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Book

Where does the biggest gorilla in the room sit? : milk, the United States and international trade negotiations

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WHERE DOES THE BIGGEST GORILLA IN THE ROOM SIT?
MILK, THE UNITED STATES AND INTERNATIONAL TRADE NEGOTIATIONS

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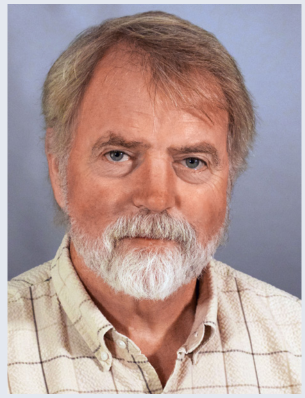
TABLE OF CONTENTS

ABOUT THE PROJECT

This project, funded by a CIGI Collaborative Research Award, undertakes a comprehensive, comparative analysis of a number of dairy management systems, including those of the European Union (a hybrid system containing subsidies, tariffs and quotas), New Zealand (neo-cooperativization and free market), Australia (a recently deregulated system) and the United States (subsidization and tariffs), along with the unique Canadian dairy supply management system. The research examines the advantages and disadvantages of these paradigms, addressing, among other elements, the cultural, financial, political and social costs and benefits to dairy stakeholders and consumers. Moreover, the ability of each system to provide food security and agricultural resilience in an international context of rising food prices, environmental degradation and climate change is assessed. Research findings will be disseminated in a series of CIGI papers and policy briefs.

ABOUT THE AUTHOR



Bruce Muirhead is professor of history and associate vice president, external research, at the University of Waterloo, and recipient of a CIGI Collaborative Research Award. He has written extensively on Canadian agricultural, political, diplomatic, financial, international and trade history of the post-World War II era. He has published five books with university presses and numerous refereed chapters in books and journal articles on these topics. Further, he has made many conference presentations, both in Canada and abroad, that focus on his research. His ongoing work relates to dairy supply management in Canada and competing systems in Australia, the European Union, New Zealand and the United States. He was named the Egg Farmers of Canada Chair in Public Policy in November 2014. While continuing to work on supply management issues, he is also participating in a project funded by the Norwegian Research Council on the financialization of farmland in various countries around the world.

ACRONYMS

AAA	Agricultural Adjustment Act
AoA	Agreement on Agriculture
AMAA	Agricultural Marketing Agreement Act
CWT	Cooperatives Working Together
EC	European Communities
EU	European Union
FAIR	Federal Agricultural Improvement and Reform Act
FAO	Food and Agriculture Organization of the United Nations
FTA	free trade agreement
GATT	General Agreement on Tariffs and Trade
GI	geographical indicator
IATP	Institute for Agriculture and Trade Policy
MILC	Milk Income Loss Contract Program
NDC	National Dairy Council
NMPF	National Milk Producers Federation
QRs	quantitative restrictions
TPP	Trans-Pacific Partnership
TTIP	Transatlantic Trade and Investment Partnership
USDA	United States Department of Agriculture
USDEC	United States Dairy Export Council
USITC	United States International Trade Commission
USTR	Office of the United States Trade Representative
WTO	World Trade Organization

EXECUTIVE SUMMARY

The United States has a history of dairy subsidies, going back to the 1930s. Since World War II, the country has also attempted to impose its vision of trade liberalization upon a suspicious world, sometimes in concert with what is now the European Union (EU) and sometimes on its own. This background paper explores the historical evolution of US trade policy as seen through its negotiations on the dairy file in international trade negotiations, largely sponsored by the General Agreement on Tariffs and Trade (GATT) and, after 1995, by the World Trade Organization (WTO). In these multilateral discussions, issues of agricultural protectionism and exceptionalism were addressed. It was not until the Uruguay Round (1986–1993), however, that agriculture was included in these negotiations, as neither the European Union (and its antecedents) nor the United States demonstrated any interest. While Uruguay was a tentative beginning, the subsequent Doha Round has dissolved over agricultural problems.

As a result, at least in part, the United States embarked on a regime of bilateral (and multilateral) negotiations. The most important of these are the Trans-Pacific Partnership (TPP), which was completed on October 5, 2015 — although ratification, if it happens, is at least two years into the future — and the Transatlantic Trade and Investment Partnership (TTIP), a critical conversation being held with the European Union. Again, this background paper uses dairy as the sector through which to examine US trade and agricultural policy.

INTRODUCTION

Milk figures prominently in American life: think of milk and cookies, milk and apple pie, indeed, of milk with any number of comfort foods. It is perhaps not surprising that the inventor of the milk carton is American — John Van Wormer. He invented this convenient packaging in 1915, the same year that the National Dairy Council (NDC) was established. Drinking milk was a part of the American way of life as early as the 1880s (Dupuis 2006, 6). As Erna DuPuis tells us, “milk is more than a food, it is an embodiment of the politics of American identity over the last 150 years” (ibid., 8). Within this period, raising healthy children, and creating a healthy society, became conflated with milk consumption. Nutritionist Bernice C. Reaney wrote a short piece in 1922, “Milk and Our School Children,” that mapped the road ahead.[1] It influenced policy in that dairy products became a part of school lunch programs in 1946 with the federal government’s passage of the National School Lunch Act.

Beginning with the Great Depression of the 1930s, Washington propped up the farm sector with a myriad of support programs as commodity prices plummeted, although it did take a change of government from the Hoover Republicans to the Roosevelt Democrats before that public support became a reality. The problem was partly oversupply — farmers were simply producing too much food. As well, the US agricultural community had increasingly moved from an ideology of independence to one that demanded the federal government’s intervention in the market on their behalf. Charles McNary and Gilbert

1 Reaney’s (1922) article asked the question, “Do school boys and girls need milk every day?” and answered it with “Yes — because milk is the best and most important food in the diet of the school child. No other food can take its place.” There were many such pamphlets written in the era. See, for example, Mendenhall (1926). See also Wiley (2011).

Haugen, a senator from Oregon and a representative from Idaho, respectively, sponsored legislation in 1924 to establish a Federal Farm Board that would guarantee incomes for farmers of specified crops. It passed Congress but was vetoed by the president, as was a similar bill in 1928. A much toned-down board was established in 1929 by the Hoover administration as a result of the Agricultural Marketing Act of that year, but this board did not have much authority to regulate prices.[2]

A few years later, with a very different economic context and a newly elected administration, the situation radically changed. The Agricultural Adjustment Act (AAA) of 1933 was the first major intrusion into the US domestic market in terms of giving farmers the fighting chance they demanded. Even with the 1933 act's passage, and the support provided by its subsequent incarnations, it would take time before American agriculture began to participate in the fledgling recovery that would take hold later in the decade. But government had learned its lesson: the farm sector had become one propped up by government assistance designed to stabilize prices and firm up supply. And dairy was first in line, an assertion that is as true in the twenty-first century as it was in the twentieth — or so it seems, as Washington drives international trade negotiations in the Doha Round of the WTO, the TTIP and the TPP. As a Reuters news account (Hughes 2014) has correctly noted, "The farm [and dairy] lobby wields considerable power in Congress" and, by extension, in these discussions.

