



January 25, 2018

The Honorable David Reichert
Chairman, Trade Subcommittee
House Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Bill Pascrell, Jr.
Ranking Member, Trade Subcommittee
House Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Reichert and Ranking Member Pascrell:

As several members of the Committee on Ways and Means prepare to travel to Canada for meetings with Canadian officials on North American Free Trade Agreement (NAFTA) trade matters at this important junction in NAFTA negotiations, we would like to express our appreciation for the Committee's support for ensuring that that process delivers a modernized NAFTA to the benefit of American jobs, including the 43 million jobs tied to the food and agriculture sector. With that over-arching priority in mind, we respectfully urge those Committee members traveling to Canada to underscore three key goals that would spur further growth of jobs in America's dairy sector:

- **Removal of Canadian dairy programs that are harming U.S. dairy exports.**
Dairy has for too long been excluded from NAFTA's benefits *vis a vis* U.S.-Canada trade. Finishing the work started under NAFTA by doing away with the remaining exorbitant dairy tariff walls maintained by Canada is one of the most natural ways to deepen an FTA as robust as NAFTA.

At the same time, tariffs are far from our industry's sole concern with respect to U.S.-Canada dairy trade. Just as importantly, Canada's Class 7 dairy pricing program, instituted just last year shortly before the commencement of NAFTA negotiations, has already led to a 200% surge in Canadian skim milk powder exports to various markets around the world and slashed U.S. exports of certain dairy products in 2017. This harmful and trade-distorting program must be extinguished under NAFTA 2.0 and we strongly support the Administration's intention to do so as reflected in USTR's Updated NAFTA Objectives.
- **Preservation of the existing duty-free market access for agricultural goods where that already exists under NAFTA.**
For the dairy industry, this is primarily in our trade with Mexico; without NAFTA our exporters could lose their number one market that accounts for over \$1 billion in dairy sales each year.
- **Locking in and further improving upon the gains made over the course of the Trans-Pacific Partnership process in key rules areas impacting agricultural trade such as on geographical indications and on sanitary and phytosanitary issues.**
Our NAFTA partners agreed to important commitments in these areas under TPP; the TPP-11 announcement this week indicates that they remain willing to proceed with those understandings. It is only natural that we should harness those improvements and build upon them in the current NAFTA process.



We thank all members of the House Committee on Ways and Means for their close attention to these critically important NAFTA negotiations and urge those traveling to Canada to help prompt the Canadian government to engage constructively in pursuit of a positive result.

For too long Canada has postponed this type of productive negotiation that is essential to preserving and improving this agreement; we hope you carry forward the message to them that the time for postponing is past and Canada must now work seriously to make progress towards realizing a modernized NAFTA.

Sincerely,

Jim Mulhern
President & CEO
National Milk Producers Federation

Thomas Vilsack
President & CEO
U.S. Dairy Export Council

cc: Members of the House of Representatives Committee on Ways and Means