



**U.S. Dairy  
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# NEWS RELEASE

## FOR IMMEDIATE RELEASE

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## USDEC Applauds the Successful Brazil Cotton Dispute Negotiation Outcome

The U.S. Trade Representative's Office (USTR) and the U.S. Department of Agriculture (USDA) yesterday announced that a path towards a negotiated solution of the Brazil WTO cotton case dispute has been reached. The U.S. Dairy Export Council (USDEC) applauds USTR and USDA for their hard work and skillful negotiation in averting the imposition of retaliatory tariffs against U.S. exports.

After finding that certain U.S. agricultural subsidies are inconsistent with WTO commitments, a WTO dispute panel last summer granted Brazil the right to impose certain retaliatory tariffs on U.S. exports. In March, Brazil announced intended U.S. export targets, including two dairy tariff lines: skim milk powder and whey products. Tariffs were scheduled to be raised today, April 7. The imposition of additional tariffs on U.S. exports would have priced U.S. products out of the market.

Given the clear threat of commercial losses, USDEC worked closely with affected member companies to help draw attention to the harm the tariffs would impose and to help facilitate discussion and resolution of the issue.

Brazil and the United States have agreed upon a clear path towards a negotiated solution. Provided that the agreed upon measures are taken within the appropriate time frame, U.S. exports will not face retaliatory tariffs on shipments to Brazil. Elements of the solution are the creation of a fund to provide technical assistance and capacity building to Brazil until passage of the next Farm Bill or a mutually agreed solution to the cotton dispute is reached, whichever is sooner. Additionally, the United States will make some modifications to the operation of the GSM-102 Export Credit Guarantee Program used by many U.S. grain products. Finally, the United States agreed to issue a proposed rule



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this month to recognize a portion of Brazil as free of certain animal diseases and to take other steps to determine whether fresh beef can be imported from a portion of Brazil.

Following implementation of these initial steps, the U.S. government and the government of Brazil agreed to continue engagement on these issues in order to agree on a process by June that will allow the United States and Brazil to reach a mutual solution to the cotton dispute. Further details are available in the USTR/USDA press release available here: [USTR/USDA Press Release](#).

“USDEC greatly appreciates the considerable effort devoted to achieving the success announced yesterday,” says Tom Suber, president of USDEC. “This reasonable outcome, so skillfully calibrated by U.S. and Brazilian negotiators, will avert significant negative impact on U.S. dairy exports to Brazil. This is all the more important this year as the U.S. dairy industry continues to rebuild its foreign markets and restore firmer financial footing.”

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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.