EARLY HISTORY OF DAIRY

As with most countries of settlement, dairy in the United States involved producing goods for local consumption and was, for the most part, a non-commercial activity, until the mid-1880s. However, during the latter half of that century, as the United States industrialized and urbanized, the need to feed millions of new city-dwellers became paramount. By 1900, approximately 40 percent of the then-76 million Americans lived in cities; by 1920 that figure passed the 50 percent mark, with the population's climb to 106 million. Clearly, dairy, as "America's food," had to keep pace.

Technological innovations continued to change the face of the industry in the United States; milking machines, refrigerated tank trucks and glass-lined railcars were widely used by 1930, all designed to make it easier to obtain and move milk into urban centres. As well, regulation and oversight by state dairy and food commissions made milk's consumption safer. And cows had cooperated with this upsurge in dairy popularity — by 1900, the average Holstein was producing almost 3,900 pounds of milk solids per year, about double what its counterpart had produced a half-century earlier. In that same year, dairy contributed about 16 percent of US farm output, a not-insignificant figure (Bateman 1969, 206).

This increase in American dairy productivity and output had taken place behind high tariff walls — a position known since the 1820s as the National Policy. Protectionism, or so popular belief had it, "was indispensable to American development....Said the GOP platform in 1896: We renew and emphasize our allegiance to the policy of protection, as the...foundation of American development and prosperity" (Lovett, Eckes and Brinkman 2004, 46). Further, agricultural production more generally received exemption from statutes prohibiting the development of large trusts, the focus of certain US legislation such as the Sherman Act, the Clayton Antitrust Act and the Federal Trade Commission Act. This exemption was accomplished through the Capper-Volstead Act of 1922 — "An Act To Authorize Association of Producers of Agricultural Products," often called the Magna Carta of agricultural cooperatives — which allowed farmers to collectively process, prepare, handle and market their products. As has been pointed out, "The legal protection from prosecution under the anti-trust laws provided by the Act has allowed agricultural cooperatives to grow and prosper — without such protection, a wide range of cooperative activities would be hampered or prohibited outright" (Barnes and Ondeck 1997). The Capper-Volstead Act accomplished what so many farmers had wanted for a long time — to be on a more equal footing with agribusiness.

THE GREAT DEPRESSION AND WORLD WAR II

Though much had changed in the dairying industry during the nineteenth century in the United States, much remained the same. Indeed, working with cows imposed certain consistent constraints on all stakeholders. For example, milk was perishable; production was not necessarily synchronized with consumer demand; and the issue of marketing the commodity plagued the industry, because buyers and sellers were not always in phase, leading to high or, more usually, low prices. The depression of the Dirty Thirties exacerbated these problems, leading the new US president, Franklin Delano Roosevelt, elected in November 1932, to consider innovative ways to deal with rapidly deteriorating conditions in the agricultural (and dairy) industry for the first time, through policy formation designed for long-term implementation. Indeed, in the dairy sector, although returns from milk production were low, production either continued at previous levels or was increased, even as the consumption of dairy products was declining. The result was oceans of unsold milk and hugely depressed prices — a classic commodity oversupply case, in that the entire burden of loss rested on the farmer.

2 For a brief discussion of the McNary-Haugen initiative, see Miller (2003, 180).

Section 22 of the Agricultural Adjustment Act of 1933, the first of many farm bills, became critical in laying the foundation of a new dairy order. It authorized the president to impose quotas or fees on imported agricultural products when such imports were found "to render or tend to render, or materially interfere with, any program or operation undertaken by the US Department of Agriculture (USDA), or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof covered by a USDA program" (United States International Trade Commission [USITC] 2004). As well, a program of licences was developed to assist milk producers: all processors in a given market had to pay producers on a classified price basis and pool the returns to farmers on a market-wide basis. The 1935 act built upon this requirement by providing for marketing orders instead of licences. The Agricultural Marketing Agreement Act (AMAA) of June 3, 1937, enhanced their operation. As Congress rightly declared when it passed the AMAA, "the disruption of the orderly exchange of commodities in interstate commerce impairs the purchasing power of farmers and destroys the value of agricultural assets which support the national credit structure and…these conditions affect transactions in agricultural commodities with a national public interest, and burden and obstruct the normal channels of interstate commerce" (USDA 1937).

However, the real inauguration of a new dairy era occurred with World War II. Massive American dairy surpluses, built up over the 1930s, began to flow to the Allied powers, primarily the United Kingdom. As well, fluid milk now commanded a premium price over milk products used for manufacturing purposes, while open-market purchases of butter by Washington began in 1941, marking the first widespread attempt to support the price of milk by purchasing manufactured dairy products. Very quickly, the problem shifted from one of too much production to one of not enough to meet market demand. But farmers and farmers' organizations, with an eye on the future, demanded protection from the vagaries of the market to increase production to the extent demanded by Washington. Clearly, they referenced the economic dislocation of the aftermath of World War I. Indeed, so pervasive were the effects of the steep reduction in farm exports after 1918 that they came to be regarded as a primary cause of the Great Depression, in the popular imagination at least (Brown 2003, 66). In 1941, Representative Henry Steagall, a Democrat from Alabama, introduced an amendment that brought eggs, milk and butterfat, among other commodities, into the fold of those covered by price supports and production controls, thus meeting farmers' requests. The legislation also raised price support levels to 85 percent of parity, a figure that was increased to 90 percent in 1942 (Winders 2009, 69). With wartime demand and the price supports put in place by Congress, farmers across many commodities reaped the benefits, which persisted into the postwar period as Washington continued to provide succour to agriculture.

