Expanding Free Trade In North America With USMCA

Key Talking Points

• The United States–Mexico–Canada Agreement (USMCA) is poised to bring improvements to the North American dairy trade by expanding exports and bringing down trade barriers, benefiting America’s dairy farmers and processors.

• USMCA provides a $277 million economic boost in U.S. dairy exports to our North American partners, according to the U.S. International Trade Commission.

• Congress must quickly ratify this treaty and work with the Administration to ensure its provisions are implemented with good faith and enforced accordingly.

Background

Trade between the United States, Mexico and Canada has operated under the terms of the North American Free Trade Agreement (NAFTA) since 1994.

• NAFTA has been essential to the U.S. dairy industry’s remarkable success in Mexico. Mexico is currently the largest export destination for U.S. dairy products, with America commanding 80% of Mexico’s import market and $1.4 billion in sales in 2018.

• Only limited market access to Canada is granted under NAFTA and Canada’s damaging trade practices have resulted in lost revenues and jobs for the U.S. dairy industry.
  • The Canadian dairy industry is highly protected by its government, with most major U.S.-produced dairy products facing tariffs between 200 and 300%.

Current Trade Situation

President Trump signed USMCA in November 2018, which will require ratification by the legislatures of all three nations before taking effect. The U.S. dairy industry urges Congress to move quickly to ratify this treaty, as it will restore certainty to U.S.-Mexico trade relations and make improvements to U.S.-Canadian dairy trade.

• USMCA preserves U.S. dairy’s ability to ship to Mexico duty-free.

• While USMCA does not address the full range of Canada’s problematic tariff and non-tariff policies, it has made important advances, including reforms to Canada’s controversial dairy pricing system.
  • Implementation will be critical to the USMCA’s success in ensuring Canada’s compliance.

• USCMA established a strong sanitary and phytosanitary chapter focused on ensuring the highest scientific standards for food safety while discouraging unscientific barriers to safe food exports.

• It includes provisions aimed at tackling the misuse of geographical indications that erect barriers to U.S. exports of products that rely on common food names.

What Actions are USDEC and NMPF Taking?

• Played a critical role in providing continual confidential technical input to U.S. negotiators.

• Conducting extensive outreach urging policymakers to support swift ratification and are asking their members to do the same.
- Accompanied USDEC and NMPF members as they conduct congressional meetings to help effectively push for passage of USMCA.

- Sent a letter to representatives of top-producing dairy states detailing how provisions of USMCA positively impact the U.S. dairy industry.

- Joined nearly 1,000 agriculture groups in a letter to House and Senate Leadership asking them to ratify USMCA and solicited support for the letter from roughly three dozen NMPF & USDEC members that also signed.

- Joined 67 agriculture groups in a letter to House and Senate Leadership on economic benefit of USMCA.

- Joined with other Pass USMCA Coalition members to send a letter to Congress urging action on USMCA.

- Together with a small group of other agriculture organizations, briefed the staff of Representatives sitting on the House Agriculture and Ways and Means Committees regarding USMCA’s benefits and importance.

- Touted the U.S. International Trade Commission’s positive findings regarding the economic impacts of USMCA.

- Worked with a small task force to develop a two-pager on USMCA’s merits for the food and agriculture sector for release in concert with the USITC’s report on USMCA.

- Submitted comments to the U.S. International Trade Commission, outlining our expectations and evaluation of key elements of the USMCA.

- Actively participate in the Food and Agriculture Dialogue’s USMCA Working Group and in the USMCA Coalition to work together with other organizations in support of USMCA’s passage.

- Featured robust USMCA advocacy on behalf of USMCA as a key element of NMPF’s June Fly-In during which approximately 50 farmers and NMPF member cooperative staff met with 68 Congressional offices spanning 21 states.

- Met with Trade and Agriculture Committee staff, as well as Leadership staff, regarding USMCA and its role for food and agriculture.

- Through USDEC’s CEO, moderated a USMCA round-table event in Iowa which generated robust media coverage in a state critical for USMCA support.

- Created hand-out materials for use in Congressional meetings by USDEC and NMPF, as well as for members’ use.

- Joined in USMCA social media campaign to promote the urgency of the agreement’s passage on twitter.

- Supported a drive to send thank you letters to Members of Congress supporting USMCA and spotlight appreciation for their support on social media.

- Worked with NMPF & USDEC members that hosted events in MN and WA focused on promoting USMCA’s passage.

- Participated in a Rally for Trade focused on USMCA with Rep. Kind.

- Published multiple USDEC blog stories on USMCA’s merits for dairy.

- Worked with members to craft letters to specific members of Congress weighing their stance on USMCA including a Congressional delegation letter and messages to individual Congressional offices.