



August 1, 2018

The Honorable Robert Lighthizer
U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

The Honorable Sonny Perdue
Secretary, U.S. Department of Agriculture
400 Independence Ave., SW
Washington, DC 20250

Dear Ambassador Lighthizer and Secretary Perdue,

America's dairy producers and dairy foods companies appreciate your ongoing efforts in the international trade arena to open new markets for U.S. agriculture and hold our trading partners accountable. A free and fair global dairy market is our shared objective and your efforts to elevate this goal are commendable.

As you look to conclude renegotiation of the North American Free Trade Agreement (NAFTA) with Mexico and Canada, we wanted to flag two issues that do not receive many headlines but are critically important to the U.S. dairy industry.

First is the issue of new potential geographical indication (GIs) restrictions within Mexico that, if the European Union (EU) gets its way, would be a major barrier for many U.S. cheese varieties.

In late April, Mexico and the EU concluded negotiations of a trade pact, which is reported to contain more than 300 GIs designed to erode sales for U.S. cheese varieties carrying common names of European origin – for example, feta, muenster, and fontina cheeses. Europe is aggressively lobbying to erect similar barriers around the world.

Fortunately, the details of potential GIs restrictions in Mexico have not yet been finalized. As such, we ask that you make neutralizing Europe's attacks on U.S. dairy products a NAFTA goal. Mexico is, by far, our largest and most important dairy market. We exported more than \$400 million worth of cheese last year alone, and the U.S. dairy industry cannot afford to lose markets that they worked so hard, and invested so much, to build.

Second, Canada remains a closed market to most U.S. dairy products. A meaningful resolution to Canada's Class 7 milk pricing scheme is essential to ensuring that all dairy exports reach their fullest potential.

Canada's dairy industry is highly protected by its government, with most major U.S.-produced dairy products facing tariffs between 200 and 300 percent. President Trump has highlighted these tariffs in recent speeches, rightly calling them unfair and pledging to level the playing field. Tearing down Canada's protectionist duties will benefit U.S. farmers, dairy processors and the almost one million people employed throughout the industry.

The free flow of goods is at the heart of the NAFTA agreement, and we believe obtaining market access gains in Canada and preserving market share in Mexico will go a long way to furthering that goal. As you continue your important work, we stand ready to assist you in any way needed.

Finally, we have been carefully following the discussions with the EU on other issues unrelated to agriculture. As you know very well, Europe prevents the importation of many dairy products through numerous tariffs and non-tariff barriers, with geographical indications as probably one of the most detrimental actions against free commerce. We urge you to bring these concerns to the president's attention as trade discussions with the EU and our North American neighbors continue.

Sincerely,



Jim Mulhern
President and CEO
National Milk Producers Federation



Matt McKnight
Chief Operating Officer
U.S. Dairy Export Council



Michael Dykes, D.V.M.
President and CEO
International Dairy Foods Association