaged the U.S. industry compared to its competitors and contributed to 47 percent decline in U.S. exports to China over that same period, harming U.S. farmers, manufacturers and exporters.

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