



Strong Potential for U.S. Dairy Industry in the UK



BACKGROUND

The United Kingdom dairy market is prosperous, and with a significant segment of its dairy consumption coming from imports, represents strong potential to expand U.S. market share.

However, numerous tariff and non-tariff barriers that are a carryover from the UK's European Union membership hinder U.S. dairy exports to the UK. This is combined with the fact that the European Union continues to receive duty-free access for dairy products shipped to the United Kingdom, and 99 percent of the UK's dairy imports are supplied by the EU.

In 2023, the United Kingdom exported \$172M in dairy products to the United States, while importing just \$30M in return.

CURRENT TRADE SITUATION

The UK voted to leave the EU in 2016, and finally reached a trade agreement with the EU in December 2020 that maintained tariff-free access for dairy products between the two markets. Effective January 1, 2021, the UK officially and completely withdrew from the EU.

Although the U.S. and UK began negotiations on a comprehensive trade agreement in May 2020, those negotiations lapsed under the present Administration.

In light of that pause to negotiations, USDEC and NMPF are pursuing a unilateral WTO Most Favored Nation tariff cut in the United Kingdom for a slate of dairy products. By reducing MFN tariffs, U.S. exporters would be able to better compete in the UK market and provide additional sourcing options that would diversify UK supply chains and help stabilize prices.



The United States and United Kingdom share ample common ground on dairy - we both produce very high-quality products to exacting food safety standards. Moreover, proper animal care is a strong shared priority. Expanding bilateral dairy trade would offer the opportunity to build upon shared interests with a reliable trading partner.



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WE SUPPORT RESUMING PURSUIT OF A US-UK TRADE AGREEMENT.

A well-designed agreement would put US dairy exporters on a level playing field in the UK vs. suppliers from the EU, Australia and New Zealand.

We're interested in expanding access for the full spectrum of dairy products the US produces.

With the UK's final departure from the EU, the U.S. has a critical opportunity to provide expanded access for U.S. dairy exports to the UK and address long-standing U.S. non-tariff concerns. An improved trade relationship would not only benefit U.S. dairy but would diversify the UK's sourcing and stabilize domestic dairy prices.

With a comprehensive trade agreement out of near-term sight, there are still steps the UK could take to help facilitate trade.

The UK has revised its requirements for government-issued product certification (the documents issued by USDA attesting that the dairy exported is safe and meets various criteria). Beginning in 2024 imported products designated as low-risk will not require a certificate.

USDEC and NMPF are pressing the UK to grant the US the same low-risk status granted to the EU, Canada and New Zealand for most dairy products under this new program.

Geographical Indications have always been an area where the US and UK viewpoints are aligned.

We support UK geographical indications – they are good examples of how to do GIs “right” and to protect truly unique regional products. We should work to affirm the areas we agree on here and commit to protecting common food names for both our uses in the future.

