



April 13, 2011

The Honorable John Boehner
Speaker
U.S. House of Representatives
H-232, U.S. Capitol
Washington, D.C. 20515

The Honorable Harry Reid
Majority Leader
U.S. Senate
S-221, U.S. Capitol
Washington, D.C. 20510

The Honorable Nancy Pelosi
Democratic Leader
U.S. House of Representatives
H-204, U.S. Capitol
Washington, D.C. 20515

The Honorable Mitch McConnell
Republican Leader
U.S. Senate
S-230, U.S. Capitol
Washington, D.C. 20510

Dear Speaker Boehner and Leaders Reid, Pelosi and McConnell:

The National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC) would like to highlight the importance of resolution of the cross-border trucking dispute that has legally imposed harmful retaliatory tariffs on many U.S. cheese exports. Earlier this month, the Administration announced an agreement to resolve this long-standing issue and today further details have been made available in the Federal Register. We urge your support for this approach as it continues to move forward.

The Mexico market is extremely important to the U.S. dairy industry. Dairy exports to Mexico last year totaled \$837 million, accounting for just under a quarter of total dairy exports to the world. Our cheese exports are an important piece of that amount and had experienced strong growth over the past few years.

However, since the imposition of retaliatory tariffs on many cheeses in August 2010 due to lack of U.S. compliance with its NAFTA trucking obligations to Mexico, exports of the targeted cheeses fell by 60% between August and February. **This has directly impacted businesses in a wide number of major dairy states including California, Colorado, Iowa, Idaho, Indiana, Michigan, Minnesota, New Mexico, Ohio, Texas, Vermont and Wisconsin.** The U.S. also ships relatively large amounts of other dairy products to Mexico that do not currently face retaliation such as nonfat dry milk, fluid milk and cream, whey, lactose, ice cream, and additional cheeses, thereby expanding the range of states and businesses directly involved in shipping to the Mexican market.

In addition to these direct ties and impacts on dairy processors and several producer-owned dairy cooperatives, the sales of cheese and other dairy products to Mexico help bolster milk prices that dairy farmers receive throughout this country, giving all dairy producers a vested interest in the health and continued growth of a strong export market to Mexico.

It is given these factors that the dairy industry has been so concerned about the impact that lack of resolution of this issue has had on many of our cheese exports and the threat it poses to the overall U.S. export market to Mexico.

NMPF and USDEC applaud the hard work invested to date in ensuring that the U.S. is able to finally uphold its trade commitment to Mexico regarding cross-border trucking while simultaneously ensuring that concerns regarding the safety of America's roads are assuaged. Surely this approach is one that the vast majority of Congress should support given the importance of both those goals.

With respect to the first goal, we believe deeply in the critical importance of making our trading partners abide by the agreements they strike with us; our ability to do that is greatly limited however when the U.S. does not comply with its own obligations as was too long the case in this dispute. As it relates to ensuring the safety of our roads, we are heartened not just by the very positive Inspector General findings regarding the safety track records of trucks operating under the pilot program a few years ago until it was defunded, but also by the additional measures that the Administration has proposed be included as part of this agreement with Mexico in order to further address some of the concrete concerns Congress had identified in the past. These are strong requirements that will ensure that we are continuing to strongly protect the safety of Americans.

On behalf of America's dairy producers and our many exporting dairy processors, we strongly urge Congress to support swift progress towards putting this process in place so that the retaliatory tariffs can be lifted and trade can be normalized in our largest export market.

Sincerely,



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



Jerry Kozak
President and CEO
National Milk Producers Federation

cc: Members of the U.S. House of Representatives
cc: Members of the U.S. Senate