A DECADE OF PLENTY, 1945–1955

The aftermath of World War II promised a new sort of international regulation of trade. The lessons of the two decades following 1918 had taught that the restraint of trade was at least partly responsible for that period's economic difficulties, and the United States, now one of two global superpowers, was determined to open foreign markets to its products. It hoped to do so through the negotiation of a new trading mechanism, the International Trade Organization, and when that plan did not reach fruition, to one of the proposed organization's components, the GATT. Agriculture was included in that mix, and was not then perceived as a sensitive area. Foodstuffs remained in short supply because of the 10 lost years of the Great Depression, the six war years, and then postwar dislocation and inclement weather in 1946–1947, which nearly wiped out earlier economic gains (Hogan n.d.). The market was robust. Marshall Plan expenditures on food, feed and fertilizers in Europe totalled almost US$3.5 billion up to 1952; those exports helped European Cooperation Administration countries drive agricultural production by that year to 11 percent above prewar levels. In such a context, domestic production had little need of protection from *foreign* competition. Instead, the United States continued its *internal* pattern of supporting the price of milk through legislation, without comment from GATT's contracting parties. Indeed, as shown above, the AAA of 1933 had directed authorities to stabilize the US agricultural market and producer prices by using the tools available, including tariffs, quantitative restrictions (QRs) and, when necessary, export subsidies.

This notion of agricultural exceptionalism is important; the agricultural industry's harvests are essential to human life in a way that, say, automobile exports are not, and "without [government] intervention, agricultural producers, consumers and society at large would be adversely affected" (Skogstad 2008). The point of government intervention was to create conditions leading to food self-sufficiency; as countries had learned during the 1930s, an overly heavy reliance on food imports can be detrimental. As many believed, "There comes a point where a country that cannot support itself, from a food perspective, loses some of its sovereignty" (Leeder 2011, A4).

Such was the context for the first three trade liberalization rounds conducted under the GATT held in Geneva, Annecy and Torquay, as little was done to liberalize trade in agricultural products. To the extent possible, given dollar shortages and inconvertible currencies, North American agricultural goods bolstered European populations.[3] As economies recovered and commodities producers experienced difficulties, attitudes hardened with respect to agricultural liberalization. Traditional attitudes about the farm sector reasserted themselves as it experienced difficulties because of production gluts in dairy, meat and vegetables.

Congress provided financial protection to various agricultural producers under a version of supply management until 1954. The first reduction in price support levels was implemented the next year, with a Republican administration in place and a secretary of agriculture, Ezra Benson, who was "an enemy of the New Deal Farm program" (Winders 2009, 82). However, as a conciliatory gesture to the sector, Washington also passed the Agricultural Trade Development and Assistance Act, PL-480, which provided export subsidies for agricultural products, milk included. A primary purpose of the act was to help dispose of the backlog of US agricultural surpluses through the sale of those products to developing countries, even though they had no dollars to spend; purchases were made in local currencies, which helped to expand the range of US farm exports to markets heretofore unknown to American companies. These sales also provoked hostility with allies, such as Canada, which loudly objected to American incursions via subsidized exports into what had been their hard-won markets.

Again, the foreign agreements to which the United States was a signatory had to be consistent with domestic legislation, in this case, section 22 of the AAA. Indeed, in 1951, Congress had made explicit the proviso that "no trade agreement could be applied in a manner inconsistent with this section."[4] Further, a price support system for dairy products had been introduced under the Agriculture Act of 1949, designed to "maintain a floor price for milk received by dairy farmers" (USITC 2004, chapter 3, 10). US legislation meant that as Europe recovered and its agricultural production rose — thereby potentially destabilizing that of the United States, given the possibility of European exports — the sector had to be made consistent with US law compelling it to be removed from polite consideration in the GATT; QRs, tariff rate quotas and export subsidies were essential parts of American foreign agriculture policy, all of which ran counter to the GATT's spirit, if not its purpose.

The US demand in 1955 for a temporary agricultural waiver from article XI to allow it to impose QRs on agricultural imports was strongly supported by the Belgians, the French and the Germans, all of whom were interested in the *principle* of a waiver. However, it was granted — the United States had intimated that, should the waiver not be approved, it would be forced to leave the GATT — and for the next 38 years, until agreement was reached on agricultural issues following the Blair House Accord that was negotiated under the auspices of the GATT's Uruguay Round, little was done to address increasing agricultural protectionism and subsidization. Indeed, by 1955, the Europeans had seized on US policy as reflective of their own: "After the war, no European government dared to liberalize its domestic market for agricultural products. Under the stimulus of the wartime experiences of food shortages...they set as paramount the aim of increasing total output to achieve, wherever possible, self-sufficiency and to raise farmers' incomes."[5] Within the United States, between mid-1953 and 1995, 55 section-22 investigations were conducted, with most of them covering dairy products, and quotas were imposed on "virtually all imports of articles derived from cow's milk" (USITC 2004, chapter 8, 2). These quotas accounted for about 45 percent of the total value of US import restrictions under section 22.

INTO A PROTECTED DAIRY FUTURE

By 1955, the basic outline of US dairy policy was in place, one that was followed over the next four decades. Through various trade negotiation rounds sponsored by the GATT, the American position remained consistent. During the Kennedy round (1963–1968), agricultural negotiations were a tough slog, with not much accomplished. The United States put energy into reducing industrial tariffs, but very little into decreasing agricultural protection. This situation led, at least for some, to "disarray in world food markets" (Johnson 1973). As for trade in dairy products, Washington did its best to impede imports. The Australians, for example, lamented that "as soon as our exports of dairy products to America increase to any extent, import restrictions of one type or another are clamped on" (Lehane 1996, 27).

The Tokyo Round (1973–1978) was launched as the first oil crisis destabilized the industrial world and the United

3 The European Recovery Program, popularly known as the Marshall Plan, funded US$13 billion worth of purchases from the United States and Canada.

4 Section 22 was designed to "insulate the US farm economy from the effects of international trade in agricultural commodities... [T]he Agricultural Adjustment Act of 1933 established a system of production and marketing controls and parity prices designed to raise the price farmers received for their crops. However, imports (at the lower world price) would prevent farmers from obtaining the price which the programs were designed to achieve." Therefore, section 22 authorizes the president to impose quotas or duties on imports of agricultural commodities. See Glick (2008, 167).

5 See Federico (2005, 198); see also Muirhead (2007, 266). With respect to agricultural protectionism, Olivier Wormser, the director of economics and financial affairs at the Quai d'Orsay, suggested that Paris was focused on keeping French agriculture French in the 1960s. In a conversation with Canadians looking to increase their share of that market, he stated that France was a protectionist country, had always been a protectionist country, and would always be a protectionist country. In agriculture, "the French farmer wields great political influence and…he is very vigilant" (Muirhead 1992, 157).

States seemed poised for protectionism. The United States then insisted that agriculture must be on the table if an agreement were to be reached. The European Communities (EC) opposed that position and refused to open up any part of the Common Agricultural Policy to US-demanded cuts. Negotiations bogged down early on and it was only in 1977 that the European Communities and the United States agreed to separate the agricultural and industrial discussions, allowing them to continue (Orden, Paarlberg and Roe 1999, 88).

