



News Release

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Dairy Should be Excluded in Trans-Pacific Agreement, Urge NMPF and USDEC

ARLINGTON, VA – U.S. dairy producers and exporters today urged the government to exclude any dairy-related changes in the trade relationship between the United States and New Zealand as part of a new free trade agreement between the countries.

In a letter sent today to U.S. Trade Representative Ron Kirk, the National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC) reaffirmed their commitment to seek full exclusion of trade in dairy products between the United States and New Zealand under the Trans-Pacific Partnership (TPP) Free Trade Agreement, because of the New Zealand dairy industry's unique structure and excessive degree of control over dairy markets globally and in the United States.

Kirk notified Congress Monday that President Obama intends to enter into negotiations of a regional Asia-Pacific trade agreement, known as the TPP, which would create a new free trade pact that would include seven other nations: Australia, Chile, Singapore, Peru, Brunei, Vietnam and New Zealand. The United States already has trade agreements with these countries, except for New Zealand, Vietnam and Brunei, which is essentially a small city-state.

New Zealand is the world's largest dairy exporter and benefits tremendously from the virtual dairy monopoly that currently exists there, whereby one company controls more than 90% of the country's milk production. Although an agreement that included Vietnam would offer some new export opportunities,

they would not come close to offsetting the negative impact to the U.S. dairy industry being forced to compete on an uneven playing field against New Zealand, said Tom Suber, USDEC president.

“NMPF and USDEC firmly believe in the value of balanced trade agreements in reducing and ultimately eliminating [global] trade distortions,” the two organizations wrote. “This is why we have strongly supported the vast majority of FTAs pursued by the United States over the years, and it is why we also support the three FTAs currently pending congressional approval ... As this Administration focuses on growing our competitiveness in Asia, we urge USTR to focus strongly on the agreement already in hand: the U.S.-South Korea FTA.”

“The heightened prospect of greater exploitation by New Zealand of not only global markets but also our domestic industry and policy would make an already uneven playing field in the global markets worse,” noted Jerry Kozak, president and CEO of NMPF. “This heavy influence on our markets will drive down dairy farmer income in America, force farms out of business, and create a ripple effect on dairy plants and other rural businesses—all at a time when our economy is slowing and unemployment is rising.”

Suber agreed, adding, “This agreement would create virtually no new opportunities for U.S. dairy exports, given existing relations with most of the significant economic participants. That is particularly unfortunate because the dairy sector is one of the most protected agricultural sectors globally.” USDEC has worked with NMPF to lead the drive for broad, multilateral reform of global dairy markets. NMPF and USDEC have underscored the fact that no other country in the world, let alone the United States, has a dairy industry with the characteristics of that in New Zealand.

“There’s only one way to deal with such a unique and monopolistic situation,” Kozak said, “and that is through an equally unique response: full exclusion of all U.S.-New Zealand dairy trade.”

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The **National Milk Producers Federation**, 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 32 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of nearly 40,000 dairy producers of Capital Hill and with government agencies. For more on NMPF’s activities, visit www.nmpf.org.

The **U.S. Dairy Export Council** (USDEC) is a non-profit, independent membership organization that represents the export trade interest 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.