

Congress of the United States
Washington, DC 20515

September 30, 2010

President Barack Obama
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President:

We write as the leadership of the Congressional Dairy Farmers Caucus to share the negative impact certain tariffs levied by Mexico are having on our dairy producers. Although Mexico is within its rights to impose these tariffs, we are concerned about this situation and respectfully request that the Administration immediately take action to resolve this dispute.

The Mexican market is critical to the health of the U.S. dairy industry, which supports over one million full-time jobs and generates approximately \$140 billion in economic activity. Mexico accounts for 20 percent of U.S. dairy exports, with total dairy sales to Mexico averaging approximately \$800 million over the last two years.

On August 19, 2010, Mexico imposed tariffs on many U.S. exports, including rates of 20 percent to 25 percent on several cheese tariff lines. Annual U.S. cheese exports to Mexico under the affected tariffs averaged an estimated \$104 million over the last two years and through July 2010 totaled an estimated \$59 million. It is important to note that those sales, which are roughly one-quarter of total U.S. cheese exports world-wide, have provided critical support to the U.S. producers who have experienced severe financial stress in the wake of the dramatic collapse in farm milk prices that began late in 2008.

To convey the magnitude of the impact these tariffs will have on the U.S. dairy industry, below please find several poignant examples:

- One northeastern company that directly employs more than 500 people and is owned by more than 1,000 farm families, has traditionally sold a large variety of retail-level cheeses to Mexico that command high values and therefore strong returns to producers. However, their Mexican buyers have not been able to commit to continuing to purchase the same quantities given the significant cost increase of these products.
- Another U.S. company employs 95 workers at a plant in the Upper Midwest and is supplied by 344 dairy farms. Before Mexico levied these tariffs, this company was supplying Mexico with 1.3 million pounds of cheese, with one third of that total coming from this plant in the Upper Midwest.

- A California company's orders to supply the Mexican market with four million pounds of cheese have been jeopardized as a direct result of the tariffs on U.S. cheeses. Those orders would help provide support for 60 plant jobs and 40 dairy producers.

The U.S. dairy industry simply cannot afford to bear the loss of business expected from these tariff increases. Moreover, we are concerned that this could jeopardize the health of an industry that constitutes the backbone of many of our rural economies.

It is a matter of urgency that the Administration act to expeditiously resolve this issue. We appreciate your consideration and await your prompt response. Thank you.

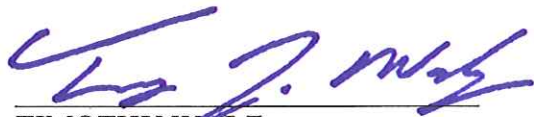
Sincerely,



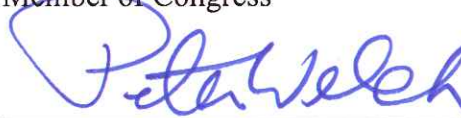
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