



July 20, 2010

President Barack Obama  
The White House  
1600 Pennsylvania Ave, N.W.  
Washington, D.C. 20500

Dear Mr. President:

The National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC) are writing to express our concern regarding the prospect of U.S. dairy exports to some of our major markets.

NMPF develops and carries out policies that advance the well-being of dairy producers and the cooperatives they own. The members of NMPF's 30 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of more than 40,000 dairy producers on Capitol Hill and with government agencies. The U.S. Dairy Export Council is a non-profit, independent membership organization that represents the global trade interests of U.S. dairy producers, proprietary processors and cooperatives, ingredient suppliers and export traders. The council's mission is to build global demand for U.S. dairy products and assist the industry in increasing the volume and value of exports.

We would like to first applaud your recent announcement that the United States will work to finalize discussions with Korea on beef and auto issues by November, and present the proposed free trade agreement to Congress in the months that follow. The U.S.-Korea FTA would yield large benefits for America's dairy industry, which is why NMPF and USDEC have strongly supported its advancement. Estimates by our own economists, as well as those at the International Trade Commission, indicate that passage would help boost U.S. dairy exports by hundreds of millions of dollars a year. This would be a tremendous gain for U.S. dairy exports.

Another threat looms, however, that could conceivably cost us even more in lost export opportunities than we would hope to gain in new Korean sales. We are deeply concerned by the prospect that our largest export market, Mexico, now may be at risk. Despite depressed dairy prices and the global recession, dairy sales to Mexico last year totaled \$639 million and a record \$935 million in 2008. Sales in the first several months of this year indicate that our exports have begun to rebound from their lower level last year.

That promising outlook could be threatened as a result of the longstanding NAFTA trucking access dispute and Mexico's resulting right to impose significant retaliatory tariffs on U.S. exports. It is our understanding that Mexico retains the right to alter at any time its current retaliation list related to this issue and that, according to a Mexican government official quoted a few weeks ago in the *Wall Street Journal*, Mexico publically indicated the intent to do so very soon, if there is not forward movement on the issue in the near-term. Given the importance of the Mexican market to our industry and the fact that farm-gate milk prices are still struggling to



recover from an historic low-point in 2009, this would deal a very harmful blow to U.S. dairy producers and processors. We respectfully request that you direct your administration to swiftly move forward with a concrete proposal for resolution of this challenging issue that is already negatively impacting overall U.S. exports and threatens to impose great harm on even more sectors of our economy.

Sincerely,

Jerry Kozak  
President and CEO  
National Milk Producers Federation

Thomas M. Suber  
President  
U.S. Dairy Export Council

cc: Ambassador Kirk  
Secretary Vilsack  
Ambassador Siddiqui