

IDFA's Trade & Environmental Sustainability Principles

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The membership of the International Dairy Foods Association (IDFA), which represent more than three million U.S. jobs in small, medium- and large-sized dairy manufacturing and retail companies, are making significant steps towards achieving measurable, science-based environmental sustainability outcomes that benefit our consumers and the planet. IDFA members share the objectives of the global community that the environmentally sustainable production and consumption of dairy products is a priority and acknowledge that U.S. dairy is already well on its way to achieving those objectives.

Despite these shared objectives and the progress of our members in achieving them, however, concern remains that U.S. trading partners may choose tools to reach their environmental sustainability objectives that are incompatible with U.S. actions. Worryingly, the potential looms for these trading partners to undertake measures in the name of shared environmental sustainability objectives which may ultimately severely damage trade relationships with the United States. If U.S. trading partners were to, for example, create environmental sustainability requirements that dismiss existing World Trade Organization (WTO) obligations, are not science-based, and prevent continuous innovation, U.S. dairy may be discriminated against without cause and blocked from global markets.

IDFA stands ready to partner with the U.S. government to keep this from happening. IDFA urges the U.S. government to take a position of global trade policy leadership to ensure that the policies of its trading partners and our trade agreements are not used to unfairly discriminate against the U.S. dairy industry. IDFA proposes the following key principles related to environmental sustainability to facilitate the U.S. government's leadership on these matters on behalf of U.S. dairy.

Key Principles: IDFA respectfully requests the U.S. government endeavor to incorporate the following principles into any trade negotiations or technical discussions related to environmental sustainability that may impact dairy trade.

- **Review Prior to Regulating:** Countries should assess the existing private sector initiatives on environmental sustainability, their consistency with national and global objectives, and their efficacy before considering the need for a national-level measure. Countries should equally ensure any existing private sector initiatives are taken into account should a measure be implemented.
- **No Prohibition of Goods:** Countries should not prohibit the marketing and sale of goods, or otherwise discourage their consumption, on basis of the good's alleged or perceived sustainability performance.

- **Measures Based on Actual Performance:** If measures are taken, consistent with other measures subject to obligations of the WTO Agreement on Technical Barriers to Trade (TBT), any environmental sustainability measures implemented should be done on the actual evidence-based environmental sustainability performance of the product or sector, not based on potential, alleged, or perceived environmental harm.
- **Non-Discriminatory, Non-Trade Restrictive Measures:** Consistent with other measures subject to obligations of the WTO TBT Agreement and Sanitary and Phytosanitary Measures (SPS) Agreement, 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.
- **Limitations on Taxation and Tariffs:** Countries or international organizations (e.g. the United Nations) should not propose taxation or tariffs on the movement of a good nor on its point of sale based on its potential, perceived or alleged environmental sustainability performance. Likewise, countries or international organizations should not use taxation or tariff reductions to promote consumption of a good based on its potential, perceived, or alleged positive environmental sustainability performance.
- **Voluntary Measures Related to Consumer Information:** Any measures related to labeling of a product's sustainability status should be voluntary and should consider and minimize the costs of compliance prior to being implemented. Such measures should also provide factual, not misleading information based on internationally agreed metrics and science and must not be a pre-requisite for market access.
- **Use of International Standards and Metrics:** If available, countries should use existing international standards when considering implementing environmental sustainability measures impacting trade. When implementing such measures, countries should ensure any metrics of the measure's success are internationally agreed and are supported by transparent, science-based evidence. In the absence of internationally agreed standards and metrics, the United States should lead their development, where appropriate.
- **Outcome-Based, Not Prescribed:** Countries agree that measures related to environmental sustainability for particular commodities should focus on achievable outcomes, rather than prescribing the manner in which each industry respectively achieves those outcomes.
- **Science and Risk-Based:** Countries must agree that sustainability, insofar as it seeks to protect human, animal or plant, life or health on Earth holistically in the long term, is subject to existing SPS commitments that measures must be based

on an assessment of risk and have scientific justification.

- **Ensure Continued Innovation:** Countries agree not to undertake measures that discourage, disincentivize, or otherwise limit or prevent agricultural and food production innovation and the development and use of new production technologies under the guise of advancing sustainability objectives.
- **Take Regional Conditions into Account:** Countries acknowledge environmental conditions may vary from one country or region to another, as does agricultural production. As such, countries acknowledge that measures needed in one country may not be an urgent environmental concern in another based on its actual conditions and an appropriate materiality assessment. Countries should use this regionalization approach, including materiality assessments, to each pursue the environmental sustainability goals most relevant and urgent to their region.
- **Sectoral Appropriateness and Flexibilities:** Just as the WTO identified the trade concerns pertaining to agriculture to be so complex as to merit separate agreements, countries should acknowledge that sustainability measures require sectorally-appropriate negotiations and consideration prior to undertaking any sustainability measure impacting broader trade.
- **Promulgation through Good Regulatory Practices:** The manner in which the United Nations (UN) Food Systems Summit is proposing sustainability measures that impact trade does not meet the basic principles of good regulatory practices, such as transparency and accountability. Such measures should be developed, published, and implemented in a manner that follows good regulatory practices, as outlined by the Organization for Economic Co-operation and Development (OECD) and the Asia-Pacific Economic Cooperation (APEC).