



**Comments by the
National Milk Producers Federation and the U.S. Dairy Export Council
on the U.S.-Taiwan Initiative on 21st-Century Trade
Docket Number USTR-2022-0005**

Our organizations submit the following comments in response to the request for Comments on the U.S.-Taiwan Initiative on 21st-Century Trade (USTR-2022-0005). The National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC) appreciate the opportunity to present their views on this important issue.

NMPF develops and carries out policies that advance the well-being of dairy producers and the cooperatives they own. The members of NMPF's cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of dairy producers on Capitol Hill and with government agencies. NMPF provides a forum through which dairy farmers and their cooperatives formulate policy on national issues that affect milk production and marketing. NMPF's contribution to this policy is aimed at improving the economic interests of dairy farmers, thus assuring the nation's consumers an adequate supply of pure, wholesome, and nutritious milk and dairy products.

USDEC is a non-profit, independent membership organization representing the global trade interests of U.S. dairy farmers, dairy processors and cooperatives, dairy ingredient suppliers and export trading companies. 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 and its 100-plus member companies are supported by staff in the United States and overseas in Mexico, South America, Asia, Middle East and Europe. Dairy Management Inc. founded USDEC in 1995 and, through the dairy checkoff program, is the organization's primary funder.

Exports have become extremely important to the U.S. dairy industry. In 2021 the United States exported \$7.75 billion in dairy products worldwide, equivalent to over 17% of total U.S. milk production. The sales play an indispensable role in supporting the health of America's dairy farms as well as the manufacturing jobs of dairy processors. Impairing export sales therefore harms not only farmers, but also workers in companies supplying inputs and services, and downstream processing plant jobs, as well as in cities with large port facilities heavily dependent on trade.

Taiwan is among the top twelve largest U.S. dairy export destinations and growing, with over \$140 million exported in 2021. Extended shelf-life fluid milk products account for over 40% of exports, despite a 15% import tariff. New Zealand receives duty-free in-TRQ access for most dairy products through the New Zealand – Taiwan Economic Cooperation Agreement, putting the United States at a sizable tariff disadvantage. Recognizing that the U.S.-Taiwan Initiative on 21st-Century Trade is not likely to be such a comprehensive trade agreement, our organizations nevertheless urge the Administration to seek to eliminate or reduce both tariff and nontariff barriers to U.S. dairy exports through the Initiative.

Eliminating or Reducing Tariff Barriers

The United States ran a dairy trade surplus with Taiwan in 2021. USDEC and NMPF believe that tariff reductions offer the most promising path for stable, long-term market access opportunities for dairy products. In fact, the United States' competitors are using those tools in a manner that fulfill their interests. At no time should the United States stop seeking additional market access for agriculture.

However, as the U.S. government continues to pursue the U.S.-Taiwan Initiative in lieu of full negotiations on tariff elimination, the Administration should seek Most Favored Nation (MFN) tariff cuts to help level the playing field with dairy suppliers from other countries that have negotiated free trade agreements – or are in the process of doing so – and who benefit from lower tariffs as a result.

Proactive Commitments to Prevent Future Barriers

The U.S.-Taiwan Initiative offers a valuable opportunity to obtain specific commitments to forestall introduction of new, foreseeable trade barriers.

- **Common Name Protections:** For example, the Initiative can be used to negotiate lasting access in this export market for U.S. products using common food and beverage terms like “parmesan,” “bologna,” and “chateau” to help blunt the European Union’s efforts to abuse the geographical indication (GI) system through its trade negotiations. The European Union’s clear goal is to advance its own commercial interests for food products by committing its trade partners to provide an extremely broad scope of protection for GIs, thereby awarding EU companies the sole right to use many terms that have already entered into widespread common usage around the world. In the U.S.-Taiwan Initiative negotiations, NMPF and USDEC urge the United States to build off of the approach taken in the U.S.-Mexico-Canada Agreement (USMCA) cheese names side letter to expand the product scope and strengthen commitments that establish recognition for important generic terms and include an agreement not to restrict market access based on use of the terms.
- **Prevention of Unwarranted SPS and TBT Barriers:** The prospect of regulatory barriers such as onerous facility listing requirements and certification requirements that U.S. dairy exporters have struggled with in other Asian markets could be proactively avoided if the U.S.-Taiwan Initiative includes commitments to recognize the safety of the U.S. dairy system, mirroring the broad terms in the U.S.-Panama exchange of letters¹ regarding processed foods (expressly including dairy). Among other things, the exchange of letters exempts those products from any current or future facility listing requirements and disciplines certificate requirements. In the exchange of letters Panama recognizes that U.S. sanitary, phytosanitary, and related regulatory systems are equivalent to those of Panama for U.S. agricultural products and accepts the consequences of this through several specific disciplines in its application of various food inspection, registration, and certification requirements.

¹ See <https://ustr.gov/sites/default/files/2006%20US-Panama%20SPS%20letter%20exchange%20Text.pdf>.

While a broad Panama-style set of comprehensive commitments would be ideal, an agreement with Taiwan on elements of those commitments would help to guard against the greatest hurdles facing U.S. dairy exporter in various markets related to these types of requirements.

- One such element would be a lasting forward-looking commitment to allow the use of the **standard USDA Agricultural Marketing Service (AMS) sanitary export certificate for dairy**. This certificate includes animal and public health attestations on the U.S. herd and regulatory oversight, and AMS issues this standard dairy certificate to many countries around the world. While many markets allow use of this certificate (which we support as reasonable), certificate requirements can change at any time. Disciplines in the U.S.-Taiwan Initiative on this would guard against future problematic changes by memorializing use of the certificate for future trade.
- Another element would be a commitment **to exempt U.S. dairy exports from any future import facility registration lists** that may be introduced in the years to come. Facility registration lists are a growing trend in various dairy export markets and can function as a barrier to trade if implemented in an overly burdensome way.

Fostering Areas of Collaboration in Emerging Issue Areas

The U.S.-Taiwan Initiative could also promote alignment, coordination, and cooperation in the areas of international standards and sustainability. The Initiative should be used to advance harmonization of domestic regulations with Codex Alimentarius Commission and OIE standards and should include commitments and mechanisms to foster routine alignment and coordination between Taiwan and the U.S. government ahead of meetings in those and other international standard setting bodies to advance science and risk-based decision-making.

Additionally, the U.S.-Taiwan Initiative should be used to explore ways to create and advance a common vision on agricultural sustainability, sustainable food systems, and food security. For example, the United States and Taiwan can mutually recognize the important role that sustainable productivity growth, particularly sustainable livestock production can play in fostering more sustainable food systems. The United States has highly efficient and high-quality production practices, which have resulted in the lowest GHG emissions level in the world per gallon of milk. In addition, the United States was the first country in the world to have an internationally certified dairy animal care program. Establishing an approach to sustainability that embraces these positive contributions would be a constructive step forward in Taiwan.

Conclusion

On behalf of the National Milk Producers Federation and USDEC's 100-plus member companies, we appreciate the opportunity to provide comments on this important issue, and we remain available to provide any further clarification as needed. Should you have any questions, please feel free to contact Shawna Morris or Tony Rice, whose contact information is provided below.

Points of Contact:

Shawna Morris

Senior Vice President, Trade Policy

National Milk Producers Federation & U.S. Dairy Export Council

2107 Wilson Blvd, Suite 600

Arlington, VA 22201

Phone: 703-243-6111

Tony Rice

Manager, Trade Policy

National Milk Producers Federation & U.S. Dairy Export Council

2107 Wilson Blvd, Suite 600

Arlington, VA 22201

Phone: 703-469-2375