

May 14, 2021

The Honorable Katherine Tai  
Office of the U.S. Trade Representative  
600 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20508

Dear Ambassador Tai:

We write to emphasize the ongoing discrepancies between Canada's commitments under the U.S.-Mexico-Canada Agreement (USMCA) and its announced dairy tariff-rate quota (TRQ) allocation measures, which run counter to Canada's market access obligations under the Agreement. America's dairy farmers, processors, and exporters appreciate the efforts of the 116<sup>th</sup> Congress to ensure strong enforcement provisions were included in the USMCA. Unless Canada agrees during the USMCA Free Trade Commission to reform its dairy TRQ measures to resolve the flaws identified by the United States, we ask the Office of the U.S. Trade Representative to take additional enforcement actions under USMCA to bring Canada into full compliance with its USMCA commitments.

Canada is taking several actions in its administration of the TRQs that circumvent its USMCA obligations. Reserving a portion of the quota for processors, not providing fair or equitable procedures in administering the TRQs, reserving large shares of the quota for processors, and zero access to retailers are all examples of how America's dairy farmers, processors, and exporters are losing out on the hard-fought benefits of the USMCA. The violations were well-detailed by USTR in its December 9, 2020 request for official USMCA consultations with Canada and reiterated in USTR's March 31, 2021 Trade Policy Agenda and 2020 Annual Report.

The U.S. dairy industry strongly supported USTR's decision to defend our market access rights with Canada. There is strong bicameral, bipartisan support from Congress for holding Canada accountable to its dairy commitments under the USMCA as 104 Representatives sent a letter to USTR and USDA last year asking Canada to be held accountable while a similar letter was sent by 25 Senators.

On behalf of the dairy farmers, processors, and the millions of jobs throughout the supply chain supported by dairy exports, our industry stands ready to provide any additional information that might be helpful in this process. We ask that USTR request the establishment of a Dispute Settlement Panel in the event there is not an immediate, positive resolution reached in the consultations with Canada, particularly in light of the new dairy TRQ year beginning July 1.

U.S. negotiators fought hard to increase market share for America's dairy farmers and processors in the USMCA negotiations, and we now ask that Canada honor its commitments. Thank you for your attention to this urgent matter and for considering our views.

Sincerely,

National Milk Producers Federation  
Agri-Mark  
American Dairy Products Institute  
American Farm Bureau Federation

U.S. Dairy Export Council  
Arizona Dairy Trade Producers Association  
Associated Milk Producers, Inc.  
BelGioioso Cheese

California Dairies, Inc.  
Cayuga Milk Ingredients  
Center for Dairy Excellence  
Colorado Dairy Farmers  
Commercial Creamery Co.  
Cooperative Milk Producers Association  
Dairy Business Association  
Dairy Farmers of America  
DairyAmerica  
Edge Dairy Farmer Cooperative  
FarmFirst Dairy Cooperative  
First District Association  
Foremost Farms  
Georgia Milk Producers  
Glanbia Nutritionals  
Grassland Dairy Products, Inc.  
Hilmar Cheese Company, Inc.  
Idaho Dairymen's Association  
Indiana Dairy Producers  
International Dairy Foods Association  
International Ingredient Corporation  
Iowa State Dairy Association  
James Farrell & Co.  
Kansas Dairy Association  
Kansas Livestock Association  
Land O'Lakes, Inc.  
Leprino Foods Company  
Lone Star Milk Producers  
Maryland & Virginia Milk Producers  
Cooperative  
MCT Dairies, Inc.

Michigan Milk Producers Association  
Midwest Dairy Coalition  
Milk Producers Council  
Minnesota Milk Producers Association  
National All-Jersey Inc.  
Northeast Dairy Farmers Cooperatives  
Northeast Dairy Producers Association  
Northwest Dairy Association / Darigold  
O-AT-KA Milk Products  
Ohio Dairy Producers Association  
Oregon Dairy Farmers Association  
Organic Valley  
Prairie Farms  
Professional Dairy Managers of Pennsylvania  
Proliant Dairy Ingredients  
RB International  
Sargento Foods, Inc.  
Sartori Company  
Schuman Cheese  
Select Milk Producers, Inc.  
South Dakota Dairy Producers  
South East Dairy Farmers Association  
Southeast Milk, Inc.  
Texas Association of Dairymen  
Tillamook County Creamery Association  
Trugman Nash, LLC  
United Dairymen of Arizona  
Upstate Niagara Cooperative, Inc.  
Washington State Dairy Federation  
Western States Dairy Producers Association

cc: Honorable Tom Vilsack, Secretary of Agriculture