As Christina Davis (2003, 266) has pointed out, "The increase in agricultural liberalization was modest...[and] participating nations ended the Tokyo Round about as far apart on agricultural trade policy as they had been at the beginning of the negotiation." In short, the Tokyo Round had only a marginal impact on global agricultural trade, leaving "most non-tariff barriers, export subsidies, and domestic support programs virtually untouched" (USITC 2003). The bright spot, at least for US dairy, was the establishment on January 1, 1980, of the International Dairy Arrangement,[6] an outcome of the Tokyo Round designed to expand and liberalize world trade in dairy products through international cooperation. Its protocols dealt principally with minimum export prices for certain skim milk powders, milk fats and cheeses.

Agricultural negotiations had been tortuous at best during the round, and the contracting parties left it to the United States and the European Communities to resolve their differences. The end result did not reflect the interests of the smaller players at all and, according to one description, was "a midnight solution in the dying days of the negotiations" and "an unenforceable mess which only highlighted the ineffectualness of trying to paper over and draft around continuing fundamental differences" (Gifford 2003). And that quagmire led directly to Uruguay, given that agricultural trade was in disarray and that countries blocked unfavourable GATT rulings with impunity. Something had to be done, or so trade experts thought, to clear out the logjam.

THE URUGUAY ROUND, 1986–1993

And so matters stood as the GATT launched its final round (which would conclude with the establishment of its successor, the WTO), in September 1986, in the resort town of Punta del Este, Uruguay.

This time around, agriculture was to be brought within the ambit of the new organization that would emerge, although the dairy sector continued to be largely ignored. It was agreed that agricultural policies had the potential to distort trade and were therefore amenable to international discipline; agricultural exceptionalism was to be attacked head-on. In the words of the declaration, the objective was "to achieve greater liberalization of trade in agriculture."[7]

The United States had become exercised by two issues — the first was the European Communities' variable import levy system that hindered US exports to the region, and the second was the mounting surplus agricultural production in the European Communities that it sold on world markets through the use of export subsidies. It was a double whammy that meant US agricultural exports continued to decline while the European Communities' continued to grow, mostly through the use of export subsidies. The United States was supported by the Cairns Group, a 14-member coalition established in 1986 to advocate for greater market discipline in agriculture.[8] As well, its members, which excluded the European Communities and the United States, could not compete with either in terms of the level of export subsidization and, as a result, suffered from declining world market prices as they were caught up in the EC-US subsidy war (Botta 2014). However, the Europeans were also finding it increasingly difficult to finance the Common Agricultural Policy and wanted some way to reduce the burden. They had, for example, introduced quotas into milk production to reduce supply in 1984.

The Americans submitted their *Proposal for Negotiations on Agriculture* in July 1987, which asked for "a complete phase out over ten years of all agricultural subsidies which directly or indirectly affect trade...[a] freeze and phase-out over ten years of the quantities exported with the aid of export subsidies...[and] a phase-out of import barriers over ten years" (GATT Secretariat 1987).[9] Clayton Yeutter, the US trade representative, had talked of the problem of "excessive government support of agriculture," and President Ronald Reagan called it "the most ambitious proposal for world agricultural trade ever offered" (Reagan 1987, 797). Eventually, through many twists and turns, the Europeans gave in to US demands, and the Agreement on Agriculture (AoA) was the result.[10] Its article 20 promised to gradually introduce further liberalization of agricultural

6 For its organizing charter, see WTO (n.d.). "Arrangement" was later changed to "Agreement," and the organization was terminated as of January 1, 1998.

7 *GATT Basic Instruments and Selected Documents, Volume 33S*, 24, as quoted in Tangermann (2003).

8 The Cairns Group was initially comprised of Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand and Uruguay.

9 Some critics suggested that the proposal was so far-reaching that it lacked credibility: "Especially ironic was the fact that the most protected sectors [dairy and sugar] in US agriculture were the most adamant that the United States should not retreat from its demand…[in the expectation] that the US 'zero option' would stall any possibility for real progress in the negotiations and thus spare their generous protection programs from any real cuts" (Davis 2003, 280).

10 And there were contortions of Machiavellian proportions, along with negotiations brinkmanship. For an example, see Davis (2003, 271–308).

products while bearing in mind "non-trade concerns [environmental protection, food safety and security or rural development and] special and differential treatment to developing country Members" (WTO 2015).

As a result, agriculture, defined broadly, was treated gently, at least according to those who had hoped for a more robust plunge into the cold world of international competition. According to Neil Andrews, a critical Australian in the country's Bureau of Agricultural and Resource Economics, "the extent of liberalization arising from tariff cuts and reductions in domestic support was extremely disappointing" coming out of the Uruguay Round (Andrews 2001, 2).

However, Uruguay was declared a success for moving to tariffs to provide protection for products, instead of allowing the use of non-quantifiable tools such as variable rate levies and import quotas. This process was called "tariffication" and was designed to be more "transparent," however that was defined. It did allow for tariff cuts of up to 36 percent, with a minimum cut of 15 percent for each tariff following the round, but that was scant comfort when, following the conversion, tariffs remained sky-high in the case of dairy. While the average US agricultural tariff was 12 percent in 2000, for milk it was a prohibitive 50 percent, the fourth-highest level among all US agricultural commodities (Gibson et al. n.d., 26).

US commitments mirrored the national debate. As a commentary on the industry noted, "dairy policy was subject to the most heated battles and directional shifts of any commodity during the 1995–1996 Farm Bill debate," the first that followed Uruguay (IPC 1996, 8). Setting dairy policy proved to be very difficult, with differences largely caused by regional variations in product mix and competitiveness between the New England states, the upper Midwest, the South and the West. As well, farmers were split because the border protection they had enjoyed under section 22 import quotas was lost, and because export subsidies under the USDA's Dairy Export Incentive Program were also to be reduced by the GATT. The first loss, in particular, was important to many producers, because the quotas had prevented dairy imports from interfering with the USDA's price support program.

Finally, if access to a country's markets was less than three percent for a product, based on estimated production during a 1986–1990 base period, the country was required to open its market to a minimum access of at least that percentage, the level to be increased to five percent by 2000. But that requirement seemed to promise more than it could provide; as a USDA report noted, "A number of countries have bound their in-quota rates at extremely high levels, even though the process of tariffication called for minimum access to be provided 'on the basis of a tariff quota at a low or minimal rate.' While it is true that no numerical rule defined 'low or minimal,' these rates would seem to contradict the spirit of the agreement" (Gibson et al. n.d., 34).

