



August 4, 2020

Ambassador Gregg Doud
Chief Agricultural Negotiator
Office of the United States
Trade Representative
600 17th Street NW
Washington, DC 20508

The Honorable Ted McKinney
Under Secretary for Trade and
Foreign Agricultural Affairs
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Washington, DC 20250

Joseph L. Barloon
General Counsel
Office of the United States
Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Ambassador Doud, Under Secretary McKinney and General Counsel Barloon:

America's dairy farmers, processors and exporters are grateful for the hard work that you have invested into negotiating and implementing the United States-Canada-Mexico Agreement (USMCA). As we know you recognize, this modernized agreement will bring tangible benefits to our industry, but only if it is implemented in full accordance with the commitments agreed upon by our trading partners and stringently enforced.

We are writing today to highlight the concerning inconsistencies between Canada's dairy Tariff-Rate-Quotas (TRQ) allocations and allocation rules and Canada's market access obligations under USMCA and provide the U.S. government with specific potential violations of Canada's TRQ administration. The enclosed Business Confidential document provides USTR with detailed information on specific USMCA provisions where we believe Canada is violating its USMCA commitments.

Canada has previously administered its dairy TRQs under other free trade agreements in a manner that undermines the negotiated market access provisions in those agreements with other trading partners, namely with the European Union and the CPTPP countries. Its recently announced TRQ allocations under USMCA appear once again to be designed to discourage full utilization of the TRQs or foster lower returns for U.S. dairy products. In particular, Canada's heavy reliance on allocations to processors, beyond that provided for in specific USMCA quotas, appears to be inconsistent with various USMCA provisions.

One of the main goals of USMCA was its enforcement of trade commitments. In order to fulfill this mission, immediate action is required to correct these issues and allow U.S. dairy exports the access to Canada's market that the U.S. worked so hard to secure. Enforcement of these market access provisions and close monitoring of the elimination of classed 6 and 7 is critical to shape the future as Canada continues to implement USMCA



Thank you again for your commitment to expanding export markets for American-made goods. We stand ready to assist and provide further background in order to ensure that USMCA is enforced and its full benefits secured for America's dairy industry.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jaime Castaneda'. The signature is fluid and cursive.

Jaime Castaneda
Sr. Vice President, Policy Strategy and Trade
National Milk Producers Federation and U.S. Dairy Export Council

Enclosed: Summary of Canada TRQ Issues