Dairy Landscape: European Union
Eliminate U.S. - EU Dairy Trade Disparities

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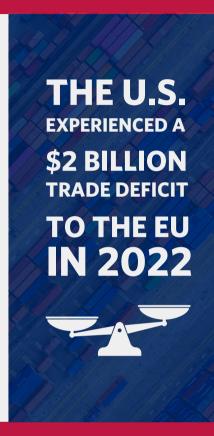
USDEC
U.S. DAIRY
EXPORT COUNCIL

BACKGROUND

The U.S. dairy trade relationship with Europe is not solely shaped by the impacts of the gaping bilateral gap in sales and opportunities between our two markets, but also by EU's propensity for rewriting the trade and agricultural policies of other countries to its own benefit – and the United States' detriment. In doing so, the EU is advancing an approach that is not based in science and does not reflect the world's growing need for safe, efficiently produced food and agricultural products.

U.S. dairy exports have been a sizable casualty of the EU's long-standing protectionist policies. Although some EU countries have become efficient exporters (drawing upon past and present subsidy policies and industry consolidation), a level playing field on trade would result in greater opportunities in the EU market for U.S. dairy products. The EU has continually thwarted open competition, however, most notably through the use of a wide range of measures and practices that make sales in the European market unduly complicated, costly, unpredictable or even illegal.

THE U.S. EXPERIENCED A $2 BILLION TRADE DEFICIT TO THE EU IN 2022

KEY POINTS

- Any broader trade negotiations with Europe must address agriculture policies impacting trade. Although every country has the right to form their own agriculture policy, those policies must be WTO-compliant. Abusing agricultural policies to prevent the import of safe products or to encourage other countries to apply policies thwarting trade clearly crosses the line from appropriate domestic policy tools to inappropriate and potential WTO-illegal barriers to trade.

- The EU has shown no inclination to make reforms to its protectionist and trade-distorting regulatory policies, and it appears poised to be taking even more trade restrictive actions, including on new policies promulgated through its Farm to Fork program.

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! KEY TALKING POINTS

- NMPF/USDEC have urged the US to take a more strategic approach to dealing with EU-U.S. ag trade. The US is a very large market for EU food and ag exports and a highly reliable one that is very accessible through low/no-duty TRQs. In contrast, the EU imports paltry amounts of various U.S. ag exports and is continually in a state of policy flux threatening access to the EU market. The U.S. needs to leverage the EU's reliance on our food & ag market more effectively to shift the EU's approach to import policy, particularly its stance on "mirror clauses" in sustainability policies.

FARM TO FORK

Part of the overarching EU "Green Deal" growth strategy, the Farm to Fork (F2F) strategy envisages over 30 legislative and non-legislative proposals to be tabled before the end of the current Commission's mandate (2024). It tackles the entire food chain from production to processing, consumption, labelling, waste, etc. Several pose high concerns to U.S. dairy exporters. Likely the top issue at present is developing EU regulations on animal welfare that do not align with the U.S. FARM program and would shutter access to the market if imposed on imports.

GEOGRAPHICAL INDICATION ABUSES

Over the past decade-plus, the EU has abused and misused geographical indication rules to target dairy products by banning the use of common names. These policies have monopolized generic food and beverage terms, and continue to threaten the ability of U.S. dairy producers to sell products relying on commonly used terms like parmesan, havarti, and feta in the European Union and in key export markets where the EU has negotiated protections for its illegitimate GIs.

USDEC and NMPF have focused on resolving this issue through ag market access negotiations and engagement with congress and the administration. In 2023, USDEC and NMPF helped champion the introduction of the Safeguarding American Value-Added Exports (SAVE) Act that would direct the U.S. government to proactively negotiate protections for common food and beverage names with trading partners