US conditions immediately following Uruguay seemed propitious, at least for those who favoured less government intervention in the market in terms of land set-asides and support payments to farmers. In the 1994 mid-term elections in the United States, the pro-deregulation Republicans had won control of both the Senate and the House of Representatives for the first time in 40 years. Prior to their election, these future representatives had signed the "Contract with America," which promised to make "devolution, fiscal discipline, and lower taxes [a reality]. Cuts in federal programs were implied by these commitments" (Orden, Paarlberg and Roe 1996, 1). As well, farm prices were relatively high in early 1996, which created a not-unreasonable context in which to reduce subsidies and other payments. However, very little of the farm payment reform happened, despite the Republican victory, leading some to suggest that "farm support entitlements were impervious to significant reform" (Orden, Paarlberg and Roe 1999, 85).

And so it seemed. Or, to put it another way, the importance of the Uruguay Round's Agreement on Agriculture "lies more in precedent and principle than in performance" (Green 2000, 819). Sylvia Ostry (2004) called it "a Bum Deal" for those who had been led to expect significant reform.[11] Despite the rhetoric, the AoA did very little to liberalize agricultural markets, reflecting more or less a business-as-usual approach among global North countries. Indeed, in the Uruguay Round, as it has transpired, the EU-US objective was not really to liberalize agricultural trade (Grueff and Tangermann 2013, 8). Even as the ink dried on the formal agreement to end the Uruguay Round, signed at Marrakesh, Morocco, on April 15, 1994, to bring into force the AoA and establish the WTO as of January 1, 1995, the old habits of members from the industrialized North, in particular of the United States, were reasserting themselves, at least with respect to agriculture.

POST-URUGUAY US POLICY

Still, immediately following Uruguay and the AoA, commitment seemed firm. For example, the 1996 US Farm Bill, known as the Federal Agricultural Improvement and Reform Act (FAIR), and subtitled as the Agricultural Market Transition Act, was supposed to increase the reliance of farmers on "the market." Americans, or so Secretary of Agriculture Dan Glickman had told the Food and Agriculture Organization's (FAO's) World Summit in Rome that year, "ha[d] unleashed the full potential of American agriculture [through domestic market reforms].

11 The words "Bum Deal" were capitalized in Ostry's presentation. Formerly a high-ranking Canadian public servant, during the Uruguay Round she was a member of the influential Washington-based financial advisory collective known as the Group of Thirty.

Our farmers now plant for world demand instead of for government programmes...The private sector is the great untapped frontier in the world war on hunger" (FAO 1996).

In the United States, farmers still did plant, or not, for government programs, and milk remained a highly protected sector (Smith and Glauber 1996). Despite this rather lukewarm embrace of agricultural change, the passage of the Farm Bill a few years later, in 2002 (officially styled as the Farm Security and Rural Investment Act), was generally thought to embody a reversal of the new American commitment to freer trade in agriculture.

The coloured boxes[12] that had come out of the Uruguay Round — green, amber and blue; there were no red ones — had largely allowed the United States to follow past practice in terms of subsidies, which it took up again in the early 2000s. The AoA document distinguished between those programs supported by the public sector that encouraged production, and those that were thought to have no direct effect. The former were identified by amber text boxes. The latter, housed in green and blue boxes, were allowed, while the amber-box programs were the target of reduction commitments. But even within the amber boxes, countries could have subsidies of up to five percent of the value of their agricultural production, determined from the base period of 1986–1988, when prices had been artificially high, which eased the requirement considerably. As well, they were tasked with lowering amber-box subsidies by only 20 percent. As a result, by 2000, support to agricultural producers remained high — US$245 billion, by some reckonings — while "export subsidies in agriculture allow[ed] countries to export production surpluses to the world market at prices below the high prices prevailing in their domestic markets" (North-South Institute n.d.).[13] Indeed, most global North countries managed to *increase* support to certain commodities in the agricultural sector in the wake of the Uruguay Round or, at a minimum, not to reduce them. It almost seemed as if the negotiations had not happened.

That was certainly the case with dairy. The AoA did not specify which farm products should have their support reduced, nor the amount by which it should be done, aside from a minimal 15 percent. The Organisation for Economic Co-operation and Development put numbers to that: the European Communities augmented their subsidization of farmers, by about three percent, while the United States did likewise, its support increasing by about 40 percent! Countries simply shifted their categories of support from the amber boxes to the green and blue ones. The Uruguay Round had not taken the time to define the term "distorting trade measure," nor what constituted minimal effect, a criterion determining into which box a particular commodity fell. But even within amber-box trade-distorting programs, the United States was permitted to spend up to US$19.1 billion per year in support. That had allowed the European Union and the United States to fight each other for agricultural market share in early 2009, when both resorted to export subsidies to move tonnes of milk powder in the face of low global prices. And the European Union was successful: it got rid of about 380,000 tonnes of excess skim milk powder in 2010, up 63 percent from the previous year (Tibbet 2011, 4). Moreover, export *credit*, used more regularly by the United States, was not disciplined in the AoA, because it was not defined as a subsidy, even though it acted as such.

THE DOHA ROUND — 2001 AND COUNTING

Negotiations for a follow-up round began under article 20 of the AoA, which directed WTO members to continue to negotiate agricultural reform. As well, their direction was set: "substantial progressive reductions in support and protection resulting in fundamental reform." However, it quickly became clear that achieving these reductions would be difficult. Indeed, by March 2003, Stuart Harbinson, the negotiations' chair, concluded in a report to the Trade Negotiations Committee that "overall, participants remained far apart on key issues" (WTO 2003). It lived up to the low billing that predated the Doha launch; Canada, the European Union, Japan and the United States had put forward their own proposal in 2000 on the implementation of the AoA that offered far fewer concessions than the text developed for discussion.

Still, American dairy farmers and processors welcomed the announcement of yet another round of trade negotiations that would, in part, focus on agriculture. It held, or so one of their spokespeople suggested, "great promise for the US dairy industry…[Doha represents] a huge opportunity to position the US as a global dairy supplier meeting the needs not only of the US consumer, but consumers around the world."[14] Success would depend on negotiating new disciplines in three broad areas: domestic agricultural support programs; export competition; and market access — the three pillars of the WTO's AoA. The process also entailed wringing concessions from exporters and importers in the form of tighter spending limits on trade-distorting domestic support, elimination of export subsidies and introduction of new disciplines on other forms of export competition, and the expansion of market access by lowering tariffs, increasing quota commitments

12 For an explanation and rationale of the boxes, see www.wto.org/english/tratop_e/agric_e/agboxes_e.htm.

13 See also Pal (n.d.) for an excellent account of how the AoA promised much more than it delivered.

14 *Agricultural Negotiations in the Doha Development Round, Hearing Before the Committee on Agriculture, House of Representatives*, 109th Cong. (statement of Constance E. Tipton, November 2, 2005), 109.

and limiting the use of import safeguards and other trade barriers.[15] Given that the United States, along with the European Union and Japan, had accounted for 85 percent of global domestic support outlays since 1995, that would require some significant paring.

