

## Enforcement of USMCA Key to Fully Realizing Dairy Wins

### USMCA is Designed to Bring Tangible Benefits to America's Dairy Farmers and Processors...

- USMCA's text fundamentally changes Canada's trade-distorting policies, reforms Canada's controversial dairy pricing system including by eliminating its Class 7 program and provides exclusive Canadian market access for U.S. farmers and manufacturers.
- The trade agreement strengthens the U.S. dairy industry's relationship with Mexico and establishes new protections for products that rely on common cheese names, such as parmesan and swiss cheese.
- The USITC estimates that increased sales under a fully implemented USMCA will amount to \$314 million a year.

### ... But Only if Fully Enforced

With USMCA now in effect, Congress must work with the U.S. Trade Representative and U.S. Department of Agriculture on U.S. enforcement of USMCA's dairy-related provisions to prevent Canada or Mexico from undermining the intent of the deal and preventing its dairy wins from being fully realized.



Canada has a demonstrated history of manipulating access commitments to protect its tightly controlled dairy market. The following provisions must be fully enforced:

- Dairy Tariff Rate Quota (TRQ) Administration
  - Canada's announced TRQ administration procedures appear to run counter to USMCA.
  - Canada must administer its TRQs fairly in a manner that does not restrict full use by U.S. dairy.
- Elimination of Class 6 and 7
  - Canada must be transparent & cannot be allowed to replicate the harmful impacts of these trade-distortive milk pricing programs nor evade USMCA's export surcharge disciplines.



Mexico has taken or is considering several actions that can restrict trade. Defending smooth and open access to our largest export market is essential.

- Enforcement of Common Names
  - Mexico must fulfill its commitments to protect market access for U.S. common names cheeses by enacting regulations that ensure all prior users' rights are upheld and the names specified under the agreement are respected
- Technical Barriers to Trade
  - Mexico has taken various actions on standards and labeling that can restrict trade of U.S. dairy products. Mexico must not create obstacles to trade or treat imports less favorably than domestic products.
- Anti-Trade Sentiment
  - The current Mexican government is promoting anti-trade voices and an agenda of thwarting imports