

### **Australia's key concerns with the US Dairy Import Assessment**

- Australia has no objection to programs promoting the consumption of milk.
- Australia does not apply taxes or levies to dairy products imported to Australia from the US.
- Under the DIA arrangements, dairy products imported to the US are limited by quotas, so they would not receive any benefit from the domestic promotion and research program that is funded by the assessment.
- US domestic dairy products, not constrained by quotas, have a greater opportunity than imported dairy products to benefit from the program, resulting in less favourable treatment for imported dairy products.
- If implemented in the form indicated by the proposed rule, the US stands to derive significant financial benefit with no discernable market benefit for importers of dairy products.
  - This would set an unwelcome non-tariff precedent by the US, as one of the world's largest dairy exporters.
- Some imported caseins and mixtures, likely to be processed into non-dairy foods, are still subject to the assessment but are not included under the dairy promotion and research program.
  - However, US domestic products that compete with caseins (such as skim milk powder) are promoted by the program, receiving more favourable treatment than imported dairy products.
  - We are also concerned that Dairy Management Inc's decision to move its domestic ingredients program to the US Dairy Export Council's export program further restricts already limited opportunities for the generic promotion of dairy product in the United States using funds collected on imported dairy product through the DIA.
- This method of funding the national dairy promotion and research program is clearly less favourable towards imported dairy products than it is for domestic products.
  - The promotion program supports activities such as the Red Seal campaign and the seal is currently not available to imported products.
- The method of calculating the assessment as set out in the proposed rule places a greater administrative burden on imported products than on domestic milk.
  - Both for documentary requirements and possibly the yet to be established verification procedures.
- We are concerned that the DIA is inconsistent with the WTO principle of "national treatment" that provides a general prohibition on the use of internal taxes and other internal regulatory measures in a way that affords protection to domestic production.
- US producers are given greater flexibility in how they can direct their assessments
  - They are able to direct only one third of their assessment contributions to the National Dairy Board compared to the two thirds required by importers.
- Despite concerns and representations from both domestic and international stakeholders, we remain uncertain if the concerns of these stakeholders have been recognised in the final rule, which we understand is likely to be released in the near future, after which there would be no further recourse to press these concerns.