However, the opposite outcome resulted, as the United States followed the general route it had taken during the Uruguay Round of negotiating for freer agricultural trade without, it appears, meaning to implement significant reform. Washington wanted to end up with an agreement that did not obligate the US government to change any of its domestic programs or prevent it from introducing others. For example, the 2002 Farm Bill introduced the Milk Income Loss Contract Program (MILC), whose purpose was to provide counter-cyclical payments to small dairy farms when milk prices fell below a target level.[16] It was renewed in the 2008 Farm Bill. In some years, no payments were made under the program as dairy prices were high, but in 2003 and 2009, US$1.1 billion and US$850 million, respectively, were paid out, given the price collapse in those years. As an official document has noted, the program was designed "to maintain and expand existing markets for dairy which are *vital* to the welfare of milk producers in the United States" (emphasis added; USDA n.d.).

The fact that it represented an amber-box program, supposedly targeted for removal, did not seem to trouble Congress. Additionally, the United States used foreign donation programs and casein production subsidies to reduce excessive stocks of surplus skim milk powder (Bailey 2005, 2). Moreover, Washington announced the re-imposition of dairy export subsidies on May 22, 2009, under the Dairy Export Incentive Program to compete with the European Union's reintroduction of the same in January. Although not illegal under the AoA, it did signal a violation of its spirit. Still, as the AoA reads, articles 3, 9 and 10 allowed members to impose agricultural export subsidies to the extent permitted in the members' schedules of commitments (WTO 2015). Clearly, early on, the United States was reverting to historical type in terms of resorting to subsidies.

That reversion was also reflected by the results of the various ministerial meetings convened under Doha. The first, held in September 2003 in Cancun, Mexico, was a failure. It was supposed to assess progress made since 2001 but, as *The Guardian* put it, "Five days of brinksmanship in Cancun had been dominated by a struggle between the WTO's traditional powerbrokers, the EU and the US, and a new group of militant developing countries [Brazil, China and India], flexing their negotiating muscles for the first time" (Elliott, Denny and Munk 2003). A focus for both sides was agriculture and the protected markets of the European Union and the United States, with the former wanting to maintain the status quo and the latter looking to fundamentally alter it. Under these circumstances, the talks collapsed. The global North, led by the United States, was content to continue its support of the 60 percent of world dairy trade exported through the use of subsidies. The so-called July Framework for the agricultural negotiations seemed misplaced in such an environment.[17] While in theory Americans were supportive of the framework's direction — which included substantial improvements in market access, reductions of all forms of export subsidies with a view to eventually phasing them out and substantial reductions in trade-distorting domestic support — in practice they were not.

Certainly, suspicion of American motives and intent was high. By December 2005's Hong Kong ministerial meeting, US dairy exports were on an upswing through both official and unofficial subsidy programs, a fact well understood by potential competitors. Indeed, a particularly effective example of an unofficial program was one operated through a subsidiary of the National Milk Producer Federation called Cooperatives Working Together (CWT). It had been established in 2003 and was comprised of dairy cooperatives with the objective to increase the price of milk in the US market. One of its methods was to sell more milk offshore, using subsidies applied to foreign markets through its Export Assistance program.[18] As CWT noted for 2014, it had "assisted member cooperatives in selling... the equivalent of 2.401 billion pounds of milk on a milkfat basis," in 45 countries (*The Bullvine* 2014).[19] Significantly, this activity is allowed, because CWT is a private sector organization and as such is not subject to WTO rules and regulations.

In the end, Hong Kong did not achieve any more than had Cancun. Indeed, the US position going into the ministerial meeting would not have bolstered the hopes of those desiring a successful gathering. As a paper prepared by the Institute for Agriculture and Trade Policy (IATP) noted, the country's proposal to the conference ignored "a number of the most sensitive issues that will need careful handling

15 For an excellent summary, see Schnepf (2014b).

16 See D'Antoni and Mishra (2012, 476). More than half of US dairy operations did not participate in the MILC, perhaps a function of the fact that average dairy production in the United States was more than twice the production limit for MILC payments. However, the principle is important as demonstrated through this program — that Congress was willing to sacrifice its commitment to the AoA in favour of propping up small dairy farmers.

17 For an explanation of the July Framework, see Fergusson et al. (2006, 6–12).

18 For a discussion of CWT, see, for example, Siebert and Lyford (2009, 1012). See also Parkinson (2008).

19 CWT operates under the provisions of the Capper-Volstead Act, which allows farmers, through their cooperatives, to act as a single firm or corporation. Without the act, such behaviour would be considered collusion and, therefore, an antitrust violation; see Jesse et al. (1982).

to bring about an acceptable compromise in Hong Kong" (IATP 2005, 1). The IATP was dead-on with respect to its analysis, and a lack of careful handling doomed the effort from the start.

Indeed, with the proposal to the Hong Kong meeting, the United States would maintain US$22 billion in trade-distorting support, with unlimited green box support. The IATP's considered analysis of the country's Hong Kong proposal was accurate: "The US proposes a vision of zero-tariffs and zero trade distorting support that seems neither sincere nor desirable. Let us hope that emerging from Hong Kong, WTO members find a less impoverished and more comprehensive vision for agriculture."[20] That new vision did not materialize and it appears that Doha will be left unfinished.

BILATERAL AND MULTILATERAL DEALS

As the Doha Round dragged out with no discernible end in sight, Washington considered bilateral and multilateral deals that circumvented the WTO. Before the turn of the century, the United States had negotiated only two of the former — one with Israel, in 1985; another with Canada, in 1988, which included Mexico as of 1994. Since then, 12 more have been finalized, with at least another 10 contemplated. These agreements represent a simpler path forward, or so the USTR believes. Certainly, bringing the power of the United States to bear in demanding concessions is easier when dealing with one or two other countries than when attempting to negotiate among a number of them.

