March 11, 2025

Mr. Juan Millan
Acting U.S. Trade Representative
Office of the United States Trade Representative
600 17th Street NW
Washington, DC
20508

Docket Number: USTR-2025-0001

Dear Mr. Millan,

Pet Food Institute (PFI) appreciates the opportunity to comment on the U.S. Trade Representative's work under the America First Trade Policy Presidential Memorandum and the Reciprocal Trade and Tariffs Presidential Memorandum. As an organization representing the majority of U.S. pet food manufacturers, we would like to highlight several significant trade barriers that impact U.S. pet food exports, including excessive tariffs and taxation in key international markets.

Established in 1958, PFI is the trade association representing U.S. cat and dog food manufacturers providing complete and balanced nutrition for the dogs and cats in 82 million U.S. households. Our members account for most of the dog and cat food made in the United States, with more than $64 billion in domestic annual dog and cat food and treats sales and annual exports of more than $2.4 billion. PFI's members collectively contribute to rural communities' vibrancy by employing over 35,000 people in 34 states.

U.S. pet food exports to Brazil face an excessively high tariff and tax structure that significantly increases costs—by over 50% in some cases—hindering fair market access. The primary barriers include an import tax of 12.6% on the customs value of the product. In addition, the merchant navy fee is typically around 8% of the freight value. The industrialization tax adds another 6.5% to the customs value. Furthermore, the ICMS (Value-Added Tax on Sales and Services) is 18%, and the PIS and COFINS federal taxes impose approximately 9.25% combined. This long-standing and complicated tariff structure makes it extremely difficult for U.S. pet food producers to compete fairly in the Brazilian market. What market exchange exists is imbalanced: Brazil imported $23 million worth of pet food from the U.S. in 2024, while the U.S. exported only $9 million to Brazil. The disparity highlights growth opportunities in U.S. exports to Brazil, provided trade barriers are addressed, and fair market access is ensured.

Another notable barrier to U.S. pet food exports is the 18% Goods and Services Tax (GST) imposed by India on pet food imports. This tax significantly raises the cost of U.S. pet food products in India, making it more difficult for U.S. manufacturers to compete in this growing market. While India exported $4,300,095 in pet food in 2024, U.S. exports to India totaled only $1,033,580 in the same year. This disparity highlights the challenges posed by the high GST and the difficulty for U.S. manufacturers in gaining a foothold in the Indian market despite its growth potential.

Additionally, U.S. pet food exporters face inconsistent and unclear import requirements and unpredictable enforcement of India's regulations. Frequent changes in documentation and certification standards and uneven application of rules at different ports create uncertainty and almost impassable hurdles for U.S. pet food makers. The imbalance in trade flows and the lack of regulatory transparency underscore the need for policy adjustments that would allow U.S. pet food manufacturers to better compete in India and increase exports to this key market.

The United Kingdom (UK) imposes a 20% Value Added Tax (VAT) on imported pet food, further limiting the competitiveness of U.S. products. This VAT significantly increases the cost of U.S. pet food products in the UK market, making it more difficult for U.S. exporters to compete. While VAT is a common practice, it makes it more challenging for U.S. pet food makers to compete effectively. The trade imbalance between the U.K. and the U.S. was notable in 2024: the U.K. exported $21 million in pet food to the U.S., while the U.S. exports to the U.K. only totaled $11.4 million in the same year. While trade exists, the gap highlights barriers, such as VAT, hinder further U.S. export growth.

In Argentina, U.S. pet food exports face an import tariff of approximately 22%, which presents a significant barrier to market entry. This high tariff limits the ability of U.S. pet food manufacturers to compete effectively and restricts consumer access to high-quality U.S. products. Similarly to the other markets mentioned, an imbalance in the trade flow exists. In 2024, Argentina exported $3 million in pet food to the U.S., while U.S. exports to Argentina were nonexistent in 2024 and 2023.

Unlike these foreign markets, the United States maintains relatively low import duties on pet food, with most products either duty-free or facing tariffs of up to 7.5% of the shipment's total value. Additionally, imports from Mexico and Canada under the United States-Mexico-Canada Agreement (USMCA) generally enter duty-free. The U.S. pet food industry also relies on strong trade relationships with key partners such as Canada, Mexico, and China, which account for billions in animal feed imports and exports annually. Ensuring balanced and reciprocal trade policies is essential to maintaining these critical trade flows and fostering a competitive environment for U.S. pet food manufacturers.

The high tariffs and excessive taxation in Brazil, India, the UK, and Argentina create substantial barriers to U.S. pet food exports. These trade restrictions do not align with the principles of reciprocal trade and place U.S. manufacturers at a disadvantage. We respectfully urge the USTR to address these issues in trade discussions and advocate for reducing or eliminating these barriers to support the competitiveness of U.S. pet food exports.

Thank you for considering these critical trade concerns. We appreciate the USTR's ongoing efforts to promote fair and reciprocal trade for U.S. businesses.

Sincerely,

Dana Brooks

Dana Brooks
President and CEO
Pet Food Institute