Congress of the United States Washington, DC 20515

August 13, 2020

The Honorable Robert Lighthizer United States Trade Representative 600 17th Street NW Washington, DC 20006 The Honorable Sonny Perdue Secretary of Agriculture 1400 Independence Avenue SW Washington, DC 20250

Dear Ambassador Lighthizer and Secretary Perdue,

The recent entry into force of the United States-Mexico-Canada Agreement (USMCA) holds the promise of new export opportunities for America's dairy industry and institutes fairer trade rules to ensure that American-made dairy exports can compete on a more level playing field and reliably access our neighboring trading partners. These advancements, supported on a strong bipartisan basis in Congress, were key elements of the increased market access for the U.S. agricultural sector in USMCA.

As U.S. focus now shifts from the effort to enter USMCA into force to the present challenge of ensuring faithful implementation of its provisions by our trading partners, we urge you to act swiftly to use USMCA's consultation and enforcement measures to ensure that Canada and Mexico deliver on all their obligations related to dairy products in a way that is fully consistent with the spirit and letter of the agreement.

Canadian dairy commitment compliance:

- Dairy Tariff Rate Quota (TRQ) Administration: One of the most pressing priorities is how Canada handles its USMCA TRQ commitments. Unfortunately, Canada's announced TRQ administration procedures appear to run counter to numerous USMCA provisions. Canada must administer its TRQs fairly and in a manner consistent with its obligations under USMCA; it cannot be allowed to administer TRQs in a manner that discourages utilization or restricts the ability of the U.S. dairy industry to completely fill the established TRQs at advantageous price points.
- Elimination of Class 6 and 7: Another area of equally important concern is ensuring that the hard-fought benefits from USMCA's elimination of Canada's Class 6 and 7 milk pricing classes are fully realized. Canada must not be permitted to effectively recreate the harmful impacts of Canada's highly trade-distortive Classes 6 and 7 milk pricing programs. Canada must implement its commitments to eliminate these programs with full transparency, clearly establish prices for any new classes based on the end use of dairy products, and ensure that export surcharges for certain dairy products are implemented properly.

• Mexico common names commitment compliance:

<u>Enforcement of Common Names Side Letters</u>: There are important implementation issues for Mexico as well, namely the work needed to translate Mexico's commitments via two USMCA side letters pertaining to commonly used cheese terms into practice in its regulations so that all prior users' rights are upheld and that all the common cheese names specified under the agreement are respected.

Given the importance of these provisions to U.S. dairy exports, we ask that you use USMCA's enforcement measures to hold our trading partners accountable to their trade commitments. We stand ready to work alongside your office to ensure that the full benefits that we bargained for in USMCA for U.S. dairy producers and dairy food makers are fully realized.

Sincerely,

Ron Kind

Member of Congress

Tom Reed Member of Congress

Collin Peterson

Member of Congress

Glenn 'GT' Thompson Member of Congress

Anthony Brindisi

Member of Congress

Russ Fulcher Member of Congress

Anthony Gonzalez Member of Congress

Xochitl Torres Small

Member of Congress

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