



April 19, 2016

The Honorable Michael Froman  
United States Trade Representative  
6007 17<sup>th</sup> Street NW  
Washington, D.C. 20508

The Honorable Tom Vilsack  
Secretary of Agriculture  
U.S. Department of Agriculture  
1400 Independence Ave., S.W.  
Washington, DC 20250

Dear Ambassador Froman and Secretary Vilsack,

On behalf of America's dairy industry, the National Milk Producers Federation, the International Dairy Foods Association and the U.S. Dairy Export Council, we write to you to underscore the importance of key implementation and enforcement issues that are vital to ensuring that the Trans-Pacific Partnership agreement fully lives up to its potential to help create improved international trade opportunities. If properly implemented and enforced, TPP has the potential to help support the continued expansion of U.S. dairy exports to key markets around the world. However, in order for our industry to benefit from this agreement, important implementation and enforcement issues must be addressed by the Administration during this critical period for TPP's consideration. Lacking that, the prospect for improvements to the dairy trade dynamic under TPP would certainly diminish.

As the Administration prepares to submit TPP for consideration to Congress and readies the steps necessary to implement it, the following issues are essential elements in ensuring that this agreement works in practice for America's dairy producers and processors:

- Given Canada's demonstrated track record of actively working to limit U.S. dairy exports, the Administration should take steps to ensure that Canada not only implements its TPP commitments on dairy but, equally importantly, does not alter existing avenues for U.S. access to the Canadian market, absent the emergence of legitimate new food safety issues. We must ensure that current access to Canada is not undermined, and that dairy openings provided under TPP genuinely moves U.S. access to that market forward.
- Japan must also be held to its TPP commitments on dairy with respect to the administration of TPP-wide TRQs to include transparent and predictable procedures for import licensing as well the operation of safeguards. More broadly, it is important that Japan not alter the rules of the game that have been in place for importing dairy products in ways that would make it more challenging or costly to access this major market.
- With respect to geographical indications, the TPP outcome reflects the clear understanding among TPP parties about the importance of dealing with this issue in an even-handed manner in order to avoid unduly restricting market access opportunities. TPP's GI obligations are an

important step to help keep the doors open to U.S. products in light of ongoing efforts by the European Union to constrain U.S. competition as the EU negotiates or implements agreements with TPP parties. That activity makes it vital that we ensure our TPP trading partners are not acting in a manner that is out of keeping with the intent of those commitments. This is particularly important in critical markets such as Japan, where recent reports have raised concerns about how that country may deal with this issue.

- The U.S. committed to ultimately eliminate duties on two important cheese tariff codes for Australia, Canada and New Zealand. As the U.S. prepares to implement the transitional tariff-rate quotas and eventually provide duty-free access for products under these two tariff lines, the Administration must establish procedures to ensure that our trading partners are shipping products fully in compliance with the terms of access granted to them. In order to ensure full U.S. adherence to the terms of the TPP agreement, the U.S. must also establish a process that will ensure the automatic implementation of U.S. dairy safeguards under TPP. The Department of Customs and Border Protection has a critical role to play in following through on these elements, as well as in actively enforcing the agreement's rules of origin and ensuring accurate tariff classification.

We stress the importance of the Administration taking concrete steps to address these issues in order to ensure that this agreement lives up to its potential to advance the interests of America's dairy farmers and processors. TPP can help support the continued growth of a robust U.S. dairy industry, provided not only that the commitments captured in the text of the agreement are fully implemented, but also that countries are *not* allowed to backtrack on existing market access agreements to offset what has been granted via TPP. In order for our industry to be able to capture this potential and to fully engage in actively seeking Congressional passage of TPP, however, it is imperative that the issues cited above are appropriately addressed.

Sincerely,



Thomas M. Suber  
President  
U.S. Dairy Export Council



James Mulhern  
President & CEO  
National Milk Producers  
Federation



Connie Tipton  
President & CEO  
International Dairy Foods  
Association