



December 6, 2017

The Honorable Robert Lighthizer
U.S. Trade Representative
600 17th Street N.W.
Washington, D.C. 20508

The Honorable Sonny Perdue
U.S. Secretary of Agriculture
1400 Independence Ave., S.W.
Washington, D.C. 20250

Dear Ambassador Lighthizer and Secretary Perdue:

With the WTO Ministerial taking place in Argentina next week, the National Milk Producers Federation, U.S. Dairy Export Council and International Dairy Foods Association would like to take this opportunity to provide our views on issues likely to be discussed at that meeting.

First, we would like to stress how valuable the World Trade Organization has been to the U.S. dairy industry. Prior to the WTO, international dairy markets were much less vibrant and were highly distorted by heavy use of export subsidies, particularly by the European Union, as a means to dispose of excess domestic production generated by generous domestic support policies for milk. Through a combination of lower tariff and nontariff trade barriers, the recognition of globally recognized and scientifically supported standards as the benchmark for justifiable trade measures, and a reduction in export subsidies, the WTO has played an instrumental role in allowing our industry to create jobs in dairy farming, manufacturing and related support sectors across the U.S., particularly in rural communities.

This evolution not only opened greater export market opportunities, but it also ushered in much higher, more market-determined world prices that made U.S. commercial dairy exports possible. These developments were significant enough to change the U.S. dairy farmer community into a strong proponent of free trade agreements that promote balanced trade liberalization.

Underpinning those gains has been the leverage that the WTO Dispute Settlement resolution process provides. The U.S. has successfully used this process in the past to hold our trading partners to account on various WTO agricultural commitments, including a case regarding Canada's flouting its commitments on dairy. As discussion on the WTO's dispute settlement process proceeds, we urge you to preserve the vital role that a binding, enforceable WTO dispute settlement process provides, and pursue ways to expedite this system so that it can serve more effectively as a disincentive to other countries against trade violations.

As you prepare for the upcoming focus on domestic support at next week's Ministerial, we urge you to keep in mind two key principles for advancing U.S. agricultural export priorities:

1. Oppose new disciplines on domestic support for the United States while several large agricultural trading countries ignore current disciplines and refuse to meaningfully expand market access opportunities; and
2. Oppose attempts to weaken the disciplines on price supports through public stockholding programs.

In the same vein, it is critical that WTO members not aim to evade their other commitments as well – particularly the agreement achieved at the 2015 Nairobi WTO Ministerial to eliminate export subsidies. Canada



was afforded extra years to phase-out its dairy export subsidies under certain conditions, yet its Class 7 pricing scheme appears to disregard the disciplines that accompanied that longer phase-out period.

We appreciate the Administration's efforts to ensure that our trading partners hold up their end of the bargain and abide by their WTO commitments to American farmers and food manufacturers. It is the responsibility of all WTO members to uphold their existing trade commitments and engage constructively in exploring ways to further improve multilateral trade.

Sincerely,

Jim Mulhern
President & CEO
National Milk Producers Federation

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

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