



April 11, 2022

The Honorable Katherine C. Tai
U.S. Trade Representative
Office of the United States Trade Representative
600 17th St, N.W.
Washington, D.C. 20508

Submitted electronically via Regulations.gov

RE: Request for Comments on the Proposed Fair and Resilient Trade Pillar of an Indo-Pacific Economic Framework (Docket No. USTR-2022-0002)

Dear Ambassador Tai,

On behalf of Edge Dairy Farmer Cooperative (Edge), I am writing you with regard to the importance of building our trade relationships in the Indo-Pacific Region, in particular as it relates to the efforts under the Indo-Pacific Economic Framework (IPEF). Edge represents nearly 900 dairy farmer members in the Midwest and is one of the top cooperatives in the country in terms of milk volume represented. Nearly 90 percent of our members' milk goes toward the use for cheese manufacturing, with the remainder being processed into other key dairy products, including butter, yogurt and fluid milk.

The Indo-Pacific is a critically important region for U.S. dairy farmers and processors. In particular, Southeast Asia is one of the largest destinations for U.S. dairy products with exports continuing to grow, year over year. In 2021, the U.S. shipped nearly \$1.4 billion worth of dairy exports to Southeast Asia, an increase of 11 percent over the previous year. In addition, South Korea and Japan continue to be leading markets for U.S. dairy exports, including being the top five destinations for U.S. cheese.

As the dairy community implements more technological advances to further increase efficiency of production, our national output of dairy products will continue to rise. However, our domestic demand is not keeping up with our increases in productivity. The importance of maintaining and expanding export markets is crucial to supporting milk prices and dairy farm revenues. Edge looks forward to working with the Administration in enhancing the gains our industry seeks to achieve in the Indo-Pacific region.

Please find below our detailed comments in the areas that USTR is seeking stakeholder comments on regarding the IPEF negotiations related to the trade pillar:

General Negotiating Objectives

Edge supports the overarching efforts of the IPEF, in particular as it seeks to build on global rules-based trading efforts in the region. We further support a more comprehensive approach under IPEF that will also increase market access, eliminate tariff barriers and comprehensively address non-tariff barriers to trade.

We support the U.S. achieving a form of an agreement that would be legally binding and enforceable. Where possible, the framework should seek to advance binding rules and hard commitments that go beyond broad principles and goals. Further, we encourage USTR to engage in a process that invokes a

formal legislative approval process of the proposed agreements under the framework to help ensure that the rules and principles negotiated are binding, as recognized by all framework partners.

In addition, it is important to have a sufficient critical mass of countries to shape regional rules and norms, as well as sufficient incentives to encourage other countries to join over time. We recognize that the success of the IPEF will highly depend on the engagement of major Indo-Pacific economies' willingness to sign on and make significant commitments.

Agriculture-Related Matters

Market Access

It is recognized that the IPEF negotiations will not take on a traditional approach of a free trade agreement (FTA). While new approaches are welcomed, it is important to consider the role of certain, traditional elements of an FTA, in particular inclusion of market access provisions. Market access often provides some of the most tangible benefits for obtaining the commitments it desires from other negotiating partners.

Greater market access for U.S. dairy exports means more to the industry now than ever. Exports are essential for balance of the U.S. milk supply and demand, growth of the industry and, at the end of the day, the dairy farmers' milk checks. With growing global demand for dairy products, notably across the Indo-Pacific region, it is only reasonable that the U.S. seek to tackle the lowest barrier to entry, market access.

For instance, in the Indo-Pacific region, according to the USTR's 2022 National Trade Estimate (NTE), India's average Most-Favored-Nation (MFN) applied tariff rate remains the highest of any major world economy, with an average applied tariff rate of 34 percent for agricultural tariff lines. India has bound 74.3 percent of its tariff lines in the WTO, with an average bound tariff rate of 50.8 percent.