Most of these agreements contained provisions for freeing up agricultural trade, and some, such as the South Korea-US free trade agreement (FTA), which came into effect on March 15, 2012, have resulted in much more robust sales of American dairy. With the South Korea-US FTA, agriculture was central to the negotiation. This agreement has been cited as "the United States' most commercially significant free trade agreement in almost two decades" (USTR n.d.). It certainly has been for dairy: the United States Dairy Export Council (USDEC) noted that US sales to South Korea "spiked by 86% compared to the year before the trade deal took effect, reaching US$417 million [in 2014]" (Morris 2015). Further, American cheese has come to assume a dominant position in the South Korean marketplace, helped by support from CWT.

Americans had hoped that dairy exports would double as a result of the agreement; they have nearly done so between 2011 and 2015, up from US$224 million to US$417 million. The increase reflects the aggressive policy context that had been laid out in the 2009 document prepared by the Innovation Center for US Dairy in collaboration with the USDEC, "The Impact of Globalization on the US Dairy Industry: Threats, Opportunities and Implications." This document laid out the expectations for a calculated increase in exports, pointing out that the dairy industry would "take action now in order to prepare for the opportunities and challenges that are almost certain to emerge in the coming years as a result of continuing globalization trends in dairy markets" (Innovation Center for US Dairy 2009, 4).

It has been not only in the South Korean market where US dairy has flexed its muscle. The so-called six major dairy-importing countries in Southeast Asia — Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam — are an increasingly valuable destination for US milk. The USDEC has called the war for market share in the region being waged among Australia, the European Union, New Zealand and the United States "a hotly contested battle for dominance" (Speich 2015). The United States has been on the winning side thus far. New Zealand and Australia have seen their share of Southeast Asia dairy imports drop from 55 percent in 2009 to 42 percent by 2014. In stark contrast, the US share has grown from 12 percent in 2009 to 17 percent by 2014. Clearly, "US suppliers have grown more aggressive in their pursuit of Southeast Asian business" (ibid.).

THE TPP AND THE TTIP

The TPP and the TTIP both envisage across-the-board cuts to tariffs and the freeing of trade and services, including agricultural trade, on a widespread basis. The former is occurring among 12 Pacific region countries and is supposed to be a trade agreement for the future, liberalizing trade in practically all goods and services by getting rid of all tariffs and non-tariff barriers.[21] Having reached the stage where all the "easy" decisions have been made, commentary now points to the fact that political decisions will have to be made for those products that remain sensitive, for example, dairy, sugar, textiles and apparel. Dairy seems to be in a class by itself.

Indeed, the United States has adopted a tactical approach to the negotiations in this area, at the same time demanding greater market access from Canada and Japan, while rejecting any notion of permitting New Zealand's mega-

20 See IATP (2005, 19). The Hong Kong meetings also highlighted potential divisions between the Office of the US Trade Representative and Congress. Following the release of the US proposal, the chairs of the Senate and House Agriculture Committees warned the USTR that "the negotiations and modalities should not preempt the responsibilities and prerogatives of Congress" and that "they should not write the next farm bill" (ibid., 10). See also Schott (2004, 364); as he points out, it is difficult for Washington to craft a coherent trade strategy: "US trade officials must negotiate on two fronts: at home with domestic lobbies and Congress, and abroad with US trading partners. Often the bargaining at home is more difficult than dealing with other trade officials in Geneva or elsewhere — since the Congress must pass legislation to ratify and implement US participation in trade agreements."

21 The group includes Australia, Brunei, Canada, Chile, Japan, Malaysia, New Zealand, Peru, Singapore, the United States and Vietnam.

cooperative, Fonterra, enhanced status in their market.[22] Two very powerful American dairy organizations, the National Milk Producers Federation (NMPF) and the USDEC, resolutely push the USTR in this direction. As one expert has noted, "the dairy...sector [is one] of the most influential players among the agriculture lobbies, and [it is] traditionally quite effective in pursuing [its] policy objectives with Congress and the administration" (Grueff and Tangermann 2013, 14). Dairy lobbyists are mindful of the percentage of imported milk product and do not want it to rise. Only 3.4 percent of US dairy consumption was sourced from abroad in 2010, a very low figure when compared with certain competitors such as Canada, which filled about five percent of its market through imports, primarily from the United States (see Canadian Dairy Information Centre 2014). Through TPP, American dairy producers want greater access to their northern neighbour's market.

The story is the opposite with respect to New Zealand, at least as viewed by the NMPF. The latter's calculations have suggested a loss of US$2 billion per year for its membership if the US dairy sector is opened to New Zealand, given its domination of the cross-border trade in milk products. NMPF's chief executive officer, Jerry Kozak, has noted that "New Zealand's government and dairy industry have been teaming up to spend considerable resources in courting members of the US Congress on TPP, but our representatives need to keep in mind the harsh realities of the global dairy industry, where trade is dominated by one company…And that dominion has been facilitated by New Zealand's policy of granting a market concentration exemption to a single company, allowing it to sway both internal and external dairy markets" (Dairybusiness.com 2012). The dairy lobby believes that the TPP presents an opportunity to address what it calls "the lingering impacts of New Zealand government dairy policies that have intentionally advantaged a single national champion at the expense of other competitors" (Castaneda 2014).

Thirty-six members of the US Senate issued a letter expressing their belief that, without the break-up of Fonterra, "the TPP promise of growth in export demand for US dairy all but vanishes and that in its place they could see significant losses here at home" (quoted in NMPF 2013b). Further, in an appearance before the US International Trade Commission, Peter Vitilianon, NMPF's vice president of economic policy and market research, and Shawna Morris, the vice president of trade policy, delivered an unequivocal message: "NMPF believes it is critical that all U.S.-New Zealand dairy trade be excluded from the TPP FTA" (quoted in NMPF 2010). The point of US involvement in the TPP, at least according to Jim Mulhern, USDEC's president, and Tom Suber of the NMPF, is that it "would provide immediate and measurable benefits for US dairy producers and processors" (Castaneda 2014, 2). That, they indicated, was the bottom line. And while all countries seek such an outcome in negotiations, the United States has assumed a more take-it-or-leave-it position, which some have called intransigent. The *Asian Review* was correct when it noted that "America's heavy-handed approach has stirred up resentment in the [TPP] group" (Yazawa and Hadano 2014).

While Americans seem to understand only *en passant* that trade involves two-way concessions, they have made some progress in eliminating the worst effects of older subsidy programs, albeit for their own reasons. Included in this mix are the Dairy Product Price Support Program, the MILC and the Dairy Export Incentive Program. They have been replaced by two new supports, the Margin Protection Program for Dairy and the Dairy Product Donation Program, both of which were developed "following growing farmer discontent with the apparent ineffectiveness of the federal dairy price support program, and growing concerns about rapidly escalating dairy feed costs" (Schnepf 2014a, 1).

