IDFA
International
Dairy Foods Association

Office of the Secretary
U.S. International Trade Commission
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Inv. No(s). 332-609
Effects on the U.S. Economy of Revoking China's Permanent Normal Trade Relations Status

To Whom It May Concern:

I write today in reference to Investigation Number: 332 – 609, *Effects on the U.S. Economy of Revoking China's Permanent Normal Trade Relations Status* on behalf of the International Dairy Foods Association (IDFA).

IDFA represents the nation's dairy manufacturing and marketing industry, which supports more than three million jobs that generate $198 billion in direct wages and $779 billion in overall economic impact. IDFA's diverse membership ranges from multinational organizations to single-plant companies, from dairy companies and cooperatives to food retailers and suppliers, all on the cutting edge of innovation and sustainable business practices. Together, they represent most of the milk, cheese, ice cream, yogurt and cultured products, and dairy ingredients produced and marketed in the United States and sold throughout the world. As you may know, China is the third largest export market for U.S. dairy products, trailing only Mexico and Canada, and reaching a value of $523.2 million in 2025. Not only have Chinese imports of U.S. dairy products grown 35% in the past 10 years, but China also remains an important supplier of dairy ingredients, inputs, and processing equipment.

IDFA fully supports a trade agenda which prioritizes a reduced reliance on China and pursues a more diverse range of trading partners. IDFA members share this goal and are working to diversify their own export market opportunities. However, it is simply not feasible to ignore or easily substitute a market of China's size and global influence. Many U.S. dairy processors rely on specialized products from China to produce the safe, affordable, and nutritious dairy products which feed millions of Americans. Certain critical products are unavailable through other suppliers outside of China.

In the event of a revocation of China's Permanent Normal Trade Relations (PNTR) status, no segments of the U.S. dairy industry would be immune to double-digit cost increases on the supply side. Among other important dairy processing and packaging material, tariffs would be elevated from 0 percent to between 30 to 35 percent for can-sealing, beverage aeration,

commercial stoves and ranges, filling/capping/closing machines. Casein glues would also spike from 6 percent to 30 percent. IDFA members report sourcing Vitamin D concentrates and derivatives from China, an ingredient with a tariff rate which would rise from 0 percent up to 25 percent if China's PNTR status were revoked. All of these such products are currently sourced from China without an existing or realistic replacement. The tables below summarizes several key ingredients and equipment which U.S. dairy processors report sourcing from China:

Vitamins		
Name	**HS Code**	**Usage**
Vitamin A	2936.21.0000	Nutrient fortification. Replaces fat-soluble vitamins removed during processing of lower-fat or skim milk dairy products.
Vitamin D3	2936.29.5020	Nutrient fortification. Replaces fat-soluble vitamins removed during processing of lower-fat or skim milk dairy products.
Raw Flavors, multiple raw	2106.90.9898	Concentrated extracts and food preparations for flavor and quality.
Low Aluminum TCP, finished	2835.26.0000	Calcium phosphates. Used as anticaking ingredient used to improve quality

Equipment		
Name	**HS Code**	**Usage**
IEC 43 A Contactor, A Safety Contractor	8536.49.00.65	Electromechanical contractors to manage power flow for industrial motors and heaters.
194L Control and Load Switch Actuator	8538.90.81.80	Switching, protecting, or connecting circuits on industrial processing machinery.
MCS-MINI CONTROL RELAY	8536.41.00.50	Electromechanical power supplies for industrial data processing.

According to dairy industry procurement specialists, the tariff increases from a revocation of China's PNTR status would yield significant direct and indirect impacts across the entirety of the dairy processing supply chain.

In some spaces, there are no realistic non-China alternatives for important inputs, such as chemicals and amino acids or spare parts for production.

IDFA members estimate that shifting to non-China supply could raise overall average production costs from anywhere between 20 – 50 percent. While many of these dairy companies have worked tirelessly to absorb certain tariffs without inflating prices, increases of this magnitude would result in costs beyond what could be absorbed. In order to maintain operations, dairy processors would be required to share the impacts downstream, spiking costs along the supply chain and, ultimately, raising the price of finished goods. Higher costs could result in lower levels of investment domestically, necessitating U.S. dairy companies to rely on third-country processing, in turn, reducing direct U.S. export value. This tariff escalation would likely price U.S. cheese out of key foodservice and industrial segments. Inevitably, such a major industry-wide adjustment creates risk for broader market disorder.

Past experience with constraints on trade with China resulted in supply shift risks for U.S. dairy. In many cases, Chinese customers rapidly substituted U.S. suppliers for those from the EU and Oceania. These shifts can be difficult to reverse and cause unintended consequences, such as slowed development of value-added products and limited expansion of U.S. dairy brands in markets across Asia. Taken together, these impacts could leave the industry vulnerable to supply bottlenecks and consumers vulnerable to potential product shortages.

IDFA appreciates and supports the Administration's efforts to stabilize the U.S.-China trade relationship, including through ongoing trade negotiations. Should China's PNTR status be revoked, IDFA is concerned that the U.S.-China Phase One Agreement commitments would be considered void. At the time of its enactment, this agreement achieved significant outcomes for U.S. dairy facilities that were awaiting registration with Chinese authorities. As China PNTR status revocation is considered, IDFA urges the Administration to consider the following potential opportunities to mitigate the economic impact of such a decision:

- The U.S.-China trade agreement framework announcement in November extended exclusions from Section 301 Tariffs on 178 imported Chinese products. These exclusions have been particularly helpful and encouraging to the U.S. dairy industry. While IDFA is fully supportive of rebalancing the trade relationship with China, we encourage the Administration to maintain those strategic exclusions.
- IDFA supports the Administration's Executive Orders that exclude certain imported agricultural products from tariffs. Going forward, we encourage continued usage of these policies as a basis for consideration of tariff exclusions on Chinese goods.
- IDFA respectfully requests USTR consider the development of an administrative process for consideration of additional, future category and product-specific tariff exclusions for critical goods that support the health, safety, and availability of the American food supply. A formal exceptions framework would allow U.S. manufacturers to provide clear

and compelling evidence of how imported inputs advance both American manufacturing and innovation when domestic supplies are unavailable.

Thank you for the opportunity to provide comments on Investigation Number: 332 – 609. Please contact Becky Rasdall Vargas (brasdall@idfa.org) or Elena Clark (eclark@idfa.org) with any questions or requests for further information.

Sincerely,



Becky Rasdall Vargas
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International Dairy Foods Association (IDFA)