And while great strides have been made through the U.S.-Japan Trade Agreement, including removal or reduced tariffs on a significant portion of U.S. food and agricultural exports, there are several important products for which tariffs remain high and limit U.S. market access, including certain dairy products.

Non-Tariff Barriers

We also encourage USTR to seek effective approaches to addressing the growing challenge of preserving the right to use food names commonly used throughout the U.S. in our Indo-Pacific partner countries. The EU has been incredibly successful in securing agreements that adhere to its system for protecting Geographical Indications (GIs). We recognize the need for proper protections for GIs. However, the U.S. dairy industry is increasingly concerned about efforts by the European Union to remove from the public domain the names of cheeses and other food products that have been used for many generations by producers worldwide, and to reserve those names for use by only a handful of producers. We view this as a de facto nontariff barrier to trade.

As noted in USTR's 2022 NTE, while Japanese and foreign products are eligible for GI protection, Japan has designated protection for a significant number of agricultural and food products, in addition to recognizing numerous GIs pursuant to international agreements. This continues to be a concern, in particular with respect to exchanges of lists of terms pursuant to international agreements that receive

automatic protection as GIs without sufficient transparency or due process. It remains important that USTR engage in efforts with framework partners that ensures participants refrain from measures that would unfairly limit access for U.S. products and provide consistency with core transparency and due process principles, in particular with respect to the protection of existing trademarks, the safeguarding of the use of common names, and the effective operation of objection and cancellation procedures.

In addition, we ask USTR to seek commitments from framework partners that promote science and evidence-based regulations, including using international standards and supporting the implementation of sanitary and phytosanitary (SPS) measures, as recognized under the World Trade Organization's (WTO) SPS Agreement.

Environmental and Climate-Related Measures

Dairy farmers strive to be good neighbors and stewards of the land. They are also under increasing pressure to continuously improve and to quantify that progress. That is why Edge continues to actively support our farmer members who are involved in novel, voluntary sustainability projects. Our sister organization, Farmers for Sustainable Food (FSF), assists a growing number of farmer-led conservation groups in using consistent metrics to quantify environmental progress.

We recognize the importance of promoting sustainable practices with our trading partners. But in order for these practices to work, they will need to be based on existing best practices, be incentive-based, consistent with other recognized measures subject to obligations under the WTO, and focus on achievable outcomes that take into consideration regional and sectoral differences.

Before setting any standards, framework partners should assess existing industry-supported initiatives on environmental sustainability, their consistency with national and global objectives, and their efficacy. Any measures taken should be consistent with other measures subject to obligations of the WTO Agreement on Technical Barriers to Trade (TBT) and SPS Agreement. When considering such measures, as the lead of the IPEF, the United States should ensure any metrics of the measures are internationally agreed upon and are supported by transparent, science-based evidence.

Further, any sustainability measures impacting trade should be undertaken in a manner that is no more trade restrictive than necessary and does not treat imported products less favorably than those of national origin. In addition, it must be recognized that environmental conditions may vary from one country or region to another, as does agricultural production. Therefore, this may require a regionalization approach, including materiality assessments, so each pursues the environmental sustainability goals most relevant to their region.

Conclusion

The Indo-Pacific region, which accounts for nearly half of the world's population, economic output and trade, plays a critical role in the future of the world economy. As agreements touching on that region like the Comprehensive Trans-Pacific Partnership (CP-TPP) and the Regional Comprehensive Partnership (RCEP) are implemented, it is imperative that the U.S. seek to engage in the region in ways that will further strengthen our trade relationships. But in order to do so, we need a high-standard, comprehensive agreement that allows for expanded market access and is able to be enforced via binding rules and hard commitments from all framework partners, across all pillars. Further, it is

important that the administration consult with all stakeholders, as well as the U.S. Congress, throughout the process.

On behalf of its 900 dairy farmer members, Edge thanks USTR for the opportunity to provide comments on the proposal trade pillar for IPEF and input on the insights on the various issues our industry is facing with regard to the supply chain. Again, thank you for consideration of our comments.

Sincerely,

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