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Perspective: **Export Expertise**

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about strengthening trade enforcement, trade's critical role in job creation, the necessity of reducing market access barriers, and the importance of building a trade consensus in Congress and among the public. The administration has repeatedly said it wants to create a more inclusive trade negotiation process and demonstrate to the average citizen that trade benefits both U.S. businesses and U.S. workers.

Actions speak louder

In his State of the Union address, President Obama announced the formation of a new National Export Initiative and pledged to double U.S. exports over the next five years. He said he would aggressively seek new markets and promised to do so through the World Trade Organization's Doha Round and other trade efforts.

He reiterated his intent in February when he outlined the administration's trade framework in the Economic Report of the President and then again March 1 when he released his Trade Policy Agenda.

The trifecta of reports was the administration's most forceful endorsement of trade since the inauguration and was welcomed by USDEC and other business groups and organizations concerned that the United States has been losing ground in today's increasingly globalized economy.

Yet, when all is said and done, we need to see this administration demonstrate they are willing to walk the walk and not just talk the talk.

Since President Obama took office, the administration and its appointees have talked

These are all very welcome words to those of us that believe in the benefits that trade can bring, but we are overdue, as a nation, to start taking definitive measures to broaden our international prospects.

We are living in a world where international business is more critical than ever to the health of U.S. industry. The Innovation Center

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for U.S. Dairy's globalization study (conducted by an industry taskforce, assisted by management consulting firm Bain & Co.) illustrated just how crucial world markets are to our future health and profitability.

The study emphasized the need for the U.S. dairy industry to become a "consistent exporter" to best meet the challenge of an increasingly globalized marketplace. One of the key requirements to achieve that goal is to secure additional free trade agreements (FTAs) offering net export prospects for our industry.

Yet this Administration is into its second year now with no progress on beneficial new trade agreements or our important pending bilateral FTAs, no substantive movement to advance the Doha Round and scant prospects of this situation changing dramatically in the near future.

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The one area where we are seeing movement—the Trans-Pacific Partnership (TPP) FTA, which is set to hold its first round of negotiations only days from now—misses the mark. The agreement delivers very little potential new business for the U.S. dairy industry at great potential cost, due primarily to the exceptional anti-competitive structure of the New Zealand dairy industry and the entirely lopsided nature of the dairy trading relationship between the United States and New Zealand.

Any business, industry or organization, USDEC included, no matter how globally oriented would be foolish to arbitrarily support every free trade effort regardless of its specifications. USDEC has specifically and consistently pursued those agreements that improve our competitiveness in world markets.

Every agreement must be evaluated on its own merits, and the TPP FTA, as it is currently being considered, simply falls short. The lack of new export opportunities and the potential to lose current FTA preferences to New Zealand and Australia and enhance New Zealand's global power (gained through its virtually monopolistic dairy industry structure) mean it lacks merit—a view that is widely backed by both U.S. dairy producers and processors.

We need to see the United States pursue agreements with countries that will genuinely move the needle on exports, such as Japan or the 10-country Association of Southeast Asian Nations (ASEAN) or our languishing agreement with South Korea.

As the administration pushes for a TPP deal to strengthen U.S. ties in the Asia-Pacific, it has taken only limited steps to advance an already-existing FTA with one of the most profitable markets in the region: South Korea. That deal, as well as pending FTAs with Colombia and Panama, appear to be effectively stalled until the president orders decisive action to prepare them for congressional consideration.

A similar lack of demonstrated action characterizes the U.S. response to meeting certain trade obligations. The administration's Trade Policy Agenda makes a special point of highlighting rules-based trading and enforcement of existing trade agreements as key to U.S. overseas success. This is undeniably true. Yet, persuading our trading partners to live by the deals they've struck with us becomes considerably more challenging if the United States continues to violate its own commitments.

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Both the Mexican cross-border trucking issue and Brazilian objections to U.S. cotton subsidies and export credit guarantees threaten to curtail U.S. exports. Both nations have given signals that they would prefer to settle the disputes rather than implement authorized trade retaliatory measures. The

administration has said that it, too, would like to resolve the issues, but little has been done to actually fix these problems.

At the same time, our main dairy export competitors are wasting no time forging their own deals. Over the past year, New Zealand signed an FTA with China; New Zealand and Australia signed an FTA with ASEAN; and the European Union (EU) signed an FTA with South Korea. All the deals reduce or remove market access barriers to dairy trade and, as they enter into force, will put the United States at a significant competitive disadvantage.

To top it off, Australia, New Zealand and the EU continue to aggressively pursue additional agreements in Asia, the Middle East and Latin America.

We cannot afford to sit on the sidelines and simply talk a good game. The words out of Washington sound good. The intent seems to be in the right spot, but we need tangible signs that trade is a priority. **CMN**