

United States Senate

WASHINGTON, DC 20510-3205

September 4, 2018

The Honorable Robert Lighthizer
United States Trade Representative
Office of the United States Trade Representative
600 17th Street, NW
Washington, D.C. 20006

Ambassador Lighthizer,

As the Canadian and Mexican governments commit to the final phase of negotiations to modify the North American Free Trade Agreement (NAFTA), I urge you to prioritize the interest and well-being of the American farmer in any final agreement. In particular, our dairy producers, who have never realized the benefits of truly fair trade and unrestricted access to the Canadian market under the current iteration of NAFTA, must be given every opportunity to export their products and compete on fair terms. You must not leave them behind.

Nearly a quarter century has passed since NAFTA entered into force and many US farmers have benefited as export opportunities have increased to \$21.2 Billion in Canada and \$19.2 Billion in Mexico. American dairy producers have realized significant benefits in the Mexican market, which has become the largest export market for US dairy products and in the past year alone, cheese exports have grown 8 percent to \$391.6 million. In contrast, US cheese exports to Canada languish at less than \$70 million, falling three percent in the past year. This is directly attributable to Canada's maintenance of high above quota tariffs and other discriminatory practices that shield their producers from competition and exclude American dairy products from their market.

It is paramount that any trade agreement that succeeds NAFTA include the following elements in relation to Canada:

- Elimination of tariff rate quotas (TRQs) and out-of-quota tariff rates
- Prohibition of Provincial policies that thwart the intentions of the negotiated trade agreement such as:
 - The use of food definitions that minimize the ability of processors to incorporate exported US milk products
 - The creation of regional milk pricing systems that artificially minimize or externalize the cost of Canadian produced dairy products
- Restriction on the use of Protected Geographical Indications (GI) that reduce market access to products with commonly understood names

The urgency of a fair and equitable trade deal for our farmers and producers has become even greater as unilateral actions taken by the current Administration to erect tariffs on non-agricultural imports have moved our trading partners to levy extensive and damaging retaliatory tariffs on US agricultural exports. Our dairy farmers have already suffered four years of low milk prices, contracting global demand, increasing labor instability, and fewer pathways to market the milk they produce. While this trade deal will not solve these many problems, it can improve dairy export opportunities for our producers and help them to survive until we can provide them with the programs, policies, and support they need and deserve.

Sincerely,



Kirsten Gillibrand
United States Senator