

Congress of the United States
Washington, DC 20515

July 8, 2020

The Honorable Robert Lighthizer
United States Trade Representative
600 17th Street NW
Washington, DC 20006

The Honorable Sonny Perdue
United States Secretary of Agriculture
1400 Independence Ave SW
Washington, DC 20250

Dear Ambassador Lighthizer and Secretary Perdue,

The recently completed Phase One trade agreement with Japan made forward progress on several issues of importance to America's dairy industry. However, many opportunities remain in this key market and we urge your offices to work together to swiftly and regularly engage with Congress as statutorily required during the negotiations of the comprehensive Phase Two agreement.

As you know, the dairy farmers and food manufacturers we represent help feed the world by producing high-quality and nutritious milk and dairy ingredients that are exported to markets across the globe. These sales abroad fuel economic growth here at home, creating more than 85,000 jobs dependent on exports and supporting our rural communities.¹ However, our dairy farmers are struggling to stay afloat amid depressed milk prices and a prolonged rural recession. The U.S. Department of Agriculture reports that the U.S. lost more than 6,000 dairy farms over the last two years, representing a 15% decline in dairy farm numbers over that period.¹² This is a sobering statistic that underscores the urgent need to move swiftly on trade agreements that can expand overseas market access for the dairy industry, especially in a market as valuable as Japan.

Japan is one of the top five overseas markets for Made-in-America dairy products, and increasing demand from both Japanese food processors and consumers has created an incredible opportunity for the U.S. dairy industry. Over the coming years, domestic Japanese dairy production will be insufficient to meet demand. America's dairy industry stands willing and ready to meet this need.

While the Phase One agreement with Japan made progress on achieving improved tariff treatment for many American dairy products, our farmers and processors remain at a disadvantage to our competitors due to the preferential access granted to our competitors by the Japan-European Union (EU) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) agreements. A comprehensive Phase Two deal is necessary to address these

¹ <https://medium.com/dairy-exports-mean-jobs>

² USDA's National Agricultural Statistics Service reports there were 40,199 licensed dairy herds in 2017 and 34,187 in 2019. The average two-year loss rate prior to 2017 was less than 8 percent, starting in 2003.

remaining gaps and inequalities in market access in order to maximize opportunities for American dairy products.

Given the fact that our domestic market is a top destination for Japanese exports, Japan must ensure that the terms of trade offered to the United States are better than those offered to other, less valuable, markets. We wholeheartedly endorse Ambassador Lighthizer's assessment during his testimony before the House Ways and Means Committee in June 2019: "You cannot treat your best customer worse than you treat people from all these other countries in Europe and all the other TPP countries." A particularly important opportunity for our dairy industry relates to products for which Japan gave minimal market access in its trade agreements, such as milk powder and butter.

Moreover, our comprehensive Phase Two agreement with Japan must also include effective disciplines for applying sanitary and phytosanitary measures that are science-based as well as enforceable commitments to protect common cheese names. The common food name provisions in USMCA set a strong precedent that affirm market access rights for a non-exhaustive list of commonly used product terms and reject the monopolization of common names as barriers to trade. We encourage the U.S. government to further expand upon this successful framework in the Phase Two agreement with Japan.

A 2019 U.S. Dairy Export Council study found that the U.S. could roughly double its share of the Japanese market over the next 10 years if we have at least the same market access as our global competitors.³ This is a valuable opportunity that cannot be left to linger on the negotiating table.

On behalf of our constituents, please swiftly pursue a comprehensive Phase Two agreement that capitalizes on the incredible strides you already made in this important market. We look forward to working with your offices to advance this important issue.

Sincerely,



Ron Kind
Member of Congress



Lloyd Smucker
Member of Congress



Josh Harder
Member of Congress



Roger Marshall, M.D.
Member of Congress

³ <http://www.usdec.org/newsroom/news-releases/news-releases/news-release-01/30/2019>

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