As well, a number of federal support programs remain on the books, including federal milk marketing orders, which guarantee a minimum price for farm milk, depending on its end use, and dairy import tariff rate quotas, which block imports of dairy products above a certain level. They are "legal," as they were included in the original US country schedule of tariffs and quotas that was approved and accepted by all WTO member countries. However, it was confidently expected that none of this would matter, and that these programs would not need to be accessed, given that extremely favourable market conditions for dairy, with near-record prices in 2014 and prospects of relatively low feed costs, characterized the US dairy context as the Farm Bill was passed on February 7, 2014. The market was robust and looked to remain so, given the massive demand for high-quality protein around the world, and especially in China.

That rosy scenario has not been the case as milk prices plunged late in the year and have not recovered through 2015. Analysts now believe it will be well into 2016 before any relief for dairy farmers can be expected. The impact of disastrously low prices has yet to be seen in US negotiating strategy in the TPP, but it is unlikely that the NMPF would agree to anything that would compromise its members' ability to prosper, including access to government assistance if need be. Finally, it is ironic, given the demands made by US dairy to maintain its own protections and to exclude New Zealand from any dairy liberalization if Fonterra is not fundamentally restructured, that American officials in the TPP negotiations "made New Zealand-style demands on Canadian dairy policy as part of the discussions on that country's entry into the negotiations" (Schott, Kotsschwar and Muir 2013, 22). As US negotiators demand that others

22 For an explanation of Fonterra and its role in dairy price-setting, see Muirhead (2014, 12-13).

open their dairy markets to US product, the NMPF, with support from those same officials, works to keep others out of its market.

The TPP negotiations reached a conclusion on October 5, 2015. Prior to that, US President Barack Obama was voted Trade Promotion Authority, which pushed the process forward. However, the TPP has not met with universal approbation in the United States, and prominent figures such as Hillary Clinton, the probable Democratic candidate for president in 2016, has come out strongly opposed to it. So has Senator Bernie Sanders of Vermont, her strongest challenger for the nomination. But in the case of dairy, Clinton and Sanders need not be overly concerned — not much was conceded. New Zealand is very disappointed with the dairy results. Its trade minister, Tim Groser, had suggested that all countries would have to make "ugly compromises" and be prepared to "swallow dead rats" when it came to finalizing the TPP, and the head of New Zealand's Federated Farmers, Andrew Hoggard, similarly described the outcome as unpalatable: a "medium-sized rat" on the the dinner plate for his industry (quoted in Vidot 2015). Nor could New Zealand do much else to secure a better result, or so Hoggard believes: "At the end of the day, we're a tiny little country, we can't threaten anybody…." Hoggard thought that US dairy farmers should grow up and "put on the big kiddie pants"; more robust New Zealand competition would help American farmers do just that, he suggested (ibid.).

The TTIP, which brought together European and American negotiators for the first time in July 2013, is similarly slow in coming to fruition, a result of the great difficulty in negotiating the agricultural section of a free trade agreement between the European Union and the United States. Both the NMPF and the USDEC welcomed the announcement in February 2013. As the former noted, "considerable potential exists for greater US dairy exports to the EU, if the transatlantic agreement effectively tackles not only market access issues but also the many non-tariff barriers that have made it challenging for the United States to make more headway into the European dairy market" (quoted in NMPF 2013a). The letter, however, goes on to raise issues that had to be addressed, including geographical indicators (GIs) and "regulatory hurdles." The first concern, that of GI protection, "engenders strong feelings and uncompromising rhetoric on both sides of the Atlantic" (Watson 2015). GIs are terms corresponding to specific geographical locations that are used to describe certain products, for example, feta or Munster cheese. The European Union maintains that these designations cannot be used by US cheese makers for their products, while Americans are outraged that the Europeans would insist on this.

Tom Suber has spoken openly of "the outrageous focus of bastardizing the concept of Geographical Indicators in an attempt to claw back for their own protectionist use, the names of many common foods" (*Cheese Reporter* 2014, 1). Another missive from the NMPF notes that "for the past few years, the EU has been pursuing an increasingly aggressive bilateral strategy to restrict the use of common cheese names by non-EU producers through FTA negotiations and other international avenues" (NMPF 2014, 1). These geographical indicators must be "vehemently rejected as the protectionist measures they are" (ibid., 2). It is an understatement to note that it promises to be a tough negotiation, given the access the NMPF executive has to the USTR's office. The USDEC's Brussels representative told a meeting of US and EU negotiators that "we must avoid this issue becoming a stumbling block for an agreement that could otherwise present an unprecedented opportunity to boost free trade" (Consortium for Common Food Names 2015). Clearly, these negotiations have not progressed far.

CONCLUSION

Dairy has long been a protected sector in the United States and, in all likelihood, will remain so, especially given milk's long and unique association with American identity. The United States has constructed its own reality with respect to freeing up international trade in agricultural products, milk included. When they did not suit the government of the day, commitments were simply ignored or renegotiated. From the 1955 waiver of its agricultural obligations in the GATT, to the carve-outs achieved by US negotiators in 1995's much-touted, but ultimately flawed, AoA, Washington continued to help various sectors through income support programs or export subsidy legislation. As C. Fred Bergsten wrote in 2002, an observation that remains apropos in 2015, "US trade policy has been facing widespread criticism around the world" (Bergsten 2002, 86). He cited the 2002 Farm Bill that "perpetuate[d] substantial subsidies for US agriculture, even though the United States has railed for years against such practices abroad." Substitute 2015 for 2002, and the statement is still accurate, although this is not to say that farmers should not be supported — indeed, they should be. Rather, it points out that American practice has not always followed in the spirit of international accommodation. As Robert Reich, a former labor secretary under Bill Clinton, once asked, with reference to the United States, "Where does the biggest gorilla sit? Anywhere it likes."

Throughout the twentieth century, the biggest gorilla was the United States and, along with the European Union, it could dictate the agenda and the pace of trade negotiations in agricultural products, keeping various subsidy programs while insisting that others give theirs up. That attitude ran aground with the twenty-first century launch of the Doha Round. The United States discovered, much to its chagrin, that other gorillas have put on weight. Brazil, China and India, in particular, had their own ideas about how to proceed, which did not coincide with those of the United States (Schnepf 2014b, 5). That alignment of perspectives has not happened, nor will it.

Washington's days of dominating the international trade environment and dictating its terms are largely over, although the TPP seems to counter that impression. The devil of that agreement will be in the details, which have been kept secret, until recently. Americans are now much more pushed to build alliances with others to advance their position. Given the US record over the past almost 70 years, of having one's cake and eating it too, that might prove to be very difficult.

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