

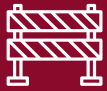


India: Eliminating Unwarranted Barriers to Dairy

OVERVIEW



While India is a major producer of milk, and even exports some dairy products from time to time, it remains a major dairy import market.



India's dairy sector, particularly its farmers, is one of the most protectionist and actively works to avoid allowing imports to compete with their local production.



Beyond India's high tariffs, one particularly notable way that the Indian government has successfully prevented the importation of U.S. dairy exports is through the mandated use of a health certificate that includes animal feed standards despite the lack of scientific basis for these requirements.



India claims religious reasons for demanding that milk comes from cows that have never been fed any ruminant or porcine origin feed. India's population includes a variety of religions beyond the majority of Hindu population, but they have refused to find a solution to allow consumers to make informed decisions.



Negotiations between the United States and India must include better access for U.S. dairy products and assurance that India lives up to its obligations to provide market access under the U.S. Generalized System of Preferences (GSP) program.

WHAT ACTIONS ARE USDEC AND NMPF TAKING?

Over the years, our organizations have worked closely with cooperatives and processors to better understand the possibility of complying with India's requirements, particularly those on feed.

For years, the US dairy industry has rejected the possibility of compliance with India's feed requirement as nonviable and has communicated a high level of discomfort with implementing a program exclusively for India.

As of today, NMPF & USDEC have not heard a strong desire to implement an Export Verification Program from a majority - or even a sizable minority - of the dairy farming community.

- + Initiated a U.S. Trade Representative review of India's compliance with its trade obligations under the GSP program.
- + Met repeatedly with the Indian government to encourage consideration of creative pathways to restoring access.
- + Worked with U.S. negotiators as trade talks with India have been conducted to pursue progress on long-standing trade issues.
- + When India banned imports of Chapter 17 and 35 dairy products, USDEC and NMPF immediately worked alongside USTR and USDA to secure release of numerous U.S. dairy shipments detained in India.
- + Educated current Administration on key U.S. dairy interests regarding India.



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REGULATION TIMELINE

For decades, India has severely limited imports of dairy products, protecting its dairy farmers through high tariffs and requirements India claims are based on religion, while rejecting any attempt to find a compromise.

In 2019, USTR suspended India's benefits under GSP, which provided duty-free access for select Indian exports to the United States, due to India's failure to live up to the requirements of the GSP statute. In part, the GSP statute requires that a country provide equitable and reasonable access to its markets (GSP has now lapsed).

Following the USTR action, India and the United States entered into negotiations to try to resolve a number of market access issues into India, but India refused to agree on a viable pathway forward.


Additionally, in 2020 India escalated its barriers to trade by deciding to halt imports of dairy products entering under Chapter 17 and 35 tariff codes.

In 2022 requirements impacting Chapter 17 and 35 imports tightened yet further.

CURRENT TRADE SITUATION

At present, only products in those categories destined for "non-food" uses such as in pharmaceuticals are allowed; all other dairy products remain barred from the market due to India's continued insistence on a dairy certificate lacking a scientific basis and its refusal to entertain other ways of providing clarity regarding U.S. dairy products to Indian consumers.

As of 2023, India is also now requiring attestation to a broad variety of Indian regulations as an additional requirement to entry. India not only has maintained its trade barriers but have expanded to more products. This further exacerbates the challenge of accessing the Indian dairy market.



The U.S. government has tried to negotiate alternative approaches to this requirement for over two decades, including proposing a special color-coded labeling regime that would designate whether a product meets the religious requirement. Moreover, the US has offered to address India's concerns regarding the health certificate if India would give assurances of no further regulatory changes and additional access to specific products.