

US Dairy Farmers Threaten to Oppose Pacific Trade Deal

Krista Hughes, Reuters

U.S. dairy farmers and milk processors on Wednesday threatened to oppose a Pacific trade deal if Japan and Canada do not agree to accept substantially more dairy imports.

In a letter to the U.S. Trade Representative and Department of Agriculture, members of the National Milk Producers Federation and the U.S. Dairy Export Council said Japan and Canada were dragging their feet and U.S. negotiators must insist on "meaningful" dairy market access.

The threat by U.S. agricultural lobbyists to oppose the pact marked an escalation in the dispute and could undermine support in Congress for the trade deal, which is still under negotiation.

Japanese Economics Minister Akira Amari told Trans-Pacific Partnership (TPP) trading partners at talks in Singapore last month that Japan will not agree to abolish all tariffs on wheat, rice, dairy, sugar, wheat, beef and pork.

The dairy groups said Canada would probably be guided by Japan in deciding on any changes to its dairy market access. The TPP also had to tackle New Zealand rules benefiting farmer cooperative Fonterra, the world's biggest dairy exporter, which controls nearly a third of global dairy trade.

"Our support for TPP is not unconditional," said the letter, signed by 39 dairy companies and cooperatives.

"The elements cited here, which largely remain unresolved, must be concluded in a positive manner or our industry will find it difficult to support the final agreement."

The warning from dairy groups comes after wheat, rice and pork farmers called for Japan to be cut out of the TPP talks if it insisted on keeping tariffs on sensitive products, and cattle farmers demanded the TPP eliminate all tariffs on beef.

The farm lobby wields considerable power in Congress, and their opposition could weaken lawmaker support for the TPP further, especially with mid-term elections due in November.

The dairy groups said they might also withdraw their backing for fast-track authority allowing the White House to pass trade deals quickly through Congress, which would be another blow.

The TPP's stated goal is to eliminate tariffs and other barriers to goods and services

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trade. USTR Michael Froman said after the Singapore meeting that the United States was pressing for tariffs to be eliminated "to the maximum extent possible," words which are worrying stakeholders.

A USTR spokesman said the United States had made it clear to trading partners that it expected the final TPP agreement to reflect the ambitious goals all countries signed up to.

"Like all exporters, America's dairy farmers have a lot to gain through the Trans-Pacific Partnership and we are working hard to unlock opportunities for them throughout the Asia-Pacific region," he said.

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